IMPROVING THE VALIDITY OF PERFORMANCE APPRAISALS

Much of the research in Human Resources literature has indicated that the key to improving the quality of performance appraisals lies in a better understanding of the way people gather, process and use information in making judgments about others. Accurate performance appraisals are important in that they (1) provide valuable feedback to the employee (2) document trends in employee performance. In order for performance appraisals to serve their intended purpose, they need to be very accurate. It is therefore important for supervisors to focus on reducing error and improving the accuracy of their performance appraisals.

Types of Rating Errors:

- Severity – Rated performance consistently lower than true score performance of ratees.
- Central tendency – Rated performance falls in middle of rating scale, irrespective of true score performance of ratees.
- Halo – Rating on one performance dimension strongly influences (i.e., highly correlated with) rating on other performance dimensions, irrespective of true score relationship across dimensions.

Cognitive models of the rating process:

Raters go through stages, some of them quite unconscious, when they attempt to rate the performance of other employees. First, the rater observes behavior of a ratee. Second, this behavior is encoded as part of a total picture of the ratee (one way of saying this is that we form stereotypes about people). When we form stereotypes, we tend to notice or detect information that is consistent with our stereotype and ignore inconsistent information. We tend to think of employees with our impressions colored by our stereotypes. We may categorize them; we may think of them as “good employees”, “bad employees”, or “high achievers”. The process of labeling someone has profound implications for attention, retention, and retrieval or recollection of information. While there is some evidence that stereotypes can enhance personnel decisions, it is far too common for them to be incorrect or incomplete in some important ways. Third, raters store information about ratees in memory, which is subject to both short and long term decay. In other words, we forget things! Fourth, when it comes time to evaluate a ratee, the rater reviews the performance dimensions when it comes time to evaluate a ratee, and retrieves stored observations/impressions to determine their relevance to the performance dimensions. Finally, the information is reconsidered and integrated with other available information as the rater makes the final ratings.

Eliminating errors in rating other employees:

Ideally, raters should attend exclusively to performance-related factors when they observe employee behavior. In fact, all of the processing stages should be guided by performance relevancy. Unless a behavior (or personality trait) affects performance it should not influence performance ratings. Fortunately, studies show that performance actually does play a major role in determining what rating a supervisor gives a subordinate. On the negative side, though, there are many other factors that appear to influence ratings (i.e., they cause errors in the evaluation process).

Errors in Observation:

Generally, researchers have varied three types of input information to see how raters observe and what they attend to. The first set of data manipulated are characteristics of the ratees themselves. There is reasonably consistent information that males are rated higher than females (other things equal) and that the rating of blacks and whites depends on the race of the rater (same race = higher ratings).

Researchers also vary characteristics of the input data to see if this influences performance ratings. Both the pattern of performance (performance gets better or worse over time) and the variability of performance
(consistent vs. erratic) influence performance ratings, even when the level of performance is controlled. Not surprisingly, workers with an ascending pattern of performance are seen as more motivated, while those who are more variable in their performance are viewed as lower in motivation. All of us have seen examples of workers who intuitively recognize this type of error and try to use it to their advantage. The big surge in work at the end of an appraisal period is often designed to influence a rater’s perceptions.

**Errors in storage and recall:**

Research suggests that raters store information in the form of trait-based schemata. People tend to recall information in the form or schemata or trait categories also. For example, a rater observes a specific behavior (i.e., an employee resting during what are obviously work hours). The rater stores this information not as the specific behavior, but rather in the form of a trait, such as that worker is lazy. Specific instructions to recall information about the ratee, as for a performance review, elicits the trait – lazy. Evidence indicates that in the process of forming impressions or making predictions about others, people organize behavioral information into trait categories. Further, in the process of recalling information, rater recall may be colored by, or consistent with, the schema (trait categorization or implicit personality theory) but inconsistent with actual events. The entire rating process then may be heavily influenced by these cognitive schema that we adopt; and the schema may or may not be accurate! One of the most obvious examples of this processing error is evident in sex stereotyping. A female ratee is observed, not as a ratee, but as a female ratee. A rater may form impressions based on stereotypic beliefs about women rather than the reality of the work situation. Performance ratings are then influenced by the gender of the ratee, quite apart from any performance information. Errors in storage and recall also appear to arise from memory decay. At least one study indicates that rating accuracy is a function of the delay between performance and subsequent rating. The longer the delay, the less accurate the ratings.

