ABSTRACT
        The majority of empirical studies on performance
appraisal (PA) systems focus on the search for the perfect form in
which subjective traits are replaced by objective and job-relevant,
measurable behaviors. Organizations using a PA system to evaluate
their employees struggle with issues of implementation, adaptation,
and linkage with other human resource systems. To make PA a viable
management tool, from a broader perspective, organizations and
researchers must invest time in training managers in PA skills; in
developing system evaluations which take into account reliability,
validity, and managerial goals; and in designing systems to meet
specific organizational conditions and expectations. Further research
in these three areas will help to develop more acceptable and
successful PA systems. (BL)

Viewing Performance Appraisal With A Wide Angle Lens

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I am an amateur photographer. I have become increasingly aware (as have members of my unsuspecting family who serve as subjects) of the importance of appropriately "composing" a picture. As an example, look at Figure 1 and decide what the subject is. Then turn to Figure 2, a picture focusing on the same subject but which also includes some meaningful background information. Including appropriate background in a picture can do much to add meaning and beauty to one's object of admiration or study.

Today I will argue that a similar phenomenon is occurring in the research our profession is conducting on performance appraisal (PA). What do I mean? In the last several bibliographies we have prepared at the Center on the topic of performance appraisal we found that between 60 and 70% of the empirical studies focus on the search for what the practitioners call "the perfect form." These studies zero in on operational answers to these questions: What specific aspects should we measure of a person's job performance? How should we measure these dimensions? These studies have led us at breakneck speed away from "subjective" traits toward "objective and job-relevant" behaviors. A student of these focused studies of performance appraisal ends up viewing PA as a measurement process with the critical options focused on what and how to measure.

My past six years of involvement with performance appraisal has forced me to answer questions and pose solutions (however halfbaked) to issues raised by many practitioners. In fact, we have conducted at the Center a standard 2-day workshop on designing performance appraisal systems for over 360 human resource professionals and/or managers from 225 organizations. We always begin these workshops with a concerted attempt to have the participants state what are their most burning issues. The three most prominent questions our participants struggle with are:

- What can PA do for organizations? Specifically, what do we know about PA accomplishments to warrant an investment in it? How can we get our managers to believe this?

- What major options are there in how PA is done? Which option works best for each of the purposes we assign to PA?

- How should PA be tied to other human resource systems, such as merit pay?

Our clients' realities force them to go far beyond changing the PA form (with a goal of moving from trait to behavioral dimensions). Rather they are required to frame PA in a

broader context, viewing it as one of many management pro-
cesses. To do so they need to ask questions about its over-
all usefulness and its particular niche as a management tool.

I find great value in viewing PA from this broader perspec-
tive even though it forces me to struggle with questions for
which our profession gives little or no empirical evidence on
which to base an answer. I now invite you to join me in a
review of three realities in which any PA system is embedded
and which can become crucial to making PA a viable management
tool. These realities emerged from my own attempt to place
PA in organizations. For each issue I will cite two impli-
cations for our future PA research agendas.

ISSUE: Minimal investment by organizations in introducing
       new or revised PA systems undermines even the most
       rigorously developed example.

Picture a company introducing a new PA system as follows:
All managers are informed through a memo sent out by Person-
nel. In three pages the managers are told how the new PA
forms are to be filled out, to whom they are to be returned,
and by when. Many managers are still trying to get comfort-
able with the prior changes in the form made years past. The
latest changes are viewed by many as makework des.gned to
justify the Personnel department. Managers are reluctant to
try the new system in part because it seems to demand more
work by them. The most useful advice comes from peers who
point out how large sections of last year's appraisal can be
transplanted on to the new form.

You might think I am exaggerating. We surveyed 972 managers
and professionals in a major U.S. corporation about their PA
practices. What emerged was a picture of uninformed partici-
pants. For example, 40% said the key participants in PA do
not understand the PA policy. And this is in a corporation
which had a longstanding commitment to conducting PA!

In reality many organizations give managers little help in
understanding why the new or revised PA system will help
them, much less teach them the requisite skills in conducting
PA. This minimal investment is not always a simple matter of
corporate ignorance or sloppiness. It is often an issue of
competing priorities. If an organization is simultaneously
introducing two managerial programs--PA and a revised
strategic planning procedure, for instance--management is
most likely to invest valuable managerial time in becoming
adept at strategic planning.

Even if you agree that many organizations invest little, too
little, in getting new PA systems off the ground, so what? I

believe this reality has two implications for our study of
PA:

IMPLICATION: Clearly we need to expand the important
work examining the impact of training managers in basic PA
related skills. There is a small but exciting set of experi-
ments (Ivancevich & Smith, 1981; Latham & Kinne, 1974; Spool,
1978) indicating training can have at least short-term ef-
fects on how managers do PA. Rest assured that our clients
take considerable interest in this research and use these
results to convince their management of the efficacy of PA
training. I would argue that we need to explore training
options less costly than those often cited in the research--
role playing or behavioral modelling. While these are clear-
ly powerful training tools, many organizations do not have
the resources to adequately conduct these programs. I have
recently seen some promising attempts at training managers in
PA skills using individualized instruction approaches.

