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**MOTIVATION AND PERFORMANCE  
APPRAISAL BEHAVIOR**

**CEO PUBLICATION  
G 81-13 (19)**

**ALLAN M. MOHRMAN, JR.  
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## Abstract

This paper explores how the organizational context and the actor's perceptions of the situation lead to performance appraisal behavior. Conclusions are made about how the design of the performance appraisal system can affect how people are motivated to carry out its activities.

## MOTIVATION AND PERFORMANCE APPRAISAL BEHAVIOR

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This paper is concerned with what motivates the behavior involved in carrying out performance appraisals (PA) in organizations. Typically, research and theory concerned with motivation has focused on how PA effects the subsequent work behavior of the appraisee; here we will focus on what motivates the PA behaviors themselves. Conducting a PA involves a set of behaviors performed by organizational members. As such, PA behaviors are simply one subset of the total set of role behaviors they perform. Thus, they can be analyzed as any other organizational behavior. PA behavior is a particularly interesting and important type of behavior to study. The particular purposes of PA create contexts that give PA behaviors unique and complex meanings that are worthy of study for what they can teach us about motivation and assessment. In addition, as we come to understand more about the results of certain PA behaviors (such as allowing participation in the process by appraisees) and as we become more concerned with the quality of PA behaviors (e.g., bias in measurement), we also need to be more concerned about what motivates such behaviors so they can be managed. Seeking to manage performance behaviors through PA will come to nought unless these PA behaviors themselves can be managed.

### THE APPROACH

We can distinguish between two classes of PA behaviors. One is private in nature and the other is public. The former includes internal acts of cognition, judgment, attention, perception, evaluation, attribution, etc., but it also might include the making and retention of private

notes and other documents. The latter consists of all PA activities involving more than one person. A large portion of public PA behavior involves the communication of appraisals among people; for example, feedback of appraisals from appraiser to appraisee, requests from appraisees for such feedback, the recording of appraisals on forms that eventually are seen and used by others.

If we regard performance appraisal to be a particular case of human information processing, then the information being collected, evaluated, and used is subject to distortion and bias (Feldman, 1981). Distortion and bias can occur in both private and public PA activities. Both, for instance, are subject to unconscious bias due to preconceived stereotypes, but just as we can consciously adjust our private biases by controlling our data collection patterns (Feldman, 1981), we can bias our public communication of appraisals by withholding (or adding) data. All these types of bias are examples of behavior (Salancik and Pfeffer, 1978) and can be seen as motivated.

As human beings, it seems clear that we go about our day-to-day activities privately appraising the behavior of others and ourselves. The motivation behind these private appraisals seems to be part of our fundamental need to understand, predict, and control our individual worlds (Kelly, 1955, Weick, 1979). Day-to-day appraisals of ourselves and others may also be a source of esteem through social comparison. They may also provide data that can be used later to obtain extrinsic rewards (arguing for a pay raise) and to fulfill mandated role behavior (e.g., doing an appraisal of a subordinate).

As human beings we also engage in public appraisal behaviors as part of our day-to-day existence. Gossiping about the actions of others, confronting others about their actions, and upholding behavioral norms through social rewards and punishment are all part of the normal fabric of social life outside as well as inside formal organizations. While we might engage in these social appraisals to obtain outcomes we desire, such as building esteem or exerting control over others, public appraisal behaviors also can be functional for social units and work organizations. Public appraisals, of course, are necessary to determine whether norms of behavior in a social unit are being transgressed or adhered to. When social units are task-oriented, some appraisal of behaviors is common for even the most minimal performance behaviors and is often carried out in an informal or "natural" way. Although we have distinguished between private and public behaviors, it does not mean that the motivating source of these behaviors are individual and social respectively. In fact, in this paper we stress the importance of the individual's definition of the situation as a key in the motivation of PA behaviors, both public and private. These definitions in turn are influenced by social and context factors.

Although informal appraisal behaviors can simultaneously satisfy individual needs and be functional in work effectiveness, there is no guarantee that they will be. The forms and procedures that make up formal PA systems can be understood as social mechanisms that are created in organizations to control the private and public evaluation and decision making processes that informally happen in nearly automatic habitual ways (Feldman, 1981). The hope is that the formal system will "clean up" the appraisals and make them more functional from the organizations' point of view.

The existence of formal PA systems does not, however, make it unnecessary to be concerned with the individual needs and social purposes that can be served by any PA system, formal or informal. In fact, the opposite is true. The impact of a PA system can only be understood by looking at the behavior of its participants as an example of motivated behavior. Indeed, it is our position that many, if not all, of the behavioral "breakdowns" we see in formal PA systems (e.g., measurement bias, failure to comply with procedures) are best understood by focusing on the motivations of the participants in the appraisal process. In this paper we are primarily interested in how the organizational context and the formal PA system characteristics affect the motivation of individuals to engage in public and private appraisal behaviors. As is shown in Figure 5, these factors are critical in determining the definitions individuals develop of situations. These definitions, as will be discussed later, in turn determine motivations and behavior.

In the following sections we will first discuss PA as a formal system and then the organizational context. Next we will deal with the impact both of these have on motivating PA behaviors. Finally, we consider the implications of our discussion for the design of PA systems.

