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PERFORMANCE APPRAISAL AS AN EMPLOYEE DEVELOPMENT TOOL

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One of the critical human resource issues of the 21st century is an organization's ability to refine and develop mechanisms to provide meaningful job performance feedback to all employees. A positive and coherent understanding between the employee and supervisor as to what is acceptable job performance is essential for all employee and management work relationships to survive.

Optimum development and proper utilization of each employee is essential to the success of any organization. "How am I doing?" is often one of the most urgent questions on an employee's mind today. Providing factual, candid and objective answers to this question is an effective means of enhancing employee development and sustaining a sound employee relations program.

The enhancement of understanding can be accomplished in two basic ways:

A. Job Descriptions

All employees must understand what is expected of them in the performance of their jobs. Behavioral research data clearly indicates that many organizations throughout a global economy today continue to persist in assuming the employee knows what is expected without ever discussing the expectations of the job to be performed.

B. Performance Appraisal

Employee opinion survey data indicates the need for employees to be given continuous performance feedback in a constructive, coaching, mentor relationship. Management creates a high percentage of its problems by totally ignoring the need to inform the employee how he/she is doing, thus creating a high level of uncertainty, anxiety, low productivity and in many cases the loss of a loyal and productive employee.

Appraisal has been defined as the act of the judging quality and value. Performance appraisal within the organizational context is the supervisor's judgment of how well an employee performs his/her job based on established job measurement criteria. Note that it is job performance which is being appraised and rated. A performance appraisal that focuses primarily on employee personality traits does little to enhance productivity or identify training, career developmental needs, potential promotability and contributions an employee is making toward meeting organizational objectives.

Why Have A Performance Appraisal Program?

Volumes have been written on the subject of employee performance appraisal. The arguments for and against formal appraisal systems continue. The increased demand for accountability by government agencies and related legislation, which we will address later (including legal challenges of human resource decisions), have made performance appraisal systems almost a necessity rather than a luxury for all organizations.

The human resource professional must direct a performance appraisal system for many reasons, not the least of which is a well-documented method that can be accepted as a valid defense in litigation proceedings. The Equal Employment Opportunity Commission's Uniform Selection Guidelines have literally forced performance appraisal systems into being.

There are many other valid reasons to conduct employee performance appraisals and many potential uses for the information generated. Decisions related to promotability, advancement, selection for training, salary administration, discipline and even potential termination may flow from the results of an objective performance appraisal process.

What Elements Make A Good Performance Appraisal System?

Ideally the ingredients of an effective state-of-the-art performance appraisal program should be designed to ensure:

1. That all employees are periodically interviewed regarding their career progress to assist them in developing to the fullest.
2. That a systematic measure of an employee's overall value to the organization is recorded.
3. That essential information is recorded concerning the strengths and weaknesses of all employees in relation to career development, including potential for advancement and suitability for other positions and training.

The major underlying principles of a truly participative, performance-oriented appraisal program are as follows:

1. The appraisal of a subordinate's job performance is a part of the normal day-to-day responsibility of every supervisor and relates directly to his/her responsibility for planning and assignment of work.
2. Criteria for job performance must be related to the job itself. Sufficient flexibility should be maintained so that achievement measures can be set to reflect accurately and realistically the unique requirements of different positions, levels of assignment and operating conditions.

3. Improvement in job performance can be accomplished most effectively if the employee participates directly in establishing the achievement measures for his/her job. To do a better job, the employee should know what is expected, how he/she is doing on the job and where assistance can be obtained when needed.

4. Employees are inclined to accept suggestions for improving and/or maintaining their performance when they are provided feedback on a continuing basis.

5. The supervisor's prime responsibility is to coach and collaborate in an individual's development. Two major forces in an employee's development must be given full consideration to achieve maximum results:

a. The employee must recognize and understand the responsibility of his/her immediate supervisor as that of an active partner and coach in providing career and job-related assistance.

b. The supervisor must recognize and be concerned with the employee's personal aspirations, motivation and career growth needs.

6. An effective performance evaluation system requires supervisors to communicate job standards and other expectations to employees before the evaluation period begins. By doing so, employees know what constitutes good performance and the supervisor can then more objectively assess performance.

7. Effective compensation systems must link performance achievements to salary increase considerations. Even the best compensation plan is difficult to administer if performance is not the major determining factor in granting salary increases.

8. Frequent feedback sessions must be conducted with employees throughout the evaluation period. Periodic "mini-session" reviews, held perhaps monthly, help minimize the employee from being surprised at appraisal time and helps maintain focus.

