Employee Performance Appraisal System Participation: A Technique that Works

Gary E. Roberts

Performance appraisal is one of the most complex and controversial human resource techniques. Participatory performance appraisal is an essential and proven attribute of an effective performance appraisal system. This article summarizes the conceptual foundation for participation including its intrinsic motivational value, the expansion of available information, and the opportunity to interject employee voice. The moderating role of goal setting and feedback in enhancing participation effectiveness is outlined. The article concludes with factors that attenuate the effectiveness of participation including lack of training, absence of rater accountability strategies, and organizational and supervisory resistance to honest subordinate feedback.

Performance appraisal is a controversial management tool searching for answers to ubiquitous problems in system design and administration. The main objective of this paper is to succinctly summarize the key elements that make employee performance appraisal participation an essential component of an effective system. Genuine performance appraisal participation is a process that can mitigate many of the dysfunctions of traditional performance appraisal systems as well as engender a more "humane" and ethical human resource management decision-making process.

Critics of performance appraisal present a number of compelling arguments against its use. Anecdotal, empirical and personal experience demonstrates a multitude of problems with appraisal system practices. The main critiques are that individual performance appraisal assumes a false degree of measurement accuracy, engenders dysfunctional employee conflict and competition, assigns an inordinate amount of responsibility for poor performance to individual employees while undervaluing the importance of the overall work process, underemphasizes the importance of the work group, and is often used as a managerial “Theory X” control device. Critics of performance appraisal argue that there is a dearth of valid research to substantiate the claims of supporters. Proponents of performance appraisal argue that many of these negative effects of appraisal are remediable through the application of genuine employee participation.
The overall utility of performance appraisal participation was clearly demonstrated in a recent meta-analysis of 27 studies. Performance appraisal participation was strongly associated with desirable appraisal-related outcomes such as higher levels of appraisal satisfaction and acceptance. Given its demonstrated efficacy, what are the conceptual underpinnings of participation's effectiveness?

**Conceptual Foundation**

The conceptual base supporting the efficacy of the participatory performance appraisal framework centers upon its cognitive and affective benefits. From a motivational standpoint, employee participation is a key element of intrinsic motivational strategies that facilitate worker growth and development. Intrinsically motivating employment entails jobs that possess task significance, skill variety, task identity (a clear work product), performance feedback and worker autonomy. Employee participation is an effective tool for enhancing job-related autonomy, a necessary precondition for employee growth. Intrinsic motivational approaches clearly communicate trust and confidence in employee abilities. A major moderating factor in the success of participation is the employee’s need for growth. Employees who are comfortable with traditional authoritarian management approaches are not directly motivated by increased input, but may value another important attribute of participatory appraisal, employee voice.

Appraisal participation provides employees with voice into the appraisal process. With the presence of employee participation, employees are empowered to rebut ratings, documentation or verbal feedback that they disagree with. If employees are confident in the fairness of the appraisal process, they are more likely to accept performance ratings, even adverse ones, if they perceive a fair decision making process.

The third conceptual foundation derives from the assumption that employees possess valid, unique and relevant performance information and insight that is unavailable or unobservable by the rater. Thus, when employees participate in the appraisal process, the quality and quantity of performance appraisal information increases leading to a more accurate and valid rating.

The fourth factor is that in a participatory appraisal system, the employee attains “ownership” over the process and manifests ego involvement as the ratee manifests a stake in the success of the system, enhancing employee acceptance. Employees frequently set higher performance goals than management when they possess the requisite level of autonomy, authority and resource support.

The fifth element is that greater employee participation generates an atmosphere of cooperation and employee support, which encourages the development of a coaching or counseling relationship, thereby reducing appraisal related tension, defensive behavior and rater-ratee conflict.
Forms of Participation in the Appraisal Process

Comprehensive and effective participation within the performance appraisal process consists of joint rater-ratee development of: 1) performance standards, 2) the rating form, 3) employee self-appraisal, and 4) ratee participation in the interview. The effectiveness of participation is moderated by two key processes, the amount and quality of informal performance feedback and goal setting which focuses attention on the future. Ideally all of the above elements are present to reinforce the attributes of a participatory, empowered work culture. If one or more of these factors is missing, the probability of an ineffectual performance appraisal system increases significantly.

Performance Standard Participation

Clear and specific standards of performance are major elements of a valid and reliable performance appraisal system. The key is to develop standards that measure the essential job duties and responsibilities utilizing a balance of process, outcome, and individual and group-based performance standards. The development of reliable, valid, fair and useful performance standards is enhanced by employee participation, as workers possess requisite unique and essential information necessary for developing realistic standards.

Rating Form Participation

Employee participation in developing the rating form and appraisal procedures is the logical extension of the development of performance standards. The rating form summarizes the formal operational definition of what the organization considers worthy of formal appraisal. As such, it is important to gather employee input on the aspects of performance formally appraised as well as the measurement scales provided. For example, employees may prefer a pass/fail system if the focus is on global feedback versus more detailed individualized assessments.