#### PA AS A FORMAL SYSTEM

In this section we describe PA as a formal system so that we can begin to understand its impact on the motivation of PA behaviors. PA systems usually involve three aspects: (1) human resource management systems in which PA is a formal subsystem to accomplish a number of the objectives which are part of an overall human resources management system; (2) formal-PA systems, in which particular methods, procedures, and

instruments are prescribed as vehicles for use in the PA process; and (3) an activating system consisting of mechanisms by which the first two aspects of PA design are put into practice, i.e., behaviorally accomplished.

#### Human Resource System

The potential central role of Performance Appraisal in a larger integrated system for human resource management is becoming more apparent to organizations. As corporations review their compensation systems or their human resource planning systems (both of which they seem to be doing more and more these days), they often come to realize the importance of having "valid" performance information. In a "macro" sense PA can be seen and often is seen as a source of information and a mechanism for information feedback which can affect a number of other decisions and behaviors. Figure 1 summarizes these. The ultimate purpose in all cases is organizational effectiveness. It is assumed that organization performance is an aggregate of individual performance (a generally valid but potentially misleading assumption). Thus, the instrumental nature of the purposes and decisions are depicted in Figure 1 as eventually affecting future performance and organizational effectiveness.

According to many expectancy theories, individual behavior can be seen as stemming from the skills and ability, motivated effort, and role understanding of the individual. Performance appraisal information can be used in a number of ways that can eventually affect these factors so that they are moved in a direction that will improve performance. PA results, for instance, can indicate whether or not previously used selection criteria were able to predict performance. Adjustment in



selection criteria should affect the level of skills and abilities found. PA results can also indicate those individuals appropriate for, or needing, new job placement or promotion as well as to validate previously used promotion and placement criteria. When pay is based on performance it is usually because there is a belief that potential pay increases will act as an incentive to increase effort and performance. Training decisions based on PA are usually felt to increase skills, abilities, and role understanding. Various modes of feedback and performance-oriented discussions between appraisers and appraisees are undertaken because they are believed to lead to increased effort and role understanding. Of course, for any of the formal system objectives to be accomplished, data need to be obtained from the formal appraisal and transmitted to others.

Whether the same performance data are appropriate for all the potential uses is a question that is not always asked in organizations. Many formal PA systems do not differentiate and implicitly or explicitly collect the same data for all uses. While formal systems may fail to attend to the need for different measurements for different purposes we should not assume that system users also fail to differentiate. On the contrary, the system users may well see different data as appropriate for the different purposes. Indeed they may create informal systems which communicate such data.

#### Formal-PA System

While the logic behind the various uses of PA in Figure 1 is relatively clear, the organizational means by which the measurement is made and the various connections are or can be made are problematic. Much of the design of PA systems involves specification of measures and

linkages. Indeed, there seems to be an eternal search for the perfect measurement instrument. Much of the work by industrial psychologists on performance appraisal, for example, has focused on developing and "validating" different appraisal forms. Almost totally ignored have been issues concerned with the motivations of the appraiser and appraisee. The link between PA and salary is a good example of a relationship that evokes constant refinement and search for perfection in some organizations. Solutions range from subjective "judgment calls" about appropriate pay for a given performance level to computerized algorithms which automatically convert PA ratings into pay levels. Pay-performance linkages need to attend to timing issues also. It is hard, for instance, to base salary on performance when salary planning takes place prior to PA--a situation found in many organizations.

Overall, much of PA design effort in organizations is focused on the "nitty-gritty" procedures, instruments, and techniques required to actually accomplish the PA linkages of Figure 1. The more linkages an organization tries to make, the more complicated the design becomes and, as we shall see, the more complex the motivational issues involved.

#### Putting PA Systems into Practice

Even if specification of the micro elements of PA design is relatively complete it is by no means automatic that the procedures and linkages specified will in fact come to pass. First, the people expected to carry out PA and its purposes obviously need to be told what they are to do. Designers must communicate the PA system, e.g., through orientation sessions and written policy and procedures. Knowing what one is supposed to do, however, does not guarantee that it will be done. Individuals also

need the ability to perform the various behaviors required of them. Thus PA systems sometimes include formal training and skill-building components for its users. Finally, people have to be motivated to carry out the activities. Approaches to doing this include evaluating appraisers based on whether they have done appraisals and developing information systems which identify when appraisals are late.

#### ORGANIZATIONAL CONTEXT OF PA

PA systems do not exist in a vacuum. The organization presents a context with a number of dimensions each of which may have a distinct moderating effect on the PA system. Among the key contextual dimensions are the job characteristics and functional areas of the employees being appraised; the structural nature of the organization such as its authority relationships and its communication networks; and less easily defined aspects such as the climate, the culture, and the nature of interpersonal relationships.

Most designers of PA systems, especially when they are members of the organization, implicitly attend to its contextual dimensions. Nevertheless when such dimensions are not explicitly and systematically taken into account there is a real danger that they may work to destroy the potential effectiveness of a PA system. In some cases only if they are altered is it possible to do "valid" performance appraisals.

Some examples will illustrate the potential nature of contextual effects. Our research, for instance, indicates that current PA practices tend to work better (in terms of affective and behavioral outcomes, i.e., people are more satisfied with PA events and PA behaviors are more

positive and functional) when the job of the person being appraised has well-specified duties and priorities (Reznick and Mohrman, 1981). Nevertheless, many organizations value not specifying certain jobs (to retain entrepreneurial behavior); thus the typical prescription of better job analysis would not be appropriate. Indeed, the whole idea may not fit the culture of the organization. Using PA in such situations can potentially be detrimental both in the short run (when PA events become dissatisfying and dysfunctional) and in the long run, if PA exerts a pressure on the organization to move away from a functional cultural norm. In such situations one might expect very little motivation to practice PA.

