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PERFORMANCE APPRAISAL REVISITED

**CEO PUBLICATION
G 83-7 (38)**

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May 1994

Financial support was provided by the Organizational Effectiveness Research Programs,
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by

Edward Lawler
Allan Mohrman
Susan Resnick

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ABSTRACT

Reports on a series of studies concerned with performance appraisal effectiveness. Identifies those conditions which are associated with effective appraisals and the relationship between such things as pay discussions and performance appraisal effectiveness.

PERFORMANCE APPRAISAL REVISITED

For decades performance appraisal has been a much discussed and studied practice. It is also one that has produced a great deal of frustration and a never ending search for the "right" system. As part of this search, organizations seem to be regularly changing their systems in the hope that they will find the answer. Our study reports on the results of one company's search and suggests that the system may not be the solution.

One of the most influential series of studies was done by the General Electric Company during the early 1960s. Publication of these results in a Harvard Business Review article in 1965 led a number of corporations to revise their performance appraisal practices, and in important respects changed the way appraisal is conceptualized by researchers and managers (Meyer, Kay and French, 1965). Among the key recommendations in this article were to separate pay discussions from performance appraisal and to use a process called Work Planning and Review. In this process specific objectives are identified in advance of a performance period and then at the end of the period results are reviewed against these objectives.

The years since the publication of the seminal G.E. study have seen performance appraisal emerge as an increasingly important issue in organizations. Increasing concern about productivity and legal issues surrounding age, sex, and race discrimination have brought the performance appraisal practices of organizations even more to center stage. In addition, current thinking about effective human resource management more and more place performance appraisal at the center of integrated

human resource management systems. For example, it is often noted that performance appraisal needs to be very clearly related to the pay system, the career development system, the selection system, and in turn needs to flow from the way job design is approached in the organization.

Finally, it is important that the appraisal system measure and reward behaviors that are supportive of the organization's strategic objectives. Thus, if an organization wishes to have an integrated human resource management system that supports its business plan, performance appraisal of some form or another is not an option, it is a necessity. Further, it is something that should not be done poorly. Its inputs are so vital to the successful operation of other human resource management systems that if it is done poorly the whole human resource management system is destined to be ineffective.

There are at least two perspectives which must be accounted for in any assessment of a performance appraisal system. There is the effectiveness of the system as judged by the management or the appraisers and there is the effectiveness of the system as judged by the subordinate employees or the appraisees. Ideally, performance appraisal should meet the needs of both. If it is to meet the needs of employees it must help them know the "organization's" official view of their work, their chances for advancement and salary increases within the organization and ways they can improve their performance to better meet their own and the organization's goals. If it is to meet the typical goals of the organization, performance appraisal must help the organization to utilize the skills of its employees, and to motivate and develop them to perform effectively.

Although increased interest in performance appraisals has led to a great deal of research, much of it has focused only on the mechanics of measurement and the appraisal forms. Research, for example, has compared the advantage of 5 point vs 7 point scales and of behaviorally anchored rating scales vs management by objectives systems and so on. For years we have suspected that research which focuses on the form itself and the mechanics of appraisal is missing many important issues that are involved in designing and managing performance appraisal systems.

Thus, when the General Electric Company asked us if we would be interested in doing a study on the impact and the organizational role of their performance appraisal practices, we were delighted. It promised the opportunity to look at a corporation which for several decades has seriously studied and worked on performance appraisal, and a chance to go beyond focusing only on the nuts and bolts of the performance appraisal form. It allowed us at once the opportunity to look at a performance appraisal system in the context of an organization and its jobs and to test emerging notions of the multiple functions of performance appraisal.

After briefly describing the study, we will discuss what managers and employees believed the performance appraisal system should be like and should accomplish, then we will discuss actual performance appraisal practices and some determinants of appraisal effectiveness. Finally, we make recommendations for organizations considering changing their performance appraisal systems. Our recommendations are not based solely on our G.E. experience. We have since done similar research in a number

of other organizational settings. Our findings continue to confirm the patterns first noted at G.E.

Study Description

Interviews, questionnaires and personnel records served as the major data sources for the study. We interviewed personnel executives and other top level executives, and numerous manager-subordinate pairs. In addition, we collected questionnaire data from 700 manager-subordinate pairs from all levels of management and all functional areas in the "exempt" population. In half the cases the person being appraised was also responsible for appraising the performance of others. Half of the pairs we studied completed questionnaires both before and after a performance appraisal event while other pairs completed questionnaires only after the performance appraisal event. This was done to assure that we could eliminate from our results any effects of individuals filling out a questionnaire before the appraisal. Interestingly, this proved unnecessary as the results were the same for both groups.

