

Organizational Consultation XXVII: Feedback (Part Four)

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Great care must be taken in selecting or designing a performance appraisal procedure—otherwise, Coens and Jenkins will be proven right. Performance appraisal systems will have to be abolished! As Coen and Jenkins suggest, there is no performance appraisal system that is right for all organizations, let alone for all employees. Performance appraisal systems that have been created in one organization may be helpful as guides, but they must be modified to fit the unique norms and modes of operation of a particular organization.

That's the bad news. There is no one right way to conduct performance appraisals. However, there is also some good news. Despite the need for individualized procedures, we don't have to start from scratch. Several different performance appraisal strategies already have a proven track record: unstructured narration, unstructured documentation, structured narration, rating scales, intention-focused assessment, multi-source (360-Degree) assessment, and structured documentation (portfolio).

An appreciative performance appraisal system should incorporate most, if not all, of these methods. Employees should be encouraged to select an appraisal process that is most compatible with their own learning style, career stage, position in the organization, and reason for engaging in the performance appraisal process. I offer a brief description of several different approaches to performance appraisal.

Unstructured Narration

This approach is the most informal, and probably the most commonly used, in the appraisal of an employee's performance. It is often found in organizations that have never embraced a formal performance appraisal system or that have become disenchanted with more formal modes of appraisal. Typically, the unstructured narration is provided either by an employee's boss or by someone who knows the employee and has been asked to write "a letter or recommendation." The person who is preparing this narration is asked to summarize the activities or the achievements of the employee during a specific period of time.

In preparing this narration, the evaluator may be governed by the evaluative criteria that are implicitly contained in written job specifications, position descriptions and standards of performance. Ideally, the criteria are more explicitly stated, and are responsive to the expectations of the employee's supervisor and to the expectations of other key leaders in the organization. Typically, however, the criteria of evaluation are defined informally by the person who writes the evaluative report and bear little relationship to the intentions of the organization or even to the interests and needs of the employee who is being evaluated.

While the unstructured narration often purports to describe the employee's activities or achievements, it usually focuses on traits or characteristics. The narration will contain analyses and examples of the employee's initiative, or her friendliness, or her creativity. Only when the employee is writing her own evaluation does the narration turn primarily to activities and accomplishments. The unstructured narration is valuable when standards of performance are unclear and cannot easily be clarified.

This is the reason while unstructured narratives are used so often in organizations that provide human services—such as community centers, schools and assisted living facilities. There are not clear criteria for judging the quality of service being provided, hence the performance appraisal system remains informal and highly flexible. The unstructured narration is also appropriate for an employee who has been given a highly technical assignment or is working on a creative or specialized task over a long period of time. A rigid and highly formal evaluation system will tend to be viewed as an insensitive intrusion on the unique work being done by this employee.

While the unstructured narrative may be the only approach that is acceptable for some employees, it doesn't really serve any of the twelve feedback functions that I described earlier in this chapter. This approach definitely does not serve any of the functions I mentioned in the previous essay that require clarity of performance criteria, such as personnel decision-making (Function One), monitoring of compliance (Function Six), insuring of equitable treatment (Function Seven) or research and development (Function Nine). It also does not provide a sufficiently detailed or disciplined analysis to guide the planning of development programs for employees (Function Two), the clarification of organizational intentions (Function Three) or the identification of staffing needs (Function Five).

Narratives prepared for the highest-level administrators in an organization might serve as models for other employees (Function Twelve) or as ingredients to be used in building team spirit (Function Four). However, they are not particularly strong models, nor do they provide much information that can be used in a team setting. At best, the unstructured narrative can be used to build documentation and evidence (Function Eight), check perceptions (Function Ten) or clarify roles (Function Eleven)—though several of the other approaches that I am about to describe do a much better job of serving these three functions.

Unstructured Documentation

Like the unstructured narration, the unstructured documentation procedure relies on implicit evaluation criteria. It is often based on self-evaluation. An employee is required to document her activities or achievements in concrete terms: a list of scheduled events, workshop evaluations, achievement awards, quantitative evidence of standards being met, letters of recommendation (which are themselves unstructured narratives), and daily activity logs. Since the employee selects the documents herself, she will be tempted to include only those documents that offer positive evidence of her success on the job. This selectivity is quite understandable—especially in an organization that provides little assistance to employees when they do reveal their weaknesses.