Other examples of poor contextual fit include individually oriented PA in an organization that relies on the work group as the basic unit of production, organizations with egalitarian norms that implicitly emphasize hierarchial power by having one-over-one approval of appraisals, organizations with matrix structures that undermine their own logic by using appraisals based on a single-boss hierarchy (Davis and Lawrence, 1977). The frequent assumption that an employee's hierarchical boss is the appropriate appraiser may not be well-founded if that person has no access to, direct information about, or expertise in the job performance of the appraisee. Hierarchically based PA systems may also have a politicizing effect on PA-based career decisions. Finally, PA systems which are designed to be participative do not fit in autocratically run organizations, as will be discussed next. When contextual misfits occur, PA systems can be expected to break down because of accumulated dysfunctional behaviors of the people practicing PA in such contexts. The key to understanding PA breakdowns lies in how these

contextual conditions influence individuals' definitions of the situation and the individuals' resultant behaviors.

#### SYSTEMS, CONTEXT, AND RESULTANT BEHAVIOR

No matter how complete the design of the PA system; no matter how detailed the procedural and policy manuals; no matter how well-articulated the uses of PA forms, PA data, and the decision algorithms using the data; no matter how well-thought-out the relationships between PA and contextual elements--PA recommendations achieve nothing until acted out through individual behavior.

#### Definition of Situation

The determinants of each individual's behavior is that individual's "definition of the situation" (see Figure 2). This is a popular term which has run as a thread through an influential portion of the literature in sociology (Ritzer, 1975). It has also had its parallels in the psychology and organizational psychology literature. One prominent example is the value-expectancy model of motivation, (Lawler, 1973) in which expectancies, instrumentalities, and values form an individual's definition of situations and motivate particular behaviors. The model in Figure 1 is in essence a potential definition of the situation provided by the formal PA system. Depending on the system and the organization, the various outcomes might be more or less present. The real existence of the elements and connections does not guarantee that they will be perceived and be part of the individual's definition, just as their absence does not guarantee they will not be perceived.

Despite the best-laid design plans, PA systems have both intended and unintended consequences in the individual's definition of the situation.

As just one example, PA systems often build in a review of the PA results by the supervisor of the appraiser. Often this is done after measurement but before feedback or other subsequent uses of the PA result. It is intended as a quality monitoring of the measurement or appraisal. Our research has found that it often has an unintended consequence of creating the perceived situation for the appraisee that the appraisal is "locked in." In situations where the original measurement is perceived by the appraisee to have excluded pertinent data, such a review may in fact eventually result in increased dissatisfaction and turnover.

#### Role of Context

The organizational context exerts its moderating influence on the PA system by creating a setting which influences the meaning the individual gives the components of the PA situation. Hierarchical situations, for example, foster interpretation of the review and signing off on a PA by the appraiser's boss as a further legitimating technique to foster control by the appraiser (when he or she is the boss of the appraisee). As another example, PA systems in competitive cultures have a difficult time convincing appraisees that PA is done for developmental purposes. For instance, if PA is directly connected by some computerized algorithm to a pay raise, we would expect to find, in contexts where a particular job expertise is scarce in the labor market, that PA becomes no longer a measure of performance but a lever by which managers can get greater pay for subordinates who are being wooed by other corporations. In short, the context often determines the meaning and use of the PA.

One element of the context, the culture or climate of the organization, can influence the way behavior is evaluated and interpreted when

public and private appraisals are made. For example our research shows that in highly participative plants evaluations tend to focus on the degree to which individuals support their work teams and engage in team behaviors, a factor that rarely comes up in traditional cultures. Culture may also affect the kinds of attributions appraisers make about the causes of performance and what level of performance is acceptable. For example, an ideal "Theory Y" organization would tend to attribute "good" results to people and "bad" results to situations, the reverse of tendencies in "Theory X" organizations (MacGregor, 1960). If culture can affect attributions then individuals in people-oriented cultures may be more prone to look for ways that poor performance can be helped to improve by training or by changing the situation. Organizations that are highly performance-oriented and set high standards for performance may be more likely to experience failure on important standards and to attribute the failure to individuals. Individuals seeking to avoid such attribution can be driven to extreme behavior (e.g. Perry and Barney, 1981). The attribution literature has identified a number of conditions under which attributions can change or assume biased patterns (e.g., situations with high affective bonds, situations where consequences are serious and not trivial). This suggests that one concrete way of understanding culture may be in terms of the extent to which these conditions affecting attributions are present or absent.

#### Definitional Effects

It is important to note that definitional dynamics are ultimately in the control of the individual and can only partially be influenced or overcome by traditional responses to PA problems, such as more valid

measurement instruments. Characteristics of the individual may affect his or her definition of the situation. For example, past experience with appraisal and such personality traits as self-esteem may affect both social and private appraisals by influencing the perceptions people develop of the situation.

