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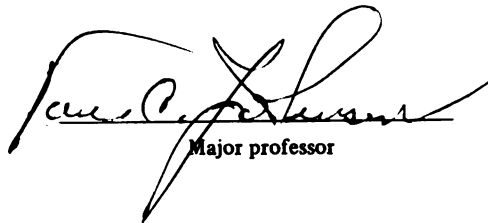
PERCEPTIONS OF PERFORMANCE APPRAISAL
BY SUPERIOR AND SUBORDINATE

presented by

Harold R. Smith

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PERCEPTIONS OF PERFORMANCE APPRAISAL
BY SUPERIOR AND SUBORDINATE

By

Harold R. Smith

A DISSERTATION

Submitted to
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ABSTRACT

PERCEPTIONS OF PERFORMANCE APPRAISAL
BY SUPERIOR AND SUBORDINATE

By

Harold R. Smith

The Purpose Of The Study

The purpose of this study was to substantiate that differences existed in the perceptions of performance appraisal by superior and subordinate in regard to purpose, need and method.

Procedure

A questionnaire designed by the researcher to investigate the perceptions of performance appraisal by superior and subordinate was administered to the home office employees (N = 565) of an internationally-known corporation headquartered in the Midwest during the months of November and December 1977. The response rate was sixty-nine percent (69%).

Findings

The results of this study substantiated the position of other researchers that the need for performance appraisal is seen as more important by the superior than the subordinate. It also provided support for studies which indicated that the preferred method for performance appraisal is perceived differently by superior than subordinate.

Support was not found for writers who take the position that the purposes of performance appraisal are seen differently by superiors than subordinates.

Harold R. Smith

The study results indicated that both superiors and subordinates prefer an appraisal system which provides an opportunity for the ratee to rate himself.

Objective appraisal criteria were not seen as important, especially to subordinates, as might have been expected. Most respondents seemed to favor a system which allowed for at least some subjective criteria.

Respondents in the study seemed to feel that salary increases should be closely tied to performance appraisals.

Educational level appeared to have an effect upon an individual's perception of performance appraisal. More educated persons favored more frequent appraisals and gave greater weight to objective criteria than did less educated persons.

Women indicated a greater preference for an appraisal system that allowed for ratee input than did men. In ranking performance appraisal purposes, women also gave greater weight to improving communication and determining salary than did men, who rated professional growth higher than either of these items.

Due to limitations of sample composition, the effect of ethnicity upon the factors studied was not determined. The sample was also relatively highly educated, with fifty-four percent (54%) having a college degree and an additional twenty-six percent (26%) having some college. No attempt was made to examine the effect of occupational type on the perception of performance appraisal. Age was not found to have a significant effect on perceptions of performance appraisal in this study.

To my father,

Dr. J. Harold Smith, whose example, encouragement,
and assistance were of immeasurable value in the
completion of this dissertation.

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CHAPTER I

INTRODUCTION

Performance appraisal is a fact of life in any organization, whether or not it is formalized. Various terms performance appraisal, "review," "evaluation," "assessment," "rating" - performance appraisal of some type is an integral part of all organizational systems and refers to that activity in which a superior evaluates a subordinate's performance of his job functions. Miner states, "It should be understood at the outset that the fact of evaluation in some form is inevitable. All organizations make some effort to determine whether individual members are contributing to the attainment of objectives."¹ Similarly, Kellogg, "All managers make appraisals of other people and make them frequently."² Odiorne states that, "In motivating people to be productive and creative in their work, we cannot rely on money alone . . . neither fear of economic punishment nor desire for economic reward can explain the full scope of human motivation."³ --- thus performance appraisal. Kellogg states it even more strongly, "The

¹John B. Miner, Personnel and Industrial Relations, (New York: The Macmillan Co., 1969), p. 180.

²Marion S. Kellogg, What To Do About Performance Appraisal, (New York: AMACOM, 1975), Revised Edition, p. 1.

³George S. Odiorne, Personnel Policy: Issues and Practices, (Columbus, O.: Chas. E. Merrill Books, 1963), p. 305.

question is not whether appraisal is desirable, since it cannot be avoided."⁴ Rather, says Kellogg, the questions are: for what purpose, on what basis, on whose initiative, and with whom should it be discussed?⁵

Granted that performance appraisal is inescapable, what is its purpose? McGregor's view is that

"Formal performance appraisal plans are designed to meet three needs, one for the organization and two for the individual: (1) They provide systematic judgments to back up salary increases, promotions, transfers and sometimes demotions or terminations. (2) They are a means of telling a subordinate how he is doing, and suggesting needed changes in his behavior, attitudes, skills or job knowledge; they let him know where he stands with the boss. (3) They also are being increasingly used as a basis for the coaching and counseling of the individual by the superior."⁶

More simple and concise is Odiorne's statement that "effective appraisal of performance and potential of a subordinate by his superior will improve his effectiveness"⁷ assuming, of course, that most people have a desire to succeed and will make an effort to improve. Dow Corning Corporation lists the following objectives for its appraisal system:

- 1) Recognize individual contribution.
- 2) Identify individual capabilities.
- 3) Improve individual performance.
- 4) Assist in personal development.
- 5) Prepare people for the professional and managerial positions that will be needed in the future.

⁴Kellogg, op.cit., p. 4.

⁵Ibid., p. 4.

⁶Douglas McGregor, Leadership And Motivation, (Massachusetts: M.I.T. Press, 1966), p. 185.

⁷Odiorne, op.cit., p. 304.

- 6) Evaluate fairly, performance as it relates to position expectations and as it relates to the quality of individual performance among the others.⁸

Need

While there is ample documentation indicating the universality of the existence of performance appraisal and relative unanimity as to its purpose by management and authorities in the field, there is considerable evidence to indicate that: (1) the purpose is seen differently by superiors and subordinates, (2) there is disagreement as to its relative importance, and (3) there is a widespread lack of consensus as to the form it should take. In short, performance appraisal, when put into practice, becomes controversial and frequently has an effect upon both the superior and subordinate that is not only non-productive, but often is counter-productive.

Dealing first with the question of purpose, Bassett views performance appraisal as primarily serving management's purposes, at least in the way it is usually conducted.

"Many articles and instruction manuals on the subject discuss in glowing terms the mutuality of the discussion, the high degree of agreement and understanding, and other desirable results to be had from appraisals. In truth, however, a performance appraisal is essentially the boss's evaluation of a subordinate's work. The boss spells out what he likes and dislikes about the employee's performance and, in effect, tells him in what ways he is a good or poor employee."⁹

"Performance appraisal is a useful method of transmitting information from manager to employee. There are, however, few, if any, such

⁸Dow Corning, Guide in Reviewing Professional Employees, Nov. 1976, Dow Corning Corp.

⁹Glenn A. Bassett, The New Face of Communication, Second Edition, (New York: American Management Assoc., 1968), p. 109.

discussions in which two points of view are examined. Rather, everything else is put aside by both participants so that the one crucial point of view - the manager's - can be fully and completely understood."¹⁰

This somewhat cynical view, however, does not appear to be widely shared. Myers' opinion seems to put things in better perspective. "Like all systems, performance review as a system is at the mercy of its users. Qualified and committed people can achieve good results with a poorly designed form and ambiguously defined procedures. Unqualified and uncommitted people will cause performance reviews to fail no matter how sophisticated the system."¹¹

Kellogg believes that "A manager should discard the notion that his appraisal is an absolute evaluation - rather it's a subjective judgment based on incomplete information. Subjectivity limits performance appraisal but conversely is no different than any other decision a manager makes."¹²

White and Barnes point out that some people see performance appraisal as "something that a supervisor does for the organization to a subordinate."¹³ Rieder contends that while superiors may be trying to use performance appraisal to improve performance, the result may be the

¹⁰Ibid., p. 115.

¹¹M. Scott Myers, Every Employer A Manager, (New York: McGraw-Hill Book Co., 1970), p. 69.

¹²Kellogg, op.cit., p. 61.

¹³B. Frank White, and Louis B. Barnes, "Power Networks in the Appraisal Process," Harvard Business Review, Vol. 49, May 1971, p. 102.

reverse: performance can actually go down or the subordinate may merely try to emulate his superior.¹⁴ Sofer and Tuchman, in a recent study found that in a comparison of fifty-two (52) superior/subordinate pairs regarding their respective perceptions of an appraisal interview, forty-five percent (45%) disagreed as to the main point discussed and forty percent (40%) disagreed as to how the subordinate was rated!¹⁵ Richards found in a study of seventy (70) supervisors and subordinates that most subordinates were not anxious to get an evaluation so they could improve their performance (management's intent); instead, most saw performance evaluation as a means of obtaining recognition or reassurance for the job they were doing.¹⁶ Perhaps one of the most striking examples of the differences in the perceptions of the purposes of performance appraisal is cited by Kellogg, based upon his experience in management training at various corporations and locales around the country. One of his teaching techniques involved giving case histories of "John Jones" to management groups. They were divided in half - one group to be "John Jones", the other his supervisor. Even though both groups were made up of the same management level people, the very fact that they were put into the respective roles of supervisor and subordinate brought about a "striking difference in the way the two groups

¹⁴George A. Rieder, "Performance Review - A Mixed Bag," Harvard Business Review, Vol. 51, July 1973, p. 64.

¹⁵C. Sofer and M. Tuchman, "Appraisal Interviews and the Structure of Colleague Relations," Sociology Review, Vol. 18, Nov. 1970, pp. 365-91.

¹⁶Kenneth Richards, "A New Concept in Performance Appraisal," appearing in Thomas L. Whisler and Shirley F. Harper, Performance Appraisal, (New York: Holt Rinehart, & Winston, 1962), p. 560.

viewed the situation."¹⁷ Kellogg found that each group was highly selective in the material they selected to support their positions in an appraisal interview situation. He found that the focus for the groups who played the role of supervisor was to get "John Jones" to do a better job and was much more "immediately-oriented," while the "John Jones group" tended to focus on some sort of appeasement and was more future-oriented. Another of his findings was that the "halo effect" operated strongly, with gray areas seen as all white by the "John Jones group" and all black by the "supervisor group". In addition, both groups appeared "pretty inflexible". Kellogg found these trends present wherever he used this technique.¹⁸ In a study of ninety-two (92) employees at General Electric, Meyer, Kay and French found that the average self-rating for an employee was at the seventy-seventh (77th) percentile and only two rated themselves below average. Thus, given a usual spread, they conclude that for seventy (70) to eighty (80) percent of the employees, performance appraisal would be a deflating experience.¹⁹

The evidence in much of the literature, then, appears to indicate a marked divergence of opinion on the part of the superior and subordinate as to the purpose of performance appraisal. While the superior appears to regard performance appraisal primarily as an instrument to

¹⁷Marion S. Kellogg, "New Angles In Appraisal," appearing in Thomas L. Whisler and Shirley F. Harper, Performance Appraisal, (New York: Holt Rinehart, & Winston, 1962), p. 90.

¹⁸Ibid., p. 91-92.

¹⁹Herbert H. Meyer, Emmanuel Kay, and John R. P. French, "Split Roles in Performance Appraisal," Harvard Business Review, Jan.-Feb. 1965, p. 123.

bring about improvement in the job performance of a subordinate, the subordinate apparently sees performance appraisal as a means of justification or recognition for the job he is doing.

It is evident, also, that there is widespread disagreement as to the preferred method for performance appraisal. Even among experts in the field there is a distinct lack of consensus, for in reviewing the literature of the past twenty years, one is struck by the fact that many of the arguments over the relative merits of one method over another are still going on. Odiorne cites an incident in which he called together leading experts in the field to develop a program for performance appraisal. The result, he said, was "chaos - no one could agree."²⁰

Swerdlow, in a survey of two hundred and five (205) executives, found that there was no agreement between perception of the most important appraisal criteria by the subordinate and the appraisal criteria actually used by his superior. In fact, among all superior-subordinate groups tested, no significant agreement was found.²¹ Similarly, in a survey of fifteen (15) department chairmen and one hundred seventy-six (176) faculty in community colleges, Connolly found that chairmen think that more weight should be given to rank, publication, and research than do faculty; also, that faculty disagreed with the weighting they think chairmen give to every one of the twenty-six (26) criteria listed in the

²⁰Odiorne, op.cit., p. 307.

²¹Robert A. Swerdlow, An Investigation And Evaluation of Measures Of Performance Of Executives Relating To Four Types Of Retail Operations, Doctoral Dissertation, University of Arkansas, 1976.

study.²² Blackburn and Clark, comparing correlations of administrator, colleague, student and self-ratings, found that a professor's perception of his performance was least correlated with that of his administrator's assessment of his performance.²³ Williams, in a survey of two hundred and ten (210) directors, managers, and specialists in eight companies, found that generally managers find appraisal and counseling much more satisfactory as appraisers than they do as appraisees.²⁴

Thus it clearly appears that superior and subordinate also have differing opinions as to the methods of performance appraisal, the criteria used, and the relative weight assigned to each criterion.

Finally, superior and subordinate appear to differ in the relative importance they assign to performance appraisal and the need for it, although the evidence in this regard is not as strong as it is for their differing viewpoints on purpose and method and is, in fact, somewhat conflicting. For example, McGregor tells of an opinion poll taken in a company with a well-administered and planned performance appraisal program in which over ninety percent (90%) of the respondents indicated that they approved of the idea of performance appraisals, yet forty percent (40%) said they had never been told the results of their appraisals.

²²Eugene F. Connolly, The Evaluation of Massachusetts Community College English Teachers: Comparisons of Perceptions of Chairmen And Faculty, Doctoral Dissertation, Boston College, 1975.

²³Robert T. Blackburn, and Mary Jo Clark, "An Assessment of Faculty Performance: Some Correlates Between Administrator, Colleague, Student and Self-Ratings," Sociology of Education, Vol. 48, Spring 1975, pp. 242-256.

²⁴M. R. Williams, Performance Appraisal In Management, (London: William Heinemann, Ltd., 1972), p. 89.

