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ABSTRACT
                Results of an examination of research literature on
performance-appraisal interviewing and its implications are presented
in this report. The appraisal interview functions to (1) provide
feedback on performance, (2) counsel and provide help, (3) discover
what the employee is thinking, (4) teach the employee to solve
problems, (5) help the employee discover ways to improve, (6) set
performance goals, and/or (7) discuss compensation. Important
appraiser characteristics are credibility, a consistent style between
day-to-day behavior and interview behavior, and the ability to engage
in active listening. Employee participation in the
performance-appraisal process involves preparation for the interview
(by engaging in self-rating and working through a structured
worksheet) and actual participation in the interview, including goal
setting. The research suggests the need for students to be trained in
skills involving supportive behavior, problem solving, active
listening, and goal setting theory. (EL)

CONVEYING THE PERFORMANCE APPRAISAL: THE RESEARCH AND ITS IMPLICATIONS

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ABSTRACT

This essay reviews the major research literature on performance-
appraisal interviewing with respect to the function of appraisal
interviewing, frequency of interviews, appraiser characteristics,
employee participation, and goal-setting. Conclusions are drawn
regarding appropriate practices and the teaching of performance-
appraisal interviewing.

INTRODUCTION

The performance-appraisal interview provides an intriguing
communication situation for the student of organizational communication.
Employees undoubtedly need the feedback of their supervisor to do their
best. Yet they are often anxious at the prospect of an appraisal
interview. On the other hand, supervisors recognize that employees want
to know how they are doing on the job. They also realize that they
should communicate with their employees about work performance. Yet, in
practice, performance information is frequently not discussed with
employees (Burke & Kimball, 1971). And when it is discussed it may be
given in a perfunctory manner (Porter, Lawler, & Hackman, 1975). In
addition, it has long been recognized that some supervisors avoid
performance-appraisal interviews, whereas others experience anxiety and
discomfort in doing them (McGregor, 1957). Beyond this, the infrequent
and ineffective use of performance-appraisal interviews is well
documented (Landy & Trumbo, 1980; McGregor, 1957; Meyer et al., 1965).
The irony of this situation is that a performance-appraisal interview is
a primary and important context for the supervisor and employee to work
together to achieve superior performance. Yet, fear keeps the process
from achieving its full potential.

Research on performance-appraisal interviewing provides a
promise of help for conducting these interviews, but it is broadly
scattered. This essay has a twofold purpose. First, it will draw
together what is known from the research literature on
performance-appraisal interviewing. This literature will be grouped
under the headings of function, frequency, appraiser characteristics,
climate, and employee participation. Second, the implications of this
research for teachers and scholars will be drawn.

FUNCTIONS OF APPRAISAL INTERVIEWING

A quick survey of the writings of researchers and other authorities on appraisal interviewing shows a myriad of expectations for functions of the employee interview. The appraisal interview might function to provide feedback on performance, to counsel and provide help, to discover what the employee is thinking, to teach the employee to solve problems, to help the employee discover ways to improve, to set performance goals, and/or to discuss compensation. The goals of the appraisal interview seem endless. The problem created by such multiple goals is that an attempt to adopt a set of reasonable goals may become difficult for the interviewer. And without specific goals in mind the interview may lack the necessary focus to achieve anything of consequence.

One way to make this list more manageable and functional is to divide the activities into two categories: <u>employee development needs</u> and <u>organizational needs</u>. Clearly what the employer is trying to do is to help the employee be more productive and satisfied with work as a person to develop the employee, and to achieve the organizations production goals and organizational needs.

Beyond these two generally accepted functions, lies the question of discussing compensation as a function of the performance-appraisal interview. Two studies have specifically addressed the question of whether this ought to be a function of the appraisal interview. The first was conducted by Meyer et al. (1965) in conjunction with the General Electric Work Planning and Performance Review Program. These researchers concluded that trying to achieve both feedback and counselling for improvement <u>and</u> informing of a salary decision was less effective than splitting the roles and holding two separate interviews. They found that the employees' attitudes toward their supervisor and performance improved when these two purposes were separated. Their explanation was that when these purposes were combined in a single interview, the discussion of salary took precedence in the employee's mind over a discussion of improvement. The result was that employees wanted to make a good impression and/or justify a greater salary increase. Huse and Kay (1964) reported that salary discussion contributed significantly to the overall tension of the employees they studied. Both topics—development and compensation—do not seem particularly compatible. The argument that they do not fit is compelling, but there were several confounding factors in these researchers' design. Primarily, the problem was that the interviews when separated differed in other important respects. They were different in that they were more frequent, emphasized joint goal planning, and had no summary ratings.