Figure 3 depicts a simple illustration of how two individuals' definitions of a situation can interact. In this particular case we pick the two individuals most commonly comprising the social membership of the PA event--the manager-appraiser and the subordinate-appraisee. In the previous section the degree of fit between the context and the PA system was seen to be partially dictated by the objective reality of the two but was ultimately a matter of definition for each individual actor. In Figure 3 we see yet other points where incongruity or misfit may potentially occur--i.e., between the different definitions and behaviors of the two actors. A common example of such incongruity is when the manager perceives feedback discussion to be developmental while the subordinate sees it as evaluative; e.g., information about an upcoming pay raise.

We recently collected some questionnaire data that illustrate the potential differences between appraiser and appraisee (in this case manager and subordinate) definitions of the situation. We asked a stratified random sample of over 300 manager-subordinate pairs a number of questions pertaining to many aspects of the most recent PA events they had mutually participated in. Table 1 presents some illustrative results. Respondents were asked to indicate the extent to which a number of possible purposes should have been and actually were accomplished in their



most recently completed PA event. The patterns indicate some significant differences between manager and subordinates in desired purposes and perceptions of their accomplishment.

Using PA to "document the subordinate's performance" is the purpose perceived to be actually accomplished to the greatest extent, although evidently not quite as highly as desired by subordinates. Managers, on the other hand, see such a purpose being attended to much more than they would wish. Obviously, this could create a situation with contradictory pressures to both increase and decrease "documenting" behaviors.

While both manager and subordinates tended to agree in general that PA should have been used to "determine appropriate pay," they began to diverge in their perceptions of the extent to which it had actually been used to do so. The PA experiences to which the data refer have apparently established a perception of pay for performance more in the minds of the managers than those to whom the incentive is meant to apply.

Although many managers believe PA should have determined pay, they evidently are not so convinced that PA events should have been used to "communicate and explain pay decisions," and indeed pay was often not discussed, quite contrary to the desires of subordinates. Not attending to these appraisee desires can be dysfunctional. Further analyses that one of us and a colleague have carried out on the same data indicate that, indeed, when pay decisions were communicated and explained during PA events, those events were also shown to be more satisfying to both parties and to be more open to constructive discussion of other issues, such as needed areas of performance improvement than were PA events in which pay issues were not communicated (Prince and Lawler, 1981).

What these findings illustrate is that in an organizational context where pay for performance is a strong cultural norm, it is not a subject that should be avoided during PA. Such avoidance in such a context defines a situation for the subordinate that may, ironically, increase the saliency of the pay issue, drive out open discussion of other issues, and create dissatisfaction with PA.

These kinds of differences between manager and subordinate definitions of the situation are by no means isolated. When we performed paired T-tests between manager and subordinate responses on all the questionnaire items that could be compared we found that the two groups of responses significantly differed on 68% of the items. Differences in definitions of the situation between PA participants is neither an isolated nor insignificant occurrence.

Even in situations where the definitions and behaviors are compatible the result may still be dysfunctional and contrary to original PA system intentions. We can illustrate this by expanding an earlier example. In the situation described where the manager's boss reviewed and signed off on the PA prior to the manager's feedback to the subordinate we saw the following: not only did the subordinate see such an action as "locking in" the appraisal but the manager consciously utilized such a pre-feedback review as a legitimation of his appraisal and a substantiation of his hierarchical superiority over the subordinate. It was such an important tool for him that he refused to alter this practice even though all managers were requested to do so by the plant manager. The subordinate during one PA event discovered that completely erroneous data had been used in part of the PA. When this was brought to the

manager's attention during feedback, the manager, rather than give up an important source of authority, acknowledged the error but felt compelled to explain it as purposeful and necessary in order to make the PA system operate equitably. Since the subordinate accepted the fabrication as reality, such an explanation caused considerable distortion in the subordinate's understanding of what the PA system was all about.

### Expectancy Predictions

The manner in which the definition of the situation is converted into behavior regarding the PA system can be modeled by a value-expectancy approach. In doing so we are not so much interested in positing the model as the way of explaining PA behavior or testing its usefulness as we are interested in using the model as a heuristic to understand the important forces motivating PA behavior. We think of motivation as the tendencies of an individual to withhold or exert effort in behavioral directions. The expectancy model considers motivations to stem from the expectations the individual has that those efforts will result in the target behaviors, that the accomplishment of the target behaviors will result in a variety of outcomes, and that the expected outcomes will be, on the whole, valuable or satisfying to the individual (see, e.g., Vroom, 1964, Lawler, 1973). A simple version of this model appears in Figure 4.

Figure 5 develops the expectancy concept a little further by illustrating some of the possible connections which may be perceived to exist between different behaviors and outcomes. Figure 5 is not meant to describe a reality of the actual outcomes of PA behaviors; rather, it is meant to characterize a possible definition of the PA situation that the actor may have. As such, Figure 5 can be interpreted as the determinant

of the individual actors' motivations to perform PA behaviors. Figure 5 in particular and Figure 4 in general are possible pictures of what the actors (appraiser or appraisee) might have in mind when deciding on PA actions or, for that matter, inaction. (Not coincidentally, they also represent a model which social scientists sometimes adopt to describe or hypothesize actual relationships among the variables.) Research indicates that organizational actors can, in general, be considered to carry expectancy-type pictures of the world in their heads that influence their organizational behaviors (see, e.g., Mitchell, 1974). We see no reason for the PA situation to be different. To understand the actual content of the expectancy model (e.g., expectancies, valences) we need to understand how situations come to be defined by the organizational actors. More generally, we are interested in the social definition process by which expectancy models are created as well as the models themselves, for it is only through the social processes that we can manage the individual's definition and subsequent behavior. We need to include in the individual's definition of the situation such things as perceived ability to effect certain PA behaviors, an appropriate understanding of the PA role in which one finds oneself, the expected first- and second-level outcomes likely to occur due to certain behaviors, and the values the individual places on such outcomes. Appraisers, for example, are not going to put much effort into using a form they neither understand nor feel they have the ability to use (ability to discriminate among performance levels, for instance). Neither will they be motivated to feed back negative appraisals if they expect a nasty scene from the appraisee, especially if they see no longer-term possibility for performance improvement and the organization does not reward them for it.

