

PERFORMANCE APPRAISAL SYSTEMS IN PUBLIC INSTITUTIONS

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Abstract: Performance appraisal is the central instrument used for calibrating and monitoring employee behaviors and results. It is used to verify recruitment and selection techniques and the appropriateness of job analyses. Performance appraisal is used both in making judgments regarding pay and promotion and in exercising developmental options such as feedback and training.

In designing and using the performance appraisal process, an organization must be cognizant of both legal strictures and strategic objectives. Fortunately, these two sets of standards are really the same. By paying attention to job analyses centered on job-related work behaviors and results, by communicating these and providing training in their use to employees and supervisors, and by documenting and monitoring the process for accuracy and fairness an organization can achieve a valid appraisal system.

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1. INTRODUCTION

Performance appraisal systems require a specific appraisal instrument; there are no generic appraisal processes. Each performance appraisal process is intricately involved with and dependent upon the instrument it employs (as well as with the organizational and individual behavior entailed). Focusing on the traditional question of what appraisal type or instrument to use (even if other factors are also now considered to be important) remains a central issue of concern among performance appraisal scholars and advocates.

In appraising individual performance, the search for specific performance appraisal instruments runs the gamut from the subjective (essay, graphic rating scale, and checklists) through interpersonal (rankings and forced distribution) to the objective (behaviorally anchored rating scales and management by objectives). Although history has, more or less, passed the subjective and interpersonal approaches by as meaningful solutions to the appraisal dilemma, reality still sees them employed quite extensively. So, an examination of these types of appraisals not only outlines the intellectual development that has led to the introduction of objective appraisal systems but, rather unfortunately, also is a look at systems—however inadequate they may be—that are still in use.

2. OBJECTIVES

Designing appraisal systems

In order to correctly employ the performance appraisal process, the answers to a series of five questions need to be explored. The designing appraisal

systems examines these questions— Why do we appraise? What do we appraise? When do we appraise? Who does the appraising? and How do we appraise? These questions focus on the fundamental elements that make up the performance appraisal process.

The answers to these questions provide the basis upon which the design for a successful appraisal system rests. In each instance it is important to note, however, that the answers to these questions do not point out the one best way to construct an appraisal system but rather serve to provide the questioner with a series of choices. Matching these choices or alternatives to the needs of an organization and its employees is the foundation upon which a successful performance appraisal system is built.

Performance appraisal criteria

Performance appraisal has benefited greatly from this legal intervention. The net result is a synthesis of legal and objective criteria for the employment of performance appraisal.

Although the employment of objective performance appraisal techniques and processes should be a most ordinary occurrence, it has, unfortunately, all too often taken legal intervention with its implied threats of negative sanctions to introduce their practice.

Performance appraisal benefits from the application of the system-designing process. Job elements, interpersonal relations, and organizational purposes all need to fit together

Up-to-date job analyses delineate the job duties and responsibilities required of an employee; hence, they are the appropriate basis upon which to assess an individual. A job analysis informs employees of what is expected from them and reminds supervisors what it is their employees are being asked to do. The specific evaluation factors used in an appraisal instrument are designed to measure the performance of the tasks indicated by the job analysis.

Related to this criterion is the focus on work behaviors. According to court rulings, job-specific work behaviors are to serve as the basis for the evaluation of an employee's performance.

Although vaguer, subjective notions may offer certain theoretical insights, the courts are reluctant to fully sanction their use. The employment of subjective assessments requires careful consideration and is best done in conjunction with the more objective aspects of performance appraisal.

Communication is essential to performance appraisal. Individuals must be aware of the performance standards used to evaluate them. As a management tool, communication is also important. Feedback is essential for the improvement of performance. Research has long demonstrated the important role feedback plays in improving individual performance and enhancing productivity. Individuals seek out feedback on their performance.

Supervisory training focuses on another behavioral criterion. One of the great limitations that performance appraisal faces is the apparent reluctance of

organizations to properly train employees in its use. Hence, court mandates appear necessary to overcome this hesitation. Supervisors cannot be left without any guidance in the application of the performance appraisal processes. As with any tool, performance appraisal requires instruction in its proper and safe use.

Why do we appraise?

Performance appraisal is a conscientious effort at formally, rationally, and objectively organizing our assessments of others. In doing so, it is focused on the task of enhancing job-relatedness. Eliminating measurement and rating errors and structuring the decision-making process itself in order to accomplish this are the dual foci of appraisal research.