Cummings (1973) conducted a study which sought to test this relationship in the field. He argued that expectancy theory suggests that salary be a part of an appraisal interview. His field experiment investigated employee reactions to an old and new appraisal system. The data indicated that employees had more positive attitudes to the new system that jointly addressed development and salary than to the old

system that did not.   Again the experiment was confounded by factors
that do not permit confidence in this conclusion.

FREQUENCY

Miner (1974, 975) reported frequence data for performance-
appraisal interviews from a 1974 Bureau of National Affairs survey of
personnel managers of 150 industrial and government organizations.
Ninety percent of their managers, office personnel and production
workers were appraised yearly. Additionally, performance-appraisal
interviews were conducted in about 90 percent of the cases where
performance appraisals were made.

However, these data may be misleading. The problem becomes one
of discovering what is meant by a performance-appraisal interview. Hall
and Lawler (1969) report that the supervisor and subordinates sometimes
have different views as to what constitutes an interview. Questioning
conducted with both groups revealed that the supervisor thought of a
brief, general discussion with a subordinate as a performance-appraisal
interview, whereas subordinates did not see it as such.

Other researchers have uncovered practices that place this
self-report data in doubt. McCall and DeVries (1976) and Meyer et al.
(1965) discovered that supervisors resisted holding performance-
appraisal interviews unless the organization took specific measures to
insure that they were held. Landy and Trumbo (1980) report that among a
number of companies they studied interviews were frequently not held to
convey ratings because supervisors believed that doing so was
inconvenient logistically or they believed that the ratings served no
real purpose.

Recommended frequency has been an issue of concern and
discussion among scholars. Three factors have been suggested as
determinants of frequency: the nature of the goal of the interview, the
kind of position the employee has in the organization, and the
characteristics of the employee's performance. Cummings & Schwab (1978)
suggest that a maintenance interview is all that is necessary for some
employees. These people are those in routine jobs, whose record of
performance is satisfactory. This same rule seems reasonable for
long-time employees who are adequately performing. These employees have
had the opportunity to refine their job skills and show consistent
performance; thus they do not require frequent reviews (Kane & Lawler,
1979).

There is evidence, though, that employees ought to be interviewed at
least once each year. Landy, Barnes, and Murphy (1978) indicated that
personnel who were evaluated at least once each year thought their
evaluations were fairer and more accurate than those who were evaluated
less frequently. But, when employee development is the function of the
interview, when the job is nonroutine, and when goal-setting is part of the
interview, more frequent interviews are recommended (McConkie, 1979;
Cummings & Schwab, 1978; Meyer et al., 1965).

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Finally, Cummings and Schwab suggest frequent reviews for the organization's low performers. They recommend weekly (and, in difficult cases, daily) interviews to monitor and give feedback on employee performance. More, rather than fewer, interviews allow the interviewer to focus more specifically and on fewer negative issues. And if Kay et al. (1965) are correct, the focus on fewer negative issues will improve the climate for improvement.

APPRAISER CHARACTERISTICS

One characteristic of the appraiser that is directly associated with effectiveness is credibility. Credibility in this case relates to the appraiser's knowledge of the employee's job duties and behavior. Ilgen, Fisher, and Taylor (1979) conducted a thorough review of the literature on feedback in organizations. Their conclusion with respect to the appraiser's knowledge of the subordinate's job and behavior is that the subordinate views the feedback as more accurate and therefore is more willing to accept it when the source is knowledgeable. Landy et al. (1978) came to a similar conclusion. They found that the subordinates who believed their supervisors to be highly knowledgeable about these two factors regarded the interview as more fair and accurate than did their counterparts who viewed their supervisors as less knowledgeable.

A second characteristic of the appraiser that seems to be important is consistent style between day-to-day behavior and that behavior demonstrated in the interview (French et al., 1966; Bassett & Meyer, 1968). A supervisor who wishes to engage in problem solving with employees in the appraisal interview, but has taken on the role of judge in day-to-day interaction with employees about their jobs, is being inconsistent. Meyer et al. (1965) urge managers to adopt the role of helper rather than the role of judge both in their day-to-day interaction and in performance review sessions.