As indicated in Figure 5 we need to explain not only the appraiser's PA behavior but the behavior of others in the appraisal system as well. Appraisees, for instance, may not openly participate in developmental feedback or in complete presentation of self-generated data to be used for appraisal if they feel that such openness will be used against them (a climate of distrust). Personnel administrators and higher-level managers have been known to change PA results in order to avoid the appearance of inequities across various organizational units. Such individual behaviors can in the aggregate yield a PA system much different than intended by design. The emerging PA reality is even further compounded by the interaction of these behaviors.

The reasons why PA systems often fail to yield valid data about performance can be partially understood by using the expectancy approach. Looking first at the accuracy of private appraisals, Figure 6 shows the types of expectancies that an organization must create to positively influence the accuracy of PA evaluations.

The figure suggests that if an organization wants an appraiser to base the appraisal on a certain reference standard on a specific behavior, they must not only identify them and make information on them available: they must motivate the appraisee to use them. Rewarding appraisers who keep records or who develop agreements with subordinates about performance can motivate them to use good decision processes in forming their own judgments.

The extrinsic rewards in the situation can range from pay increases for the appraiser to a requirement that a certain form be filled out in order for the appraisee to receive a pay increase, which, in turn, would

help the appraiser gain esteem, or acceptance from the appraisee. The intrinsic rewards may stem from having been involved in developing the tool and as a result feeling a commitment to using it or feeling it is a better tool.

The analysis supports one further interesting point: better forms and better measurement systems are likely to be effective only if the organization motivates individuals to use them. Even if forms are used they must have a controlling effect on the private appraisal. Private biases are only controlled to the extent the form programs the lenses through which the appraiser perceives performance, and are uncontrolled to the extent that the form allows uncontrolled perceptions to be fitted into the categories of the appraisal. Further, they are only likely to solve the organization's PA "validity problem" if appraisers are in turn motivated to report the private appraisals accurately.

An accurate private appraisal of an individual's performance by an appraiser by no means guarantees that an accurate appraisal will enter the formal system. The appraiser must be motivated to provide an accurate report or at the least must not be motivated to give an inaccurate report. Figure 7 suggests some expectations on the part of the appraiser which might lead to the reporting of inaccurate data. It shows some of the kinds of negative consequences which individual appraisers might perceive would result from accurate appraisals. They include losing control over the reward system and an interpersonally uncomfortable confrontation with the appraisee. Sometimes appraisers try to have the best of all worlds by having multiple public appraisals: one for the appraisee (favorable), one for the organization's reward system (targeted to a desired pay action),

and one for determining who gets a particular job assignment (accurate if the appraiser is held responsible for the resulting performance). This behavior is often motivated by just the kinds of motivation shown in Figure 7.

This analysis leads to some interesting thoughts about what conditions are most likely to lead to accurate public reporting of private appraisals. Briefly, it suggests this is likely when individuals are rewarded for doing it and of course not punished for doing it. It is hard to reward accuracy extrinsically because it is difficult to measure. About all that can be done is to look for convergent validity, to require good backup data for appraisals, or to rely on intrinsic motivations toward accuracy perhaps through establishment of value consensus. When appraisals are used by others for multiple purposes it is particularly likely to motivate individuals to distort their appraisals in order to avoid "misuse" of their appraisal.

Ultimately it seems that the best way to get accurate reporting is to do nothing with the data, because any use is likely to result in problems for the appraiser. Of course if nothing is done there is little sense in making the data public. Perhaps the most sensible conclusion is that the use of appraisals should be carefully thought out and that targeted uses be made of specific appraisal judgments (e.g., only for pay) so that the tendency to misrepresent is limited and potentially controllable. Finally, organizations should be careful to avoid thinking that by automatically converting ratings to such things as pay actions they have solved the problem of managers making bad pay decisions. Most likely what they have done is assure that pay decisions will be based on bad data,

because appraisers will give data which supports the pay action they want to achieve.

In order to illustrate further the usefulness of the expectancy approach to thinking about performance appraisal behavior, we can apply it to two traditional issues in appraisal: the failure of superiors to conduct appraisal and the tendency of appraisers to rate subordinates unrealistically high. Looking first at the issue of superiors conducting appraisals we can make some rather specific predictions about when superiors are likely to go "public" with their appraisals. This is likely to happen only when the perceived consequences of doing it outweigh the advantages of not doing it. For many individuals, going public with an appraisal is not so socially or intrinsically rewarding that it will be done in the absence of some organizational rewards for carrying it out. Thus, one prediction is that in order to get compliance with a policy requiring that people be appraised organizations must measure whether appraisers actually carry out the behavior and then link rewards/punishments to these measures. Training may also produce compliance with the policy if it helps to reduce doubt that the appraisal can be constructively carried out, that is, if it reduces the perceived negative consequences of the behavior. Finally, if carrying out an appraisal is instrumental for the accomplishment of some other activity the individual wants to accomplish (e.g., get a pay raise for a subordinate) it is more likely to be carried out, although perhaps not without a bias dictated by the ultimate purpose.

