

Employee Evaluation :

It's a dirty job, but somebody's got to do it.

By Jerry Jensen

Employee performance appraisal is a relatively primitive administrative art. Even sophisticated, mature agencies with well-developed managerial practices tend to be dissatisfied with their methods for appraising and improving employee performances. The dynamics of one person judging another leave a wake of dissatisfaction and doubt that the process is fair, thorough, or effective.

But even if your organization doesn't have a documented performance appraisal system, the process is probably occurring informally. We all judge the quality of others' work, regardless of whether those judgments are rational, recorded, or expressed.

Many kinds of institutions--the military, the church, corporations, and governments--have attempted to design logical performance appraisal systems in order to lessen bias in employee evaluations. Nonprofit organizations are not exempt from the social values of equity that prompt such formal evaluation systems. In fact, the express purpose of many nonprofits is to promote social equality; consequently, they cannot afford to conduct their internal affairs using lesser standards. As microcosms of the improved society that they wish to promote, these organizations should set good examples with their own employee relations.

Organizational Development

Such a philosophical rationale may seem too vague to be meaningful. A more tangible reason for effective performance appraisal is that it can be very helpful in meeting equal opportunity employment requirements and other governmental mandates. Even in the absence of rules and regulations that actually require such systems, organizations are required to demonstrate that their personnel decisions--including wages, advancement, disciplinary actions, and terminations--are made in a nondiscriminatory manner. Organizations find it very difficult to demonstrate equity and consistency in personnel actions without a documented, systematic process leading up to such actions. This is not to suggest that formal performance appraisal will absolutely ensure equal opportunity employment. It won't. But such a system

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provides evidence of intent to make rational, organized, and fair employment decisions without regard to age, ethnicity, gender, or disability.

Performance appraisal can promote both the institutional development of the organization and the personal development of the people working within it. Integrating personal goals and organizational goals is an elusive but desirable objective, especially at a time when many workers feel alienated. Mistrustful or even hostile relationships between managers and rank-and-file employees are signs of poor organizational health. These "we versus they" relationships inevitably lead to malaise for the organization and for individuals within it. A well-conceived, skillfully managed system of performance appraisal can be a useful tool to promote communication between supervisors and other employees.

Organizational development and personal development are both served when reasonably high goals are set. People feel good about themselves and their employer when they do things that stretch their abilities and when they get recognition for those achievements. A performance appraisal system is a means for both setting and recognizing the achievement of goals or standards and also helps individuals in planning their own career development. Performance appraisals that genuinely encourage career growth demonstrate that an organization is doing its share to help individuals advance. On the other hand, exploitative performance appraisals only generate feelings that advancement is not related to performance.

A good performance appraisal system serves organizational development by promoting productivity toward the maximum results from minimum investment of resources. You may find this attitude distasteful if you fear exploitation. Nevertheless, the importance of productivity is just as significant for nonprofits as it is for profit-making manufacturers. Especially in times of downsizing, it is an economic fact of life that fewer resources must stretch to benefit more people. No organization can afford a payroll padded with excess or inefficient workers. If a public service agency has two people doing the work of one, it is simply not delivering what it should to its constituency. Resources that should be going into services are going instead into paychecks. Performance appraisals are one way to identify such wasteful practices and begin the process of correcting them.

Salary Decisions

Again, you may worry that a performance appraisal is little more than a tool for managers to use in wringing as much work as possible from individuals without adequately rewarding them. This perception is difficult to deny if you have ever been the victim of such exploitation. Indeed, it must be recognized that a dishonest and secretive performance appraisal system will only exacerbate poor employee relations. However, if employees believe that the system can assist them in furthering their own careers and economic prospects, performance appraisals can actually boost employee morale.

Performance appraisals are particularly useful in facilitating equitable decisions about salary if the agency uses a merit pay system as the basis for salary progression. A merit pay system requires a method for translating judgments about work quality into appropriate salary actions. Pay increases of varying sizes must be rationally explained if a merit pay system is not to seem arbitrary.

If an organization has an automatic pay system, with scheduled salary increases, performance appraisals will help identify (and justify the termination of) unsatisfactory employees who demoralize others, since they receive the same salary increases as good workers.

The Nonprofit Will

Performance appraisals are one of the toughest, most time-consuming jobs that management has. And because organizations can function without them, they are easily postponed. Postponed, that is, until a crisis occurs--budget problems that necessitate employee terminations, a lawsuit filed by a former employee, some other form of employee militancy that demands immediate attention to equity in employment. Eventualities such as these usually convince managers to devise a performance appraisal system and to make it work.