This, in spite of the fact that over four/fifths (4/5) of them had signed performance appraisals which were in their files.²⁵ Richards, in a survey of seventy (70) supervisors and employees, found that all respondents felt that performance appraisal was necessary. "Despite misgivings of one kind or another, supervisors and employees still are "interested in having a performance appraisal program."²⁶

On the other hand, Williams, in his study (mentioned previously), found that only fifty-six percent (56%) of the respondents felt performance appraisal was useful, twenty-six percent (26%) did not, and eighteen percent (18%) were undecided. Van Duren found, in a study of engineering personnel in the aerospace industry, that the more highly educated employees who were doing well appeared to be motivated by factors unrelated to performance appraisal, and that the more senior employees who had reached a plateau in career growth tended to be below average in performance and were prone to believe that performance appraisal is not worthwhile.²⁷

Thompson and Dalton state that the effects of a low performance rating result in a decline in morale and loss of work effectiveness. They indicate further that the lowest-rated employees tend to stay and that if a high-rated employee's rating is lowered, he gets

²⁵McGregor, op.cit., p. 186.

²⁶Richards, op.cit., p. 554.

²⁷Allan Van Duren, The Value Of Performance Appraisal In The Motivation Of Engineering Personnel, Doctoral Dissertation, United States International University, 1976.

discouraged.²⁸ These findings are substantiated by Meyer, Kay and French, whose studies indicated that criticism had a negative effect upon the achievement of goals and that praise had little effect, one way or the other.²⁹ These studies obviously conflict with management's position that performance appraisal is needed to improve the employee's effectiveness.³⁰ Even Odiorne admits, however, that there is no research evidence to indicate that any appraisal system ever "developed" anybody.³¹

Perhaps Kellogg sums it up best. "But if an employee is appraised by his manager, there is no general way of knowing whether he feels a need for the appraisal, or whether he trusts the appraiser, or whether he finds the evidence compelling. He will, after all, make his personal decision as to whether to take certain actions or change certain attitudes based on his own appraisal of the total situation."³²

The evidence, then, while not compelling, does seem to indicate that the need for performance appraisal is perceived differently by superior and subordinate.

²⁸Paul H. Thompson, and Gene W. Dalton, "Performance Appraisal: Managers Beware," Harvard Business Review, Vol. 48, January 1970, pp. 149-57.

²⁹Meyer, et.al., op.cit., p. 123.

³⁰Odiorne, op.cit., p. 306.

³¹Ibid., p. 322.

³²Kellogg, op.cit., p. 7.

Summary

There are thus strong indications by researchers such as Rieder, Sofer and Tuchman, Kellogg, Meyer, Kay and French, that the purpose of performance appraisal is seen differently by superiors and subordinates.

Similarly, evidence provided by Odiorne, Swerdlow, and Williams, indicates that superior and subordinate do not agree on the methods of performance appraisal, the criteria used, nor the relative weight assigned to each criterion.

Finally, studies by Van Duren, Thompson, Dalton, and Meyer, Kay, and French, appear to indicate that there is similar dissonance in the opinions of superior and subordinate regarding the need for performance appraisal.

Purpose

The purpose of this study is to substantiate that differences exist in the perceptions of performance appraisal by superior and subordinate in regard to purpose, need and method.

Hypotheses

Hypothesis 1:

The need for performance appraisal will be seen as more important by supervisors than subordinates.

Hypothesis 2:

The preferred method for carrying out a performance appraisal will be perceived differently by supervisors and subordinates.

- A. Supervisors will prefer a method which maximizes their input.
- B. Subordinates will prefer a method which maximizes their input.

- C. Supervisors will prefer a method which gives more weight to subjective criteria.
- D. Subordinates will prefer a method which gives more weight to objective criteria.

Hypothesis 3:

The purposes of performance appraisal will be perceived differently by supervisors and subordinates.

- A. Supervisors will agree that salary increases should be tied directly to performance appraisal.
- B. Subordinates will feel that salary increases should not be tied directly to performance appraisal.
- C. There will be a significant difference in the rank order of the purposes of performance appraisal for supervisors and subordinates.

Overview

Chapter II contains a review of the literature on performance appraisal and includes an examination of the need for performance appraisal, problems associated with it and what can be done to alleviate them; a review of the types of performance appraisal methods and their strengths and weaknesses; and finally, a review of other factors that may affect performance appraisal.

In Chapter III, the design of the study is detailed; this includes a description of the sample selected, an analysis of the instrument design, a listing of the hypotheses to be tested, a description of the methods used to analyze the data; the closing portion contains a summary of the assumptions made in the study.

In Chapter IV, the analysis of the results of the study are presented. This assessment will determine reasons for acceptance or rejection of hypotheses; it will also include an evaluation of the significance of the findings.

Definition of Terms

Performance Appraisal.--The placing of a value upon an individual's performance of his or her job functions relative to certain criteria, either objective or subjective or both. In the literature, the following terminology is used interchangeably -- (performance) appraisal, review, rating, evaluation, assessment, ranking. Currently the term "review" appears to be gaining some precedence, possibly because it is less "emotionally loaded", but "appraisal" is still the most prevalently used term.

Perception.--The process of organizing and interpreting sensory data by combining them with the results of previous experience.³³

Objective.--Determined by the features or characteristics of the object rather than the thoughts or feelings of the evaluator.

Subjective.--Determined by the thoughts or feelings of the evaluator.

Salary Exempt.--Those employees who, under the Fair Labor Standards Act are not eligible for overtime pay for overtime work. Generally they are college graduates who hold a professional or supervisory position or are involved primarily or substantially in making policy decisions or using their professional training.

Salary Non-Exempt.--Those employees who, under the Fair Labor Standards Act are eligible for overtime pay. They are usually non-professional, non-college-educated employees.

³³Floyd L. Ruch, Psychology and Life, Fourth Edition, (New York: Scott, Foresman & Co., 1953), p. 241.

Subordinate.--A person who is subject to the power or authority of another.

Superior.--A person who, by virtue of rank, position or authority, directs the actions of others.

Supervisor.--A person who oversees and directs the work of others.

Value.--"Values do not consist in 'desires' but rather in the desirable . . . they are abstract standards that transcend the impulses of the moment . . ." ³⁴ "A cultural value may be defined as a widely held belief or sentiment that some activities, relationships, feelings, or goals are important to the community's [or culture's] identity or well-being." ³⁵

Common Performance Appraisal Errors:

Halo Effect.--The tendency, in an appraisal situation, to rate an individual in all areas based upon his rating in one or two considered most important.

Central Tendency Error.--The tendency to rate all employees within a narrow range.

Recency Error.--The tendency to rate a person primarily based upon a recent major incident rather than for the whole time period covered.

Personal Bias Error.--The tendency to rate a person on non-objective factors reflecting the personal biases of the rater.

³⁴ Clyde Kluckhohn, Culture and Behavior, (New York: The Free Press of Glencoe, 1962), p. 289.

³⁵ Leonard Brown and Philip Selznick, Sociology, Fourth Edition, (New York: Harper & Row, 1968), p. 54.

CHAPTER II

A REVIEW OF THE LITERATURE

A review of the literature on the subject of performance appraisal leads one to the conclusion that performance appraisal has generated considerable: (a) controversy, (b) research, (c) development work and (d) extensive literature.

Considering the amount of writing and research on the subject that has taken place for the past twenty-odd years, it is remarkable how little consensus exists as to the purpose, method and even the value of performance appraisal. Seemingly, for every opinion or study supporting one point of view, there is another opinion or study supporting another. Confronted with a bewildering array of seemingly "expert opinion", a student of performance appraisal is left with the view that very few conclusive or definitive positions can be taken on the subject.

The Need For Performance Appraisal

Consider first of all the rather elemental question of whether performance appraisal has value - should it even be done? James Conant has a rather strong opinion: "There seems to be no documentation supporting the proposition that performance appraisals work. They have evolved as a standard practice and are perpetuated on a 'faith' basis."³⁶

³⁶James C. Conant, "The Performance Appraisal," Business Horizons, Vol. XVI, No. 3, June 1973, p. 77.

He is supported by Meyer. "In theory, the performance appraisal program appears to be indisputably sound and logical. Yet the program has proved to be an enigma to both personnel experts and line managers." He points out that the rating process and especially the feedback interview have presented almost insoluble problems. "Objective evidence has shown that appraisal interviews seldom have the positive effect attributed to them." Some research indicates that they may do more harm than good.³⁷ Among these studies is one in which Meyer, himself, participated. He and his colleagues found the following: (a) criticism had a negative effect on the achievement of goals, (b) praise had little effect, one way or the other, (c) the average subordinate reacted defensively to criticism, (d) defensiveness as a result of criticism resulted in inferior performance, (e) criticism was more disruptive to those already low in self-esteem (those that needed help the most). They add that the supervisor often finds himself defending the rating more than using it as a tool to improve performance.³⁸

Oberg substantiates that performance appraisal can boomerang and result in worse performance,³⁹ as does Rieder.⁴⁰ Patz points out

³⁷ Herbert H. Meyer, "The Annual Performance Review Discussion - Making It Constructive," Personnel Journal, Vol. 56, October 1977, p. 508.

³⁸ Herbert H. Meyer; Emmanuel Kay; and John R. P. French, "Split Roles In Performance Appraisal," Harvard Business Review, January-February 1965, p. 123.

³⁹ Winston Oberg, "Make Performance Appraisal Relevant," Harvard Business Review, Vol. 50, January 1972, p. 62.

⁴⁰ George A. Rieder, "Performance Review - A Mixed Bag," Harvard Business Review, Vol. 51, July 1973, p. 63.

that the interpersonal part of performance appraisal, the appraisal interview, is difficult and may discourage the employee.⁴¹ However, none of the writers listed in this paragraph suggest abandoning performance appraisal, but rather each offers suggestions to make it more effective.

Sofer and Tuchman, however, found, in a study of fifty-two (52) superior/subordinate pairs, that there was substantial disagreement regarding issues discussed in an appraisal interview: among these were the main point discussed, how the employee was rated, whether anything was said on a given issue, whether the employee received criticism, and whether the employee's strengths and weaknesses were discussed. In general, they found that the superior said he had discussed an issue while the subordinate said he had not. Sofer and Tuchman believe that due to the relative roles of the participants, the appraisal interview is subject to pressures that force apart the recollections and interpretations of the participants. They openly wonder why management persists in appraisal interviews when they appear to be so ineffective, "to reassure stockholders that they are in control of human as well as material resources?"⁴²

Meyer and Conant both see the crucial problem as being the fact that a person's self-esteem is inextricably intertwined with his occupation. In a very perceptive article, Conant states, "[t]here's a real

⁴¹Alan Patz, "Performance Appraisal, Useful But Still Resisted," Harvard Business Review, Vol. 53, May 1975, p. 77.

⁴²C. Sofer and M. Tuchman, "Appraisal Interviews and the Structure of Colleague Relations," Sociology Review, Vol. 18, November 1970, pp. 365-91.

dilemma for managers] --- "how to present corrective recommendations without adversely affecting the man's drive."⁴³

He adds:

"Even if the appraisal is conducted objectively by the manager, the most accurate assessment is seldom handled candidly by the employee . . . In my experience, criticism often points out problems with which the person has been contending much of his life. He is usually painfully aware of his deficits, and he does not appreciate having them brought to his attention again . . . His feelings of inadequacy often are heightened by the appraisal and significantly diminish his self-esteem --- the very element most necessary to effectively deal with the problem."⁴⁴

Meyer confirms the often negative side-effect on the employee's occupational self-esteem, adding that the employee is more likely to react defensively than constructively to suggestions for an improvement in performance. He adds that research indicates that people usually handle threats to self-esteem in unconstructive ways: either by questioning the measurement criteria or minimizing its importance or by demeaning the source (evaluator).⁴⁵

Conant cites similar reactions: (a) the employee resolves to change, does so and shortly after backslides, (b) he goes overboard the opposite way (exaggerates), (c) he does nothing, but worries and sometimes intensifies the pattern, or (d) he withdraws. "It is characteristic for the beleaguered individual to regress by exaggerating (his) adjustment process." What follows, says Conant, is a vicious circle. The manager becomes increasingly frustrated and emphasizes the employee's deficiencies,

⁴³Conant, op.cit., p. 73.

⁴⁴Conant, op.cit., p. 75.

⁴⁵Meyer, "Annual Performance . . . ," p. 508.

thus intensifying the employee's anxieties. As the manager becomes a threat, he can no longer be a resource. And so, Conant concludes, performance appraisal never works when you need it --- to handle a tough problem.⁴⁶

Despite the evidence that performance appraisal apparently does not work, or at least, does not work like it is supposed to, it continues to be used by most companies. Locher and Teel, in a recent survey of six hundred and ninety-six (696) organizations belonging to the Personnel and Industrial Relations Association of Los Angeles, found that eighty-nine percent (89%) of the organizations responding had a formal performance appraisal program. Although only thirty-one percent (31%) responded to their survey they felt that the five-county area they surveyed was one of the largest population and industrial centers in the United States and they believed that this area was likely representative of general practice across the country.⁴⁷ And, as Kellogg says, "The question is not whether appraisal is desirable, since it cannot be avoided."⁴⁸

Others have pointed out that the employee, as well as management, desires performance appraisal, though, as pointed out in Chapter I,

⁴⁶Conant, op.cit., pp. 75-77.

⁴⁷Alan H. Locher and Kenneth S. Teel, "Performance Appraisal - A Survey of Current Practices," Personnel Journal, Vol. 56, May 1977, p. 245.

⁴⁸Marion S. Kellogg, What To Do About Performance Appraisal. (New York: AMACOM, 1975), p. 4.

perhaps for different purposes.⁴⁹

Theorists, too, make a seemingly logical case for performance appraisal. Two pertinent statements follow:

"The theory of appraisals is that the motivation of employees in administrative organizations can be achieved in part by doing two extremely basic things:

- 1) The superior lets his subordinates know what is expected of them -- what constitutes good performance and unsatisfactory performance.
- 2) He uses these standards of good and poor performance subsequently to let the employee know how well - or poorly - he has performed over a specified period just completed.⁵⁰

Williams states, "[Performance appraisal's] significance is underlined by the comparatively higher frustration, dissatisfaction, and staff turnover where it is not carried out, or, at best, done badly".⁵¹

It appears, then, that performance appraisal is a procedure that almost everyone, including superiors, subordinates, and management theorists think we need; however, they agree that such appraisal does not accomplish what it is claimed to accomplish or, at best, does it rather badly. If, one wonders, almost "everyone" says we need it and "everyone" uses it, why does it not work?

