



# We can work it out

*Ashley Seaford examines employee performance appraisals*

In some work areas machinery and technology contribute to productivity and the attainment of organisational objectives, but in human service organisations staff are indisputably the most important asset. Currently there is competition amongst employers to attract and retain skilled and talented staff. Due to factors such as an aging workforce, reduced numbers of graduates, international demand, and the impact of the Social Workers Registration Act 2003, this competition is amplified in the social services area (Jenkins, 2004). Research has demonstrated that human resource systems and practices can influence both productivity and employee motivation (Robbins and Coulter, 2005). One important component of the human resource management process is employee performance appraisal.

As a human resources tool, the widespread use of performance appraisals began in the American military and public service in the late nineteenth century (Wiese and Buckley, 1998). The growth in the use of such practices coincided with the rise of the large modern corporation and managements' desire to use rational and objective methods to measure and evaluate staff members' behaviour and achievements (Thomas, 2003). It is not clear when the use of performance appraisal became

widespread in New Zealand, but their introduction probably began some time around the late 1930s as the first Labour Government built up the public service (Shaw, 1999). A recent inquiry on remuneration systems in the New Zealand public service revealed that at least 38 systems are presently utilised (State Services Commission, 2005). It is unclear why there are so many, although part of the explanation lies in the fact that individual departments and ministries can choose and implement any system they wish. This contrasts with the pre-1990 period when the public service was expected to use human resource and financial systems that were set by the Treasury and the State Services Commission (Scott and Gorringer, 1989).

Performance appraisals are used for three major purposes. These reasons can be thought of as being primarily beneficial to either an organisation or its employees, and often these reasons are related. The first purpose is to help organisations make administration decisions. These are decisions in relation to the reward, remuneration, recall, promotion, demotion, transfer, discipline and termination of the employment of staff. Additionally, appraisals that collect relevant information allow organisations to compare the performance of

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their staff and managers across a number of possible dimensions. Performance appraisals also help organisations with workforce planning, estimating training needs, evaluating the personnel system and reinforcing the authority structure (Wiese and Buckley, 1998). The second reason is to open communication between managers and staff members. This should assist employee professional development, identify areas for development, and let staff know how their performance compares with their manager's expectations (Boice and Kleiner, 1997; Edmonstone, 1996; Robbins and Coulter, 2005). The final purpose is to help staff make decisions about career choices and how they might profitably invest their time and energy (Wiese and Buckley, 1998). Although presented as somewhat separate, in reality these purposes are tightly intertwined. All organisations have a concern with ensuring that positions are taken by staff members with the correct skills, knowledge and experience (Thomas, 2003). Similarly individual employees want to occupy roles that allow them to best utilise their talents, training and abilities. Critics have argued that expecting one system to achieve so many diverse outcomes is unrealistic (Coens and Jenkins, 2000).

Over the past 200 years a number of different mechanisms have been devised to achieve the above aims (Robbins, 2005). One of the early methods involved managers giving written feedback to staff. Not surprisingly, this simple approach was seen as unsatisfactory because of its subjective nature and reliance on the skill of the writer (Wiese and Buckley, 1998). Another technique was to record so called 'critical incidents' and provide employees with feedback on their behaviours. Critical incidents focus the appraiser's attention on events that occurred and the staff member's specific actions. The focus is on observable

behaviour as opposed to vague personality traits (Robbins and Coulter, 2005). A third method is to devise a group of performance factors such as quantity and quality of work, knowledge base, dependability, loyalty, etc, and then establish a standard marking scale for each factor (Robbins, 2005). This practice is known as the graphic rating scale. A fourth method is the behaviourally anchored rating scales approach. This technique combines elements of the critical incident and graphic rating scale. Management by objectives is where staff are judged on the success of completing pre-set goals (Wiese and Buckley, 1998). A final scheme, which appears to be gaining popularity, is the 360-degree feedback method. This approach seeks feedback from a wide range of people that the employee regularly interacts with (Robbins and Coulter, 2005). Each method has its strengths and weaknesses.

There are two main groups of perennial problems for performance appraisals. The first relates to shortcomings with the tool itself. Dissatisfaction with the current methodology and a desire to improve the accuracy, reliability, validity and utility of the process has inspired researchers and practitioners to attempt to reduce errors in the tools (Wiese and Buckley, 1998). The second set of problems relates to the observations, judgements, cognitive processing, actions and intentions of the appraiser. Research has found that non-relevant factors such as an employee's age, gender, ethnicity and physical appearance can all influence the appraisal outcomes in different ways (Cook, 1995). Additional research has revealed that whether the appraiser likes or dislikes the employee, and the appraiser's mood, also affect outcome (Cook, 1995). Cook (1995) points out that although age, gender and ethnicity bias may be detectable, the influence from appearance, liking and disliking is