9. Career pathing and counseling must be a part of the performance review cycle. By focusing on performance accomplishments, more precise guidance can be given to employees about career options with the company and the achievement of agreed-upon milestones.

Performance Appraisal Legal Issues

Earlier mention was made of the need to design appraisal programs that will meet legal guidelines. Defending performance appraisals has attracted increased attention in the last few years, especially since most organizations are now aware that human resource decisions based on performance appraisals can affect employment conditions for protected employee groups.

The seriousness of this problem is underscored by the fact that several million employees have their job performance appraisal annually for purposes of salary review, promotion consideration, human resource development progress and potential corrective action items.

Although several articles which have appeared in human resources literature since the mid-70s have been useful in highlighting specific legal issues involving performance appraisal, few have articulated the relative importance of the various factors that explain how organizations can effectively develop and successfully defend their performance system before the Equal Employment Opportunity Commission or in the courts.

All organizations must understand how vulnerable their performance appraisal programs are to litigation and whether they are likely to be successful in defending their programs in the event of an official complaint.

If the employer fails to show that its performance appraisal program was designed and administered on the basis of the Uniform Selection Guidelines established under the authority of Title VII of the Civil Rights Act of 1964 as amended, the court may render the employer liable for back pay, court costs, specific management training programs for and/or promotion of protected group employees as part of the case settlement.

An analysis of recent court decisions reveals that successfully-defended performance appraisal programs are described as follows:

1. Supervisors were given specific written instructions and training on how to complete the appraisals.
2. Job content was used in developing the basis of the appraisal instrument.
3. Appraisals were behavior-oriented rather than personality trait-oriented.
4. The results of the completed appraisal were reviewed with the employee appraised and the employee was given the opportunity to comment and submit written comments if appropriate.

In addition, privacy legislation has been introduced or enacted in numerous states since the early 90s. In 1996 the Privacy Protection Study Committee released a report, "Personal Privacy in an Information Society." Among the 34 recommendations made by the Commission was the suggestion that an effective privacy protection policy must provide employees access to records relating to their qualifications for promotion and pay raises or to records relating to discipline and potential termination.

Beyond the direct and potential legal implications relating to employee access to their records, there are other strong reasons for allowing such access. First is the issue of employee confidence in the performance appraisal system's reasonableness and fairness. If the results of performance appraisals are withheld, uncertainty and suspicion will

surely result. Second, if appraisals are to influence performance in a positive way, results must be communicated. Third, access to results provides an opportunity for an individual to challenge judgments or to correct simple mistakes which are inevitable in any system. Finally, access to such information is essential if the due process rights of employees are to be assured.

In the final analysis, the integrity, the effectiveness and the legal defensibility of a performance appraisal system will depend on its legitimacy as a tool for making employment decisions.

Employers should attempt to reduce the possibility that an employee will be able to establish a prima facie case of discrimination. For example, if there is a disproportionately small percentage of females and minorities in the top four EEO categories, establish affirmative action goals. Second, the employer must be certain that the content of the performance appraisal system is based on job content and that performance measures are job-related and are not based on general traits that lend themselves to opinion, subjective judgment and rater bias. Third, in administering the program detailed and clearly written instructions must be given to each manager. Finally, the manager must be required to discuss the rating results with each employee to ensure appraisal sessions are productive and contribute to employee effectiveness. Each manager must be trained in how to rate employee performance and how to provide feedback in a positive fashion.

Conclusion

The 21st century promises a more demanding and visible role for all human resource professionals. This role requires developing a futuristic strategic plan that articulates human resource programs that address a myriad of issues. Creating and maintaining viable performance appraisal programs is essential to organization growth. Yet, even more significant initiatives will be to develop a visionary human resources agenda that is integrated into the organization's mission and to correlate specific programs such as compensation issues, performance appraisal and job evaluation processes conceptually and operationally.

In the 21st century continued changes will occur in terms of who works in organizations, why they work and what they do. A major part of the human resource professional's responsibility will be to coach operating managers and supervisors to realize that the manner in which they manage key HR decisions such as promotion and termination is of interest to several parties, including one or more federal regulatory agencies. Senior executives must be prepared and encouraged to implement strategies for managing employees in ways that are fair and ethical and will meet government and public scrutiny standards. Clearly, supervisory management development must move from a one-time orientation session to regular developmental programs to update, enlighten and expand basic management leadership skills. Designing effective performance appraisal programs to meet the needs of the organization and its employees requires substantial effort, dedication and commitment from the CEO down through all levels of the organization.

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