**Errors in evaluation:**

The context of the actual evaluation process also can influence evaluations. Several researchers indicate how the purpose of evaluation affects the rating process. Supervisors who know ratings will be used to determine merit increases are less likely to discriminate among subordinates than when the ratings will be used for other purposes. Being required to provide feedback to subordinates about their ratings also yields less accuracy than a secrecy policy. Presumably anticipation of an unpleasant confrontation with the angry ratee persuades the rater to avoid confrontation. How? By giving ratings that are higher than justified.

**IMPROVING EVALUATIONS**

1. Maintain records of employee performance, both as documentation and to jog the memory
2. Conduct a performance diagnosis to determine in advance if the problem arises because of motivation, skill deficiency, or external environmental constraints. This tells the supervisor whether the problem requires motivation building, training or efforts to remove external constraints.
3. Participation in appraisal between superior and subordinate – not unilateral discussion
4. Promote goal achievement through team effort between supervisor and subordinate
5. Goal setting to focus work efforts and provide a basis for comparison of results versus goals
6. Focused discussions, with performance and ways to improve it as the target
7. Minimal criticism with focus on the future and strategies to achieve future goals

**Legal concerns:**

Courts tend to approve of appraisal systems that require that supervisors feed back to employees the results of their appraisals. Allow employees to identify their weaknesses and to challenge undeserved appraisals. They also seem to like evaluation systems that incorporate a review of any performance rating by a higher level supervisor(s). Courts have consistently suggested that the key to fair performance appraisals depends on consistent treatment across rates, regardless of race, color, religion, sex, age, national origin, etc. The focal question becomes whether similarly situated individuals are treated similarly.
Having someone else reviewing your performance appraisals is viewed positively by the courts. Accountability appears to increase the care and rigorousness with which an evaluation is made.

**SUGGESTIONS FOR APPRAISING EMPLOYEE PERFORMANCE**

1. Keep a log of your employees’ individual performance. Why?
   A. It makes the task of writing up the evaluation easier. The rater does not have to strain to remember 6 months or a year ago.
   B. It reduces the chances of some rating errors (e.g., recency, halo)
   C. It gives support/backup to the rating.

2. Preparation for the interview should not begin a week or two before it takes place. There should be continual feedback to the employee on his or her performance so that (a) problems can be corrected before they get out of hand (b) improvements can be made sooner, (c) encouragement and support are ongoing.

3. Allow sufficient time to write up the evaluation. A well thought out evaluation will be more objective and equitable. Sufficient time includes (a) the actual time necessary to think out and write up the evaluation (b) time away from the evaluation, and (c) time to review and possibly revise.

4. Have employees fill out an appraisal form prior to the interview. This prepares employees for what will take place in the interview and allows them to come prepared with future goal suggestions, areas they wish to pursue, and suggestions concerning their jobs or the organization.

5. Set up an agreed-upon, convenient time to hold the interview (at least one week in advance). Be sure to pick a nonthreatening day.

6. Be prepared!
   A. Know what you are going to say. Prepare an outline (which includes the evaluation and future goal suggestions.
   B. Decide on developmental opportunities before the interview. Be sure you know of possible resources and contacts.
   C. Review performance interview steps.

7. Arrange the room in such a way as to encourage discussion.
   A. Do not put barriers between yourself and the employee (such as a large desk).
   B. Arrange to have no phone calls or interruptions.

**The Performance Appraisal Interview:**

1. Set the subordinate at ease. Begin by stating the purpose of the discussion. Let the individual know that it will be a two-way process. Neither superior nor subordinate should dominate the discussion.

2. Give a general, overall impression of the evaluation.

3. Discuss each dimension separately. Ask the employee to give his or her impression on own performance first. Then explain your position. If there is a problem on some, try together to determine the cause. When exploring causes, urge the subordinate to identify three or four causes. Then, jointly determine the most important ones. Identifying causes is important because it points out action plans which might be taken.

4. Together, develop action plans to correct problem areas. These plans will flow naturally from the consideration of the causes. Be specific about the who, what, and when. Be sure to provide for some kind of follow-up or report back.

5. Close the interview on an optimistic note.

**Communication Technique Suggestions**

1. Do not control the interview – make it two-way. Do this by asking open-ended questions rather than submitting your own solutions. For example, rather than saying, “Jim, I’d like you to do these reports over again”, it might be better to say, “Jim what sort of things might we do here?” Avoid questions that lead to one-word responses.

2. Stress behaviors and results rather than personal traits.
3. Show interest and concern.
4. Allow the subordinate to finish a sentence or thought. This includes being receptive to the subordinate's own ideas and suggestions.