Nonprofit managers face special problems when the day of reckoning comes. One problem is their own reluctance to manage--reluctance to assume and exercise authority, to judge people and tell them where they stand. Many managers in public service agencies simply do not have the will to perform the unpleasant tasks that are required of them. They hope that the lofty missions of their agencies will somehow attract and retain only dedicated, hard-working, and efficient employees who will be so self-motivated that they

do not need evaluation or counsel. They assume that good intentions will take care of all employee relations problems.

These reluctant managers feel betrayed and resentful, though, when facts run contrary to their idealized view of the world. These attitudes are not shared by all managers in all nonprofits. Nevertheless, many organizations have more than their share of reluctant managers. Nonprofit managers are often trained in liberal arts, social service, or other professional specialties besides management, and whatever management skills they do acquire are gained on the job through trial and error.

Because of the frequently intangible nature of nonprofit work, job performance can be difficult to appraise. It is relatively easy to measure performance when units of work can be counted and quality is easily distinguished. It is far more difficult to measure the performance of a field worker whose task is to bring about change in a community. The manager who must make these more subjective performance assessments has a much more difficult task and is less apt to be confident of those judgments, since they are more open to question than more easily measured criteria.

Resistance from Supervisors

Many nonprofit managers also lack the staff and other administrative resources to design and manage a workable performance appraisal system. You can't buy a system off the shelf, plug it in, and let it roll. Each organization requires a system with procedures tailored to its own needs, and constant follow-up is required to ensure that the system works and that it is modified when necessary.

Another problem is that supervisors may resist conducting an appraisal program because it is so time-consuming and so often filled with paperwork. Supervisors may argue that regular evaluations are gratuitous because their people already know where they stand. They may also insist that their people won't like it, that it's like giving them a grade school report card when they expect to be treated like adults. These are perfectly normal reactions. Most people do not like sitting in judgment of others unless they can do so informally and without being accountable for their conclusions.

Such attitudes can be dealt with only by patient and persistent training. Performance appraisals demand a significant investment of time, particularly when a system is initiated. Even when systems are running smoothly, an

appraisal of an employee with no significant performance problems generally requires a minimum of three hours--two hours to assess and document the appraisal and another hour to discuss it. A supervisor will have to devote more time to an appraisal if there are serious performance problems to be reviewed.

Supervisors will not welcome these demands on their time, especially if they feel overworked already. If supervisors believe that "people problems" are but an impediment to their real work, an additional hurdle must be overcome. The business of management and supervision involves getting things done through other people, and if supervisors resent the fact that they must appraise workers, they are resenting a basic element of their work. Persuading them to own up to this responsibility isn't always easy.

Supervisors' resistance can be attributed to certain normal fears and needs. Everyone desires positive social relationships on the job. A supervisor can damage a relationship when he or she rates someone else's work, especially if that coworker has been cordial and friendly. Even if employees' reactions to appraisals are not very intense, some supervisors may still feel uncomfortable about the potential for disagreements. Supervisors may also resist performance appraisals out of a fear of being wrong. The prospect of conducting performance reviews makes supervisors realize that they must really know what their people do. When large numbers of employees are directed, especially if they do not work at the same site as the supervisor (as in the case of field workers) supervisors rightfully fear making wrong judgments, being challenged about them, and looking foolish if proved wrong.

It is important for management to acknowledge the validity of such concerns if a workable appraisal system is to be implemented. Supervisors should believe that upper management understands their reasons for resisting the system. If upper management ridicules or ignores those doubts, supervisors may play it safe by giving everyone positive ratings with no constructive criticism just to save themselves time and hassle, causing the system to fail.

Appraisal Techniques

Several basic performance appraisal systems have been developed. One system cannot be considered better than another without knowing the organizational setting in which it is to be used. The method best suited to one situation may be a disaster in another, and appraisal methods may change as

organizations mature. Managers should be able to identify one of the basic systems or combine the systems to suit their organizations.

Essay

The essay system begins with a blank piece of paper on which the performance appraiser records some overall impressions about the employee's performance: strengths and weaknesses, promotability, and development needs. This system is the most time-consuming for supervisors because it is the least structured. Employees may find this system satisfying because they know that a significant amount of time must be spent thinking about and documenting their reviews. It may also be disconcerting to them, however, if the comments are generalized and if the review criteria are vaguely described in the narrative document.

This technique usually works best with a professional or middle-level manager who has a high level of confidence in the supervisor's judgment and with employees who are tolerant of ambiguity. This system requires an ability to think and to write clearly and concisely, an ability that supervisors may not have, particularly if the nature of their work requires little writing. Because of the time it requires, the essay system is usually used in combination with one of the following systems.

