Organizational Consultation XXV: Feedback (Part Two)

William Bergquist, Ph.D.

Most leadership activities are directly or indirectly related to achieving goals and meeting human needs. Planning, organizing, staffing and leading are intended to help accomplish the goals of an organization. Feedback regarding the performance of individual members of the organization provides evidence that this is in fact taking place and that the skills, knowledge and aptitudes of employees are compatible with and aligned with the intentions of the organization. Individual performance appraisals are essential to both organizational leadership and management.

Virtually all managers in contemporary organizations are responsible for the periodic appraisal of their subordinates. Furthermore, in most cases, they are responsible for the ongoing development of these subordinates, based on the results of this appraisal. Whenever there are plans, and whenever there is delegation of authority and accountability, feedback and evaluation are necessary. Performance appraisal is an essential check of other leadership and management functions. Management is not a single activity, it is a system, and performance appraisals play a major role in engaging and correcting this system. Failure in one part of the system affects all the other areas because they are inextricably linked and interdependent.

Performance Appraisal: Essential but Flawed

These are noble sentiments and they seem to be of obvious pragmatic value. Furthermore, they speak to the traditional 20th Century emphasis on equitable treatment of all employees and to the need for timely and systematic performance appraisals as a central component of any management system. Yet, performance appraisal is in deep trouble in many contemporary organizations:[i]

> The Society of Human Resource Management concluded that over 90 percent of appraisal systems are unsuccessful, and a 1993 survey by Development Dimensions Incorporated found that most employers expressed "overwhelming" dissatisfaction with their performance management (PM) systems. . . . In fact, there is so much displeasure with *performance appraisal* (PA) systems that the very term PA has been virtually

censored from our vocabulary and has been replaced with the moniker *performance management* (PM) systems.

Unfortunately, a name change doesn't seem to make much difference. Whether called employee evaluation, performance evaluation, performance review, annual review, personal rating, performance rating, or performance appraisal, the process of formally reviewing the performance of individual members of an organization is subject to considerable skepticism among many leaders and employees. Two of the most thoughtful commentators on performance appraisal, Tom Coens and Mary Jenkins, actually wrote and published a book in 2000 that calls for the abolition of performance appraisal systems![ii]

Problems of Performance Appraisal

Why has performance appraisal become a dirty word? Where did this essential managerial process go wrong? Coens and Jenkins identify several different problems and suggest that many of the underlying assumptions regarding effective performance appraisal must be called into question. First, they suggest that performance appraisals are serving too many different, and often incompatible, functions. They would undoubtedly point to the list of twelve functions that I offered in a previous essay and note that it is hard for any one organizational process to serve such a diverse set of organizational needs:[iii]

> . . . the practice of bundling multiple functions is a key contributor to the dismal track record of appraisals. Because so many functions are associated with appraisal, its purpose is confusing and ambiguous to raters and ratees. When multiple functions are loaded on appraisal, the process becomes cumbersome and time-consuming, perhaps explaining in part supervisors' procrastination and reluctance to execute the process. The aim and purpose also become foggy and distorted, resulting in varying interpretations and emphases. Consequently, mixed messages are sent, learning is impeded, and some purposes of appraisal are undermined or just plop on the floor.

Like many other authors, Coen and Jenkins are particularly concerned about the interweaving of personnel decision-making needs with developmental needs. It's hard to use feedback data for one's own development, when this data is also being used to determine pay, future job placements or even future employment.

Coen and Jenkins also suggest that a single performance appraisal system might not be appropriate for all employees. They note that most performance appraisal systems are based on the assumption that people want to know, and need to know, where they stand in their organization. A second assumption is also commonly held: a performance appraisal system can objectively and reliably assess individual performance. There is a third assumption: supervisors and rated employees will not try to manipulate performance ratings to get desired outcomes.

Coen and Jenkins offer a substantial body of evidence that challenges each of these assumptions and that calls into question most of the performance appraisal processes that are now being used. They note, for instance, that the ratings of employees will tend to be higher if the appraisal is being used for personnel decisions, such as salary or promotion. The ratings will tend to be lower if used for developmental purposes. Many other studies of performance appraisals support this conclusion.[iv] Coen and Jenkins also point to another widely acknowledged problem: the quality of appraisal tends to vary widely depending on the skill and training of the person doing the appraisal. There is little evidence to suggest that appraisals are neutral or unrelated to such biasing factors as age, gender or race.

In addition to Coen and Jenkins litany of problems, I offer a few of my own that have often been overlooked in the critique of performance appraisals. Performance appraisals are very difficult to conduct in many organizations because of what may be called *professional autonomy*. Social workers, dental assistants, faculty members, design engineers, nurses, elementary school teachers and computer analysts all operate as professionals, with varying degrees of autonomy. Even more broadly, the new knowledge workers that populate high tech firms expect and may even demand that no one be allowed to look over their shoulder while they are working.

Professionals and knowledge workers further argue that their product is often difficult to measure or, in many cases, even to specify. Hence, they question the value of any formal performance appraisal systems that tries to measure production in some quantitative fashion. The number and variety of jobs that are now being defined as professional seems to be increasing in our 21st Century society. Conversely, the number of jobs that yield readily quantifiable products seems to be on the decline. The so-called third sector (human services) is becoming much larger, at the expense of those sectors in which production is more easily measured.