A final important characteristic of the appraiser is the ability to engage in active listening. Kikoski and Litterer (1983) contend the ability to paraphrase content back to the speaker and to reflect feelings, the two basic skills of active listening, contribute to the appraiser's effectiveness in appraisal interviews. They base their claim on 150 data-based studies (Ivey & Litterer, 1979) that sought to identify communication skills and assess their effectiveness.

CLIMATE

Climate in the performance-appraisal interview has received considerable attention both in well-reasoned arguments and in empirical research. Concerns have traditionally centered on praise, criticism, and the superior-subordinate relationship.

Surprisingly, Meyer et al. (1965) found that praise did not have much effect on the outcome of the appraisal. They concluded that "praise may be regarded as the sandwich which surrounds the raw meat" (p. 127). That is to say, the average subordinate may believe that the supervisor's motivation for praising is preparation for the "bad news" to follow. Farson (1963) argued persuasively in Harvard Business Review that praise can also have a negative outcome. He suggests that praise might quite reasonably be viewed as threatening (i. e., a statement of superiority and a constraint on the employee's creativity).

An alternative to praise is encouragement (Hanna & Wilson, 1984). Supervisors might ask the employee to review her accomplishments and then affirm those that they believe to be accurate. This affirmation is encouraging to the subordinate--the supervisor has agreed with him in regard to his accomplishments. Encouragement of this type avoids the sense that the employer may be pointing out accomplishments as a prelude to discussing inadequacies.

Criticism is a second factor that affects performance appraisal climate. The supervisor cannot avoid discussing shortcomings in the employee's performance if the appraisal interview is to meet organizational performance objectives. Research suggests that it is excessive criticism per se that is problematic in the interview. Too much criticism appears to trigger the employee's defense mechanism and to destroy the climate for improvement (Bordonaro 19,6; Meyer et al., 1965). In fact, Greller (1975) reported that the more the managers he studied criticized their employees, the less improvement was seen in the areas criticized. When similar areas were criticized less, managers were able to see more improvement. In addition, there was a positive correlation between the number of critical comments and the number of defensive reactions noted.

Finally, the supervisor's supportive orientation has been shown to be helpful in building an appropriate climate (Latham & Saari, 1979; Burke et al., 1978; Nemeroff & Wexley, 1977; Burke & Wilcox, 1969; Solem, 1960). Nemeroff and Wexley (1977) conducted a study that shows when managers take an attitude of helper--they treat the employee as an equal, show respect for the employee as a human being--the employee is more satisfied with both the session and manager than when the manager does not. Supportive behavior has also been demonstrated to be related to higher performance goal-setting by the employee (Latham & Saari, 1979).

A quality relationship is also important to supportiveness. Kikoski and Litterer (1983) suggest that development of a quality relationship involves four communication behaviors: (1) acknowledging the employee as a person, (2) indicating that the manager understands the conditions under which the employee has labored, (3) conveying that the employee's behavior is accepted, if not necessarily approved, and (4) letting the employee know that she has been listened to and understood.

EMPLOYEE PARTICIPATION

The issue of employee participation has received considerable attention in the performance-appraisal interviewing literature. Employee involvement in the performance-appraisal process is usually divided into two areas: preparation and actual participation in the interview, including goal-setting.

Preparation

One form of preparation is self-rating. Bassett and Meyer (1968) report that most managers expect that their employees produce ratings that are unrealistically favorable. Therefore, they are reluctant to base an appraisal discussion on self-appraisals. But, based on Bassett and Meyer's investigation of actual practice managers find that employee's self-ratings are surprisingly modest. The researchers attribute this modesty to the fact that the self-appraisal is being publicly announced and that immodesty is not valued in our culture.

Burke et al. (1978) discovered that the act of giving a worker a structured work sheet to use in personal preparation was associated with a positive outcome for the interview. The object of the work sheet is to allow the employee time to reflect and prepare to participate. This preparation seemed to reduce the awkwardness of being asked questions that the employee could not answer without reflection. The content of the worksheet used by Burke and his associates asked the employee to suggest principle responsibilities and problems encountered in fulfilling these responsibilities, and then to describe and compare her/his personal performance with the performance of others who hold similar jobs.