Critical Incident Technique

The critical incident technique also requires good thinking and writing skills. Supervisors keep a daily log of what an employee does. Its major advantage is that it is specific. ("Tom's January expense report contained three important errors," rather than, "Sometimes Tom's work isn't error free.") The log can help a supervisor remember something about the quality of work done several months ago.

Although the critical incident technique requires objectivity in comments about specific events, it does not eliminate appraiser bias or inconsistency. A single incident may be blown greatly out of proportion. Workers may grow anxious or even hostile if they know that a supervisor is making notes about them in "a little black book." This method is also susceptible to charges of favoritism because a paper trail of negative comments can be recorded in order to justify a decision that the supervisor has already made about an individual. This technique is used most effectively if employees and management are confident that supervisors are not prejudging individuals.

Forced Distribution Ranking

Ranking employees relative to one another forces supervisors to overcome their inclinations to be overly critical or overly lenient. Supervisors rank employees according to the quality of their work--the best employee at the top, the worst at the bottom. Where there are many people to be ranked, management can require that a certain percentage of each work group be allocated to a certain performance category.

Forced Distribution Ranking of Employees in Single Work Group	
Performance category	Percentage of employees
Excellent	5 percent
Good	15 percent
Average	60 percent
Below average	15 percent
Unsatisfactory	5 percent

A major problem in any ranking method is that it is difficult to justify to those being ranked, especially to those who fall in the bottom half of the list. An average or below-average rating is simply unacceptable to many employees. If there are 25 people to be ranked, it may be relatively easy to identify the top five and the bottom five, but who can be sure that the person ranked 14th on the list is really better than the person ranked 15th? Although the ranking method forces supervisors to think carefully, it is very difficult to persuade those being ranked that the results are unbiased.

Trait/Behavior Checklists

The most popular method of performance appraisal uses some form of the checklist, saving time and minimizing bias. (No system eliminates it!) The checklist method has specific performance criteria, which are helpful in explaining the appraisal to those being reviewed. The checklist should include 10 to 20 or more items and be tailored to the specific work situation, requiring that each organization develop its own appraisal form. Supervisors generally find it relatively easy to use this method.

Performance criteria should be job-specific and should not be too general. Avoid comments such as: "Has a good personality... Is honest... Has integrity... Works hard." Personal traits are not recommended for evaluation because they are open to disparate interpretations.

The checklist method lends itself to quantified performance appraisal. By assigning numerical values to each performance criterion, the appraisal can be scored like a test. These scores may be used to create a forced distribution ranking. Although there is an appearance of exactness when numbers are used, those numbers will only be as valid as the judgments behind them. Employee responses to such checklists will vary greatly. Some people like them, since they give the appearance of letting you know exactly where you stand. But more sophisticated employees are likely to resent being "graded" as if they were in grammar school.

Linear Scales

Linear scales, which are similar to trait/behavior checklists, permit supervisors to judge on a continuum. A supervisor indicates the quality of a described trait in an employee with a check mark on a form. Note how the linear scale approach lends itself to a forced distribution ranking. One disadvantage of this method is that supervisors tend to keep scores too close to the middle.

Management By Objectives

Management by objectives is a much talked-about organizational tool in which rigorous planning is practiced at every level of management. Management by objectives is a process by which individuals meet with their supervisors to establish several specific objectives for them to accomplish in a specified amount of time. These objectives are then integrated into long-range organizational goals, setting the standards for judging a worker's performance. There is no focus on traits or behavior except as they relate to the achievement of goals. Results are what matter.

Employees, counseled by management, set their own goals. Although management does not dictate an individual's goals, it is responsible for seeing that individual objectives complement broader, well-defined organizational goals. Management must first develop these goals in writing so that individuals can tailor their own work goals accordingly. Management by objectives is most frequently used to appraise managers and professionals

with excellent language skills. Its applicability to most clerical and blue-collar jobs is doubtful.

Management by objectives is a very powerful tool in the right setting, but it requires that all levels of an organization invest time in the method to make it work. Although goal-setting can be integrated into the development of any method of performance appraisal, a pure management-by-objectives approach usually takes a long period of time to evolve.

Designing a Form

Appraisal forms are required for trait/behavior checklists and for linear scales, and they may be used for all appraisal systems. Forms should include a heading section, with the employee's name, job title, and the period covered by the review; a rating section, with the rating criteria listed and fill-in space for recording evaluations; a comment section, with space for additional information not called for in the structured ratings; and a signature section, for the supervisor, a higher level executive who approves the review, and the employee.