⁴⁹ Kenneth Richards, "A New Concept In Performance Appraisal," appearing in Thomas L. Whisler and Shirley F. Harper, Performance Appraisal. (New York: Holt Rinehart & Winston, 1962), p. 554.
M. R. Williams, Performance Appraisal in Management. (London: William Heineman LTD., 1972), p. 81.
Douglas McGregor, Leadership And Motivation. (Massachusetts: M.I.T. Press, 1966), p. 186.

⁵⁰ George S. Odiorne, Personnel Policy: Issues and Practices. (Columbus, O.: Chas. E. Merrill Books, 1963), p. 306.

⁵¹ Williams, op.cit., p. 95.

Problems With Performance Appraisal

Many, if not most, of the problems with performance appraisal have to do with the "human factor". As indicated earlier, one of the major difficulties stems from the fact that performance appraisal deals with an evaluation of an individual's job performance. Typically a person has a great deal of himself invested in his job. For many people, their jobs are of major, even prime, importance in their lives. Quite naturally, therefore, any evaluation of their job performance is bound to be an emotionally difficult and, at times, even threatening, experience.

A major problem, as was pointed out so well by Conant, is that performance appraisal fails where it is needed most --- in dealing with an employee whose performance is sub-standard. Van Duren indicates that senior employees in his study who tended to be below average in performance felt that performance appraisal wasn't worthwhile.⁵² And as Meyer,⁵³ Oberg,⁵⁴ Rieder,⁵⁵ and Patz⁵⁶ point out, a critical appraisal frequently results in a decline in performance.

Another problem originates with the superior who does the rating. Frequently the rater has had little training in rating and has

⁵²Allan Van Duren, The Value Of Performance Appraisal In The Motivation Of Engineering Personnel. Doctoral Dissertation, United States International University, 1976.

⁵³Meyer, op.cit., p. 508.

⁵⁴Oberg, op.cit., p. 62.

⁵⁵Rieder, op.cit., p. 63.

⁵⁶Patz, op.cit., p. 77.

little interest in it, considering it a "necessary evil". Oberg lists some of these obstacles:

- 1) Performance appraisal programs demand too much from supervisors - especially if they are expected to evaluate twenty to thirty subordinates.
- 2) Standards and ratings vary widely among raters and often unfairly.
- 3) Personal values and bias can replace organizational standards.
- 4) Validity may be reduced by the supervisor's resistance to performance appraisal (avoid problems, rate everyone average to above average).⁵⁷

Patz lists additional difficulties; he says that because unfavorable performance appraisals reflect on the superior as well as the subordinate and excessively favorable performance appraisals may cause problems with peers or lead to the loss of the best employees through intra-company transfer, there is a tendency to "strike a happy middle" in ratings. He adds that most supervisors talk too much in performance appraisals and listen too little.⁵⁸

Grey and Kipnis found that the greater the proportion of non-compliant workers in a unit, the more favorable would be the supervisor's judgments of his/her compliant workers; and conversely, a few non-compliant workers in a context of compliance will be evaluated more harshly.⁵⁹

Odiorne points out that the appraisal process is "just as much

⁵⁷Oberg, op.cit., p. 63

⁵⁸Patz, op.cit., p. 76.

⁵⁹Ronald J. Grey and David Kipnis, "Untangling The Performance Appraisal Dilemma: The Influence Of Perceived Organizational Context On The Evaluative Process," Journal of Applied Psychology, Vol. 61, June 1976, pp. 329-35.

a reflection of the manager making the appraisal as it is of the person being appraised."⁶⁰ He lists reasons why people can be down-rated by a supervisor:

- 1) The boss is a perfectionist.
- 2) The ratee disagrees with the boss too often.
- 3) The ratee is a non-conformist.
- 4) The ratee is part of an overall weak group.
- 5) The ratee hangs around with a "frivolous", etc., crowd.
- 6) The ratee "goofed" in a big way recently.
- 7) The ratee's traits rather than his performance are rated.
- 8) The boss thinks he did a better job than the ratee when he held the ratee's position.⁶¹

On the other hand, the hypothesis that superiors would rate more highly subordinates with similar personality and biographical traits has been rejected in three separate studies.^{62, 63, 64}

Locher and Teel, in their study, found that about fifty-five percent (55%) of the appraisers had never received training in rating and that another twenty percent (20%) had only received initial instructions. They also found that almost ninety-nine percent (99%) of appraisals were done by the immediate supervisor.⁶⁵

⁶⁰Odiorne, op.cit., p. 306.

⁶¹Odiorne, op.cit., p. 312.

⁶²Basil Irvin Summers, Exploratory Study: Comparison of 'Cognitive Styles' To Employee Evaluation And Employee Satisfaction. Doctoral Dissertation, Wayne State University, 1971.

⁶³Norman Andrew Huber, Superior-Subordinate Similarity, Performance Evaluation And Job Satisfaction. Doctoral Dissertation, Wayne State University, 1970.

⁶⁴James Lester Quinn, Performance Appraisals: The Relation Between Ratings And Selected Characteristics Of The Rating Dyads. Doctoral Dissertation, Indiana University, 1967.

⁶⁵Locher and Teel, op.cit., p. 247.

An additional source of difficulty is that most performance appraisals tend to be annual (fifty-two percent (52%) in Locher and Teel's study) or semi-annual (twenty-four percent (24%) in the same study).⁶⁶ Meyer describes the annual appraisal as a psychologically unsound procedure. He points out that it's a well-established fact that feedback is much more effective when it's associated with the act it's meant to correct.⁶⁷ Unquestionably, too, an annual or semi-annual review is bound to increase recency error.

Yet another obstacle results from a lack of clarity of purpose. Confusion results when performance appraisal is used to serve too many purposes. What is its purpose? When one attempts to answer that question, he is met with a considerable variety and number of responses.

Oberg lists the following:

- 1) To help supervisors observe subordinates more closely and do a better coaching job.
- 2) To motivate employees by giving them feedback.
- 3) To provide back-up data for management re: raises, transfers, dismissals, etc.
- 4) To identify employees with promotion potential and pinpoint development needs.
- 5) To establish a research and reference base for personnel decisions.⁶⁸

Levinson simply states that the purposes are: (a) to provide feedback to the employee, (b) to serve as a basis for modifying or changing work habits, and (c) to provide judgment for compensation and

⁶⁶Ibid., p. 247.

⁶⁷Meyer, op.cit., p. 508.

⁶⁸Oberg, op.cit., p. 61.

future job assignments.⁶⁹ Morrissey cautions that performance appraisal should be most closely related to employee development and not be done solely at times of salary or promotion consideration.⁷⁰

In their survey, Locher and Teel inquired as to the primary purpose to which performance appraisal was put by the company. Seventy-one percent (71%) said for compensation, fifty-five percent (55%) listed performance improvement, twenty-nine percent (29%) feedback, twenty-five percent (25%) promotion, and eleven percent (11%) documentation.⁷¹

Kellogg believes that there should be four distinct types of appraisal: coaching, where the manager attempts to determine how to guide the employee to improve his performance; career guidance, where he appraises the employee's overall abilities in order to counsel him regarding his career; salary, where he assesses the employee's work performance to determine salary adjustments; and promotion, where he assesses work performance to determine promotion possibilities. Kellogg believes that these should be kept separate.⁷² Richards contends that performance appraisal should be a supervisory rather than a management tool.⁷³

Closely related to difficulties involving purpose is the

⁶⁹ Harry Levinson, "Appraisal Of What Performance," Harvard Business Review, Vol. 54, July 1976, p. 30.

⁷⁰ George L. Morrissey, Appraisal And Development Through Objectives And Results. (Reading, Mass.: Addison-Wesley Publishing Co., 1972), p. 7.

⁷¹ Locher and Teel, op.cit., p. 246.

⁷² Kellogg, op.cit., p. 8.

⁷³ Richards, op.cit., p. 554.

tendency for some companies to attempt to use one or two appraisal forms to fit all needs and all employees. Sloan and Johnson caution that it is impossible to adequately evaluate professional employees and, for example, assembly line workers, in the same manner.⁷⁴ Thompson and Dalton caution against the "temptation to devise one grand appraisal system to serve all management needs (assignments, promotions, raises, layoffs)."⁷⁵ Rieder cautions against the development of an "eclectic hodgepodge," a performance appraisal system with unclear objectives, mixing salary administration, coaching, counseling, and promotion.⁷⁶ Odiorne lends support, "Perhaps the great flaw in appraisal systems is that we have been looking too hard for a single system which will apply to all men".⁷⁷ Morrissey doubts that a common appraisal form can be developed for all employees and jobs in a company, but he believes that all can and should share a common philosophy.⁷⁸ Salton believes that a serious problem with performance appraisal is that of standardized formats which don't meet the job or evaluator's needs.⁷⁹

Patz lists what he terms collection and analysis obstacles.

⁷⁴Stanley Sloan and Alton C. Johnson, "New Context of Personnel Appraisal," Harvard Business Review, Vol. 46, November 1968, p. 16.

⁷⁵Thompson and Dalton, op.cit., p. 57.

⁷⁶Rieder, op.cit., p. 62.

⁷⁷Odiorne, op.cit., p. 324.

⁷⁸Morrissey, op.cit., p. 6.

⁷⁹Gary J. Salton, "VARIMAT: Variable Format Performance Appraisal," Personnel Administrator, Vol. 22, June 1977, p. 54.

Under collection obstacles he states that performance appraisal data is often too qualitative and where quantitative data exists, the rating scales are often too narrow, making it too difficult to discriminate between employees. He also feels that data collection is often done in a haphazard fashion. The second difficulty is dealing with and meaningfully analyzing the data once it's collected.⁸⁰

Williams sums it up rather nicely: "The main impression from the research . . . was that performance appraisal is both more important and more complex than was previously believed."⁸¹

What Can Be Done

In spite of problems resulting from human inadequacies, lack of clear purpose and collection and analysis obstacles, few people advocate dispensing with performance appraisal entirely. Much of the literature, on the contrary, deals with suggestions to make it work or to make it work more effectively. Thompson and Dalton offer the following suggestions: 1) In providing feedback to an employee, use many kinds and avoid comparing him to others, and 2) Keep the performance appraisal system open and future-oriented.⁸² Sloan and Johnson emphasize that performance should be evaluated in relation to established goals and objectives as opposed to "desirable traits". They suggest that those who evaluate and develop an organization's performance appraisal program ask

⁸⁰Patz, op.cit., p. 75.

⁸¹Williams, op.cit., p. 95.

⁸²Thompson and Dalton, op.cit., pp. 56-7.

the following questions:

- 1) Is performance appraisal to be primarily a planning or a control tool?
- 2) What and how accurate are my assumptions regarding the behavior and motivation of this organization's employees?
- 3) Are the purposes of the current performance appraisal system clearly specified and does the system meet those purposes?
- 4) Are there other, better methods?
- 5) What is the relationship of the individual's performance to the organization's goals?⁸³

Rieder presents the following remedies:

- 1) Superior and subordinate should develop a "partner" approach, with joint planning and assessment.
- 2) The individual should be considered. Not everyone wants to pay the price of major job growth. There should be an allowance for creativity; the individual must achieve self-satisfaction.
- 3) Build on the employee's strengths, bypass weaknesses.
- 4) There must be managerial support year-'round, not just at appraisal time.
- 5) The system should be flexible -- the workforce needs to be a mixture, not homogeneous.
- 6) Feedback should be quantitative.
- 7) Management should commit itself to action - don't put off answers to questions or acting on suggestions.⁸⁴

Patz offers four rules: 1) Keep it simple - scales should be fairly wide; you can use performance appraisal to determine who gets a raise, but not how much. 2) Keep it separate - separate from MBO (management by objectives) programs, especially for promotions. For example, the salesman might not be the best sales manager. 3) Keep it contained - tailor it to the job and limit its purpose to appraisal. 4) Keep it participative - there should be two-way communication, including a self-assessment by the subordinate, and the superior should seek out what he can do to assist the subordinate.⁸⁵

⁸³ Sloan and Johnson, op.cit., p. 20

⁸⁴ Rieder, op.cit., pp. 66-7.

⁸⁵ Patz, op.cit., p. 80.

There are a number of empirical studies which support this latter point --- active participation by the subordinate in the appraisal process. Greller found that subordinates were more satisfied with appraisal interviews where they were invited to participate.⁸⁶

French, et.al., conducted a study of ninety-two (92) managers which involved manipulating the amount of participation by the appraisee in setting goals and planning methods for achieving the goals in improving performance. They followed up with the superior and subordinate twelve weeks later and found:

- 1) Higher participation was associated with greater self-actualization.
- 2) Participation produced improvement in superior/subordinate relations.
- 3) Formulation of criticisms of past performance into specific goals for future improvement had a very substantial effect on performance improvement.
- 4) While increases in participation improve the relationship between superior and subordinate, decreases do not have the expected undesirable results.

They also found that participation by the subordinate was affected by the type of superior: if the superior was usually participative and supportive, increased participation had a positive effect, but if the superior was usually a threatening and critical type, increased participation had a negative effect [possibly because the subordinate was suspicious?]. The study also indicated that subordinates who are more independent function better with more participation, while those who are less independent function better in less participative appraisal

⁸⁶ Martin M. Greller, "Subordinate Participation and Reactions to the Appraisal Interview," Journal of Applied Psychology, Vol. 60, October 1975, pp. 544-9.

situations.⁸⁷

Williams, too, supports a participative approach. "Joint target setting, while no panacea, does appear to provide specific focal points or common frames of reference which enable superiors and subordinates to concentrate both their thinking and mutual activities on the right priorities and most critical issues."⁸⁸

One study contrasts with this view; however, by the authors' admission, the situation may have affected the results. The study consisted of appraisal interviews of sixteen (16) student teachers for a micro-teaching session. In this situation, the findings indicated that non-participative performance appraisal interviews were more effective than participative interviews in changing behavior and in rater satisfaction. The authors conclude that there may be a difference in training and job situations, thus certain conditions might warrant a non-participative approach.⁸⁹

Baird reports an interesting study regarding the inter-relationship of self-ratings and self-esteem. He found the following: (a) subordinates with high self-esteem will agree with high ratings by their superior and disagree with low ratings, (b) subordinates with low self-esteem will disagree with high ratings by their superior and agree with

⁸⁷ John R. P. French; Emmanuel Kay; and Herbert H. Meyer, "Participation and the Appraisal System," Human Relations, Vol. 19, February 1966, pp. 3-20.

