

An Examination of Performance Appraisal Systems in Light of Employee Motivation

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Abstract- Performance appraisal processes vary in organizational contexts and are not always intertwined with the pursuit toward employee effectiveness. This report analyzes the common mistakes made by organizations when performance appraisals are utilized. In addition, the quantitative approach, found in The Birkman Method® and qualitative discoveries of Strengths Finder and 360 Degree Feedbacks are considered in relation to feedback methodologies. This discussion leads to scholarly perspectives on negative perceptions of performance appraisals among managers and employees today. Next we discuss four systematic models of performance appraisals; those being, a five stage process, conversation analysis, computer software monitoring system, and employee participation. By doing so, we conclude that performance appraisals must be linked to motivational theories. In particular, this report examines McClelland's Theory of Needs, Goal Setting, and Expectancy Theory. These theories then demonstrate that a four-fold process of performance appraisal must be followed; that being, utilizing personality testing, 360 degree feedback, employee participation, and a positive climate where supervisors model from the top down.

Keywords- The Birkman Method®, 360 degree feedback, performance appraisals, motivation theories

I. INTRODUCTION

The ability to measure an employee's performance and provide a meaningful appraisal toward their work is a practice that much scholarly work has been attributed to. Performance evaluations have prompted a negative reaction from many managers and employees, as the process has not been well defined by organizations and supervisors find themselves caught in the monotony of routine appraisals, lacking defined results. Robbins and Judge (2009) articulate four purposes to performing an employee evaluation; that being decision making for human resource personnel, matching needs to development and training, offering meaningful feedback to employees, and creating a groundwork for rewarding employees. The ability to harness a meaningful process that builds morale to leverages employee productivity and effectiveness aims to maximize the growth of an organization.

As labor laws continue to strengthen there exists the challenge for management to act upon proper protocol of disciplinary actions when terminating employees through firing and severance. There exists today a need to implement a meaningful performance review methodology that boosts employee effectiveness, morale, and ascertains workplace accountability. Used to promote employee excellence, monitor pay systems, and spur employee effectiveness, performance appraisal techniques have been widely scrutinized for their ineffectiveness (Chen & Fu, 2008).

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The performance appraisal methodology can be defined as the synchronizing of employee capabilities with their professional strengths. By doing so, organizations can better monitor and motivate their employees toward effective productivity behaviors (Chen & Fu, 2008). Various techniques have been utilized and supported by scholars and professionals in corporate fields. Many either range from collecting quantitative or/and qualitative data in assessing employee performance. Much of the methodologies analyzed include a performance appraisal interview process; which is quite simply a recurrent evaluation of an employee's productivity, by a supervisor for the sole purpose of measuring performance and development (Asmuß, 2008).

Attention toward a performance appraisal technique dates back as far as the 1960s, with what was considered the Conversation Analysis; aimed to promote discussion-like situations to highlight an employee's effectiveness in relation to the culture, setting, and norms (Asmuß, 2008). As the evolution of performance appraisal systems have developed, this report provides a literature and a theoretical discussion highlighting the following performance appraisal methodologies: The Birkman Method®, Strengths Finder, and 360 degree feedback tools. A high-level discussion of motivation theories will be covered to guide organizational leaders toward the effective deployment of performance appraisal systems.

II. LITERATURE REVIEW

A. Performance appraisal methods

Employee performance appraisals have been widely criticized by professionals as either mundane or a redundant process. Organizations have prompted supervisors to complete various evaluations on their employees; however, many leaders are unsure of the effectiveness for deploying productive employees. According to Haworth (1998) there are many mistakes organizations make in executing performance appraisal systems. Firstly, is the desire to buy low-cost appraisal tools. Many corporations are compromising quality of information in their attempt to save money on robust performance appraisal systems. Secondly, the expectation that all employees will buy-in to the assessment can also be a limiting factor. Employees will buy-in as they have instilled trust in the organization. Thirdly, is the notion to be unclear with employees as to how the tool will be utilized in the organization. The change of purpose can cause detrimental affects; in other words, many organizations will begin with a clear purpose in mind to utilize the assessment, but will change that purpose during process. Fourth, the fallacy of being selective with the assessment should be avoided. If the organization is going to utilize a performance appraisal assessment tool, it must be used by all employees, rather than