Often, researchers question the generalizability of research findings from a single organization. This study, however, minimized these concerns by including many different types of organizations within the General Electric Corporation. We intentionally picked nine very different businesses in the company. This is exemplified by the fact that performance appraisal was done in widely varying ways in these sites. For example, performance appraisal was done regularly at eight sites but only sometimes at one site. We found over 50 different performance appraisal forms in use across the nine sites and also found variance in such features as how often and when the performance

appraisal was done. One organization even provided its appraisers with a booklet containing 10 different forms and told them to pick the one they preferred. There was additional variation in whether and how appraisal was linked with pay, with manpower planning, with promotion, and with the job itself.

Performance Appraisal Beliefs

When studied twenty years ago, few GE employees could cite examples of constructive action taken--or significant improvement achieved--that stemmed from suggestions received in a performance appraisal interview with their boss. Today, as is shown in Table 1, managers and subordinates believe that appraisal practices do indeed make a difference to the organization as a whole by fostering motivation, productive changes in behavior and increased understanding. Both groups believe their appraisal to be providing accurate feedback and to be based on general agreement about performance criteria (although subordinates were considerably less sanguine). But, like their colleagues twenty years ago, only a minority in each group thought these practices would happen if they were not organizational requirements.

As well as documenting attitudes, the earlier General Electric study made recommendations about the appropriate practice of performance appraisal. Among these recommendations were that appraisal should be based on mutually agreed to goals. Interestingly, when asked about specific practices that should be part of the appraisal process the GE employees now mention that performance appraisal should be based on goals previously agreed to by the appraiser and subordinate. In addition, in the spirit of the earlier recommendations, today's appraisers and subordinates believe that an employees' self-appraisal should be an

TABLE 1

GENERAL BELIEFS ABOUT PERFORMANCE APPRAISAL¹

		<u>Disagree</u>	<u>Neutral</u>	<u>Agree</u>	
1.	PA <u>should</u> be done <u>only</u> for the subordinate's personal development.	appraisers	78	7	15
		subordinates	71	9	20
2.	Salary and promotion decisions <u>should</u> be based on PA results.	appraisers	5	3	92
		subordinates	12	3	85
3.	Salary and promotion decisions <u>are</u> based on PA results.	appraisers	24	8	68
		subordinates	41	10	49
4.	PA practices provide accurate feedback to the subordinate and superiors and subordinates agree on what constitutes good or poor performance.	appraisers	22	6	72
		subordinates	36	8	55
5.	PA makes a difference. It motivates employees, leads to more productive behavior, and increases understanding about the subordinate's role.	appraisers	10	16	75
		subordinates	15	21	64
6.	Superiors and subordinates only carry out PA activities because the organization requires it.	appraisers	35	18	47
		subordinates	28	29	53
7.	Subordinates' PA <u>should</u> be based on goals previously agreed to by the superior and subordinates.	appraisers	4	3	93
		subordinates	8	5	87
8.	A subordinate's self-appraisal <u>should</u> be an important part of PA	appraisers	6	4	90
		subordinates	8	6	86

¹Percents of those answering the question are reported.

important part of performance appraisal. In contrast to the recommendations of the earlier study, there is strong support for the proposition that performance evaluation should be integrated with other human resource systems. The GE respondents believed evaluations should be

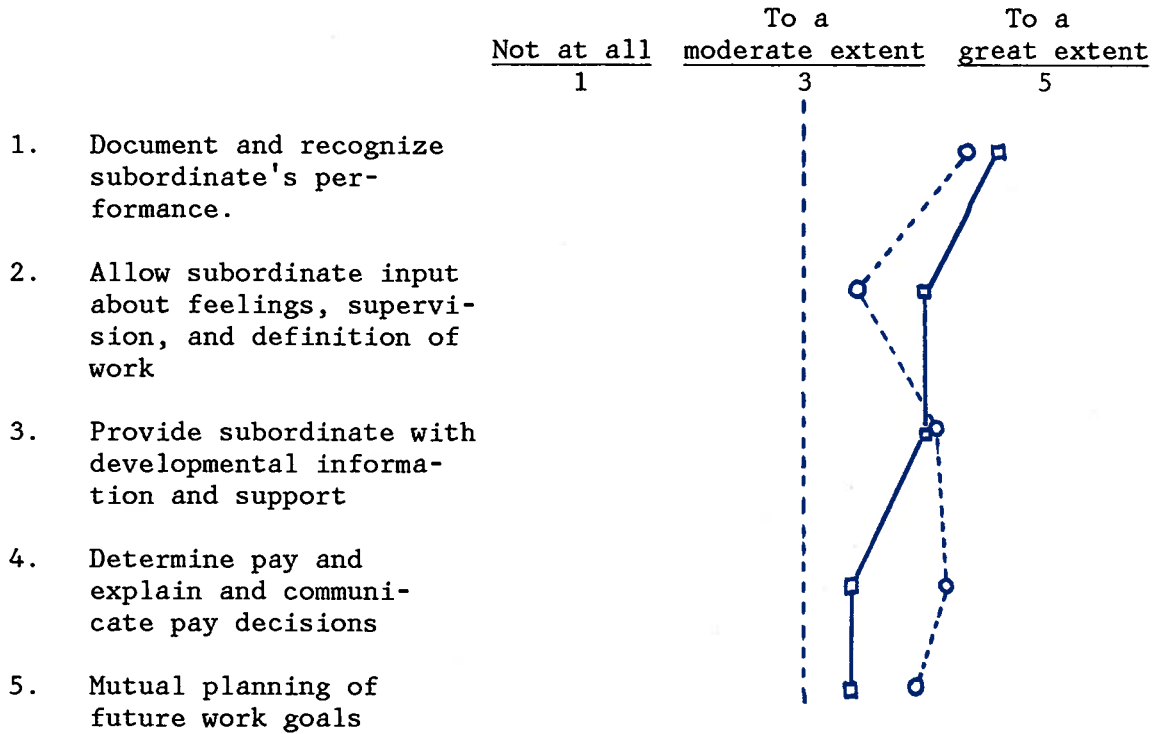
done for more than developmental purposes and should be an important determinant of salary and promotions.