⁸⁸ Williams, op.cit., p. 90.

⁸⁹ Joseph M. Hillery and Kenneth N. Wexley, "Participation Effects In Appraisal Interviews Conducted In A Training Situation," Journal of Applied Psychology, Vol. 59, April 1974, pp. 168-71.

low ratings, and (c) subordinates with high self-esteem will report low satisfaction with superiors who rate them low. He concludes that self-ratings are not only performance measures but indicative of an individual's self-image. He believes also that for the high self-esteem individual, job performance is a source of satisfaction and he is thus unwilling to give himself a low rating.⁹⁰

Meyer is another writer who stresses the need for a participative approach to performance appraisal. He lists six ways to improve a performance appraisal interview:

- 1) Minimize authoritarian interaction -- participate as equals.
- 2) Both superior and subordinate should prepare in advance for the discussion.
- 3) The subordinate should make his presentation first so he is not put on the defensive.
- 4) Threats to individual self-esteem should be avoided. The interaction should be problem rather than person-oriented.
- 5) Avoid a "report card" type of rating form.
- 6) Don't try to cover all aspects of the job in a single interview.

He suggests the following format for the interview:

- A. Introduction - discuss purpose.
- B. Obtain the employee's view.
- C. Present the supervisor's view, avoiding comparisons with other employees.
- D. Discuss behaviors desirable to continue, one or two only.
- E. Discuss opportunities for improvement, again one or two items, work-related.
- F. Shape a performance improvement plan, developed by the employee.
- G. Discuss future opportunities -- advancement, salary, warning for poor performer.
- H. Ask for questions and close on a constructive and encouraging note.⁹¹

⁹⁰Lloyd S. Baird, "Self and Superior Ratings of Performance: As Related to Self-Esteem and Satisfaction with Supervision," Academy of Management Journal, Vol. 20, No. 2, June 1977, pp. 291-300.

⁹¹Meyer, "Annual Performance . . . ," op.cit., pp. 509-10.

In developing a performance improvement plan, Kellogg offers this approach:

- 1) Make plans specific and concrete.
- 2) Avoid suggestions involving the changing of personal characteristics and traits. Describe behavior that has hurt the individual and suggest alternative behavior.
- 3) Concentrate on growth opportunities within the present position.
- 4) Limit growth plans to a few important items.
- 5) Focus plans on specifics rather than general improvement.⁹²

Ford and Jennings agree with Meyer's earlier statement that an annual performance appraisal is illogical and ineffective. They feel instead, that performance appraisal should be done on a bi-monthly basis. They believe that this approach offers the following advantages:

- 1) The immediate attention of the employee is brought to problems; the evaluation is also likely to be more honest.
- 2) Review time is reduced, there is less motivation to bicker over a point.
- 3) Halo error is substantially reduced; accuracy is improved.
- 4) Recency error is also reduced.
- 5) The superior can provide more effective guidance.
- 6) The organization has current and readily-available data to respond to any EEO charges.⁹³

There is some evidence that training for raters may have some beneficial effects if management is willing to invest the time and money. Borman, in a somewhat inconclusive study, found that halo error was reduced by training, though still present, but that inter-rater reliability worsened, possibly due to greater distinctions in the raters' minds among performance categories.⁹⁴ In a somewhat more definitive study, Latham,

⁹²Kellogg, "New Angles . . . ," op.cit., p. 88.

⁹³Robert C. Ford and Kenneth M. Jennings, "How To Make Performance Appraisals More Effective," Personnel, Vol. 54, March-April 1977, pp. 51-6.

⁹⁴Walter C. Borman, "Effects of Instructions to Avoid Halo Error on Reliability and Validity of Performance Evaluation Ratings," Journal of Applied Psychology, Vol. 60, October 1975, pp. 556-60.

et.al., compared the effects of training on sixty (60) managers who were randomly assigned to a performance appraisal workshop, to a group discussion on performance appraisal, and to a control group. After six (6) months, each group was asked to rate persons who appeared on video tape. The authors found that the control group committed similarity, contrast, and halo errors; the discussion group committed impression errors, and the workshop group committed no errors. The workshop method was the most effective in training but it was also the most expensive and time-consuming.⁹⁵

Methods Of Performance Appraisal

As mentioned earlier, there are nearly as many methods for performance appraisal as there are writers in the field; consequently the literature is filled with studies supporting or criticizing these various approaches. In this section, methods will be classified by type, and then studies and opinions will be reviewed regarding the strengths and weaknesses of each.

Morrissey provides some general observations regarding subjective and objective measures. While he concedes that performance appraisals should concentrate mostly on objective measures, he believes that subjective measures must also be considered. Though he grants that a person may perform excellently on the job by objective standards, he may fail as a superior, subordinate, or co-worker. Thus he feels subjective analysis is needed but must be directed to a person's behavior rather than to what he is. Additionally, he states, subjective judgments must

⁹⁵Gary P. Latham; Kenneth N. Wexley; Elliott D. Pursell, "Training Managers To Minimize Rating Errors In The Observation Of Behavior," Journal of Applied Psychology, Vol. 60, Oct. 1975, pp. 550-5.

be supported by objective data.⁹⁶

He lists the problems with subjective measures as follows:

- 1) They evaluate more what the individual is and knows than what he does.
- 2) Subjective characteristics do not have mutually considered and reliable definitions for all who must relate to them.
- 3) It is hard to assess their relative importance to job performance or to determine whether they actually correlate to job performance.
- 4) Inter-rater and same-rater reliability of ratings on these characteristics is low.⁹⁷

McAfee and Green list ten methods of performance appraisal:

- 1) Employee comparison - Superior ranks subordinates according to his estimate of their worth to the organization.
- 2) MBO - Superior and subordinate set goals; superior evaluates subordinate in regard to goal accomplishment.
- 3) Direct indexes - Subordinates are compared by superior in terms of objective measures.
- 4) Weighted checklist - Superiors are given a list of statements and asked to check those that describe a subordinate's behavior.
- 5) Forced-choice checklist - Superior is forced to choose between several equally favorable or unfavorable statements which most/least describe a subordinate's behavior.
- 6) Essay - Superior is asked to write an essay describing a subordinate's performance.
- 7) Rating scale: single word anchor - Subordinate is rated on a number of traits or dimensions, each on a scale (excellent, good, fair, poor). No definitions for anchors.
- 8) Rating scale: short phrase anchor - Same as above, except short phrases placed on scale.
- 9) Rating scale: paragraph anchors - Same as above, except paragraph anchors are placed on scale.
- 10) Rating scale: behaviorally anchored - Scale anchors consist of specific job behaviors.⁹⁸

Oberg comes up with a somewhat different list and critiques

⁹⁶Morrissey, op.cit., p. 5.

⁹⁷Ibid., pp. 3-4.

⁹⁸Bruce McAfee and Blake Green, "Selecting A Performance Appraisal Method," Personnel Administrator, Vol. 22, June 1977, pp. 61-62.

each method:

- 1) Essay - Superior writes paragraph on strengths and weaknesses of subordinate. Strengths: easy to construct. Weaknesses: too variable in length and content. Very difficult to compare ratings.
- 2) Graphic rating scale - Subordinate's traits are rated on scale. Most widely used method. Can be forced choice but regular scale is cheaper to devise, more acceptable to raters and just as valid in practice. Strengths: easy to use, more consistent and reliable than essay. Weakness: lacks depth.
- 3) Field review - Member of central office meets with raters in groups and goes over employees' ratings. Strengths: more fair and valid than individual rating. Weakness: very time-consuming.
- 4) Forced-choice rating - Superior chooses between groups of statements that best fit subordinate as opposed to those that least fit. Statements are then weighted and scored. Strength: rater doesn't know rating, may be more objective. Weaknesses: difficult to develop, raters and ratees usually both dislike.
- 5) Critical incident appraisal - Superior keeps record of positive and negative employee behavior. Strengths: specific and on-going. Weaknesses: very time-consuming, superior sets standards.
- 6) Management by objectives - Superior and subordinate set goals; superior rates subordinate on goal achievement. Strength: concentrates on objectives and achievement rather than traits and behavior. Weaknesses: at lower levels, many employees don't want to set goals or be involved with self-direction. Sometimes management imposes its own goals.
- 7) Work standards approach - Organization sets work standards for each job, employee evaluated accordingly. Strength: if standards are fair and realistic, method is relatively objective. Weaknesses: people are evaluated on different standards, job to job. Promotions and raises are thus hard to determine.
- 8) Ranking methods
 - A. Alternation - From list of names, rater selects "most valuable" and "least valuable" employee and then fills in between with other employees in rank order.
 - B. Paired-comparison - Compare each individual with every other individual according to specific criteria, giving a tally to the higher ranked. Person with most tallies is most valuable, least tallies is least valuable. Strength: good way of determining order of merit for salary increases. Weaknesses: cumbersome and time-consuming.⁹⁹ Hard to compare persons in one group with another.

In considering the value of each of these for specific purposes,

⁹⁹Oberg, op.cit., pp. 65-6.

Oberg rates them as follows:

- 1) For observing and coaching employees - critical incident.
- 2) For motivating and giving feedback - MBO and critical incident.
- 3) For raises, transfers, dismissals - graphic or graphic/essay combination.
- 4) For identifying promotion potential and development needs - graphic/essay combination.
- 5) For establishing a research and reference base for personnel decisions - graphic/essay plus rankings.¹⁰⁰

Locher and Teel found the following use pattern for the corporations in their survey: rating scale - fifty-six point seven percent (56.7%), essay - twenty-four point nine percent (24.9%), MBO - twelve point seven percent (12.7%), and other - five point seven percent (5.7%).¹⁰¹

The literature contains a considerable number of articles and studies criticizing or advocating a given method. Among these, Thompson and Dalton are critical of any type of peer comparison rating in which an employee is ranked among his peers. They call this a "zero-sum game", since for any person to gain, another must lose. If five men are above average in a ten-man department, then five must be below average. Often, if an individual improves, so do those above him, so his relative position stays the same. If they don't improve and he passes them, they lose in ranking and as has been shown in several studies, a decline in rating usually results in a decline in morale and loss of work effectiveness. Often, too, the lowest-rated employees tend to stay, possibly fearing that they won't be able to get another job.

In practice, say the authors, in order to keep younger men with

¹⁰⁰ Ibid., p. 67.

¹⁰¹ Locher and Teel, op.cit., p. 247.

the company, it has been necessary to "steal" points from older men. They also noted that supervisors tended to act toward employees on the basis of their ranking. Another problem is that zero-sum schemes force a ranking of various tasks within the company. "Is this realistic?" they ask. All jobs contribute but in various ways. Far better, they feel, are approaches which evaluate employees' performance against pre-established objectives, for example, MBO.¹⁰²

Patz, however, states that most companies do not think that MBO can be used to supplant performance appraisal, but should be used with it. Patz contends that performance appraisal does not always pay off for the company because it's too individualized. He sees it as more of a planning than an assessing tool, and he believes that its greatest weakness as an appraisal instrument is that it fails to tell the employee what behavior he must adopt or modify to improve results.¹⁰³

Beer and Ruh, too, feel that MBO has weaknesses as an appraisal tool. First, they believe that it focuses excessively on task results, and secondly, it does not help the manager to observe and evaluate the behavior of subordinates, a practice which is needed to assess promotional possibilities or to help improve performance.

They advocate instead a three-part system as developed by Corning Glass called the performance management system (PMS). PMS is distinguished from other performance appraisal systems by: (a) recognition of the triple role played by superiors with subordinates (manager, judge, and helper), (b) emphasis on both development and evaluation, (c) use of

¹⁰²Thompson and Dalton, op.cit., pp. 49-55.

¹⁰³Patz, op.cit., p. 75.

a profile displaying individual needs and strengths relative to self rather than others, and (d) integration of the results achieved with the means by which they are achieved.

PMS has three parts: 1) MBO, 2) performance development, and 3) evaluation and salary review. Each is carried out separately and at different times, and performance appraisal is done in a three-step process: (a) performance description questionnaire on which the superior describes his observations of the subordinate's behavior, (b) performance profile on which the superior analyzes the subordinate's strengths and weaknesses, and (c) developmental interview during which the superior attempts to help the subordinate see what changes are needed so that together they may develop a plan for performance improvement. Overall, this system has been well-accepted by both superior and subordinate.¹⁰⁴

Some support is given for reliability of the pair-comparison technique when a rating criterion is to be used and it is known in advance that the group is homogeneous.¹⁰⁵ Lawshe, et.al., also concluded that paired-comparison offered high interrater reliability on the same employee and also on successive ratings.¹⁰⁶

¹⁰⁴Michael Beer and Robert A. Ruh, "Employee Growth Through Performance Management," Harvard Business Review, Vol. 54, July 1976, pp. 59-66.

¹⁰⁵Warren S. Blumenfeld and Sidney Q. Janus, "Interrater Reliability of a Performance Criterion for a very Homogeneous Group of Managers," Psychological Reports, Vol. 35, December 1974, pp. 70-76.

¹⁰⁶C. H. Lawshe; N. C. Kephart; and E. J. McCormick, "The Paired Comparison Technique For Rating Performance Of Industrial Employees," appearing in Thomas L. Whisler and Shirley F. Harper, Performance Appraisal. (New York: Holt Rinehart and Winston, 1962), pp. 209-15.