As a decision-making tool, performance appraisal is designed to positively structure the assessment process. By formally focusing attention solely on the objective, job-related criteria for assessing performance, the manager is provided with the means for making appropriate decisions that rationally contribute to the organization's and individual's effectiveness and well-being.

Performance appraisal can play a significant role in other career moves (reassignment and demotion) as well as in retention, reinstatement, and dismissal decisions..

In addition to all these purposes, performance appraisal plays a role in the validation of personnel techniques. Tests used in the staffing and selection process are often statistically validated in terms of their ability to predict job performance. That job performance is, in turn, measured by a performance appraisal instrument.

The validity of appraisals completed with one goal in mind is questionable when they are subsequently used in the assessment of another. Even if the measurement factors employed were to remain identical, supervisors might assess them differently in light of a different purpose they were being asked to assess.

What do we appraise?

Job-relatedness is the chief standard by which the acceptability of a performance appraisal measurement is judged. Job-relatedness poses a twofold requirement for organizations—criteria must enable supervisors to discriminate between employees solely in terms of their job performance, and the organization must be able to prove or demonstrate the existence of that relationship.

In choosing performance measures, care must be taken to ensure that they are reliable, practical, and controllable. Reliability requires that performance measures be relatively stable over time such that they produce consistent readings vis-a-vis similar performance. For it to be practical, a measure must be readily available to those using it.

The question of performance standards is an important one because the use of such standards is positively correlated with an intensified employment of the appraisal process itself. The purposes served by a performance appraisal process are intricately intertwined with the quality of the instruments or systems

themselves. The technical systems and the concomitant efforts spent in developing and perfecting them are all directed at enhancing the effectiveness of the appraisal process in guiding organizational decisions. Inasmuch as this effort is successful, it serves to establish confidence in the appraisal process and encourage its employment for additional purposes.

Performance standards lie at the heart of all effective appraisal systems.

When do we appraise?

In order to make judgments about an individual's performance, that performance has to be seen in its entirety. Hence, performance appraisals must be based on a time period sufficient for the accomplishment of the job responsibilities expected from an individual. As a practical matter, most appraisal systems operate on an annual cycle. However, critics of appraisal systems often focus on such short periods as contributing to the problems they see with their use.

Although comparability along with equity and fairness concerns can be more adequately monitored with a focal-point approach to performance appraisal, the process itself may suffer from a lack of supervisory attention to detail. With too many employees to appraise, the individual appraisals may become perfunctory. Because public organizations often operate with smaller spans of control and, consequently, with more supervisors than are typically found in the private sector, this need not be a serious problem.

Who does the appraising?

Traditionally, the immediate supervisor is most often the one responsible for appraising subordinates. Supervisory appraisal of subordinates is the predominate method and is widely suggested to occur in approximately 90 percent of the cases. This is the management individual deemed most knowledgeable about both the employee and the job. In fact, performance appraisal is often viewed as a key management system tool in establishing a supervisor's command-and-control authority. In contrast, from a more humanistic perspective, the appraisal process is also viewed as being designed to strengthen the employee-supervisor relationship through the encouragement of mutual understanding.

3. TECHNIQUES FOR PERFORMANCE APPRAISAL

3.1 Subjective techniques

Subjective techniques are not in themselves inherently wrong. They are, after all, the foundation upon which the more objective techniques are developed. The problem with subjective appraisals centers on the basic vagueness or the idiosyncrasy that is their essence. Subjective appraisals are uniquely the assessment of a specific individual. It is the resultant possibilities for inter-rater differences and errors that creates the problem.

A subjective appraisal can, indeed, actually be more accurate than that provided for by the use of an objective technique. An individual using a holistic assessment may subconsciously factor in and weigh the relevant performance

criteria much more accurately than would occur with a supposedly objective system (which may have inadvertently ignored or downplayed the importance of specific performance criteria). However, it is the a priori inability to sufficiently explain to others how this appraisal process works that is the crux of the problem.

The Nonappraisal

The essence of performance appraisal is, in many ways, fully captured in Peter Drucker's subjective "nonappraisal".

As subjective as this approach is, Peter Drucker's appraisal format has it all. It measures actual performance. It assesses an individual's potential for development and explicitly provides for a training plan to achieve it. Finally, in his fourth item Drucker focuses on the even more highly subjective dimension of ethics.