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a selected group. Fifth, the failure to stagger the assessments during a processed timeline should never be utilized, rather than having the entire organization complete the assessment at one time. Sixth, is the inability to act immediately on the assessment results. As employees complete their assessment, they must have their results discussed soon after the assessment completion. Furthermore, the lack of leadership modeling from the top down, in utilizing the assessment to develop their professional skill set is a common mistake. Finally, is the tendency to use assessment results to determine the fate or future of an employee (Haworth, 1998). Assessment tools, during performance appraisals, must be one aspect of an evaluation, rather than an evaluation in its entirety.

A quantitative personality assessment known as The Birkman Method®, has been widely used by over 2 million people worldwide for over 50 years (Birkman International Inc., 2009). This type of assessment has been utilized for performance appraisals and aims to capture "...social behaviors, underlying expectations of interpersonal and task actions, potential stress reactions to unmet expectations, occupational preferences, and organizational strengths" (§ 7). Since The Birkman Method® is designed to combat stress related issues in the workplace, Parry and Lacy (2000) have previously pointed out that stress and job related problems are on the rise and continue to incur as a large expenditure in companies. If employee stress is on the rise, it begs the question: *Are current employee performance reviews effective in increasing work productivity?* The ability to measure employee potential in perspective of the right job placement is a valuable assessment tool for companies to consider.

Qualitative practices in utilizing assessments pertaining to the process of performance appraisals can best be found in Strengths Finder and 360 degree feedback tools. Tavis (2007) highlights how Strength Finder assessments are utilized in organizational settings. The author portrays seven of the most common strengths found in leaders; those being, organizational agility, decision quality, career ambition, peer relationships, interpersonal savvy, caring about direct reports, and integrity and trust (Tavis, 2007). Most managers do fail to compare their strengths against those they are equivalently competing against. As a result, understanding one's strengths is important, but invaluable if their industry fails to have successful people with the same or near strengths (Tavis, 2007). The article suggests that one should not ask, *Do I have the strengths for a particular position?* but rather, *Do my strengths match the strengths of people who are in the same industry I am pursuing?* Finally, 360-degree feedback tools have gained much popularity in the twenty-first century. Gallagher (2008), points out that 360-degree feedback tools can be used to generate valuable information for employees and leaders. Considering this tool is predominantly based on perception, it provides valuable information on how an employee or leader is perceived by themselves, colleagues, and other ordinates in the organization.

B. Perceptions of Performance Appraisals

As with managerial perspectives of performance appraisals, so are employees challenging the process of

performance appraisals. Gabris and Ihrke (2001) discuss the research findings pertaining to the pressure of performance appraisals on employees and its affect on employee burnout and job satisfaction. Gabris and Ihrke (2001) discovered that employees suffered from burnout as a result of negative perceptions toward performance appraisals. Exceptional employees were continually getting higher marks in terms of their appraisal; thus, lessening motivating factors within exceptional employees. Furthermore, it was discovered that employees were feeling that distributive justice and equity fairness was not considered in their appraisal systems. This further supports research (Gupta & Kumar, 2013) that demonstrates how performance appraisals should mirror fairness and respect during the communication between an employee and supervisor. In fact, employees expect appraisal methods to reflect attributes of both distributive and procedural justice (Gupta & Kumar, 2013). In other words, the performance appraisal system should demonstrate a due process, rather than a focus on employee-rewards (Zheng, Zhang, & Li, 2012).