IMPLICATION: Perhaps we should be designing new PA sys-
tems assuming minimal introduction of the participants to the
system. Unfortunately some of the more promising options
generated by our profession appear to require significant
investment in training managers. I refer specifically to
goal-setting approaches and the behaviorally based systems
(BARS, BES, and BOS). All of these systems require major
building of managerial skills in which many of our client
organizations cannot (or at least won't) train to the
required degree. Can we create PA options which use the
existing level of managerial skills but create an accurate
and useful documentation of employee performance?

ISSUE: Our professional paradigms for evaluating the effi-
cacy of a particular PA system vary quite drastically
from those applied by the management community,
resulting in unfortunate surprises on both ends.

We have been taught to view performance measurement as an
exercise in psychometrics. Consequently we ask about a PA
system's reliability (inter-rater, internal consistency and
perhaps test-retest) and validity (focusing on content and
perhaps criterion, if some more ultimate measure of perfor-
mance is available). In contrast, the management community
focuses on face validity (does the form and process make
sense to me as a manager?), a utility form of validity (does
PA help me or my organization better manage to meet our
goals?) and always a cost-effectiveness form of validity.

The result of these two quite non-overlapping sets of cri-
teria applied to PA can be troublesome. Well developed PA
systems may be arbitrarily rejected because the forms don't
"feel right" to the manager. On the other hand, a PA system

which requires twice as much managerial time to conduct the appraisal may yield data of no greater validity for making salary decisions, the key goal assigned to the system by an organization.

IMPLICATION: We need to work strenuously at educating the human resource professionals charged with designing PA systems in the basic concepts of reliability and validity. They must realize that PA will not be of use for any purpose (development, salary administration, or selection) until and unless we reliably and accurately tap the domain of job performance. I can assure you we teach these constructs in every workshop. We usually introduce the notion with a review of the legal guidelines surrounding PA and a few choice examples of how courts have ruled against organizations. These usually generate a certain interest by our participants.

IMPLICATION: We in the research community need to listen to the management community in assessing what goals they assign to PA. I must confess that I was unprepared for the kinds of criteria they apply to PA. I remember distinctly being asked once by a group of General Electric executives a series of questions about the validity of PA. For example:

- Which PA systems really improve employee performance?

- What, if any, PA system gives the most useful input to deciding salary increases?

- Should you tie career decisions to a PA rating?

- How many organizational purposes can you assign to PA? Which systems meet more of these goals?

In all honesty, my response would have made neither Fred Fiedler (my mentor) nor my mother proud of me. I would invite you to give definitive answers to these questions. As much as I'd like to, I cannot dismiss these questions as irrelevant or illegitimate. They do reflect an important fact. Organizations collect data on employee performance to help make decisions and take action. We need to ask these questions of our PA systems as part of our research paradigms. Perhaps then we can create more informed users of PA systems.

Issue: Our PA systems incorporate assumptions about how decisions are made and power is distributed. If left unexplored they can turn viable systems into disasters in specific applications.

I would like to tell another story about my recent experience
in consulting with a major multinational organization. Un-
fortunately it is at my expense. It is a highly professional
organization which has recently been struggling with drama-
tically limited resources. Performance appraisal was con-
ducted spottily, with a global summary evaluation written by
each manager. After looking at several options, top manage-
ment decided to adapt an objectives-based system (one of many
variations of the IBM form). A top-down implementation
strategy was planned as a way to get the organization to
focus on a small set of priorities set by top management.

I must tell you the response of middle management and the
professional ranks to the announcement was overwhelming. I
expected a certain indifference. In fact the response was
powerful. The managers and professionals felt a tremendous
threat (perhaps deservedly) to the level of autonomy to which
they had grown accustomed. It turns out that this particular
PA system violated (intentionally) an important norm in their
organization, namely considerable freedom in the managerial/
professional ranks in deciding what to do and now. The ob-
jectives-based PA system, particularly since it was intro-
duced top-down, introduced a significant difference not just
in how performance was measured but even in how performance
was determined. We clearly violated a norm held sacred by
many a member of that organization.

    IMPLICATION: If we define PA not simply as a measure-
ment process but as a management tool, we need to specify
conditions within which it will and won't work. In all
honesty I would never recommend that we use a BARS approach
for our Center staff. We have about as many jobs as we do
staff and most jobs are dynamic (by design). BARS would
neither be cost-effective nor would it be consistent with our
norm of ongoing employee participation in deciding what gets
done and how. I am <u>not</u> dismissing BARS as a PA system. I am
merely asking that our research more directly address the
question of the conditions (organizational size, organiza-
tional culture, past PA practices) required or desired for
effective use of a given PA system. I find little of this
evidence in the literature. Ivancevich has done some ground-
breaking work on organizational conditions for effective use
of Management by Objectives (Ivancevich, 1972, 1974).