The Essay

Essays, graphic rating scales, and checklists are three of the formats that are basically subjective appraisals. The accuracy of the assessments derived when each of these formats is employed may prove exceedingly high. However, this accuracy flows more from the interactive combination of organization and individual rater than from the merits of the specific instrument being employed.

The essay appraisal format is a tabula rasa. Supervisors have a blank space on which they are free to write. Essay appraisals (along with the more modern audio or video log equivalents) are descended from the traditional duty or fitness report. Almost all appraisals, including today's objective techniques, include an essay component.

The Graphic Rating Scale

The subjective graphic rating scale is perhaps still the most pervasive form of performance appraisal. Even though the trend is clearly toward the introduction of more objective systems, the graphic rating scale remains in widespread use. Rating scales remain popular because they give the illusion of objectivity while involving little in the way of monetary costs.

Graphic rating scales are subjective assessments. This is the case because neither the personal traits nor the job activities included in the appraisal are the result of a thorough job analysis.

Similarly, the adjective evaluations are also loosely construed. The specific meanings or connotations attached to various terms can also remain quite vague and easily differ from supervisor to supervisor. Examples of different performance levels are also usually lacking.

Transforming a graphic rating scale into an objective system (in a process similar to that detailed above with regard to essay appraisals) is what occurs in creating a behaviorally anchored rating scale (BARS).

Checklists and Forced Choice

Checklist or forced-choice appraisals include sets of items that are linked to the performance of specific jobs; they also include items for which no established relationships have been previously documented. In conducting a checklist performance appraisal, supervisors are asked to pick, from a series of lists of four items, those items in each set that are deemed to be most like and least like an employee. These are then compared against a code sheet and only those that match validated relationships are tabulated into a final score.

The checklist's secrecy also contributes to a loss of confidence and trust in the supervisor on the part of employees. A basic tenet in the legitimacy of a supervisor's authority is derived from the mediating role played between employee and the rest of the organization. When the supervisor is removed from an important part of this system, as the performance appraisal process indeed is, the supervisor's overall acceptance and power base is damaged.

Mixed Standards

These problems can be somewhat alleviated with the use of a mixed-standard scale. Mixed-standard scales are checklists that are based on behaviorally anchored items. Specific job-related measures representing good, average, and poor levels of performance are constructed for each job responsibility or task. These items provide an added dimension and depth to the checklists. Mixed-standard scales add a degree of objectivity to the format of checklist appraisals.

However, a mixed standard format still retains all the features that instill distrust and undermine confidence. Although the job-relatedness of the items assures a greater degree of objectivity, the supervisor-employee relationship is still neglected. Employees and supervisors must have confidence in a performance appraisal system if it is to be at all effective. Checklists, mixed standards or not, fail to instill that sense of trust.

3.2 Objective techniques

Behaviorally anchored rating scales (BARS) and management by objectives (MBO) essentially involve the same components but approach them with a slightly different focus in mind. Hence, the objective components that are common in both approaches are introduced into the appraisal process in a somewhat different order.

BARS appraisals work best with large groups and subgroups of individuals whose job descriptions can be standardized; MBO, on the other hand, can be tailored to each individual job. MBO is best when it is focused on the results to be expected from job performance; BARS handles behavioral processes where outputs are more identifiable and assurable than outcomes. Both employ variations on participative management to guarantee their effectiveness. A somewhat more passive approach to participation guides BARS, whereas a more proactive style is found in MBO.

Behaviorally Anchored Rating Scales

Behaviorally anchored rating scales are extensions of the subjective graphic rating scale. They are a clear attempt to translate the graphic rating scale into an objective appraisal system. They address and correct for many of the subjective issues that cloud the validity and inhibit the use of graphic rating scales.

Although behaviorally anchored rating scales have received much attention in the private sector, they are also relevant to governmental settings. The emphasis BARS places on inputs and processes rather than on outputs and results is perhaps even more characteristic of the public sector organization than of the private. By the very nature of the tasks assigned or left to the public sector, employees in government agencies are even more likely to engage in group activities and operate under conditions of fragmented authority. These are all factors that are particular strengths in the BARS approach to performance appraisal.