A common complaint in organizations is that appraisers rate "all appraisees" highly. In terms of the outcomes that are typically



associated with giving high and low ratings it is hardly surprising that managers behave this way in many organizations. Indeed, specific organization policies tend to motivate this (e.g., policies linking pay to performance results). The solution to this problem is not to be found in a better PA form but in a reward system which encourages appraisers to engage in appropriate rating behaviors. For example, peer group norms can be developed which say that it is unfair for a manager to rate all his subordinates highly because it makes life difficult for other appraisers. (Of course this raises the design issue of how to create and maintain such group norms.) Alternately, appraisers who without justification rate everyone highly can, in turn, be rated as poor performers because they fail to carry out an important part of their job: appraising the performance of others. In the absence of these steps it is hardly surprising that appraisers tend to rate highly; it often brings raises for subordinates, social rewards from subordinates and the avoidance of confronting the appraisee about his or her poor performance.

In summary, we are arguing that in order to understand the rating behavior of an appraiser we need to focus on the perceived consequences of giving particular ratings. This means looking at how rating data will be used, who will see it, what the anticipated reaction from the appraisee will be and what connections there are between the appraisal results and such other systems as the pay system, the human resource planning system, and so on.

#### CONCLUSIONS AND IMPLICATIONS

The major thesis of this paper has been that performance appraisal behavior can be and indeed should be viewed as motivated behavior.

Numerous examples in this paper illustrate that when this view is taken it can be made more understandable and tractable. This is not to argue, for example, that performance measurement methods are unimportant; it is however to argue that a focus on them solely is unlikely to produce effective performance appraisal behavior.

The view strongly suggests that the improvement of PA systems is ultimately a matter of creating a shared social definition of PA that is in concert with the original intent of PA. Doing so depends initially on convincing actors that such a definition is viable. In the long run, it also depends on the subsequent reality created by the behaviors stemming from this social definition, which must be perceived as reinforcing and not contradicting the original design. This point suggests a number of conclusions about what type of knowledge and practice is needed to improve PA outcomes. For example:

1. The amount of improvement that is likely to be gained by better measurement instruments is small.
2. Many contexts may need to be changed before valid appraisal can be done in them.
3. Much more knowledge about how systems are seen or defined by actors is needed if we are to design effective systems.
4. Organizations need to look at the uses they will make of PA results and determine if they encourage the production of valid data that is likely to be valued for that purpose.

These conclusions in turn suggest a final point: organizations are made up of connected subsystems, therefore research and practice that considers subsystems by themselves are likely to be misleading and

simplistic at their best. Hopefully the future will see performance appraisal research and practice which considers the connection among context, social definition, motivation, and appraisal behavior.

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TABLE 1

<u>Potential Purpose of PA</u>		Extent to which the purpose.....					
		<u>Should have been accomplished</u>			<u>Was actually accomplished</u>		
		not at all	low to moderate	high to great	not at all	low to moderate	high to great
Document Subordinate's Performance	Manager	0	41	58	0	11	89
	Subordinate	1	13	86	4	30	67
Determine Appropriate Pay	Manager	10	25	65	19	42	39
	Subordinate	5	24	71	31	43	27
Communicate and Explain Pay Decisions	Manager	20	32	47	30	40	30
	Subordinate	8	23	68	42	41	17