A number of studies have lent support to the concept of peer appraisal. Kraut found peer rating to be a very fruitful way to predict future success, even when peers knew each other for only a short time, with reliabilities in the eighties (.80's) and validities in the thirties to forties (.30's to .40's).¹⁰⁷ Bayroff, et.al., found peer rating by a group more valid than rating by a single rater;¹⁰⁸ Lewin and Zwany list seven different studies supporting the position that peer rating has high validity in the prediction of future performance.¹⁰⁹ "In summary, peer evaluations are valid tools for predicting future success and are superior to all other measures available at the time of rating."¹¹⁰ There are, however, factors which do apparently affect the validity of peer ratings; these are summarized by Lewin and Zwany.

- "1) Friendship does have a biasing effect upon the validity of peer ratings in some situations.
- 2) Racial prejudices are apparently strong influences upon peer ratings in most situation(s).
- 3) Length of acquaintanceship is important only as it provides information relevant to the rating criteria.
- 4) Interaction relevance is the crucial variable.
- 5) Face-to-face interaction is unnecessary so long as relevant behaviors are available to the raters.

¹⁰⁷ Allen I. Kraut, "Prediction Of Managerial Success By Peer And Training Staff Ratings," Journal of Applied Psychology, Vol. 60, February 1975, pp. 14-19.

¹⁰⁸ A. G. Bayroff; Helen R. Haggerty; and E. A. Rundquist, "Validity of Ratings as Related to Rating Techniques and Conditions," appearing in Thomas L. Whisler and Shirley F. Harper, Performance Appraisal. (New York: Holt Rinehart & Winston, 1962), pp. 112-125.

¹⁰⁹ Arie Y. Lewin and Abram Zwany, "Peer Nominations: A Model, Literature Critique And A Paradigm For Research," Personnel Psychology, Vol. 29, Autumn 1976, p. 423.

¹¹⁰ Ibid., p. 430.

- 6) Within very broad limits of group homogeneity, peer evaluations are stable across groups, and accurately predict future success in situations where the group composition changes."¹¹¹

Lee and Zwerman advocate an interesting expansion of the peer rating approach to include a team approach. They suggest that each individual be evaluated by his superior, peers, and subordinates, and that input from each of the three groups be weighted depending upon with which group the ratee's interaction is most important.¹¹²

Other than the material on peer ratings, the literature does not contain much regarding the person who does the rating. One study, though, which involved the rating of one hundred (100) flight mechanics by three levels of supervisors indicated that the level of raters closest to the ratees was best able to rate them.¹¹³

All appraisal systems may be classified as either "absolute" or "relative"; Duffy and Webber discuss the limitations of each. Absolute systems are those which rate an individual without reference to other individuals but rather in regard to some absolute scale, while relative systems rate an individual comparatively to other individuals in his group. Though absolute systems often fail to discriminate and tend toward "packing" at one end of the scale, relative systems also have serious

¹¹¹Ibid., pp. 434-5.

¹¹²M. Blaine Lee and William L. Zwerman, "Designing a Motivating and Team Building Employee Appraisal System," Personnel Journal, Vol. 55, July 1976, pp. 354-57.

¹¹³Dean K. Whitla and John E. Tirrell, "The Validity of Ratings of Several Levels of Supervisors," appearing in Thomas L. Whisler and Shirley F. Harper, Performance Appraisal. (New York: Holt Rinehart & Winston, 1962), pp. 132-35.

shortcomings in that they have excessive error across groups of small size; furthermore it is difficult to make any kind of comparison between a person within one group and a person in another.¹¹⁴ They conclude, "As the ratee group size decreases, error increases, inversely as the square root of group size."¹¹⁵ Also, "The solution to rating problems with small groups is likely to lie in the direction of refinement of absolute rating techniques."¹¹⁶

Behaviorally-anchored rating scales (BARS) has been the subject of a great deal of interest in performance appraisal in recent years. Seemingly one of the most promising of appraisal methods, they have not always lived up to that promise.

Briefly, the construction of a BARS is carried out in three steps. First, groups of persons familiar with a given job (usually supervisors and/or job holders) are asked to define behaviors or critical incidents which make up a job. Incidents which are not mentioned by a given percentage (usually around sixty percent (60%) of the participants are eliminated. Secondly, these are then placed in dimension categories. Once dimension categories are established, they are clarified to eliminate overlap. Third, a scale or continuum is developed for each dimension listing specific behaviors along the scale which would be examples of poor, acceptable, good, or exceptional performance

¹¹⁴Kirt E. Duffy and Robert E. Webber, "On 'Relative' Rating Systems," Personnel Psychology, Vol. 27, Summer 1974, p. 307.

¹¹⁵Ibid., p. 308.

¹¹⁶Ibid., p. 311.

for that dimension.¹¹⁷

In developing BARS, Zedeck, et. al., found difficulty in determining examples of average or satisfactory performance on a poor-to-good continuum. There was, for instance, disagreement between supervisors and subordinates regarding the relative value of a given behavior.¹¹⁸

Borman and Dunnette, in comparing BARS with trait-oriented performance ratings, found BARS somewhat superior in errors of leniency and halo, and also in interrater agreement and the degree of differentiation among raters. However, the magnitude of difference was small, never over five percent (5%), and because BARS is costly in time and effort to develop, they question whether it is worth the expense for so little gain.¹¹⁹

Millard, by contrast, in a similar study found BARS to be statistically superior to the graphic rating scale in avoiding errors of halo, central tendency, and leniency.¹²⁰

Finley, in comparing three scales --- two BARS (one behavior-specific, one behavior-general) and a mixed-standard scale, found the

¹¹⁷ H. John Bernardin; Mary B. LaShells; Patricia C. Smith; and Kenneth M. Alvares, "Behavioral Expectation Scales: Effects of Developmental Procedures and Formats," Journal of Applied Psychology, Vol. 61, February 1976, pp. 75-9.

¹¹⁸ Sheldon Zedeck; Nicholas Imparato; Moshe Krausz; Timothy Oleno, "Development of Behaviorally-Anchored Rating Scales as a Function of Organizational Level," Journal of Applied Psychology, Vol. 59, April 1974, pp. 249-52.

¹¹⁹ Walter C. Borman, "Behavior-Based vs. Trait-Oriented Performance Ratings: An Empirical Study," Journal of Applied Psychology, Vol. 60, October 1975, pp. 561-5.

¹²⁰ Cheedle William Millard, The Development And Evaluation Of Behavioral Criteria For Measuring The Performance of Non-Operational Employees. Doctoral Dissertation, University of Nebraska, 1974.

BARS superior in interrater reliability and in multi-trait, multi-rater analysis of variance. He found the behavior-specific scale only slightly superior to the behavior-general scale.¹²¹

Jordan, who used BARS development techniques in a survey of administration and faculty regarding the dimensions of a department chairman's job, concluded that, (a) BARS methodology is a potentially useful tool for the development of criteria and measures for the assessment of an administrator's performance in higher education, (b) that the scales developed represent useful measures of a chairman's performance, and (c) that ratings of a chairman's performance are influenced by a complex set of factors and interactions which need to be considered when rating instruments are used to assess that performance.¹²²

Perhaps the most definitive literature survey on BARS is that done by Schwab, et.al. They state that while BARS is used less frequently than other types of measures, it has been recommended by numerous investigators because the evaluator has to make fewer inferences about the employee, thereby serving more as an observer and less as a judge.

They see the development of a BARS as a five-step process:

- 1) Critical incidents - A group of persons with knowledge of the job are asked to describe specific illustrations of effective and ineffective performance.
- 2) Performance dimensions - The instrument developers then cluster the incidents into a smaller set of performance dimensions which they typically define (usually five (5) to ten (10)).
- 3) Retranslation - Another group of job-knowledgeable participants

¹²¹David Merle Finley, The Effects Of Scale Continuity And Behavioral Anchor Specificity Upon The Psychometric Properties Of Performance Rating Scales. Doctoral Dissertation, University of Houston, 1975.

¹²²Jackie B. Jordan, The Development And Evaluation Of Behaviorally Anchored Rating Scales For The Assessment Of Department Chairman Performance. Doctoral Dissertation, University of Kentucky, 1976.

is instructed to retranslate (or reallocate) each critical incident to the dimension it best describes. An incident is retained typically if fifty (50) to eighty-eight (88) percent of the group assigns it to the same dimension as group number one.

- 4) Scaling incidents - The group is also asked to rate (usually on a seven (7) - nine (9) point scale) the behavior described as to how effectively or ineffectively it represents performance on a given dimension. A standard deviation criterion of agreement for scale placement of an item (usually one point fifty (1.50) or less on a seven (7) point scale) is set to determine which incidents will be retained.
- 5) Final instrument - A subset of incidents (usually six (6) or seven (7) per dimension) that meet both retranslation and standard deviation criteria are used as behavior anchors for each performance dimension. The final BARS consists of a series of vertical scales for each dimension, anchored by specific incidents, each located on the scale based on its rating established in Step 4.¹²³

BARS have a number of hypothesized advantages:

- 1) The scales are highly job-oriented.
- 2) There are high levels of user participation in the development of the instrument.
- 3) They are developed by people who know the job better than anyone else.
- 4) Incidents are highly specific and nonambiguous.
- 5) They should reduce errors of leniency and central tendency.
- 6) Participation in development means people are more likely to accept the results.
- 7) Specific incidents can be used as a development or training tool.

Schwab, et.al., conclude that the research to date (1975) has not conclusively demonstrated these advantages, although it should be noted that research since then, some of which has been noted earlier in this chapter, has tended to be supportive, though not conclusive.¹²⁴

Keeley believes that there are circumstances which limit the usefulness of BARS, however. He believes that they can be developed

¹²³Donald P. Schwab; Herbert G. Heneman III; and Thomas A. DeCotiis, "Behaviorally Anchored Rating Scales: A Review Of The Literature," Personnel Psychology, Vol. 28, Winter 1975, pp. 550-1.

¹²⁴Ibid., pp. 551-3.

only where tasks are clear and there is a high degree of consensus regarding what constitutes good and bad performance.¹²⁵

Goodale and Burke believe that four criteria should be applied in determining what dimensions should be included in a BARS. These are: (a) a dimension must be broad enough to be worth evaluating, but not so broad as to be meaningless, (b) it has to be observable, (c) it must be applicable to all individuals being evaluated, and (d) has to be relevant to a large number of jobs.¹²⁶

The graphic rating scale has been criticized in some studies when compared to BARS, but it has been criticized also on logical and practical grounds as early as 1945 by Ryan. "This article has supported the thesis that the graphic rating scale with numerical scoring has serious logical difficulties and practical inadequacies. These flaws are so serious that they more than offset any advantages which are claimed for these rating techniques."¹²⁷

Two additional performance appraisal techniques are of interest. One, presented by Salton, makes use of modern computer technology to tailor performance appraisal to fit each job. He suggests programming a computer with a variety of appraisal items from which could be selected

¹²⁵Michael Keeley, "Subjective Performance Evaluation And Person-Role Conflict Under Conditions Of Uncertainty," Academy of Management Journal, Vol. 20, No. 2, June 1977, p. 312.

¹²⁶James G. Goodale and Ronald J. Burke, "Behaviorally-Based Rating Scales Need Not Be Job Specific," Journal of Applied Psychology, Vol. 60, June 1975, pp. 389-91.

¹²⁷Thomas A. Ryan, "Merit Rating Criticized," appearing in Thomas L. Whisler and Shirley F. Harper, Performance Appraisal. (New York: Holt Rinehart & Winston, 1962), p. 169.

by the evaluator those appropriate to a given job. These items could also be weighted as appropriate. The evaluations would then be placed in the computer for future recall and reference. He believes that this system offers the following advantages: (a) it will facilitate performance improvement because each system is applicable to a specific job, (b) it will better meet the evaluator's needs, (c) it is easily maintained and updated, (d) it is easily administrated (all evaluations are in the computer), and (e) it is simply and easily introduced.¹²⁸

The other is offered by White and Barnes, although it appears to be more in the nature of a supplement to, rather than a replacement for, other forms of appraisal. They recommend the formation of groups of subordinates or superiors, or combinations of both, to discuss solving organizational problems and to examine the interdependency of each and all levels within the organization, and also to look at the quality of that interdependency. In this way, they feel, each person will see how and where he fits in the organizational structure, and performance appraisals will stress that fact.¹²⁹

As can be seen, there are many methods of performance appraisal, each with its strengths and weaknesses. Selection of a method should be done carefully, taking into consideration its purpose, its strengths and weaknesses, and the needs and resources of the organization.

¹²⁸Salton, op.cit., p. 58.

¹²⁹White and Barnes, op.cit., pp. 108-9.

Other Factors That Affect
Performance Appraisal

Some research has considered the effects of race and sex in an appraisal situation. Bass and Turner, in reviewing evaluations of black and white bank tellers (raters were primarily white), found no significant differences when age and job tenure were held constant. The researchers did find that on salary recommendations, supervisors tended to consider objective factors more with blacks than whites, possibly because they may be sensitive to racial tensions. They also quote a 1969 study by Flaugher and Norris which showed similar results, and a 1966 study (Rotter and Rotter) which indicated a tendency to rate blacks higher when performance was poor, but showed no difference between ratings of blacks and whites when performance was good. Bass and Turner believe that the ratings of blacks by whites often fails to consider less tangible factors such as motivation and attitude which are considered for the whites; in such cases, ratings are often not comparable. They recommend that the organization clearly define what constitutes success on the job and then make sure measurement criteria are the same for all employees, concentrating primarily on elements where equivalence across groups is known, generally objective data.¹³⁰

Bigoness, using sixty (60) white male undergraduate students, had them view a videotape of a white male and female, and a black male and female, stacking cans. Each subject wore identical clothes and used the same gestures. The subjects were either high performance (stacked

¹³⁰ Alan R. Bass and John H. Turner, "Ethnic Group Differences in Relationships Among Criteria of Job Performance," Journal of Applied Psychology, Vol. 57, April 1973, pp. 101-9.

forty-eight (48) cans) or low performance (stacked twenty-four (24) cans). Bigoness found that low performance males and females were rated identically, but that high performance females were rated significantly higher than males. He also found that low performance blacks were rated higher than low performance whites; however there was no significant rating difference for high performance between blacks and whites, thus supporting the Rotter study mentioned previously.¹³¹

Feild and Holley, who examined appraisal results in an organization where discussion of the results with the employee was optional, found that age and sex had a negligible effect on whether the results were discussed, though race had a definite effect. (All raters were white). For blacks, raters tended to discuss high ratings but to avoid discussing low ratings. For whites, the pattern was the reverse.¹³²

As was indicated earlier in the chapter, subordinates frequently view the purpose of the performance appraisal differently than do supervisors. LaBean, in a survey done at Dow Chemical, found that nearly fifty percent (50%) of the subordinates who responded felt that insufficient time in the appraisal was devoted to such areas as career opportunities, how the supervisor could help the subordinate, how much the subordinate had improved in performance in the past year, and how the

¹³¹William J. Bigoness, "Effect of Applicant's Sex, Race and Performance on Employer's Ratings: Some Additional Findings," Journal of Applied Psychology, Vol. 61, February 1976, pp. 80-4.