Negative documents are only likely to be included if one of three conditions exist. They will be included if specific standards of performance have been identified in the employee's job description. They will also be included if the employee's evaluation is directly linked to a developmental program that will enable her to improve in those areas in which she has documented her own deficits. The third condition requires an appreciative culture.

Both positive and negative documents will be included if the employee is convinced that the performance appraisal process is appreciative in nature and that her strengths and achievements are of central interest to those reviewing the documents. She is willing to risk the disclosure of problem areas and weaknesses because she is convinced that something can be done about these challenges, if she is candid. She might even believe that the appreciative colleagues with whom she works will help her discover the strengths and opportunities for growth that reside within her documented areas of weaknesses.

If members of a department or unit in an organization share their documents as a means of identifying staff strengths, needs and responsibilities, then this procedure can effectively serve the purposes of team building (Function Four) and resource assessment (Function Five). Although the unstructured documentation procedure can meet many of the functions of performance appraisal, it is usually much less effective and takes more time than several of the procedures described below.

Structured Narration

This procedure relies primarily on short-answer questions. The evaluator answers a series of questions concerning the employee's performance. For example, "In what areas of this person's job is improvement clearly needed?" "Describe the professional practices of this administrator in terms of initiative and vitality." "To what extent has this employee accomplished the following objectives?" The procedure permits several people to evaluate the employee anonymously and usually includes a rating scale for more detailed and specific information.

Structured narrations can be designed to provide most of the twelve functions of performance appraisal described above. For example, an inventory of resources and needs (Function Five) can be constructed from carefully formulated questions about employees' strengths and weaknesses. If the questions are posed in a diagnostic rather than an evaluative manner, the results can be useful for developmental programs (Function Two), such as skills training or management development.

On the other hand, the structured narration is usually not specific enough to satisfy many of the other functions. Structured narrations typically do not meet the need for accountability (Functions Six, Seven and Eight) nor provide information for resource purposes (Function Nine). Furthermore, these narrations rarely are compatible with intention-focused assessment processes (Function Three).

Rating Scales

Much of the attention in the field of performance appraisal has centered on the development and use of rating scales. I propose that this is also a source of many of the problems associated with performance appraisals. When critics such as Coens and Jenkins write about appraisal biases and the politics of performance appraisals, they are usually beginning with the assumption that this appraisal will be confined to a rating scale. The higher scores given to employees when they are being reviewed

for salary increases or for promotion require some rating scale. Most other forms of performance appraisal, such as unstructured documentation, structured narration, structured documentation and intention-focused assessment, are much less likely to be biased in this manner, for they require some form of evidence to support the appraisal being made.

Rating scales are also subject to a wide variety of psychometric problems. There are leniency and severity errors, central tendency and range restriction errors, halo and horn errors, and recency errors.ⁱ There are also the fundamental attribution errors, whereby we tend to attribute our own success to internal qualities and our personal failure to external variables beyond our control.ⁱⁱ Even more importantly, we reverse the attribution when asked to rate the performance of other people: “we tend to see others’ success as a product of luck and their failure as a reflection of their incompetence, laziness, or something within their control.”ⁱⁱⁱ

This decidedly deficit-based model of human behavior produces not only distorted ratings but also inadequate or even inaccurate assessments by those doing the rating with regard to the reasons for effective or ineffective performance. While attribution errors can appear in any mode of performance appraisal, they are most likely to influence ambiguous rating scale processes, particularly if these processes are deficit oriented.

Coen and Jenkins would have us respond to these perplexing problems by abolishing performance appraisal. I would suggest instead that these problems are better addressed by moving beyond the exclusive use of rating scales when assessing the performance of another person. Ratings scales should be only one element in a multi-method performance appraisal system. When coupled with data from other sources, such as documented project outcomes and narrations, rating scale results can be used in a constructive, appreciative manner.