Cell entries are percentages

Figure 1

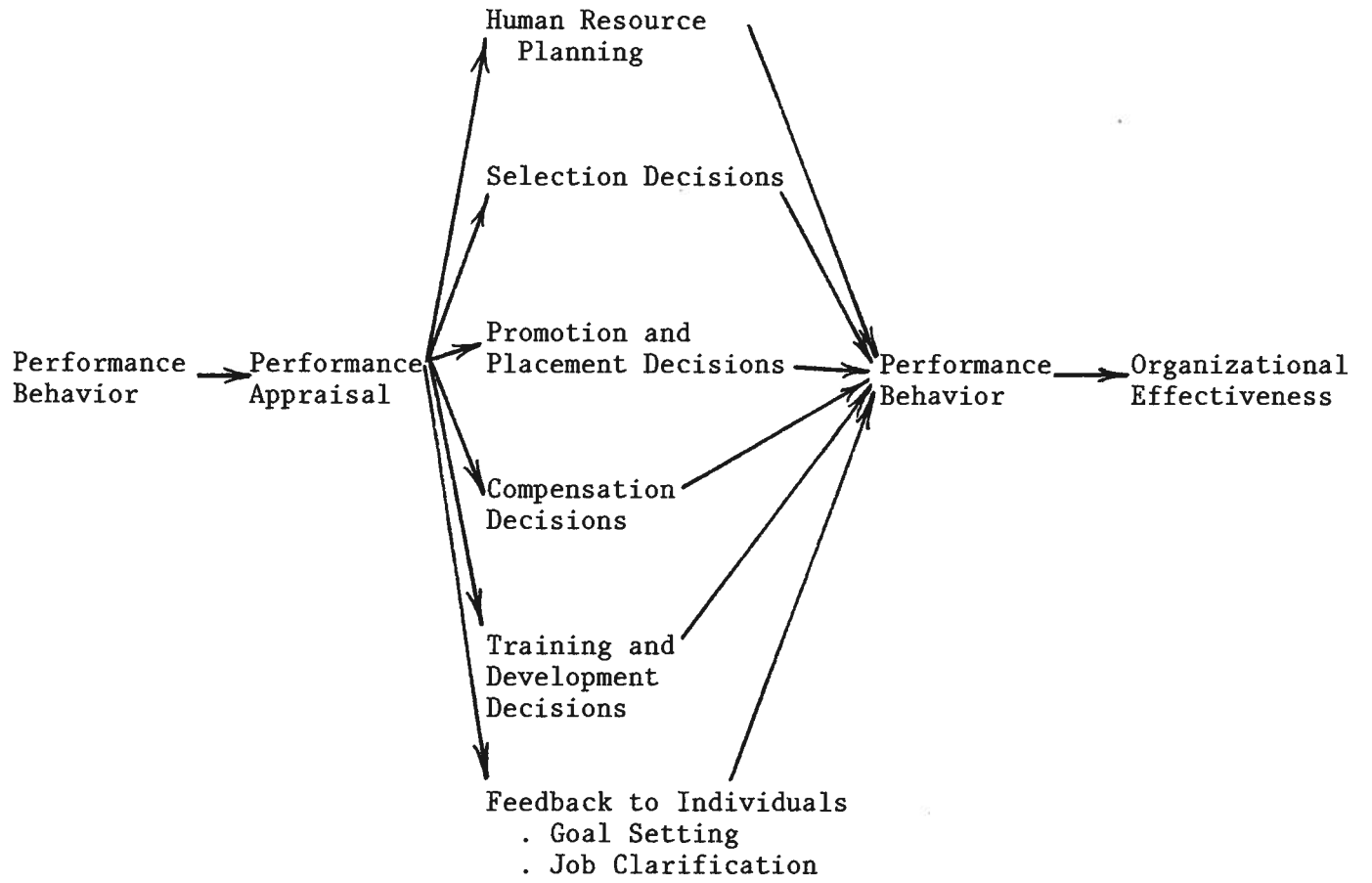


Figure 2

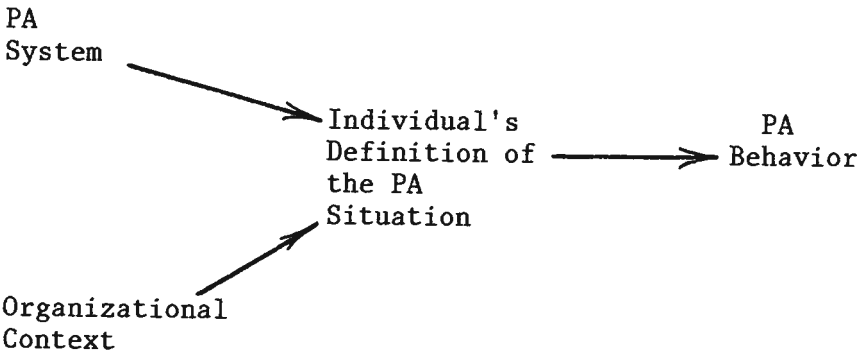


Figure 3

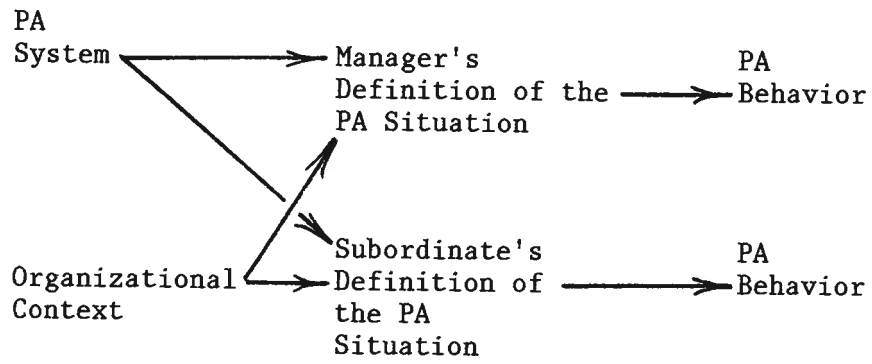




Figure 4

Expectancy Model Characterization of the Actor's  
Definition of the PA Situation  
Underlying PA Motivations

