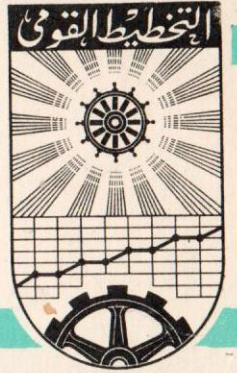


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Pros and Cons of Performance
Appraisal

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Pros and Cons of Performance Appraisal

I - What is Performance Appraisal?

Performance appraisal is an attempt to think clearly about each person's performance and future prospects against the background of his total work situation. Performance can be appraised succinctly by describing the best aspects of the individual's work and suggesting possible areas for improvement. Future prospects can be reviewed constructively when the supervisors attempt to name jobs the individual could perform if given the opportunity.

Performance appraisal within management ranks has become standard practice in many companies, and is currently being adopted by many companies as an important feature of management development programs, and as an important tool of supervision.

II- Why a Performance Appraisal?

1 - The act of appraising, of setting a value on, of judging as to quality, status, etc., is as old as civilization itself. Man, as a reasoning animal, has, through the ages, established standards for judgment consistent with his knowledge and experience. The act of appraisal has been as natural and constant a process in man's total make-up as has been his breathing, sleeping and eating.

2 - To the extent that man's intellectual capacity and experience have permitted him to establish reasonably desirable standards for judgment, and to the extent that he has developed a degree of objectivity properly to appraise and evaluate the conditions that confronted him in relation to the standards established - to that same extent has man progressed.

3 - Every phase of management and supervisory activity contains a set of checks and balances - some measurement of accomplishment against desired objectives - to strengthen the continuous process that represents the growth of the enterprise to maximum effectiveness.

4 - This same requirement of evaluation applies to the management individual as well - to strengthen the continuous process that represents the growth of the individual to maximum effectiveness.

III - The Outcomes of Performance Appraisal Programs

1 - Wage Structure - The early job evaluation approaches were aimed at isolating and analyzing the various components which constituted a particular job. These components were then assigned point values, which were later translated into dollar or wage scales.

It was an easy and natural step from this business of evaluating jobs to move over into the area of evaluating people and their performance in the jobs. Thus, the first action phase in appraisals centered around management's interest in making and recording decisions on salary matters.

2 - Improving Morale - The objectives of performance appraisal were not always too clearly defined, but they were generally aimed at improving morale as a means to increasing productivity, lowering costs, and cutting down absenteeism.

3 - Management Development Programs - Performance appraisal programs helped in discovering the fact that with the growing complexity of modern management systems, seasoned, high-caliber executives are not born, but can and must be developed. In essence, "Management Development" programs began to receive considerable attention.

IV - Advantages of Performance Appraisal

1 - Salary Administration - Performance appraisal programs provide systematic judgments to back up salary increases, promotions, transfers, and sometimes demotions or terminations.

2 - Counseling

Performance appraisal reports provide meaningful information to be used as a basis for counseling, discussing a man's performance with him, pointing out those areas in which he should try to improve, and working out a program of personal development that will lead to definite improvement.

3 - Building Morale

Performance appraisal builds morale at the top, from which it spreads downward through the organization, by providing the means whereby the good work a man does is brought to the attention of top management. Also, it develops people's morale through stimulating confidence in management's fairness.

4 - Competition Among Workers

Since performance appraisal measures the capacity of foremen, supervisors, and executives, it motivates members of these groups to do the best possible job in order that their performance will outrate those in the organization whom they regard competitively.

5 - Evaluation of Employees' Performance

Performance appraisal provides for uniform and systematic judgments by supervisors of the performance of each employee over a period of time, in advance of the need to make decisions concerning these employees. The necessity to evaluate his employees forces the supervisor to think more carefully about their work, thus avoiding snap judgments.

6 - Designing Training Programs

Performance appraisal helps management to discover areas of weaknesses and deficiencies as a basis for designing training and development programs.

7 - Improving Performance

By performance appraisal job performance can be improved by letting the worker know his weaknesses and strengths and making definite plans with him to overcome his defects and to make capital of his strengths.

8 - Assigning Work Among Workers

Performance appraisal helps in assigning work in accordance with workers' ability.

9 - Improving the quality of Leadership

Performance appraisal programs are valuable as a means of improving the quality of leadership. They assist supervisors and executives in improving their leadership qualities since these executives and supervisors are enforced to judge others.

10 - Learning and Judging

Performance appraisal helps top supervisors learn how each person is appraised by his foreman, and judge the fairness, severity, or leniency with which supervisors judge their people.

11 - Effectiveness of Personnel Policies and Procedures

Performance appraisal results may be used to determine the effectiveness of personnel policies and procedures. By communicating the results to the employees, the interview will reveal how the policies and procedures are effective.

12 - Personal Knowledge

When an employee has been selected, hired, placed, inducted, and trained for a particular job, he is entitled to know from time to time how he is measuring up to expected standards of job performance.

13 - Performance appraisals are useful as a check on the success of recruitment, selection, and placement procedures.

14 - Performance appraisals put the finger on the weak sisters, the square pegs in the round holes; members of the management team who should be doing some other type of work.

15 - Periodic Inventory of People

It is just good business to take periodic inventory of our peoples' weaknesses and strengths in order that we can make better use of them to our profit and theirs.

16 - Advantages of Reporting Performance Appraisal Back to the Person Rated.

1 - Grievances can be prevented by letting the worker understand the basis for action which may be taken in the future and by clearing up misunderstandings about past actions that have affected him.