Employees are asked to sign review forms to assure that they have seen their own reviews. They should also receive copies of these reviews. When asked to sign a review, an employee must be assured that signing it indicates only an acknowledgment of the evaluation and not necessarily agreement with it. A separate comment section for employees to record their own thoughts about the review can be incorporated into the design of the form.

Even a perfectly designed form would not make performance review foolproof. No matter how many times it is redrafted, an employee appraisal form can always be improved, so don't waste time looking for the perfect form. Supervisory interest is more important than form design in determining the success of a system.

Conducting an Appraisal Interview

After developing a basic appraisal method, interviews must be planned and conducted. The point at which supervisors' judgments are expressed is critical in any system. If appraisal-interviews are poorly done, they will undermine the entire system. Because the appraised employee must accept the process for it to work effectively, the supervisor should:

- Stress an interest in helping the individual's career progress, but not to the point of pushing if the person is not interested.
- Show a flexibility and willingness to change conclusions in the course of the interview after hearing reasonable evidence that such changes are appropriate.
- Avoid surprises in the interview by providing daily feedback. Saving problems for an annual discussion is apt to overwhelm the employee and trigger a defensive response.
- Assure the confidentiality of what is said and recorded. Revealing the substance of a confidential conversation to others can be a source of embarrassment for everyone concerned.
- Show evidence of having listened carefully by repeating what the appraised employee has said about the review.

Guarding Against Bias

Although it is impossible to eliminate bias during appraisal interviews, supervisors should do their best to recognize the most common biases and take them into account before the interviews. The "halo effect" occurs if all "excellent" ratings in one area cast a glow over other areas that could use constructive criticism. The "horn effect" is just the opposite--a low rating in one area contaminates areas that deserve to be judged more positively. Many supervisors have a tendency to give too many average ratings to avoid having to justify very positive or very negative judgments. Supervisors also have a tendency to judge according to their personal styles of management. A strict supervisor may make overly harsh judgments, and a lenient supervisor may use very loose standards simply in order to avoid disagreements.

Pick the right time for your interview--not on a day when you or the person being evaluated are not in good humor. Also, be sure to allow sufficient time for the interview--an hour is usual. The end of the day generally allows for greater flexibility of time. Privacy is absolutely essential. The interviewer must arrange for a private office and plan not to take phone calls. The interviewer should try to put the appraised worker at ease. For example, you might offer coffee if that is customarily done in the office. If the supervisor feels uncomfortable about conducting an interview, admitting this up front may help reduce tension and make the supervisor seem more approachable and less like a judge in courtroom.

Using the Appraisal Form

There are several ways to use the appraisal form during the interview. Asking the worker to complete the form before the interview is most effective if you think the person is really interested in self-evaluation and self-improvement. It assures participation by the worker in the evaluation process and sets a positive tone for the interview if the worker is a harsher judge than the interviewer. Then, the supervisor's comments can be mostly positive and supportive. On the other hand, if the supervisor anticipates an inflated self-evaluation from the worker, asking the worker to complete the form beforehand may not be a good idea.

The supervisor and the employee can complete the form together during the interview, if the supervisor thinks that the worker is truly interested in self-improvement and has enough confidence to make valid evaluations. This can reduce uncertainty about acceptance of the supervisor's written evaluation. However, this would not be a very natural approach with a timid, indifferent, or hostile worker.

The supervisor can allow the appraised employee to review the completed form beforehand. In order to assure employee participation in the interview, it may be useful to provide a copy of the completed appraisal form a few days prior to the interview. This gives the employee an opportunity to reflect and comment on the evaluation, facilitating the conversation.

It might be wise to limit the use of the form during the interview. The report card aspect of a checklist form may not be appropriate for structuring an interview with a mature employee, who has been with the organization for a long time. The form can be used as a guide with which to summarize a general conversation about performance, but the employee should still get a copy of the completed form, to generate comments and questions. The supervisor should be willing to make changes on the form during or after the interview. The supervisor can complete the appraisal form in pencil before the interview and indicate a willingness at the beginning of the interview to make agreed-upon changes. In cases of strong disagreement, the supervisor can offer to record both sides of a discussion.

If the form is completed before the interview, each item on it can be discussed individually. After introductory comments to put the worker at ease, the supervisor can hand a copy of the form to the worker, allowing time to read all of it. Then the discussion can begin. If concern is shown about a particular point, the supervisor should discuss it thoroughly, reaching an understanding

on the item before moving on.