Both the BARS and MBO approaches emphasize detailed job analyses. Ideally, performance appraisal should be able to work off the same job analysis system used in the development of an organization's position descriptions and position classification system (and employed as a guide in the selection process and for designing training programs). Unfortunately, many organizations, especially among those in the public sector, employ different systems of job analysis when it comes to selecting people to perform a job and when it comes to assessing their performance on that job.

The BARS job analysis represents a passive application of participative management. Employee involvement and acceptance of the process's results compose its participative dimension. However, this can be sufficient to provide the employee with the sense of being a stakeholder in the organization. A thorough job analysis is the result of a fully collegial process in which employees and supervisors reach mutual understandings on the nature of the organization's jobs.

Management by objectives appraisal

Management by objectives is more focused on results; however, it obviously can also be adapted to situations in which outputs or processes are more involved than outcomes.

Because private sector organizations tended to be overcentralized, MBO approaches often contributed to a decentralization of power to lower-level decision makers. In the public sector, however, the reverse experience often occurred. Public agencies are, perhaps somewhat surprisingly, relatively decentralized in terms of actual policymaking. The introduction of MBO systems led to a centralization of power as upper-level managers gained more control over the actual objectives and activities of their subordinate units. MBO, in documenting what is to be done, provides managers with a performance scorecard.

The step from MBO as an overall management system to its employment as one for appraisal by objectives is rather straightforward and simple. Although it has many advantages, the employment of an MBO approach is not without its limitations.

It is quite difficult for an MBO approach to assess performance and simultaneously identify potential. Although simply having subordinate "acceptance" of performance standards is often considered to be a workable approach, MBO actually assumes that objectives are arrived at through a more actively participative process. Supervisors and employees are envisioned as discussing and negotiating performance standards that are mutually acceptable. Standards are arrived at in an atmosphere of understanding and not in one of imposition. MBO, like the BARS approach, functions better in a more participative environment.

Finally, MBO may overstate the demand for results without focusing on or directly assisting with the means for achieving them. The conditions or resources necessary for successful implementation are assumed to be automatically provided for. Private sector organizations more readily assume that requisite resources will be forthcoming when goals and objectives are agreed upon than, unfortunately, is often the case in the public sector.

Participation is central to MBO appraisal systems. Goals and objectives are meant to be worked out in a participative manner with emphasis on collegiality and mutual understanding. Although many MBO systems substitute an employee acceptance of imposed goals and objectives for this participative decision making, this weakens the process. A major element in an MBO system's strength is the team bonding it fosters.

Goal setting is effective because it helps focus and direct individual efforts. It establishes priorities. Second, goal setting, more or less, allocates resources sufficient for achieving the designated goals. Unfortunately, this implicit effort-resources linkage often fails in the public sector. Finally, goal setting introduces persistence with regard to dealing with problems that prove difficult. Difficulty is highlighted by a formal system of goals. This enables the organization to be aware of such problems and to, subsequently, concentrate efforts on their solution.

Objective standards fall into three categories. Historical standards contrast one period in time with another. Engineered standards focus on the numbers of things in specific time frames. Comparative standards measure expected results against a norm—for an industry, similar work unit, or employee performing the same duties.

4. APPRAISAL ERROR

Performance appraisal is a human process. Although the tendency to focus attention on the tools used in the appraisal process can draw attention away from this, it remains the essential aspect of performance evaluation. The development of psychometric accuracy has produced a performance appraisal instrument of complex sophistication. Yet, the resultant objective BARS and MBO appraisal systems are only as good as the people who use them. For all their advantages, they are still only tools for aiding us in making our decisions. Rater error is a topic which has been extensively treated in the performance appraisal literature.

5. CONCLUSIONS

Developing performance measurement systems is both an art and a science. It is a science because it must flow systematically from the purpose of the system and the parameters within which it must be designed and because the particulars of the system must be based on an objective logic underlying the operation of the agency, program, or service delivery system to be monitored. However, it is also an art because it is a creative process in terms of defining measures, reporting formats, and software applications and because it must be carried out in a way that is sensitive to the needs of people who will be using it and that will build credibility and support for the system along the way.

There is perhaps no precise "one right way" to develop a performance measurement system, and success will stem in part from tailoring the design and implementation process to the particular needs of the organization or program in question. Even though the steps outlined in this chapter are presented in a logical sequence, this should not be viewed as a rigid process. Indeed, as is true of any creative effort, designing and implementing performance measurement systems may at times be more iterative than sequential.

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