¹³²Hubert S. Feild and William H. Holley, "Subordinates' Characteristics, Supervisors' Ratings, and Decisions to Discuss Appraisal Results," Academy of Management Journal, Vol. 20, No. 2, June 1977, pp. 315-21.

subordinate could continue to improve.¹³³

Summary

The literature on performance appraisal has been reviewed in this chapter looking at opinions on the need for it, problems with it, and some recommendations to deal with or alleviate these problems. Lastly, a representative variety of methods of performance appraisal have been examined, their strengths and weaknesses, and some factors which affect performance appraisal.

While opinion is divided on the merits of performance appraisal, most authorities, superiors, and even subordinates feel that performance appraisal is necessary, in spite of the fact that their respective views of its purpose may be divergent and even though performance appraisal does not always accomplish its desired purpose(s).

Some of the problems with performance appraisal result from the fact that the evaluation of a person's job performance is an emotional issue, especially if the evaluation is critical in nature. Often, as was indicated, criticism results in a decline in performance, the opposite effect of that intended. Performance appraisal appears especially weak in dealing with an employee who is performing below standard.

Another area of difficulty revolves around the evaluator, especially as personal biases and inconsistencies bear on the evaluation. Frequently, too, the evaluator is poorly prepared and/or trained for this role.

Yet other problems result from confusion of purpose or the

¹³³ James H. LaBean, Employee Perceived Values Of Job Performance Reviews. Masters Thesis, Central Michigan University, 1975.

attempts by management to use an appraisal system inappropriately or to serve too many purposes.

In spite of these problems, performance appraisal continues to be used by most organizations and a great deal of time and effort has been spent in attempting to make it work more productively.

Some suggestions that have proven fruitful are to keep the appraisal system simple, clearly defined, and participative in nature. It is important that the superior and subordinate view performance appraisal as an opportunity for growth and not an authoritarian critique. Some additional approaches that show promise are peer appraisal and training for evaluators.

There is a great variety of methods for performance appraisal, each with its relative merits and demerits. The consensus seems to be that effective appraisals should lean most heavily upon objective measures, but that subjective measures cannot be ignored.

While it would appear that rating scales of various types are the most frequently used method, the essay approach is still fairly widely used and MBO is making some inroads, although most authorities do not feel that it can be used to supplant performance appraisal.

One of the fastest-growing and most promising methods developed in recent years is the behaviorally-anchored rating scale. While it is difficult and time-consuming to construct and has had its share of growing pains, it shows considerable promise in cutting down on the most common rating errors.

A certain amount of research has dealt with the question of how such factors as age, sex and race affect performance appraisal. While age does not appear to be much of an influencing factor, both sex and

race do seem to have an influence.

CHAPTER III

RESEARCH METHODOLOGY AND DESIGN OF THE STUDY

Purpose

The purpose of this study was to substantiate that differences existed in the perceptions of performance appraisal by superior and subordinate in regard to purpose, need, and method.

Selection Of Research Method

The research method selected was a survey questionnaire designed by the researcher (Appendix, Exhibit B). The questionnaire was developed through consultation with an expert in questionnaire design along with four corporate personnel specialists, who examined the instrument for face validity. Reliability, clarity, and freedom from ambiguity were tested by administering the questionnaire to a test sample (N = 20) from a small industrial concern. The design contained in the appendix is the final one developed and was used in the study.

The questionnaire was distributed to all full-time home office employees (N = 565) of an internationally-known corporation located in the Midwestern United States. Distribution was by company mail. To each questionnaire was attached a cover letter (Appendix, Exhibit A), the content of which was approved by an expert in questionnaire design and the company management, and a stamped, self-addressed envelope. The data was collected during the month of November, 1977.

Testing Of Hypotheses And
Instrument Design

Questions 1 through 8 solicit information regarding the respondent's classification of supervisor/subordinate, salary exempt/non-exempt, years on job, age, education, sex, and ethnicity.

Questions on the survey instrument are keyed to hypotheses to be tested in the following manner:

Hypothesis 1:

The need for performance appraisal will be seen as more important by supervisors than subordinates.

9. Some type of performance appraisal should be carried out for all employees.

<u> </u> strongly agree	<u> </u> disagree
<u> </u> agree	<u> </u> strongly disagree

Question #9 tests this hypothesis by showing the relative importance of appraisal to the respondent. Those who see it as more important will tend to agree with this statement; those who see it as less important will tend to disagree with this statement.

10. If you agree, how often should this appraisal be carried out?

<u> </u> twice a year	<u> </u> every two years
<u> </u> annually	<u> </u> other (specify) _____

Question #10 tests this hypothesis by checking the desired frequency of performance appraisal. Those who see performance appraisal as more important will feel that it should be carried out more frequently than those who see it as being of lesser importance.

Hypothesis 2:

The preferred method for carrying out a performance appraisal will be perceived differently by supervisors and subordinates.

- A. Supervisors will prefer a method which maximizes their input.

- B. Subordinates will prefer a method which maximizes their input.
- C. Supervisors will prefer a method which gives more weight to subjective criteria.
- D. Subordinates will prefer a method which gives more weight to objective criteria.

11. A performance appraisal should be done by: (check one)

- ☐ the immediate supervisor only
- ☐ the immediate supervisor and the person supervised (self-evaluation)
- ☐ the department head only
- ☐ the department head and the person supervised (self-evaluation)
- ☐ the department head and the immediate supervisor
- ☐ the person being evaluated only (self-evaluation)
- ☐ a person from outside the company (example, consultant)
- ☐ the department head, immediate supervisor and person supervised (self-evaluation)
- ☐ other (specify) _____

Question #11 tests Hypothesis 2, A and B. The responses to this question are graduated from that which allows maximum input from the subordinate - "the person being evaluated only (self-evaluation)" - to "the department head only", which most minimizes input from the subordinate, since it relies upon input from the person most distant from the subordinate. The response, "a person from outside the company (example, consultant)", is seen as essentially neutral, since it does not rely primarily upon input from either superior or subordinate.

14. Performance appraisal can be carried out using objective and/or subjective criteria. Examples of objective criteria might be: quantity of work done, objectives met, etc. Examples of subjective criteria might be: employee attitudes, personality traits, quality of work done, etc.

In your opinion, performance appraisal should be based on:
(check one)

- ☐ objective criteria only
- ☐ subjective criteria only
- ☐ primarily objective, but include some subjective criteria
- ☐ primarily subjective, but include some objective criteria
- ☐ equally based on both subjective and objective criteria

Question #14 tests Hypothesis 2, C and D, and responses are graduated from the utilization of completely objective, to completely subjective, criteria.

Hypothesis 3:

The purposes of performance appraisal will be perceived differently by supervisors and subordinates.

- A. Supervisors will agree that salary increases should be tied directly to performance appraisal.
 - B. Subordinates will feel that salary increases should not be tied directly to performance appraisal.
 - C. There will be a significant difference in the rank order of the purposes of performance appraisal for supervisors and subordinates.
12. An individual's salary increase should be tied directly to his/her performance appraisal.
- ☐ strongly agree ☐ disagree
- ☐ agree ☐ strongly disagree
13. Listed below are six (6) possible purposes for or uses of performance appraisal. Please rank them in order of importance as you see them with 1 being highest and 6 lowest.

- ☐ provide feedback to employee on job performance
- ☐ assist in employee's professional growth
- ☐ determine salary merit increases
- ☐ determine promotion within organization
- ☐ provide an ongoing record of employee's growth and development
- ☐ improve communications between supervisor and employee

Question #12 will test Hypothesis 3, A and B, and Question #13 will test Hypothesis 3, C.

Selection Of Sample

Several criteria were considered important in the sample selected to give validity to this study. The sample should be composed of: (a) respondents who were familiar with performance appraisal, and (b) a mix of supervisors and subordinates.

Although not directly related to the main investigation of this study, other researchers had indicated that race^{134, 135, 136} and sex¹³⁷ affected performance appraisal. There does not appear to be any significant research on the effect of educational level and age upon performance appraisal, other than an indication by Feild and Holley that age did not seem to affect whether or not performance appraisals were discussed with the employee.¹³⁸ It was decided, as a result of a review of these studies, to include the factors of race, sex, age, and educational level as adjunctive parts to this study, and, therefore, an attempt was made to find a sample which had a good mix of these factors, as well as meeting the major criteria described in (a) and (b) above.

In addition, biographical material regarding the composition of the sample had to be available to the researcher; this was: (a) sample size, (b) sample breakdown regarding the number of supervisors and subordinates, and (c) a sample breakdown for sex, race, age, and educational

¹³⁴Bass and Turner, op.cit., pp. 101-9.

¹³⁵Bigoness, op.cit., pp. 80-4.

¹³⁶Feild and Holley, op.cit., pp. 315-21.

¹³⁷Bigoness, op.cit., pp. 80-4.

¹³⁸Feild and Holley, op.cit., pp. 315-21.

level. Finally, of course, the sample had to be accessible to the researcher and be willing to participate in the study.

Several survey populations were considered and rejected, either because of not meeting the majority of the criteria or because of failing to meet some of the more critical criteria. The survey population settled upon is the full-time home office employees of an internationally-known corporation located in the Midwestern United States. The total home office employee N = 565. The sample has two fairly notable limitations: (a) only five percent (5%) of the home office employees are members of a racial minority (four percent (4%) black), and fifty-four percent (54%) have a college degree. An additional twenty-six percent (26%) have some college and only twenty percent (20%) of the sample have a high-school education or less.

Review System

Formal written performance appraisal has been carried out in this company since 1965, and the present format has been in use for approximately ten years. There is some variation in format for professional (generally salary-exempt) employees and office and technical (usually salary non-exempt) employees. The company uses the term "review" rather than "appraisal".

The performance review form used for professional employees is a modified MBO approach with an essay format. It includes a percentile ranking for the individual within his group. If his responsibilities include interface with two or more managers, there may be a dual review of the employee. The employee does not, himself, fill out a self-evaluation form but there is some space for his comments on the review form. The employee receives a copy of the completed review. Instructions for

filling out the rating form are included on the form.

The performance review form for office and technical employees uses an essay format. It includes a sheet for discussion of the employee's performance on which both employee and supervisor write comments dealing with specific areas. This is not part of the final summary review form but there is some space for employee remarks on the summary form. The employee does not receive a percentile ranking; however, he does receive a copy of the completed review form.

Sample Description

A. Educational Level

Salaried exempt*:	Some high school	1
	High school	21
	Some college	49
	BS/BA	170
	MS/MA	105
	Ph.D.	19
	Total	365
Salaried non-exempt*:	Some high school	18
	High school	74
	Some college	96
	BS/BA	12
	Total	200
Grand Total Employees		565

* Salaried-exempt - Those employees who, under the Fair Labor Standards Act are not eligible for overtime pay for overtime work. Generally they are college graduates who hold a professional or supervisory position or are involved primarily or substantially in making policy decisions or using their professional training.

* Salaried non-exempt - Those employees who, under the Fair Labor Standards Act are eligible for overtime pay. They are usually non-professional, non-college-educated employees.

B. Sex and Race

	Caucasian	Black	Spanish-Speaking American	American Indian	Oriental
Male	360	9	4	-	2
Female	175	11	2	2	-

C. Age

	Exempt*	Non-exempt*	Total
Under 20	-	5	5
20-29	48	83	131
30-39	159	49	208
40-49	95	38	133
50-59	50	23	73
60 +	13	2	15
Total	365	200	565

The survey population is ninety-five percent (95%) white, sixty-six percent (66%) male, fifty-four percent (54%) college degreed, and has the following age breakdown: twenty-four percent (24%) under 29, thirty-seven percent (37%) between 30-39, twenty-three point five percent (23.5%) between 40-49, thirteen percent (13%) between 50-59, and two point five percent (2.5%) over 60. The mean age of the population is thirty-nine point eight (39.8) for exempt and thirty-four point four (34.4) for non-exempt employees or thirty seven point nine (37.9) for all employees. An exact breakdown of the number of supervisors was not available, but the company personnel department feels that a reliable estimate would be two hundred and twenty-five (225). A broad range of occupational strata is represented, excluding heavy industrial types of occupations.

* See previous page.

Analysis

The statistical techniques applied to the data are those programmed by the Statistical Package for the Social Sciences (SPSS) and were completed by the Michigan State Computer Services.

The chi square test allows the investigator to determine whether the obtained frequencies in a set of categories differ significantly from the expected frequencies. This test was applied to the responses of the two groups (supervisor and subordinate) on Questions 9, 10, 11, 12 and 14. The SPSS package also allows for computation of the degree of significance along with the raw chi square. This was completed on each item.

The Spearman coefficient of correlation allows for the comparison of the ranking of a number of items by two groups of respondents. The coefficient of correlation measures the degree to which the rankings of a test item by each group correlates with the other. This test was applied to the responses of the supervisor and subordinate groups to Question 13.

Cross tabulations were carried out comparing the independent variables of age, sex, race, and educational level, with the responses to the questionnaire (dependent variables) to determine whether or not these independent variables had a significant effect upon responses. Since these factors were not part of the hypotheses selected for this study, the results of the cross-tabulations were covered in the Discussion section of Chapter IV.

Assumptions

1. The survey instrument design adequately tests the hypotheses.
2. The survey instrument is free from bias, clear, and non-ambiguous

for all respondents.