Participation in the Interview

Aside from the actual participation itself, the "welcoming of participation" seems to be important itself. Four studies (Burke et al., 1978; Nemeroff & Wexley, 1977; Greller, 1975; Burke & Wilcox, 1969) have shown correlations between such items as "boss asked my opinion" and "opportunity to present ideas and feelings" and a number of positive outcomes. Nemeroff and Wexley concluded from their investigation that there seem to be two difficulties with welcoming performance: the observation that supervisors seem to underestimate the importance of the opportunity for subordinates to participate and the degree to which they, the supervisors, invite participation effectively.

Although results have been mixed, research points to the fact that, in general, the greater the employee's participation in the interview, the more satisfied the person will be both with the interview and the supervisor (Nemeroff and Wexley, 1977; Greller, 1975; Solem, 1960; Maier, 1958). This statement must be tempered by several limitations presented by researchers and scholars. Locke and Schweiger (1979) suggest that the new employee might not have sufficient job knowledge to participate fully. They also point out that some employees have a need or dependence on their supervisor. These employees enjoy

being dependent and, therefore, are unlikely to have their own suggestions for improving their performance. French et al. (1966) indicate that the supervisor's usual style may have an effect on the employee's willingness to participate. If the supervisor does not normally welcome employee participation, then the employee is unlikely to participate in the interview at a high level. Basset and Meyer (1968) reported similar findings with respect to incongruent styles.

Goal-Setting

Goal-setting is a factor that has consistently been associated with positive outcomes in appraisal interviews. Two separate studies (French et al., 1966; & Basset and Meyer, 1968) have demonstrated that setting specific goals for performance improvement yielded twice as much improvement as either setting general goals or criticism without goal setting.

Correlation studies of goal-setting have shown that it is positively related to employee satisfaction with the interview (Burke et al., 1978; Greller, 1975, 1978; Burke & Wilcox, 1969), perceived utility of the appraisal (Greller, 1978) and perceived fairness and accuracy of the evaluation (Landy et al., 1978). Goal-setting in performance appraisal has also been associated with the employee's desire to improve and the later improvement (Burke et al., 1978; Burke & Wilcox, 1969), and with greater mutual understanding and perceived fairness (Burke et al., 1978).

CONCLUSION

What conclusions can be drawn about factors that either contribute to or detract from effective performance-appraisal interviewing? First, it seems reasonable to conclude that most interviews should focus upon employee development needs and organizational needs. The degree to which the interviewer chooses to focus more on one or the other probably depends on whether the person is a new or long-time employee and whether the job is such that goal-setting is appropriate, and on the individual's performance in the particular job. The new employee may need more development than the long-time employee. A routine job may not lend itself to goal-setting. Individuals whose level of performance is high may not need a strong emphasis in either of these areas. The research casts doubt upon the advisability of discussing compensation in the performance appraisal interview. Until further data are collected the argument seems to be in favor of this conclusion.

Recommended frequency for performance-appraisal interviews is best determined by considering the nature of the goal of the interview, the kind of position the employee has in the organization, and the characteristics of the employee's performance. The general rule is that an employee ought to be interviewed at least once each year. When employee development is the function of the interview, the job is nonroutine, and goal-setting is a part of the interview, more frequent

interviews are recommended. Weekly reviews are recommended for the organization's low achievers.

Another conclusion drawn from the research literature is that the supervisor must have specific knowledge of the subordinate's job and duties to have credibility. The outcome of credibility from this source is a perception by the interviewee that the review is more accurate and a greater willingness to accept it. The appraiser's effectiveness is also affected by consistency in style and by active listening skills.

Research on climate centers on praise, criticism, and superior-subordinate relationships. Praise seems to be an ineffective strategy in the appraisal interview. The interviewer should also, avoid too much criticism and foster a supportive relationship.

With respect to participation, the employee should be encouraged to prepare by engaging in self-rating and working through a structured worksheet. Beyond this the interviewer should be sure that the interviewee knows that participation is welcome. The employee should also be encouraged to participate in goal-setting, if such an activity is indicated. The act of goal-setting may lead to increased performance, a greater desire to improve, greater satisfaction, greater utility, and greater perceived fairness and accuracy.

This research suggests several classroom training need? for organizational members. First, the strong correlation between supportive behavior and outcome suggests the need to train students in these skills. Second, the employee development aspect of the performance-appraisal interview presents a need for training in problem solving. Third, the positive effect of active listening suggests a need for students to develop this skill. Finally, the strong association of goal-setting with positive outcomes compels teachers of performance appraisal to teach students goal-setting theory.

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