

Melbourne Business School

From the Selected Works of Carol Gill

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Review Blues

Carol Gill, *Melbourne Business School*

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Performance assessments can be a shattering experience, writes **CAROL GILL**, who looks at one way of making them more objective.

The father of Total Quality Management, W. Edwards Deming, believed that what could not be measured could not be controlled. Nevertheless, even he acknowledged the difficulty of measuring people performance.

Deming once described the annual review as “a major culprit generating fear and wreaking havoc in our corporations and on our people”.

It is true that while system performance can easily be quantified, the assessment of people performance is fraught with difficulties.

Many people emerge from the performance management process shattered and unable to understand the rating they were given.

Employees’ most frequent complaints are that supervisors lack objectivity and that the system has been used inappropriately.

The performance management system is generally based on subjective criteria, and there are several reasons for this.

Firstly, it is often difficult to set employee goals. Not all jobs can be quantified, and outcomes often reflect collaborative rather than individual efforts.

As well, the more senior the job the more ambiguous the role is likely to be, so that job standards become even less clear.

When performance assessment is based on the opinion of one person it is open to manipulation.

Ratings, for example, can reflect general impressions rather than specific performance.

Subconsciously, the assessor may recall only behaviour that fits their stereotype of an individual employee. This can have particularly

serious consequences for minority groups and has been cited as a major contributor to gender inequality at work.

As well, research has shown that employee assessments can be influenced by political behaviours that are unrelated to job performance.

Employees can ingratiate themselves with the assessor by doing favours, using flattery or by conforming their opinion to that of the assessing supervisor. A supervisor who likes their employee will give them higher ratings.

Also, some employees tend to promote themselves and their achievements to their supervisor, while others remain ‘quiet achievers’—and therefore unrewarded for their efforts.

An employee who has performed poorly may use defensive tactics such as apologies, excuses, justifications and disclaimers. Supervisors are most susceptible to these influence tactics when their employees are located at a physical distance.

Employees vary in their ability and willingness to use such tactics to influence the rating of their performance.

In particular, research has shown that older employees are less inclined to use these influence tactics and as a consequence receive lower ratings, even when their performance is superior when measured on objective job performance criteria.

The mis-rating of employees is problematic when you consider that performance management systems feed into employee rewards, promotion and retention, and are used as evidence in unfair dismissal cases.

The integrity of the performance management system is further challenged when it does not fit in with an organisation’s culture, change initiatives or rhetoric.

For example, while organisations have increased their use of work teams, the 1997

Australian Workplace Industrial Relations Survey found that performance pay was mainly based on individual performance (79 per cent of workplaces) rather than group (23 per cent) or organisational performance (15 per cent).

This would suggest that minimal attention is paid to linking performance management systems to organisational strategy.

At best this sends a mixed message to employees; at worst it creates cynicism that erodes the credibility of the system and its custodians in human resource management.

However, the performance management system can be dramatically improved through the use of behavioural assessment criteria that link a performance management system with an organisation’s strategy and values.

Evidence has shown that simply introducing behavioural criteria to the process is sufficient to improve people performance—even without a subsequent evaluation. This is because a performance management tool consisting of behavioural items exposes employees to examples of effective behaviour and therefore can trigger change.

When coupled with a formal feedback system, behavioural criteria may actually cause spontaneous goal setting, as employees receive the message that performance should be improved in the areas being measured.

As well, self-rating and peer rating give employees an opportunity to reflect on their own behaviour and to establish normative standards and personal improvement objectives.

As for upward feedback, research has found that this results in subordinates reporting positive changes in their bosses’ behaviour, and bosses who received the most negative feedback improved the most.

Objective behavioural criteria improve the efficacy of an assessment by enabling feedback from multiple sources, including customers, peers, subordinates, bosses and even professional assessors.

Behaviour criteria can be obtained ‘off the shelf’ but this does not allow consultation, and it is essential to ensure that employees value the behaviours highlighted and see them as relevant to effective performance.