3. The sample selection criteria are valid.
4. The cover letter was read and understood by the respondents.
5. The respondents saw this as an independent study, not carried out by or for the company for which they worked.
6. The respondents answered the questions honestly.
7. The survey questionnaire method is the best method for testing the hypotheses.
8. The survey population can reasonably be expected to adequately test the hypotheses.
9. The methods of analysis selected are appropriate to the design of the study.
10. The respondents understood the terminology used in the survey instrument.

Summary

This study, using the survey questionnaire method, tested the hypotheses by administering the questionnaire to a survey population consisting of the home office employees (N = 565) of an internationally-known corporation located in the Midwest during the month of November, 1977.

Methods of analysis consisted of chi square, Spearman coefficient of correlation, and a cross-tabulation of the results on independent variables in combination with dependent variables.

CHAPTER IV

ANALYSIS OF THE DATA

Response Rate

Consultants in the Michigan State University Office of Educational Research stated that a response rate of fifty percent (50%) to sixty percent (60%) would be acceptable for this study. The minimum recommended level of significance for any item was point zero five (.05). These two recommendations were followed in this study.

The questionnaire was distributed to all company personnel on November 15, 1977. The cut-off date selected was December 6, 1977, three weeks later. As of the cut-off date, a total of three hundred eighty-eight (388) responses or sixty-nine percent (69%) of the total N of 565 had been received.

Of the two major sub-groups in the population, superiors and subordinates, one hundred eighty-six (186) superiors, or eighty-three percent (83%), and two hundred and two (202) subordinates, or fifty-nine percent (59%), responded. Three additional responses had to be rejected because the respondents did not specify whether they belonged to the category of superior or subordinate.

Analysis Of Results

Hypothesis 1:

The need for performance appraisal will be seen as more important by supervisor than subordinate.

Question #9 on the survey instrument tested this hypothesis by determining to what degree the respondents felt performance appraisal was necessary. Ninety-nine point five percent (99.5%) of all respondents agreed that performance appraisal should be carried out on all employees. However, as can be seen by the following table, superiors agreed more strongly with this statement than did subordinates.

TABLE 4.1
RESPONSES TO QUESTION #9

		Agree	Strongly Agree
Superior	N	35	148
	%	18.9	80.0
Subordinate	N	63	139
	%	31.2	68.8

With a raw chi square of nine point fifty-five (9.55), the degree of significance was point zero-zero-eight-four (.0084). The response to Question #9 supports Hypothesis 1.

Question #10 tested Hypothesis 1 by determining how often the respondents felt performance appraisal should be carried out, with greater frequency being equated with greater importance. Ninety-six point one percent (96.1%) of all respondents felt that performance appraisal should be carried out on either an annual or a bi-annual basis. The following chart indicates, however, that superiors gave greater importance to bi-annual evaluations than did subordinates.

TABLE 4.2

RESPONSES TO QUESTION #10

		Bi-annual	Annual
Superior	N	115	61
	%	62.2	33.0
Subordinate	N	106	90
	%	52.5	44.6
Column percentage		57.1	39.0

With a raw chi square of nine point thirteen (9.13) for all responses to Question #10, the degree of significance is point zero-two-seven-six (.0276). The response to Question #10 supports the hypothesis.

Hypothesis 1 is accepted.

Hypothesis 2:

The preferred method for carrying out a performance appraisal will be perceived differently by supervisors than subordinates.

- A. Supervisors will prefer a method which maximizes their input.
- B. Subordinates will prefer a method which maximizes their input.
- C. Supervisors will prefer a method which gives more weight to subjective criteria.
- D. Subordinates will prefer a method which gives more weight to objective criteria.

Question #11 tested Hypothesis 2 and also sub-hypotheses A and B by determining whom the respondents felt should carry out the performance appraisal.

TABLE 4.3

RESPONSES TO QUESTION #11

		Other	Self Only	Super- visor & Self	Dept. Head, Supervisor & Self	Out- sider	Super- visor Only	Dept. Head & Supervisor Only	Dept. Head Only
Superior	N	15	0	73	58	1	27	11	1
	%	8.1	0	39.2	31.2	.5	14.5	5.9	.5
Subordinate	N	6	1	105	62	1	22	4	1
	%	3.0	.5	52.0	30.7	.5	10.9	2.0	.5
<div> <div>←</div> <div>Toward subordinate involvement</div> </div> <div> <div>Toward superior involvement</div> <div>→</div> </div>									

While the trend for all respondents was toward a system in which the ratee participated, the trend was stronger in this direction for subordinates than for superiors. Eighty-three percent (83%) of the subordinates favored a system in which the ratee was directly involved, while seventy point four percent (70.4%) of the superiors favored such a system. With a raw chi square of thirteen point eighty-eight (13.88), the degree of significance is point zero-five-three-three (.0533). The response to Question #11 supports Hypothesis 2 and also sub-hypotheses A and B.

Question #14 tested Hypothesis 2 and sub-hypotheses C and D by determining the type of performance appraisal criteria preferred by the respondents.

TABLE 4.4

RESPONSES TO QUESTION #14

		Objective Only	Primarily Objective	Equally Objective/ Subjective	Primarily Subjective	Subjective Only
Superior	N	3	97	68	13	1
	%	1.6	53.3	37.4	7.1	.5
Subordinate	N	8	58	107	29	0
	%	4.0	28.7	53.0	14.4	0
Column percentage			40.4	45.6	10.9	

Although there is a marked difference in the criteria preferred by the two groups of respondents, it is not in the predicted direction. Superiors prefer objective criteria, while subordinates prefer most strongly a method which gives equal weight to both objective and

subjective criteria. With a raw chi square of twenty-six point ninety (26.90), the degree of significance is point zero-zero-zero-zero (.0000). The response to Question #14 supports Hypothesis 2, but does not support sub-hypotheses C and D.

Hypothesis 2 is accepted. Sub-hypotheses 2, A and B are accepted. Sub-hypotheses 2, C and D are rejected.

Hypothesis 3:

The purpose of performance appraisal will be perceived differently by supervisors and subordinates.

- A. Supervisors will agree that salary increases should be tied directly to performance appraisal.
- B. Subordinates will feel that salary increases should not be tied directly to performance appraisal.
- C. There will be a significant difference in the rank order of the purposes of performance appraisal for supervisors and subordinates.

Question #12 tested Hypothesis 3 and sub-hypotheses A and B by determining whether or not the respondents felt that salary increases should be tied directly to performance appraisal. A total of eighty-eight point six percent (88.6%) of all respondents agree that salary increases should be tied directly to performance appraisal. Although this trend was stronger for superiors, it was nevertheless true for subordinates as well.

TABLE 4.5

RESPONSES TO QUESTION #12

		Strongly Disagree	Disagree	Agree	Strongly Agree
Superior	N	5	9	97	74
	%	2.7	4.9	52.4	40.0
Subordinate	N	4	26	109	62
	%	2.0	12.9	54.2	30.8
Column percentage		2.3	9.1	53.4	35.2

With a raw chi square of nine point forty-eight (9.48), the degree of significance was point zero-two-three-six (.0236). The response to Question #12 does not support Hypothesis 3. It does support sub-hypothesis 3 A, but does not support sub-hypothesis 3 B.

Question #13 tested Hypothesis 3 and also sub-hypothesis 3 C by determining the respective ranking by supervisors and subordinates of six items regarding the purposes of performance appraisal. The mean ranking for each item was computed for the superior and subordinate groups, and then a Spearman correlation coefficient was run comparing the rankings. A positive correlation of rankings was found (point eight-eight-five-seven (.8857) with a significance level of point zero-one-zero (.010).

Rankings of purpose were as follows:

TABLE 4.6

RESPONSES TO QUESTION #13

=====	
Superior	Subordinate
1) To provide feedback to employee	1) To provide feedback to employee
2) To aid employee's professional growth	2) To determine salary merit increases
3) To determine salary merit increases	3) To aid employee's professional growth
4) To improve supervisor-employee communication	4) To determine promotion
5) To determine promotion	5) To improve supervisor-employee communication
6) To provide an ongoing record	6) To provide an ongoing record
=====	

As can be seen from the table above, the ranking is very similar for both groups and differences are never more than one rank apart. The responses to Question #13 support neither Hypothesis 3 nor sub-hypothesis 3 C.

Hypothesis 3 is rejected. Sub-hypothesis 3 A is accepted; sub-hypotheses 3 B and C are rejected.

Discussion

The response to Question #9 supports the findings reported in the literature that both superiors and subordinates feel that performance appraisal is necessary. In fact, one hundred percent (100%) of the subordinates who responded felt this way.

The response to Question #10 indicates that a clear majority of respondents (fifty-seven point one percent (57.1%), favored bi-annual performance appraisals over any other type. This preference is more marked for the superior group, who showed sixty-two point two percent (62.2%) in favor of bi-annual appraisals.

It should also be noted that there appears to be a desire for the bi-annual over the annual review as the level of education of the respondent rises (see table below), and the converse as the educational level goes down.*

TABLE 4.7

RESPONSES TO QUESTION #10

Education	Bi-annual (%)	Annual (%)
High School	53.7	43.9
Some College	56.8	40.7
Bachelor's	54.3	40.2
Master's	58.1	39.5
Ph.D.	92.3	0

Question #11 responses revealed a very marked preference on the part of both superiors and subordinates for a method in which the ratee was directly involved by evaluating himself, with a total of seventy-seven point one percent (77.1%) favoring this method. This is interesting since in the company in which the survey was done, only salary non-exempt employees make self-appraisals and even then, these are not part of the final form. These responses, however, do coincide with the recommendations in the literature which advise that self-appraisal should be a part of the performance appraisal process.

A considerably greater percentage of women (fifty-five point

* It should be noted here that the discussion of independent variables, other than superior and subordinate, is limited to those questions where it was found that these variables significantly affected the response.

three percent (55.3%) than men (forty-one point seven percent (41.7%) favor appraisal by the supervisor and the ratee, while a greater percentage of men (fourteen point eight percent (14.8%) than women (seven point three percent (7.3%) favored appraisal by the supervisor alone.

The responses to Question #12 reveal a surprisingly strong feeling that salary increases should be tied directly to performance appraisal. However, this feeling is considerably stronger among superiors than subordinates, with ninety-two point four percent (92.4%) of the superiors in agreement as opposed to eighty-five percent (85%) of the subordinates. A considerably larger percentage of women (fifteen point five percent (15.5%) than men (nine point five percent (9.5%) disagree with the concept of tying salary increases directly to performance appraisal.

Although the ranking of purposes of performance appraisal is consistent between superior and subordinate groups with very little difference, there is a marked difference between the sexes in the ranking of these items as a look at the following table shows.

TABLE 4.8

RESPONSES TO QUESTION #12

=====	
Male	Female
1) To provide feedback to employee	1) To provide feedback to employee
2) To aid employee's professional growth	2) To improve supervisor-employee communication
3) To improve supervisor-employee communication	3) To determine salary merit increases
4) To determine salary merit increases	4) To aid employee's professional growth
5) To determine promotion	5) To determine promotion
6) To provide an ongoing record	6) To provide an ongoing record

The response of the subordinate group to Question #14 was significant, with only thirty-two point seven percent (32.7%) feeling that objective or primarily objective criteria should be given greatest weight in performance appraisal and fifty-three percent (53%) favoring an even mix of objective and subjective criteria.

There is a very definite difference between college-graduate and non-college-graduate respondents on this question. High-school graduates (sixty-one percent (61%) and employees with some college (fifty-seven point three percent (57.3%) favor an equal mix of objective and subjective criteria; however, bachelor's degree, master's degree, and Ph.D. level respondents favor primarily objective criteria at percentages of fifty-two point four (52.4), fifty-five point three (55.3), and sixty-one point five (61.5), respectively.

Additionally, males favor the use of primarily objective criteria much more (forty-six point five percent (46.5%) than do females (twenty-seven point six percent (27.6%).

It should be noted that the response rate varied somewhat according to educational level (see table below).

TABLE 4.9

RESPONSES TO QUESTION #14

=====			
Some high school	5%	Bachelor's degree	70%
High school	43%	Master's degree	83%
Some college	81%	Ph.D.	68%
=====			

The response rate for minorities was low, with thirty percent (30%) of blacks and seventeen percent (17%) of Spanish-speaking Americans responding. This, coupled with their small percentage of the total sample, prevents any inferences being drawn along ethnic lines.

Summary

Sixty-eight percent (68%) of the sample responded. Of these, the two major sub-groups, supervisors and subordinates, responded at the rates of eighty-three (83) and fifty-nine (59) percent respectively.

Hypothesis 1:

The need for performance appraisal will be seen as more important by supervisors than subordinates.

Hypothesis 1 was accepted. This hypothesis was supported by responses to Question #9, (significance level, point zero-zero-eight-four (.0084) and Question #10 (significance level, point zero-two-seven-six (.0276)).

Hypothesis 2:

The preferred method for carrying out a performance appraisal will be perceived differently by supervisors than by subordinates.

Hypothesis 2 was accepted. This hypothesis was supported by

the responses to Question #11 (significance level, point zero-five-three-three (.0533) and Question #14 (significance level, point zero-zero-zero-zero (.0000).

Sub-hypothesis 2, A:

Supervisors will prefer a method which maximizes their input.

Sub-hypothesis 2, B:

Subordinates will prefer a method which maximizes their input.

These hypotheses were supported by the responses to Question #11 (significance level, point zero-five-three-three (.0533), and were accepted.

Sub-hypothesis 2, C:

Supervisors will prefer a method which gives more weight to subjective criteria.

Sub-hypothesis 2, D:

Subordinates will prefer a method which gives more weight to objective criteria.

These hypotheses were not supported by the responses to Question #14 (significance level, point zero-zero-zero-zero (.0000); consequently they were rejected.

Hypothesis 3:

The purpose of performance appraisal will be perceived differently by supervisors and subordinates.

This hypothesis was supported by neither the responses to Question #12 (significance level, point zero-two-three-six (.0236) nor Question #13, positive correlation point eight-eight-five-seven (.8857) (significance level, point zero-one-zero (.010), and therefore was rejected.

Sub-hypothesis 3, A:

Supervisors will agree that salary increases should be tied directly to performance appraisal.