Self Evaluation

Self-appraisals provide employees with the opportunity to systematically assess their performance. Studies indicate that self appraisal increases employee preparation and readiness for the appraisal interview, enhances overall satisfaction, increases perceived appraisal fairness, and can reduce defensive behavior if used for developmental purposes. Employees can self-evaluate by completing their own appraisal and presenting the draft for discussion with the manager or can review a draft of the manager’s appraisal. Managerial and employee ratings frequently do not agree, but in a participatory system the goal is not absolute agreement, but a process directed towards achieving consensus over time. The self-appraisal process is improved significantly if clear performance standards are used, the employees are experienced, and trust levels are high.
Performance Appraisal Interview Participation

Most of the appraisal research focuses on the influence of participation in the appraisal interview. There is a large body of research stretching from the 60s to the 90s indicating that employee participation in the interview is associated with a variety of desirable appraisal related outcomes, including appraisal system fairness, appraisal satisfaction, supervisory support, satisfaction with supervisors, appraisal system acceptance and greater employee acceptance of negative feedback.20

The performance appraisal process culminates with the appraisal rating. Performance appraisal ratings are the product of an ongoing series of rater-ratee interactions valued by employees both intrinsically and extrinsically. Intrinsic value derives from the validation of the employee’s performance efficacy, and extrinsic worth from the linkage with external recognition and personnel decision making.21 The performance appraisal interview seriously tests the skills of the rater, and if this function is handled poorly, the benefits of an accurate appraisal can be lost and employee motivation reduced. A quality performance appraisal interview includes sensitivity to employee needs for privacy and confidentiality, giving the employee undivided attention during the appraisal interview, reserving adequate time for a full discussion of the issues, and both the supervisor and rater’s being prepared.22 Conducting the performance appraisal interview in a perfunctory or rushed manner with numerous interruptions enhances employee perceptions of manipulation.23

A participatory appraisal interview style also entails a strong emphasis on employee performance counseling. Participatory systems facilitate the discussion of employee strengths and weaknesses in a positive context where the goal is to help the employee improve his or her performance. Hence, participatory appraisal reinforces communication and analysis related to employee training needs, promotional opportunities, and skills development.24 A counseling approach facilitates the identification of discrepancies in rater-ratee perceptions, which if left unchallenged, can lead to serious disagreement during the evaluation cycle.

Goal Setting and Feedback

An important set of appraisal moderators is goal setting and feedback. Goal setting is a well established and empirically verified theory of motivation, but the majority of goal setting research takes place in non-appraisal settings.25 Effective goal setting in the appraisal process consists of performance goals that are specific, moderately difficult and accepted.26 Effective goal setting is clearly associated with higher employee performance and satisfaction.27 Goal setting within performance appraisal has been associated with greater appraisal satisfaction, higher job satisfaction, and increased performance.28 Goal setting’s effectiveness derives from its ability to focus employee effort and attention on the critical tasks at hand, enhancing employee persistence and reducing the likelihood of being distracted.29 Goal setting is a powerful motivational technique because both intrinsic and extrinsic satisfaction flows from goal achievement.30 Goal setting focuses attention and effort on the future which can be changed
versus the judgmental performance appraisal process’s emphasis on past behavior, which cannot be altered.

An effective appraisal process requires employee feedback. Appraisal systems that provide formal feedback once a year are more likely to be feedback deficient.\textsuperscript{31} For an appraisal system to be maximally effective, there must be ongoing formal and informal performance feedback.\textsuperscript{32} In essence, feedback is the “raw material” of employee participation. Feedback is essential in gaining the maximum benefits from goal setting.\textsuperscript{33} Without feedback, employees are unable to make adjustments in job performance or receive positive reinforcement for effective job behavior.\textsuperscript{34} Effective performance feedback is timely, specific, behavioral in nature, and presented by a credible source.\textsuperscript{35} Performance feedback is effective in changing employee work behavior and enhances employee job satisfaction and performance.\textsuperscript{36}

**Role of Employee Acceptance**

Research demonstrates that performance appraisal systems that exhibit higher levels of participation are positively associated with elevated levels of employee and rater acceptance, which is a critical intermediate variable in the generation of appraisal system satisfaction, motivation and productivity.\textsuperscript{37} If employees and raters do not accept the appraisal system, the system will be ineffective irrespective of its degree of technical soundness.\textsuperscript{38} Lack of user acceptance engenders resistance and a reduction in user motivation transforming the process into a paper “shuffling” exercise. If users accept the system, supervisor motivation to produce an accurate performance assessment increases and ratees are more likely to accept organizational personnel decisions.\textsuperscript{39}

Employees are more likely to accept the appraisal system if they understand the performance measurement process, agree on the value orientation of the system (i.e., focus on quality over quantity) share a consensus with management on the performance standards used, possess confidence in the accuracy of performance measurement, and perceive an absence of rater bias.\textsuperscript{40} Prior research indicates that employee participation, goal setting and feedback enhance performance measurement accuracy and reduce the potential for rater bias as employees have a role in the administration of the performance measurement process.\textsuperscript{41} Thus, when systems are participatory, the rating process is more likely to be valid and produce information that possesses utility and validity.