2 - The supervisor and the worker can be brought into a closer personal relationship wherein each has a better understanding of the other, and the worker is made to feel that he is a person and not just a clock number.

3 - Pent-up emotions which may be reflected in acts of aggression toward management may be relieved by providing opportunity for rebuttal and talking out the situation.

V - Disadvantages of Performance Appraisal

1 - Resistance of The People Being Appraised

Most companies, it appears from studying the appraisal blanks, are concerned mainly with personality and character traits. So strongly is the emphasis on personality that "job knowledge" and even "job performance" may have only a minor place in the over-all rating.

Now, it is in this area of taking people apart on a personality basis that appraisals begin to run into resistance. The people being appraised may feel quite unhappy during the process, often without being able clearly to explain why.

2 - Difficulties of Measuring Qualitative Work

Many difficulties are involved in appraising the contributions of such men as research scientists and line or staff executives, whose work performance may be more qualitative than quantitative. Thus, the more difficult it is to measure a man's contribution, the more we may have tended to drift over to a personality-centered type of appraisal.

3 - Leadership and Personality Appraisal

To be a manager means to be a leader, and intellectual capacity or technical know-how alone is not the answer. It is relatively easy to give men a basic knowledge of managerial skills and techniques, it is the manner in which such knowledge is applied that determines a manager's total effectiveness, and this is not so easily taught. Here is where personality and character enter the picture and makes it difficult to appraise performance objectively.

4 - Salary Administration

We may find, for example, that a man is rated high on his "appraisal" - so he is told - and probably expects to come out well when the salary increases are handed out. Yet he may be disappointed, he may not receive the expected increase for, with rare exceptions, salary decisions are not really made on the basis of performance alone, but against a background of many factors.

5 - Resistance of Managers who Appraise

Personnel administrators are aware that appraised programs tend to run into resistance from the managers who are expected to administer them.

The boss's resistance is usually attributed to the following causes:

A normal dislike of criticizing a subordinate (and perhaps having to argue about it).

Lack of skill needed to handle the interviews.

Dislike of a new procedure with its accompanying changes in ways of operating.

Mistrust of the validity of the appraisal instrument.

As a result, some companies do not communicate appraisal results to the individual, despite the general conviction that the subordinate has a right to know his superior's opinion so he can correct his weaknesses.

6 - An Ethical Problem

Some critics feel it is unethical for one man to be in the position of rating another because all human beings are created with equal rights, and, therefore, it is unethical to make one

superior to another. Probably this ethical problem centers around personality and character appraisal rather than around performance appraisal.

7 - Performance Appraisal is a Biased Judgment

It has been pointed out that performance appraisals are likely to be neither more nor less than a biased reflection of the personal relationship existing between the people involved - in other words, the supervisor - subordinate personal relationship.

8 - Labor Unions

The idea of performance appraisal is not popular with unions who regard it with deep suspicion, claiming it to be a device for "sweating" employees and getting them to do more work for less money.

9 - Does not Test Management's Ability or the Hidden qualities of Managers.

It is contended by some that the real test of management's ability is the company's annual report of earnings and growth, not performance ratings. Also, it is argued that a manager may be good for reasons which do not always show in a rating summary. For example, the head of a department might have certain qualifications which play an important part in the growth of that department, which the directors, especially if they are not working closely with him, could not evaluate accurately.

10 - Problems Involved in Communicating The Appraisal Program

The originators of appraisal systems are usually aware of and will acknowledge technical weaknesses that exist in their proposed methods. But, it is sometimes not part of the tradition

to communicate such doubts to the managers or supervisors who are to put the plans into action. Even where earnest attempts are made to communicate those doubts and reservations which may exist, the problem of getting complete understanding at all levels is difficult.

11 - Human Relations Problem

One manager says: "Everybody keeps telling our managers and supervisors that they have got to be friendly with their people - have to develop good human relations. Then along come these darn annual appraisal reviews. Look, I don't care how careful you are in criticizing a man, he still doesn't like it and you are likely to lose more in good relationships than you gain".

Some psychologists explain this by pointing out that you may lose much more than good relationships: you may affect a man's total working effectiveness if he suffers an undue amount of "ego loss". This concept considers an individual's effectiveness as a product not only of knowledge and skills, but also of his total feeling about himself and about his relation with other people.

12 - Problems of Communicating Back the Results of Appraisals

Discussing the appraisals with the employees themselves may create the following problems and disadvantages:

- a - Low grades make people angry.
- b - Criticisms arouses defensiveness and resentment.
Hence, far from stimulating the employée to improve, it tends to reinforce his present behavior.
- c - There is a steady widening of differences between people who must work together.

13 - Errors In Appraisals

a - Halo effect A rating on one trait which seems particularly important to the rater carries over and influences the rater's evaluation of all other traits. For example, an individual who gets out a very high quantity of work on time is assumed to be good on all other traits.

b - Purpose The rater may be swayed because he knows the purpose to which the evaluation is to be put. Hence a low performing man may be rated higher if the evaluation is to be used for a wage increase and the rater feels that the individual needs one.

c - Situation Seeing a person on the job and also in private social life may mean that the good (or bad) impression formed about him in outside social activities will carry over and influence judgments about his activities on the job.

d - Lack of skill The skill people have in evaluating others varies considerably from person to person depending upon ability, training and practice. If a person only makes a performance review once a year, he is not getting much practice and his skill remain undeveloped.

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