    IMPLICATION: Designing a successful PA system for use
in an organization is as much an exercise in organizational
development as it is a study of performance measurement. I
concluded this after watching some highly sophisticated
(reliable and job relevant measurement) PA systems fail while
seeing some remarkably mediocre PA systems exceed the organi-
zational goals set for them. Any time we implant a new or
revised PA system in an organization we are perpetrators of

organizational change. While the field of organizational development is only emerging as a discipline, it does provide us with some basic models for preparing people and organizations for change, to help them welcome the altered state. I would find it refreshing for PA models to describe procedures for involving and informing managers and employees as well as developing sophisticated PA forms.

SUMMARY

My particular role in PA requires me to struggle with the "wide-angle lens" issue our clients face in using PA. I have outlined three examples of hard issues which seem to me to be underaddressed (or not addressed at all) in the literature. I realize that prescribing anyone's research agenda is presumptuous and an exercise almost guaranteed to generate a hostile response. I have, after all, managed researchers for ten years; but I have lived to tell about it. I do offer up these issues as possible research agendas. I also know there would be some incredibly eager clients of such research, beginning with the cluster of General Electric executives I alluded to earlier.

Finally, may I suggest, only partly in jest, an experiential regimen designed to alter the perspective of many a PA researcher:

- Complete a performance appraisal on a real, live employee.

- Use past performance appraisals to fire an obviously incompetent employee.

- Interview a group of first-line managers about what PA does and does not do for them.

- Using only the manual of a typical MBO user, attempt to set objectives and performance indicators for yourself or your secretary.

- Justify giving a below-average salary increase to an employee based on his most recent PA.

I do know that each of these experiences nudged, however slightly, my own perspective on what effective PA is and can be.
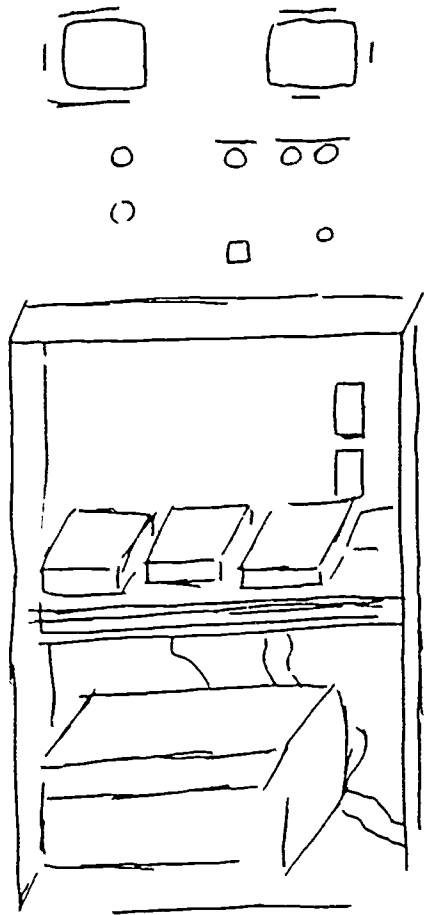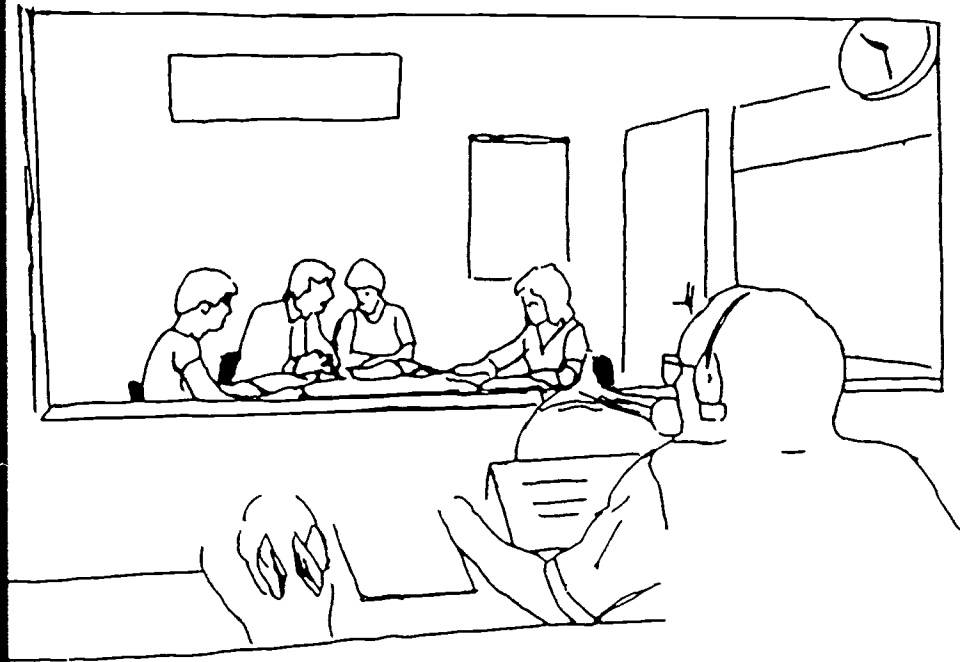
Figure 1

Figure 2

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