It is important to involve representatives from all levels of staff in a behaviour identification process, which should form part of the development of an organisation’s key performance indicators (KPIs).

As well as working on a behavioural blueprint for an organisation, it is useful to gather employee perceptions of existing values and behaviours—information on the gap between the two can be very insightful.

In addition, employees and supervisors should be trained in behavioural feedback techniques so they can give examples of past behaviour and outline the future behaviour required.

In this way, the performance management system takes on a development focus, rather than a punitive one.

It is also important that employees are shown how to link behavioural criteria to individual jobs, so that the principle of evaluating the performance rather than the person is not violated.

Employees can be given tools to help them with this process, including instruments that can collect data from multiple sources (such as 360 degree feedback), rating scales that give examples of good and poor performance for each behavioural area, and benchmark behaviours for job clusters or levels.

Behavioural criteria can subsequently be integrated into a range of human resource

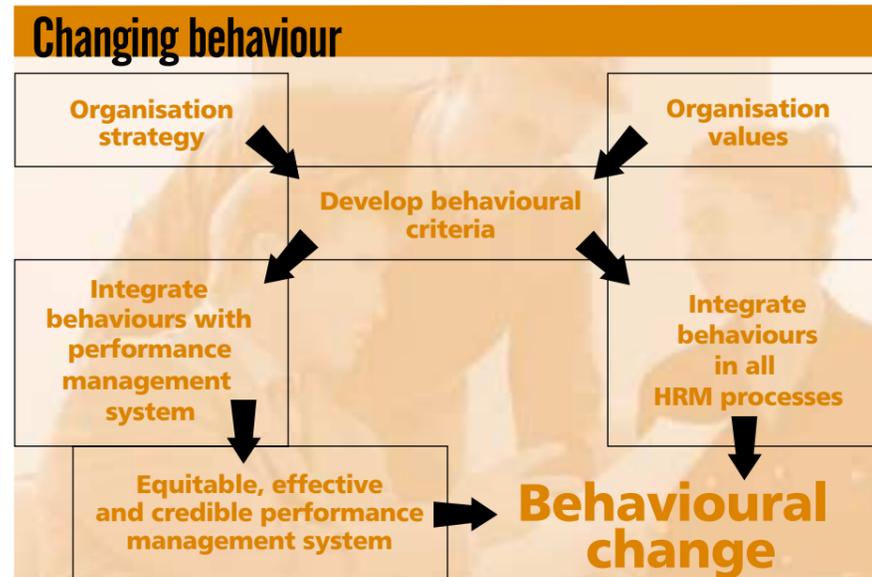
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management practices and processes, including behavioural interviewing and assessment centres, training and development, job evaluation and career development. This ensures a consistent approach to human resources management, an approach that is integrated with business strategy.

Finally, the overall performance review should itself be reviewed in the context of an organisation’s strategy and structure. If teams are the most common working unit, for example, evaluation and reward should mainly reflect team performance.

In my experience, introducing behavioural criteria into a performance management system not only makes a valuable contribution to the outcomes of the system but also substantially improves its credibility with employees and management.

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Examples of behavioural criteria

GENERIC BEHAVIOUR	SPECIFIC ORGANISATION BEHAVIOUR
Achievement orientation <i>Sets and meets challenging objectives. Finds better or more efficient ways to do things. Competes against a self-defined standard of excellence.</i>	The staff member is ‘hungry’ to build the business. He/she is constantly looking for opportunities to develop ‘win-win’, long-term relationships. The staff member focuses on team achievement and the credit for success is shared.
Customer orientation <i>Understands who customers are and identifies and responds to their needs.</i>	Constantly and co-operatively pursue and deliver marketable business opportunities in line with group targets. The focus is on activities that ‘make a difference’ to the organisation’s goals and targets.
	Explore ‘high-impact’ customers’ current and emerging needs, tracking changes in customer agendas and looking for opportunities to assist them in line with organisation goals.
	Ensure self and team identify internal and external, current and potential customers.