C. Systematic Models of Performance Appraisals

Various systematic models of performance appraisals have been utilized over the years. In particular are four models. Firstly, is Forte's (2009) five-stage process for appraising employees. He suggests the benefits of a feedback process in relation to employee performance. He concludes his discussion with a five stage process for providing employee feedback in a positive manner; those being, begin with a positive statement, provide specific details, describe employee's impact and related consequences, create a plan for behavior continuation or amendment, and end with a positive comment.

The second systematic model is known as the Conversation Analysis, as discussed by Asmuß (2008). The basis of this methodology stems from the assumption that most performance appraisals stem from a foundation of critical feedback, in a negative manner. As a result, the article analyzes the two-way discussion between employee and supervisor. Asmuß (2008) found that these dialogues predominantly discuss the potentiality of an employee's performance, rather than a lack of performance effort; thus, the discussion is quite vague in nature and fails to provide the employee with specific criteria for improving themselves. Thirdly, is a computer software feedback monitoring system presented by Champoux (1991). This type of system is meant to collect data continually on an employee's performance. Through a feedback software system, supervisors can collectively add information pertaining to performance observations, in which can be used to capture accurate details of employee behavior in an organization. The benefit of such a system is that it gathers up-to-date information and confidentially allows employees to log in and witness their performance ratings at anytime. Champoux (1991) expresses that the goal of such a system is to minimize employee uncertainty, spur employees on toward positive behaviors, and leverage motivation. Finally, is the systematic model of employee participation in performance appraisals. This four fold process, as described by Roberts (2002), begins with a discussion between the employee and the supervisor, in which there is an agreed

upon set of standards, defining effective performance. Secondly, is a mutually developed rating form and appraisal procedure, as discussed between the supervisor and employee. Thirdly, is a self-evaluation that is completed by the employee. Lastly, is the participation in an employee interview. Roberts (2002) suggests that appraisals are more successful when employees experience trust and open communication through the process.

III. DISCUSSION

A. Motivational theories and performance appraisals

Capturing effective practices of performance appraisals has a long history of understanding both the psychology and methodology of leveraging employee productivity. Various practices have led to developments in appraisal systems, stemming from computer software, profile reporting, and participatory discussions among supervisors and employees. However, every scholar does not support performance appraisals. As stated earlier, Gabris and Ihrke (2001) studied the negative effects on employees as a result of pressures stemming from appraisals. While employees experience burnout from the pressures of the performance appraisal system, higher rated employees found themselves in a sea of apathy, due to the lack of structure to spur on their performance.

Pursing an effective methodology toward an employee performance appraisal stems strictly from the need to enhance motivators within organizational employees. The concept of motivation concerns itself with action, rather than behavior and performance. Better put, "Motivation is concerned with action and the internal and external forces that influence one's choice of action. Motivation is not the behavior itself, and it is not performance. The behavior is the criterion-that which is chosen" (Mitchell, 1982, p. 81). Thus, organizations need to identify which behaviors they are seeking from the employee, and then seek to capture which motivators instill these actions, or behaviors. In other words, if a manager discovers an employee performs well when he or she is engaged in product development and research then the manager must seek to refine the employee's job description to incorporate more of this role, thus capturing motivators in their work. Managers and supervisors who understand this concept will better see their role as managers of motivators in their employees. In doing so, managers become much more consumed by identifying effective behaviors and uncovering which motivators are linked to these behaviors in their employees. It is no secret that organizations are seeking employees who are high achievers; in other words, people who will set high standards for themselves. The question is not, how can a company identify high achievers; but how can a company develop and mold high achievers? As mentioned above, capturing motivational factors within employees is where the performance appraisal process should begin. McClelland's Theory of Needs, focuses on three unique needs within employees; those being the need for achievement, the need for power, and the need for affiliation (Langton, Robbins, & Judge, 2016). When an employee's role is intertwined with personal responsibility, performance feedback, and risk, a company can capture motivated high