impossible to identify. Perhaps not surprisingly these factors, along with social class and religious affiliation, have also been found to influence selection processes such as interviews (Thomas, 2003). These issues are known as leniency, halo and similarity errors. Leniency errors can be either positive or negative. Positive leniency takes place when the appraiser inflates the evaluation and negative leniency when they understate achievements and performance (Robbins, 2005). Interviews have revealed various reasons why appraisers engaged in such tactics, for example, in relation to positive leniency, to avoid confrontation, to protect staff that are experiencing personal problems and to move on staff who are seen as problematic. Negative leniency tactics are used to shock someone so they improve their efforts or to remind an employee who is in charge (Cook, 1995). The halo error occurs when the appraiser lets one aspect of an employee's behaviour or performance affect other non-related areas. The similarity error occurs when appraisers favour employees who are in some way like themselves (Robbins, 2005). During staff selection processes similarity errors are also known as the 'me too', a preference for interviewers to employ those who are like themselves (Thomas, 2003). Finally, performance appraisals provide opportunities to reward allies and punish non-supporters or enemies (Cook, 1995).

Perhaps because of such issues, Longenecker, Sims and Gioia (1987) found that around 70 per cent of managers said they disliked having to participate in staff performance assessments. One study revealed that 80 per cent of UK organisations indicated a

level of dissatisfaction with their appraisal system (Fletcher, 1993). Despite the above difficulties there is little support for abandoning performance appraisals altogether, but there is clearly support for redesigning aspects of the traditional performance appraisal system. Deming, a management academic, argued that traditional performance appraisals result in managers judging and ranking staff and a win-lose scenario, but nonetheless he advocated a change rather than not using them at all (Elmuti, Kathawala and Wayland, 1992).

All organisations, especially those who do not use machinery or technology to perform their core tasks, need to understand that they are only as strong as their staff. There is research which shows how important people are to organisational performance (Pralhad and Hamel, 1990; Robbins and Coulter, 2005). Recognising that fact means acknowledging that performance appraisal is part of a process of managing, motivating and evaluating staff performance, and it should not be seen in isolation from this context (Boice and Kleiner, 1997).

Each available performance appraisal framework serves a different purpose. Some are better used to identify employee training and development needs while others focus on rewarding people for their achievements. Not all employees are motivated by the opportunity to increase their salary and a range of flexible reward options needs to be available (Robbins and Coulter, 2005). To assume that one system can meet the wide range of both employer and organisation needs is a mistake (Allan, 2005; Edmonstone, 1996; Weise and Buckley, 1998). Those

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responsible for choosing the framework need to be clear about what they want the performance appraisal to provide.

To ensure they can participate fully and extract maximum benefit from the system, staff require training and information, as do those who may be asked to have input into a colleague's appraisal (Boice and Kleiner, 1997; Cook and Crossman, 2004). Comprehensive training needs to be delivered to those who are responsible for administering appraisals. Not only do they need to be familiar with the appraisal framework, they must understand the factors that may influence their work, and have the necessary interpersonal skills for providing feedback, and coaching and mentoring staff (Boice and Kleiner, 1997; Edmonstone, 1996; Robbins, 2005). In Child, Youth and Family many people work in teams, and to prevent unfair appraisal by holding one individual responsible for their colleagues, the team performance should be appraised rather than an individual's (Robbins, 2005). A clear finding from research is that a performance appraisal system will be ineffective if it is not seen as fair by all those who use it, and there is a direct connection between the level of satisfaction with a system and the perceived level of fairness (Cook and Crossman, 2004). This has obvious implications for the design and operation of the system. For example, organisations should work in partnership with unions and professional staff organisations in the design of the system (Edmonstone, 1996).

All appraisal frameworks should encourage the person being evaluated to complete a self-assessment (Boice and Kleiner, 1997). Given the

potential difficulties with this, such as issues of complete honesty and leaving self-interest aside, it may be more appropriate that this type of assessment is used for individual developmental purposes rather than contributing to the reward or punishment aspect of the performance appraisal (Robbins, 2005).

Finally, organisations need to appreciate that some of their staff who complete assessments may have different objectives to the organisation. Mechanisms such as an appeal process and the expectation that managers and staff will meet regularly to discuss expectations and performance can counter any such managerial tendencies.

For all the issues surrounding employee performance appraisals, there is no move to eradicate them. This is because they serve an important purpose to both organisations and staff. Organisations must invest in their staff to be efficient and effective, and achieve goals.

One important way of doing this is to ensure that appraisals are conducted regularly, and are completed accurately and objectively, and to provide staff with useful information to assist their professional development and growth. Organisations must realise that the area of employee performance appraisal is complicated and requires a genuine commitment of adequate resources. Organisations should provide:

- clear guidelines on their goals and objectives
- involvement of staff, unions and professional bodies in the development of appraisal systems
- outline what they require from the system
- accept that one system will not be suitable for all roles

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- adequately train staff and appraisers in the use of the system
- set up an appeal process
- acknowledge that all frameworks will need replacement and rejuvenation over time.

A genuine commitment to the development, implementation, administration and review of a robust performance appraisal system will contribute to feelings of motivation and loyalty in an organisation's staff. This should lead to higher productivity and the attainment of the organisation's goals.

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Ashley Seaford is a member of the professional services team in the Canterbury Service Centre, Child, Youth and Family.