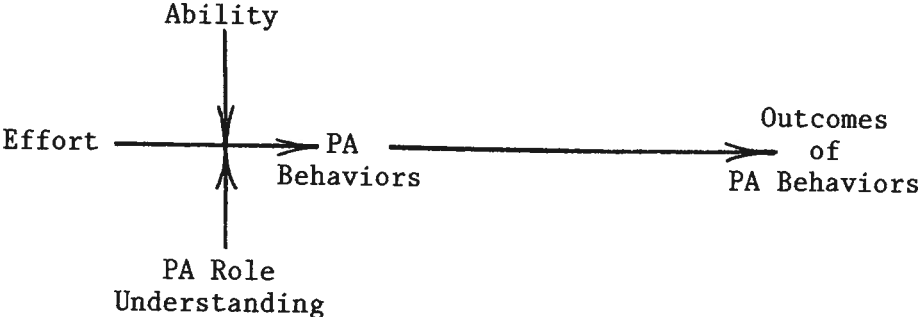


Figure 5

PA Behavior

Outcomes

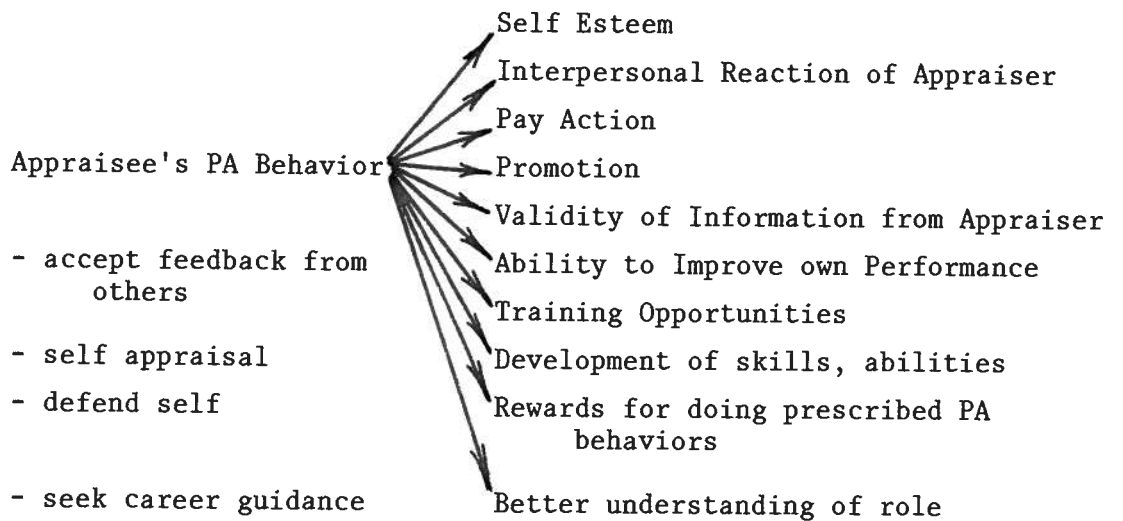
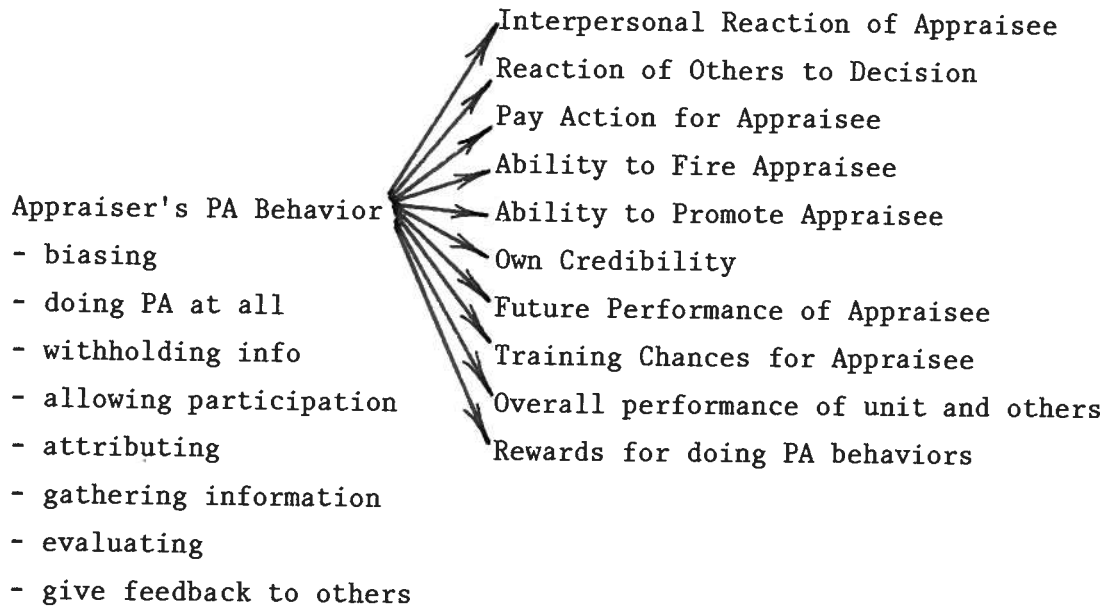


Figure 6

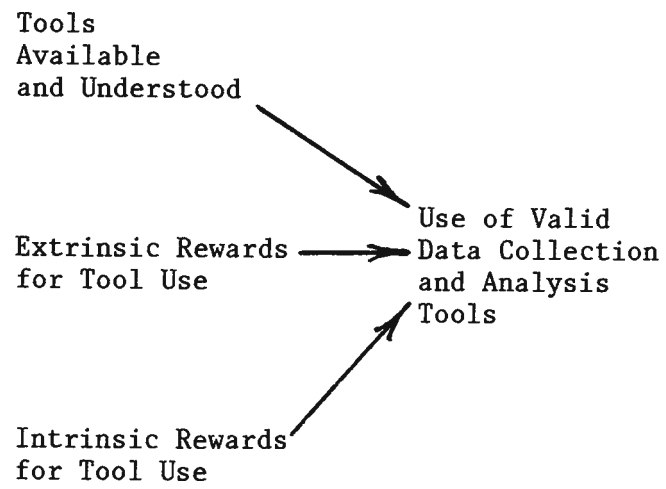


Figure 7