Typically, rating scales are either tailor-made or generic. Tailor made rating scales are constructed in response to the specific interests or needs of the person being assessed. This type of rating scale is most commonly found in the assessment of high-level executives. More generic rating scales are more commonly found in the assessment of mid-level and lower-level employees. While rating scales for lower-level employees are usually directed toward specific technical skills and knowledge, as well as

general items regarding ability to work with other people, the rating scales for mid-level employees often focus on both analytic and interpersonal skills.

Most of the mid-level rating scales currently in use focus on seven areas:

Knowledge and capacity: does the employee demonstrate job-related skills and understanding; does he comprehend work-related procedures and techniques; is he physically and mentally vigorous; is he knowledgeable about and interested in the field in which he is working?

Dependability: does the employee meet deadlines; does he keep up with schedules; does he satisfy expectations; does he have a strong sense of responsibility, initiative and integrity; is he always punctual and appropriately dressed?

Adaptability: does the employee plan effectively and imaginatively; does he have good judgment and mental stability; can he anticipate change and can he innovate?

Interpersonal Relationships: does the employee manage conflict skillfully; is he adept at verbal and nonverbal communication, team management and leadership; is he tactful and can he work effectively with different kinds of people; does he strive for consensus among his subordinates and can he judge people perceptively and fairly?

Commitment to Professional Growth: is the employee committed to excellence and professional improvement both for himself and his subordinates; does he generate enthusiasm for professional goals in others and accept suggestions on professional matters?

Resource and Personnel Management: does the employee pay attention to detail while concentrating on broader issues rather than trivia; is he aware of costs and can he say “no” when necessary; does he use sound judgment to solve problems, and can he make decisions promptly and effectively; does he maintain his efficiency through delegation of responsibility and the provision of accompanying authority; does he process routine tasks efficiently and establish uniform procedures?

Loyalty: does the employee have a strong commitment to service; does he participate in the outside activities of this organization and work in the community to elicit support for this organization; can he and does he inspire enthusiasm for organizational goals?

In general, as the name implies, a rating scale is normative in nature, that is to say it requires the rater to determine how good someone is in the performance of certain functions. Thus, in responding to a statement such as “This person conveys her ideas in an enthusiastic and persuasive manner,” one must make a judgment regarding the effectiveness of the employee’s performance. Obviously, there is an assumption embedded in this statement that being “enthusiastic and persuasive” is better than not being enthusiastic or not being persuasive. An indifferent employee or ineffective communicator is inherently not a good thing. Thus, a low score on this item would be indicative of a deficit, while a high score would be indicative of a strength or competency.

While most rating scales are normative, they can be descriptive if, for instance, an employee’s style or manner of operating is being assessed. There is no good or bad in a descriptive rating scale, rather a pattern of behavior is being described, or several different patterns are being described. The rater is to indicate the extent to which each of these patterns is characteristic of the employee being assessed.

Thus, a descriptive statement might read: “This employee tends to react to opposition by being highly enthusiastic about her ideas and by insisting that others hear her out.” A second descriptive statement might read: “This employee tends to react to opposition by rethinking her own position and seeking out compromise in order to accommodate everyone’s need.” The rater is asked to rate the extent to which each of these statements is “characteristic” of the employee. Neither of these statements is inherently a “better” way of addressing opposition to one’s ideas; rather, each statement briefly describes a particular style or pattern of behavior.

An appreciative approach to performance appraisal is more compatible with descriptive rating scales than with normative scales. While a normative scale can help one identify strengths and competencies, a descriptive scale will often yield deeper understanding of the employee’s behavior and motives. This understanding can, in turn, lead to more thoughtful and insightful planning regarding the employee’s ongoing development (function two), as well as facilitating team building (function four). Knowing something about an employee’s specific style or pattern of behavior can also facilitate the

identification of future staffing needs (function five) and the reformulation and clarification of roles (function eleven) in the organization.

In addition to being normative, most rating scales focus on traits or competencies rather than specific behavior, performance or outcomes. Thus, the normative statement I examined above, “This person conveys her ideas in an enthusiastic and persuasive manner,” concerns an enduring trait or competency. It doesn’t concern a specific behavior or the employee’s performance in a specific organizational setting; rather it concerns the effectiveness with which the employee conveys her ideas in most settings.