Employee Reactions

The Unresponsive or Withdrawn Employee

While it is desirable to get the appraised employee involved in the conversation, that isn't always possible. If the supervisor does all the talking, however, the employee simply may not have a chance to speak. The supervisor need not be apprehensive about pauses in the conversation--they may be the cue that the employee needs. Supervisors should make it clear that they are willing to discuss any questions that might arise after the interview is completed.

The Hostile or Argumentative Employee Supervisors should attempt to find out why an employee responds negatively--by letting the person speak and by showing evidence of listening. Arguments in an emotionally charged atmosphere are pointless, so postpone the appraisal meeting until a later date. However, don't feel that you must avoid confrontation altogether. That could make it appear that management has lost a battle even though there is no war.

Antisocial Behavior

Personal habits and personality traits are difficult to change. Generally it is best to disregard them in appraisal interviews, where job performance is the order of business. If there are personality problems, supervisors should deal with them at the time that they are interfering with work. Privately let the employee know how a specific incident affected you, other people, and the job to be done. People should be made aware of the consequences of their behavior even if they cannot or will not change that behavior.

Disagreement Over What Is Said

To avoid misunderstandings, the supervisor should ask the appraised employee to summarize the conversation after it is completed. All agreements and differences (that cannot be resolved) should be clarified. If changes are made in the appraisal, they should be read by both the supervisor and the employee to ensure that both of them understand what the revisions imply.

Getting it Together

Not all agencies are ready for employee performance appraisals. Others are long overdue for them. There are six questions that management can ask to decide whether it's time to conduct performance appraisals.

1. Is there a good employee relations climate in the agency, with mutual respect and cooperation between supervisors and other employees?

If so, a performance appraisal system may help maintain and enhance this climate. A system is certainly easier to install when trust exists among employees in the organization. If the climate is poor in the agency, it may not be the proper time to conduct employee performance appraisals. Hostile attitudes can become entrenched over judging work performance. Other corrective action--for example, reorganization or re-staffing key positions--may be necessary first.

2. Does the agency director have sufficient time to devote to planning an appraisal program?

If the agency director does not have time, or is unwilling to take time, to complete this task, it cannot be done successfully. Good intentions are not enough. A memo that delegates the implementation of the program to others without further involvement and follow-up by the director is doomed to failure. If the director doesn't take an interest, no one else will. Without the director's involvement, policies, procedures, and forms are filed away in bottom drawers and forgotten. But if the director conscientiously reviews key people, others will usually follow suit.

3. Do employees voice concerns about equal opportunity for women and minorities in the organization?

A performance appraisal system can provide evidence that the agency is acting to help people get ahead and makes employment decisions as fair as possible. It may also provide documented protection if formal charges of discrimination are ever leveled against the agency.

4. Does the agency have a merit pay system or is it planning to implement one soon?

Without formal performance appraisals, merit pay decisions can only be made by seat-of-the-pants intuition. Employees are demoralized by salary decisions that seem arbitrary. On the other hand, they can be highly motivated if their salaries are related to carefully judged and documented job performance. If the agency does not yet have a merit pay system but is thinking about developing one, a performance appraisal system must come first. Most organizations cannot install both systems simultaneously without creating chaos. A soundly functioning performance appraisal system provides the foundation for a merit pay system.

5. Does the organization have budget problems that necessitate lean, efficient staffing?

Most organizations periodically face budget problems. Performance appraisals can help to cope with them by facilitating timely decisions regarding reorganization, job content, supervisory relationships, work priorities, and employee terminations. If low pay hampers recruitment of staff, performance appraisals can be used to identify situations in which one well-paid worker might suffice instead of two marginal workers. Few nonprofits can afford the luxury of featherbedding. Institutions thrive when people in them feel needed, challenged, and adequately recognized.

6. Are supervisors in the agency willing and able to make difficult decisions about personnel?

Many supervisors in nonprofits have little management training. Some may actually dislike having authority over others. They will have to be trained before performance appraising will work. That training may be formal or it may consist of on-the-job coaching by a higher-level manager, but it is necessary for supervisors to believe in the performance appraisals. If performance appraisal is deemed necessary and the present supervisory workforce refuses to endorse the system, the director must consider replacing supervisors. Managers dread making decisions like this, but they must face them from time to time.

If your agency is kicking around the idea of conducting performance appraisals, it may not be doing so with enthusiasm. A manager may feel like a trailblazer when taking on the challenge of initiating a performance appraisal system, but it is in fact a well-trod path.

Many managers have had satisfying results for their efforts. Others have failed because they misjudged some critical element when designing or executing a performance evaluation program. Give it careful thought--and tread lightly.

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