achievers. The problem with this motivational theory is that it can unintentionally assume that all employees are risk takers. The issue of risk may better be substituted as goals, based on the goal setting theory. According to this theory, as discovered by Edwin Locke in the late 1960s, is that motivated employees can be discovered when performance feedback and challenging goals are laid out for the employees to pursue (Robbins & Judge, 2009). "Self generated feedback - for which employees are able to monitor their own progress has been shown to be a more powerful motivator than externally generated feedback" (Robbins & Judge, 2009, p. 186). Thus, a critical component of performance appraisal processes must include a counter-appraisal where employees provide feedback on themselves. As discussed earlier, the 360-degree feedback system allows for such a performance mechanism.

The discussion surrounding the link between performance appraisals and employee motivators is a significant issue to consider. Victor Vroom's expectancy theory, discusses this very issue when he suggests that employees will exert a specific amount of effort in the hopes of leading toward a strong performance appraisal; the positive feedback will then lead to a desired outcome or reward; and finally this desired outcome will satisfy a person's personal needs or goals (Vroom, 1964).

IV. RESULTS AND IMPLICATIONS OF THE STUDY

Based on evaluating various scholarly work directed toward performance appraisal methodologies, four practices have come to light for organizations to follow in evaluating employees. Firstly, organizations must utilize a personality test for matching best individuals to the work culture of a company and the job description (Birkman International, 2009). Organizations must make priority to getting the best candidates matched to the right positions. Through the utilization of a personality and strengths test, managers can better compliment job descriptions to employee strengths and working styles. Tavis (2007) clearly purports that "Firms ought to pay more attention to developing talent than buying talent" (p. 9). Once a clear understanding of the employee's working style is viewed then organizations can bring greater relevance to the performance appraisal process. Secondly, maximize a 360-degree feedback tool annually, to capture the perceptions of an employee's performance, as indicated by those around him/her (Gallagher, 2008). Utilizing this method, employees have a better understanding of how their performance is being perceived by other co-workers and supervisors. In addition, it provides opportunity for the employee to reflect on their own practices and take ownership over their successes and mistakes. Thirdly, engage employee participation interviews on a regular basis in order that the performance behavior of the employee is held accountable, while leveraging motivation and morale (Champoux, 1991). The process should be as followed: begin with a positive statement; provide information regarding areas of improvement, followed by a mutually agreed upon plan of action; end the discussion with a positive statement (Forte, 2009). Lastly, create a positive climate, modeled by supervisors, in which positive reinforcement is genuinely afforded on a regular basis toward all employees (Haworth, 1998). Employee

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behavior will be changed, when the desired behavior is being modeled, rather than dictated. Managers must lead by example, if they expect their employees to follow with loyalty.

V. CONCLUSION

Research has previously pointed out, 8%-12% of payroll is paid out on benefits and costs associated to lost productivity, sickness, or injury (Parry & Lacey, 2000). Performance appraisal methods are relevant to organizations, as companies seek to attract, motivate, and leverage effective employees, while reducing unnecessary costs. By critiquing both academic and practitioner models of practices and mistakes associated with evaluating performance, this report investigated qualitative and quantitative measures of performance feedback. In particular, we noted that The Birkman Method®, Strengths Finder, 360 degree feedback, were ascertained as tools in the utilization of objectively assessing an employee's work habits; however, not without linking this knowledge to theories of motivation. Such theories that applied specifically to performance feedback were McClelland's theory of needs, goal setting, and Vroom's expectancy theory. It was concluded that a manager's role must be based on seeking underlying motivational factors in employees, then capitalizing on these factors by refining employee job descriptions to match motivators. Lastly, this report identified four practices organizations can institute to maximize employee effectiveness and growth, that were common threads found in the research considered for this discussion. In particular, those practices are the utilization of personality testing, maximizing a 360-degree feedback tool, engaging employee participation in the appraisal process, and creating a supportive climate modeled from the top down.

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