This type of rating scale is often easy for a rater to complete; however, it is highly susceptible to the psychometric problems I previously listed: leniency, central tendency, halo and so forth. A trait-based rating also fails to consider the external variables that impact on an employee’s performance. To what extent is the failure of an employee to be enthusiastic or persuasive a result of the organization’s depressing climate or the lack of opportunity for this employee to be in a setting where she is being taken seriously as an intelligent colleague?

The alternative is a rating scale that focuses on the assessment of an employee’s actual performance. This type of rating usually involves the assessment of quantity or quality with regard to behavior or the work being performed by the employee. What would “enthusiastic” conveying of ideas look like? Could we observe and assess tone of voice, volume, or the use of certain words? This would involve the use of an observation form.

What would “persuasive” look like as a measurable outcome? Could the employee’s colleagues rate the extent to which their own attitude about a specific issue was changed as a result of this employee’s presentation? Even more tangibly, could specific outcomes be documented, in terms of actions taken as a result of her presentation? At this point, the performance appraisal is likely to embrace both rating scales and some form of documentation. These behavior or performance-based scales also tend to link the rating scale method with the intention-focused appraisal methodology, to which I turn my attention later in this chapter.

Several of the behavior or outcome-based scales assess the quality of relationships between the supervisor and subordinates or peers with whom the employee works. Few of these scales, however,

contain items that deal with the relationship between an employee and other constituencies, such as customers, trustees, alumni, or members of the local community. In most instances, rating scales are only used to assess individual performance.^{iv}

The multi-source assessment systems I describe in the next essay are beginning to provide a broader context for the appreciation of the setting within which people perform certain functions. Even these systems, however, do not provide adequate understanding of the complex interaction between the employees and their context. Multiple methods, along with multiple sources, must be engaged to produce a fully appreciative appraisal of an employee's performance.

As an instrument for developmental purposes (Function Two), a rating scale is usually not sufficiently specific, particularly if it is normative and trait based. If peer ratings are shared and if the rating scale is descriptive then the performance appraisal rating scale can be used for team-building purposes (Function Four). It can also be used for a perception check (Function Ten) if anticipated ratings by peers, supervisors or subordinates are compared with actual ratings. Their quantitative nature makes rating scales an excellent research tool (Function One). As I have noted already, however, these rating scales are frequently used inappropriately in establishing accountability (Functions Six and Seven).

Intention-Focused Assessment (IFA)

This method of performance appraisal directly addresses one of the major objections that is often voiced regarding performance appraisals. How do these appraisals impact on the overall performance of the organization? Does it really make any difference if an individual employee is doing an adequate job? Isn't the critical factor really the overall performance of the organization or, at the very least, the department in which the person being assessed is working?

Many performance appraisal experts are opposed to the use of outcome measures, given that many factors other than an individual employee's work influence outcomes. A strong case, however, can be made for a focus on outcomes. Organizational leaders have every right to conduct appraisals that reveal the extent to which the organization's intentions are represented in the work of each employee.

In summarizing results from a comprehensive review of the performance appraisal literature, James Smither concludes that:^v

Appraisals and feedback should focus on performance (not merely on underlying traits). Performance dimensions and standards should be specific and communicate to employees what is expected of them. Raters are not asked to provide a single rating in a broad area like “planning.” Instead, there should be separate ratings concerning several aspects of planning, such as quality, quantity, timeliness, cost-effectiveness, interpersonal impact, or need for supervision. The expectations of external and internal customers should help determine what is considered timely, cost effective, high quality, and so on.

Smither and many other performance appraisal experts propose comprehensive systems for the collection and analysis of performance outcomes. They also recommend timely feedback of results from these analyses. Our critics of performance appraisal systems, Coens and Jenkins, believe that this focus on performance outcomes may eliminate the need for any other kind of performance appraisal.^{vi}

Conclusions

Much of the opposition to this seemingly obvious strategy of assessing overall performance in an organization comes from those who believe that performance appraisal should be sensitive to the unique needs of the employee and should be developmental in nature. An exclusive focus on outcomes seems too mechanistic and impersonal. There is another key factor, however, that makes these intention-focused appraisal (IFA) systems seem very humane. An IFA system minimizes the need for position power in an organization, while maximizing the alignment of employee activities with the intentions of the organizational. Employees are not given arbitrary assignments by their supervisors.