Not only are the roles and purposes of many professional and knowledge workers difficult to assess, the formal lines of authority are often unclear or complex, lending further difficulty to the task of effective performance appraisal. An employee may have several bosses, as is the case with many secretaries, or an employee may be involved in a matrix-type organization that requires reporting relationships with several departments in the company. Higher-level employees may report to a governing board or be accountable to one or more external constituencies. Performance appraisals are very difficult to perform when the person doing the appraisal works only part-time with the employee or when a group of people, rather than an individual, must do the appraisal. Members of 21st Century organizations are likely to find themselves in complicated reporting relationships that require unique modes of performance appraisal.

Let me place another nail in the coffin of traditional performance appraisal systems. The effect that an employee has on an organization is very difficult to assess, especially when the person being evaluated is near the top of the organization. Graddick and Lane note that:[v]

> Corporations today face dramatic and unprecedented change. . . . Marketplace demands are changing the roles of executives. Leaders today are under tremendous pressure to produce results and deliver value to their shareholders, customers, and people. Given the complexity and importance of these positions, assessing and evaluating executive performance has become a key question for modern firms. . . .

In many organizations, "performance reviews at senior levels are less frequent, systematic, informative, and useful,"[vi] than are performance reviews conducted with employees at lower levels of the organizations. Nevertheless, Graddick and Lane suggest that:[vii]

> . . . executives may need performance reviews more than any other group in the organization due to factors such as the sophisticated and ambiguous nature of their jobs, the fact that their responsibilities and priorities tend to change often, the serious organizational consequences of ineffective performance at their level, and their typically high need for achievement, recognition, and career progress.

Graddick and Lane may be right. But how do you do a performance appraisal when you can't get a good read on the job that the executive is doing in the organization. The head of a small computer software company may at times act as a cheerleader, clown or father figure in order to gain the commitment of his fifteen employees. A city manager may require the skills of a politician and negotiator, as well as those

of a manager, to be effective in her job. The director of an insurance processing division in a large corporation may need to spend most of her time advocating at higher levels of the organization for new computer support services.

Even at lower levels of the organization, the job descriptions are often quite fluid or ill defined. An office manager, police officer or legal secretary may be very effective in all formal aspects of their jobs, yet each of them may be required to serve as counselor, mediator, strategist or social director. They may not be prepared for these auxiliary functions and may have a significant negative impact on their organization because they lack the requisite human relation skills, an appropriate attitude about working with people from many different cultures, or a keen sense of competition with colleagues. Their job requires that they do many things for which they were not hired and in which they have not subsequently been trained or educated. Should employees be held accountable for their performance in these emerging areas? Don't employees have every reason to resent not only the imposition, but also the callous indifference of their superiors when they provide negative feedback about the employee's performance in these imposed areas?

The complex job demands faced by many employees can rarely be formally acknowledged, let alone appraised, in today's organizations. This is especially the case in an era of affirmative action. The leaders of most institutions are concerned about any evaluation procedure that opens the door to the unwanted influences of discrimination or inappropriate personal feelings on the appraisal of employee performance. Those who conduct performance appraisals must tread a very thin path between overly constricted evaluations of an employee's performance and overly inclusive evaluations of imposed roles and responsibilities, and inappropriate aspects of an employee's life.

The problems that I have identified regarding contemporary performance appraisal systems are certainly great and not easily solved. Yet, we must be careful about throwing the baby out with the bath water. Many of the problems that Coen and Jenkins identified relate specifically to the use of a deficit-model and to the use of a single method of appraisal, namely, quantifiable rating scales. I propose that an appreciative model can bypass or solve many of the problems identified by Coen and Jenkins. It can also solve many of the additional problems I have identified previously in this series of essays. I further

propose that a multi-source and multi-method feedback process can successfully address many of the remaining performance appraisal concerns raised by Coen and Jenkins.

Rather than abolishing performance appraisal systems, as Coen and Jenkins suggest, I suggest that these systems must be profoundly overhauled. Making use of appreciative approaches to feedback, many of which have been proposed by Coen and Jenkins, I believe that performance appraisal can be a creditable and useful tool for virtually any organization. In making the case for an appreciative approach, I will first turn in the next essay to the characteristics and outcomes associated with deficit-based appraisals, and then turn to the distinctive characteristics of an appreciative approach to the appraisal of employee performance.

[i] H. John Bernardin, Christine Hagan, Jeffry Kane and Peter Villanova, "Effective Performance Management," in James W. Smither (ed.). *Performance Appraisal: State of the Art in Practice*. San Francisco: Jossey-Bass, 1998, p. 3.

[ii] Tom Coens and Mary Jenkins. *Abolishing Performance Appraisals*. San Francisco: Berrett-Koehler, 2000.

[iii] Tom Coens and Mary Jenkins. *Abolishing Performance Appraisals*. San Francisco: Berrett-Koehler, 2000, p. 25.

[iv] For example: Anthony Dalessio, "Using Multisource Feedback for Employee Development and Personnel Decisions," in James W. Smither (ed.). *Performance Appraisal: State of the Art in Practice*. San Francisco: Jossey-Bass, 1998, p. 287.

[v] Mirian Graddick and Pamela Lane, "Evaluating Executive Performance," in James W. Smither (ed.). *Performance Appraisal: State of the Art in Practice*. San Francisco: Jossey-Bass, 1998, p 370.

[vi] Mirian Graddick and Pamela Lane, "Evaluating Executive Performance," in James W. Smither (ed.). *Performance Appraisal: State of the Art in Practice*. San Francisco: Jossey-Bass, 1998, p 371.

[vii] Mirian Graddick and Pamela Lane, "Evaluating Executive Performance," in James W. Smither (ed.). *Performance Appraisal: State of the Art in Practice*. San Francisco: Jossey-Bass, 1998, p 371.