The fact that employee acceptance is a critical variable is not surprising. Empirical and personal experience confirms that employee perceptions regarding a tool or practice colors their behavioral intentions and actual actions. If employees lack confidence in the efficacy of the rater or the validity of the system, the appraisal process breaks down. The key is the cultivation of employee acceptance, which is not an easy task.

The cultivation of high levels of employee acceptance is not accidental, however. The appraisal system cannot meet its primary goals if the manager is unskilled at conducting the interview or fails to provide clear guidance and counseling. Participation, goal setting and feedback are critical for enhancing the accuracy and quality of
performance standards and goals, facilitating a consensus/understanding on performance standards, and increasing commitment to goals and standards. Participation enables the employee to offer opinions and rebut information that they disagree with.

Cultivating favorable levels of employee acceptance (an attitude) requires that all-important aspects of the appraisal system be working properly. A single defect in the appraisal process can impede employee support and confidence. For example, an accurate and fairly administered appraisal system that measures inappropriate or unimportant aspects of the job will engender user resistance (i.e., focusing on individual performance when the work group should be the unit of analysis). Hence, there are many “veto points” in the operation of any performance appraisal system that can reduce acceptance.

**Factors the Reduce the Effectiveness of Participation**

There are several factors that reduce the effectiveness of participation. Participatory systems function most effectively in an atmosphere of trust and open communication. If employees perceive that they will be punished for disagreeing, providing negative feedback, or making mistakes, open communication will be extinguished, mitigating the positive influence of participation. Participation quickly becomes reduced to “pseudo-participation” in which employee input is accepted only if it conforms to organizational or managerial demands or preferences. The end result is a diminished level of motivation and commitment as well as an increase in employee cynicism.

The second factor that attenuates the effectiveness of participation is unequal employee treatment. If employees perceive bias or favoritism in managerial behavior, it accelerates perceptions of inequity. Managers frequently engage in what is termed “in-group” and “out-group” behavior in which employees who are liked and/or are viewed as capable are supervised in a participatory fashion while employees who are viewed unfavorably receive traditional, more authoritarian supervision. The categorization of employees is frequently made with incomplete information leading to misclassification of employees. Managers need to continually question their beliefs regarding worker motivation, ability and performance, especially poorly performing employees. The key is to take a courtroom perspective, innocent until proven guilty, which forces managers to search out and analyze all sources of information that may provide explanatory, mitigating or extenuating factors on employee problems. This is one of the essential goals of a participatory performance appraisal system.

A third impediment is the absence of rater training and support in conducting participatory performance appraisal. The cultivation of participatory management requires conceptual, affective, and experiential education. Managers should receive extensive training in goal setting, setting performance standards, conducting interviews, providing feedback, counseling employees, managing conflict, and avoiding rating errors. In this training there should be a clear discussion of the ethical implications, dilemmas and conflicts inherent in the appraisal process from the perspectives of the employee, the manager and the organization.
A fourth barrier is the absence of rating system accountability. Organizational accountability is enhanced if raters are assigned senior mentors who regularly review the manager’s administration of the performance appraisal process. Performance appraisal management should be a formal component of the manager’s rating. A related recommendation is the presence of subordinate appraisal to provide systematic feedback on managerial behavior encompassing key administrative duties including the operation of the appraisal process.\textsuperscript{44} A fifth barrier is the absence of systematic evaluation of performance appraisal system participation effectiveness. Regular employee attitude surveys and focus groups are useful as they provide aggregate employee data on the operation of the appraisal system. Absent systematic evaluation, the organization cannot make data-based adjustments to the appraisal system.

**Conclusion**

Participatory performance appraisal is an essential component of a fair and ethical evaluation of an employee’s performance. Governmental organizations manifest an ethical obligation to perform this complex function in a fair and unbiased fashion given performance appraisal’s implications for employee career success, self-esteem and mental health. Multifaceted employee participation entails meaningful input in developing performance standards and the rating form, worker self-evaluation, and two-way communication in the appraisal interview. When employees possess a meaningful role in the appraisal process, employee acceptance and satisfaction with the appraisal process is strongly enhanced. Clearly, many variables contribute to dissatisfaction with performance appraisal systems, but failure to institute a participatory system will result in continued performance appraisal ineffectiveness.

**Notes**


Latham and Wexley, 1981.


Bernardin and Beatty, 1984.


Bernardin and Beatty, 1984.

Ibid.

Ibid.


31 Bernardin and Beatty, 1984.

32 Latham and Wexley, 1981.


40 Carroll and Schneier, 1982; Bernardin and Beatty, 1984; Roberts, 1995.


Author

Gary E. Roberts
Associate Professor
Division of Public Administration
University of Memphis
431 Clement Hall
Memphis, TN 38152
(901) 678-5527

Gary E. Roberts is an Associate Professor of Public Administration at the University of Memphis specializing in human resource management. Dr. Roberts' past work experience includes service in local government public safety research and rural development planning. His major areas of research interest include organizational work-life benefit practices, performance measurement and appraisal systems, and MPA curriculum design and evaluation. Dr. Roberts has published extensively in public administration journals including the American Review of Public Administration, Review of Public Personnel Administration, the International Journal of Public Administration and Public Personnel Management.