Sub-hypothesis 3, B:

Subordinates will feel that salary increases should not be tied directly to performance appraisal.

These hypotheses were accepted and rejected, respectively.

Sub-hypothesis 3, A was supported by the responses to Question #12, sub-hypothesis 3, B was not supported by the same responses.

Sub-hypothesis 3, C:

There will be a significant difference in the rank order of the purposes of performance appraisal for supervisors and subordinates.

This hypothesis was not supported by responses to Question #13, positive correlation point eight-eight-five-seven (.8857) (significance level, point zero-one-zero (.010), and therefore was rejected.

CHAPTER V

SUMMARY, CONCLUSIONS, AND IMPLICATIONS

Introduction

Performance appraisal, whether formalized or not, exists in all organizations. The question is not whether it does, or should exist, but, rather, what form it should take.

Its purposes are generally assumed to be (a) to improve employee performance through coaching and counseling, (b) to provide management with information to support personnel decisions, and (c) to let the employee know where he stands relative to the organization's expectations regarding job performance.

Chapter I

Although performance appraisal is widely used, considerable support was found in the literature to indicate that there is disagreement as to (a) its purpose, (b) its relative importance, and (c) the form it should take.

Evidence indicated that there appeared to be disagreement on these points, especially between superiors and subordinates, even though they seemed to be in substantial agreement that performance appraisal was necessary.

The purpose of this study was to substantiate that, in fact, differences did exist in the perceptions of performance appraisal by

superior and subordinate in regard to purpose, need, and method.

The following hypotheses were developed to fulfill this purpose:

Hypothesis 1:

The need for performance appraisal will be seen as more important by supervisors than subordinates.

Hypothesis 2:

The preferred method for carrying out a performance appraisal will be perceived differently by supervisors and subordinates.

- A. Supervisors will prefer a method which maximizes their input.
- B. Subordinates will prefer a method which maximizes their input.
- C. Supervisors will prefer a method which gives more weight to subjective criteria.
- D. Subordinates will prefer a method which gives more weight to objective criteria.

Hypothesis 3:

The purposes of performance appraisal will be perceived differently by supervisors and subordinates.

- A. Supervisors will agree that salary increases should be tied directly to performance appraisal.
- B. Subordinates will feel that salary increases should not be tied directly to performance appraisal.
- C. There will be a significant difference in the rank order of the purposes of performance appraisal for supervisors and subordinates.

Chapter II

In Chapter II, the literature on performance appraisal was reviewed; opinions on the need for it were examined, problems with it were considered, and recommendations for dealing with it were presented. Additionally, a representative variety of performance appraisal methods

were reviewed, along with a summary of their relative strengths and weaknesses. Finally, factors which affect performance appraisal were reported.

Although opinion appeared to be divided regarding the merits of performance appraisal, most authorities, management, and even subordinates, seemed to feel that performance appraisal was necessary, even though they often disagreed on its purpose, and in spite of its failures.

Considerable evidence was found to indicate that many of the problems with performance appraisal result from the fact that such an appraisal is emotionally-laden. Performance appraisal appears weakest where it is most-needed, in dealing with the employee who is performing below standard.

Other problems result from personal biases, inconsistencies, and lack of training on the part of the evaluator or from confusion on the part of management regarding the purpose of performance appraisal.

Despite these problems, performance appraisal continues to be used by most organizations and much time and effort have been spent to make it work more productively.

Some suggestions that have proven fruitful are to keep the appraisal system simple, clearly defined, and participative in nature. It is important that the superior and subordinate view performance appraisal as an opportunity for growth and not an authoritarian critique. Some additional approaches that show promise are peer appraisal and training for evaluators.

Chapter III

The research methodology and study design were presented in Chapter III. A survey questionnaire, developed by the researcher in

consultation with experts in the field, was administered to the full-time home office employees (N = 565) of an internationally-known corporation headquartered in the Midwest. Three hundred and eighty-eight (388) questionnaires or sixty-nine percent (69%) were returned by the cut-off date.

Chapter IV

The data from the questionnaires was analyzed in the following manner:

- 1) Questions 9, 10, 11, 12 and 14 were analyzed by carrying out the chi square test, comparing the responses of superiors and subordinates.
- 2) Question 14 was analyzed by computing the Spearman correlation coefficient for the responses of superiors and subordinates.
- 3) Cross-tabulations were carried out on the responses of the independent variable groups of age, sex, race, and level of education to questions 9 through 14. The independent variable groups were determined by the responses to questions 1 through 8.

Conclusions

On the basis of the application of these statistical tests to the data received, the following hypotheses were accepted:

Hypothesis 1:

The need for performance appraisal will be seen as more important by supervisors than subordinates.

Hypothesis 2:

The preferred method for carrying out a performance appraisal will be perceived differently by supervisors than subordinates.

- A. Supervisors will prefer a method which maximizes their input.
- B. Subordinates will prefer a method which maximizes their input.

Hypothesis 3:

- A. Supervisors will agree that salary increases should be tied directly to performance appraisal.

On the basis of the application of the previously-discussed statistical tests to the data received, the following hypotheses were rejected:

Hypothesis 2:

- B. Subordinates will feel that salary increases should not be tied directly to performance appraisal.
- C. There will be a significant difference in the rank order of the purposes of performance appraisal for supervisors and subordinates.

Hypothesis 3:

The purpose of performance appraisal will be perceived differently by supervisors and subordinates.

- B. Supervisors will prefer a method which gives more weight to subjective criteria.
- C. Subordinates will prefer a method which gives more weight to objective criteria.

The results of this study substantiate the position taken by authors such as Conant¹³⁹, Meyer¹⁴⁰, and Meyer, Kay, and French¹⁴¹, that the need for performance appraisal will be seen as more important by the superior than by the subordinate. It also provides support for studies by Swerdlow¹⁴², Connolly¹⁴³, Blackburn and Clark¹⁴⁴, and Williams¹⁴⁵, that the preferred method for performance appraisal is perceived

¹³⁹Conant, op.cit., p. 77.

¹⁴⁰Meyer, op.cit., p. 508.

¹⁴¹Meyer, Kay, and French, op.cit., p. 123.

¹⁴²Swerdlow, op.cit.

¹⁴³Connolly, op.cit.

¹⁴⁴Blackburn and Clark, op.cit., pp. 242-256.

¹⁴⁵Williams, op.cit., p. 89.

differently by superior than subordinate.

The outcomes of this study did not support the position taken by authors such as Richards¹⁴⁶ and Kellogg¹⁴⁷, who believe that the purposes of performance appraisal are seen differently by superiors and subordinates.

The results of this study also emphasized the preference of most superiors and subordinates for an appraisal system which allows for a self-evaluation by the ratee. This agrees with recommendations by Patz¹⁴⁸, Greller¹⁴⁹, and French¹⁵⁰.

Objective appraisal criteria were not seen as important, especially to subordinates, as had been expected. Most respondents seemed to favor a system which allowed for at least some subjective criteria as well.

Respondents in this study seemed to feel that salary increases should be closely tied to performance appraisals.

Educational level appeared to have an effect upon an individual's perception of performance appraisal. It was found that the more-educated persons favored more frequent performance appraisals, and that they gave greater weight to objective criteria in performance appraisal than did those less-educated.

¹⁴⁶Richards, op.cit., p. 560.

¹⁴⁷Kellogg, op.cit., p. 90.

¹⁴⁸Patz, op.cit., p. 80

¹⁴⁹Greller, op.cit., pp. 544-9.

¹⁵⁰French, et.al., op.cit., pp. 3-20.

Sex also had an effect, with more women preferring a system which allowed for ratee input than men. In addition, women gave greater importance in performance appraisal purposes to improving communication and determining salary than men, who rated professional growth higher than either of these items.

Inferences And Recommendations

In applying the results of this study and literature review to the corporation in which the study was done, the following recommendations are made:

1. The company should consider development of a performance review system which allows for appraisee input (self-evaluation).
2. Consideration might be given to developing an appraisal system for salaried-exempt employees which relies less heavily upon an MBO format.
3. The company should be aware of the preference of more-educated personnel for an appraisal system weighted more heavily toward objective criteria, the reverse being true for less-educated personnel. Most employees, however, prefer a system utilizing at least some subjective criteria.
4. Thought could be given to the advisability of developing different appraisal systems to meet different purposes and for different departments.
5. Consideration should be given to the fact that women (as indicated in the review of the literature and substantiated in this study) perceive performance appraisal differently in a number of areas than do men.

Implications For Future Research

One area in which this study was unable to obtain any meaningful data was in regard to the effect of ethnic group or race upon performance appraisal, largely because of sample make-up. This area, it seems, could be profitably investigated.

It should also be borne in mind that a large proportion of this sample was highly educated and, as a result, the findings may not be applicable to a less-educated population.

This study did not lend support to the related literature which indicated that the purposes of performance appraisal were seen differently by superior and subordinate. Two factors that may have affected the findings in this area are (a) that the company in the study had used performance appraisal for a considerable period of time, a condition which may have had a "leveling" effect regarding perceptions of performance appraisal by superiors and subordinates, and (b) the relatively high level of education of the respondents may have had a similar effect.

No attempt was made in this study to evaluate a particular appraisal system. This may prove to be a fruitful area of enquiry, for most of the literature and research deals more with the effects upon reliability and validity of a given type of system than the feelings of the individuals who use it.

Neither did this study examine the effect of occupational type upon an individual's perception of performance appraisal. It is possible, that this variable, too, could prove worthy of research.

Overall, this writer feels that considerably more research needs to be done on the "human factors" in performance appraisal. Since it is

an emotionally-charged process, it would appear profitable for more research to be directed toward investigating the perceptions of superior and subordinate toward these human factors --- areas such as what type of system individuals prefer and why --- how the appraisal interview can be "defused" --- why, in spite of its shortcomings, both superior and subordinate feel that performance appraisal is necessary. Another area of investigation might lie in studying the effectiveness of some approaches advocated by various authors such as the "varimat" and bi-monthly appraisals. Research needs to be directed, too, toward learning why behaviorally-anchored rating scales, which appear so promising, have yet to live up to that promise.

Overall, one must conclude that there is still much to learn about performance appraisal, in spite of all the work that has been done to date. For a tool that is so widely used and upon whose use so many decisions are made, we know far too little about it.

APPENDICES

APPENDIX A

COVER LETTER

APPENDIX A

COVER LETTER

November 14, 1977

Dear Respondent:

I would greatly appreciate it if you could take a little time to fill out the attached questionnaire for me and mail it in the attached, stamped, self-addressed envelope within the next few days. Preliminary tests indicate that it will take no more than five to ten minutes to complete. Your participation, of course, is completely voluntary.

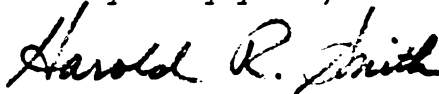
I am conducting research at Michigan State University and this survey form is part of my research. I have no connection with ~~xxxxxx~~ and am not carrying out this survey at their request or upon their behalf. ~~xxxxxx~~ management has, however, allowed me to carry out my survey here. I would want you to understand that the results of this survey have nothing to do with any ~~xxxxxx~~ performance review system nor are they intended to bring about or influence any changes in the present ~~xxxxxx~~ performance review system.

It would be helpful if you would fill out the questionnaire in terms of what you would like to see in performance review, rather than in regard to your past experience with performance review.

Please be assured that your response will be completely anonymous. Please do not put your name, job, or department on the form.

Thank you very much for your help!

Very truly yours,

A handwritten signature in dark ink, appearing to read "Harold R. Smith". The signature is written in a cursive, slightly slanted style.

HAROLD R. SMITH

APPENDIX B

QUESTIONNAIRE

APPENDIX B

QUESTIONNAIRE

1. I am a supervisor/manager ☐yes ☐no
2. I conduct performance reviews with subordinates ☐yes ☐no
3. I am salary exempt ☐ salary non-exempt ☐
4. Years at present job level ☐0-5 ☐11-15 ☐over 20
☐6-10 ☐16-20
5. Your age ☐under 20 ☐30-39 ☐50-59
☐20-29 ☐40-49 ☐60 and over
6. Your education ☐some high school ☐Bachelor's Degree
☐high school grad ☐Master's Degree
☐some college ☐Doctorate
7. Are you ☐male ☐female
8. Your Ethnic group ☐Caucasian ☐Chicano/Latino
☐Black ☐other

Performance appraisal may be defined as an appraisal or evaluation of an individual's performance of his/her job functions.

9. Some type of performance appraisal should be carried out for all employees.
☐strongly agree ☐disagree
☐agree ☐strongly disagree
10. If you agree, how often should this appraisal be carried out?
☐twice a year ☐every two years
☐annually ☐other (specify) _____

11. A performance appraisal should be done by: (check one)

☐ the immediate supervisor only
☐ the immediate supervisor and the person supervised (self-evaluation)
☐ the department head only
☐ the department head and the person supervised (self-evaluation)
☐ the department head and the immediate supervisor
☐ the person being evaluated only (self-evaluation)
☐ a person from outside the company (example, consultant)
☐ the department head, immediate supervisor and person supervised (self-evaluation)
☐ other (specify) _____

12. An individual's salary increase should be tied directly to his/her performance appraisal.

☐ strongly agree ☐ disagree
☐ agree ☐ strongly disagree

13. Listed below are 6 possible purposes for or uses of performance appraisal. Please rank them in order of importance as you see them with 1 being highest and 6 lowest.

☐ provide feedback to employee on job performance
☐ assist in employee's professional growth
☐ determine salary merit increases
☐ determine promotion within organization
☐ provide an ongoing record of employee's growth and development
☐ improve communications between supervisor and employee

14. Performance appraisal can be carried out using objective and/or subjective criteria. Examples of objective criteria might be: quantity of work done, objectives met, etc. Examples of subjective criteria might be: employee attitudes, personality traits, quality of work done, etc. In your opinion, performance appraisal should be based on: (check one)

☐ objective criteria only
☐ subjective criteria only
☐ primarily objective, but include some subjective criteria
☐ primarily subjective, but include some objective criteria
☐ equally based on both subjective and objective criteria

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