Rather, the outcomes that they are to achieve within a specific period of time have been identified through a broad-based, interactive process—such as the one described in Chapter Four (Chartering). IFA programs have been shown to be very effective in serving many of the organizational functions listed at the start of this chapter—notably personnel decisions (Function One), team building (Function Four), equitable treatment (Function Seven), and, of course, broad-based organizational accountability (Functions Three, Six, and Eight).^{vii}

While the IFA system can serve many organizational functions, the leaders of any 21st Century organization must be careful about embracing this approach without first doing their homework. IFA programs encounter significant problems when implemented in many organizations. The intentions of their organization must be clearly specified and widely supported. There can't be much ambiguity about the mission of the organization and all stakeholders must feel like they have been actively engaged in creating the vision and identifying the fundamental values and purposes of the organization.

The leaders of many organizations cannot clearly and consistently articulate their intentions. Typically, they can't identify quantifiable objectives, outcomes, expectations or milestones derived from the intentions of their organization. An IFA program requires a clear consensus concerning the current status of the organization, as well as its goals and programs, otherwise the assessment criteria may be either unrealistically high or unnecessarily low.

There is yet another major drawback. An effective IFA program should be closely linked with a management information system that provides data directly related to the mission, vision, values and purposes of the organization. Unfortunately, a strong management information system does not exist in every organization. An effective IFA program also requires sophisticated management practices and relies on the competence and self-direction of the participating employees.

These conditions are not found in most organizations and require substantial reformation of organizational structures, processes, attitudes and cultures. An IFA program is frequently introduced precipitously without the extensive leadership and organization development that must precede it. The problem with IFA models may reside not in the concept, but in its execution. A similar case can be made for the problems encountered in the enactment of the next approach to performance appraisal that I shall consider: the 360-Degree feedback process.

ⁱ Tom Coens and Mary Jenkins. *Abolishing Performance Appraisals*. San Francisco: Berrett-Koehler, 2000, pp. 58-60; Heil Hauenstein, "Training Raters to Increase the Accuracy of Appraisals and the Usefulness of Feedback," in James W. Smither (ed.). *Performance Appraisal: State of the Art in Practice*. San Francisco: Jossey-Bass, 1998, p. 415.

ⁱⁱ H. John Bernardin, Christine Hagan, Jeffrey 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, pp. 33-34.

ⁱⁱⁱ Tom Coens and Mary Jenkins. *Abolishing Performance Appraisals*. San Francisco: Berrett-Koehler, 2000, p. 60.

^{iv} Other kinds of rating scales, such as organizational climate inventories and institutional environment scales, assess the characteristics of the total organization or of specific units in the organization for which a individual employee is held accountable. The annual yearbooks published by University Associates are an excellent source of information regarding this type of instrument. The environmental approach is based on the assumption that the administrator of a specific unit or specific organization is ultimately capable of influencing, and is therefore at least partially accountable for, most aspects of the unit or organization. When used with care, environmental scale results can be helpful in evaluating high-level managers or the supervisors of specific work groups, if analyzed in conjunction with data that focuses on these traits, activities and/or outcomes of the manager that directly influence this environment.

^v James Smither, "Lessons Learned: Research Implications for Performance Appraisal and Management Practice," in James W. Smither (ed.). *Performance Appraisal: State of the Art in Practice*. San Francisco: Jossey-Bass, 1998, p. 539.

^{vi} Tom Coens and Mary Jenkins. *Abolishing Performance Appraisals*. San Francisco: Berrett-Koehler, 2000.

^{vii} George L. Morrisey. *Management of Objectives and Results in the Public Sector*. Reading, Mass.: Addison-Wesley, 1976 and *Management of Objectives for Business and Industry*. Reading, Mass.: Addison-Wesley, 1977 and George S. Odiorne. *Management Decisions by Objectives*. Englewood Cliffs, New Jersey: Prentice-Hall, 1982.