There were three areas where appraisers and subordinates had differing beliefs about the purposes of performance appraisal (see Figure 1). Appraisers, more than subordinates, believed that a purpose of performance appraisal should be to allow subordinates input about the definition of work while subordinates more than appraisers believed that a purpose of performance appraisal was to explain and communicate pay decisions and to mutually plan future work goals. These discrepancies in beliefs suggest the differing needs appraisers and subordinates bring to performance appraisal. For example, because the employees look to the performance appraisal session to let them know how they stand vis-a-vis the other human resource systems, and what the future holds for them, the discussion of pay is more salient to them than to management.

Overall, the data from General Electric show a fairly consistent and well developed set of beliefs about performance appraisal. Despite the fact that a variety of practices and procedures are used within the company, the overall view is clear that performance appraisal should be done, that it has an organizational impact, that it needs to be organizationally required, that it should be based on goals, and that it should determine such things as pay and promotion. The data also highlight the fact that appraisers and subordinates bring different needs and hopes to the appraisal event.

Figure 1

POSSIBLE INSTRUMENTAL PURPOSES OF PERFORMANCE APPRAISAL:
EXTENT TO WHICH THEY SHOULD HAPPEN



—■— appraisers' desired purposes

- - -○- - - subordinates' desired purposes

(Based on means on five-point scales)

The Practice of Performance Appraisal

Having looked at what appraisers and subordinates believe should happen in performance appraisal we now turn to a discussion of what they actually experience.

In general, performance appraisal interviews were called on short notice, and took less than an hour. These results seem to indicate a rather casual approach to performance appraisal and thus are of some significance in and of themselves. They become more interesting,

however, when we compare the participants' views about what occurred in the appraisal and their reactions to the event.

Overall, subordinates have a much more negative attitude toward the performance appraisal event. Although appraisers tend to know about the appraisal in advance, subordinates were more often surprised. Appraisers also tended to see the appraisal meeting lasting much longer than did the subordinate. In general, appraisers were satisfied with the duration of the time while subordinates would have liked more. Subordinates also saw more distractions and interruptions and generally felt the appraisal did not get the time that it warranted.

On the positive side, at least both parties agreed the appraisal took place. In other companies we have studied, there sometimes is no agreement on whether the appraisal has taken place! The superior typically reports it has, while the subordinate says it hasn't. One director of human resources, frustrated by the complaints of subordinates at not having received performance appraisals and the insistence of managers at having given the appraisals, suggested that managers keep a banner in their upper left hand drawer which reads "This is your performance appraisal." The banner can then be unfurled and placed over their desk at the appropriate time. This represents one solution; however, we believe there are other less theatrical and more effective solutions to improve the practice of performance appraisal in the eyes of the subordinate.

Appraisers were quite clear that things really important to them were discussed in the appraisal event. For example, 82% said that they were discussed to a great extent. The situation was quite different

with respect to subordinates, only 46% of whom felt that things important to them were discussed to a great extent.

With respect to decision making, subordinates, much more than appraisers, saw the most important decisions as primarily made by the appraisers. Similarly, with respect to communication, the subordinates saw communication as coming mostly from their appraiser, while the appraisers saw the communication patterns as more balanced.

As you may recall, both appraisers and their subordinates were in agreement that performance appraisals should be based on previously agreed to goals and subordinates' self appraisals. In practice, however, these expectations are not always fulfilled. Self appraisals, for example, are used only to a moderate extent or less in about half the appraisals. While slightly over half the appraisers believe that the appraisal was based on predetermined goals to more than a moderate extent, only one third of the subordinates corroborate these observations.

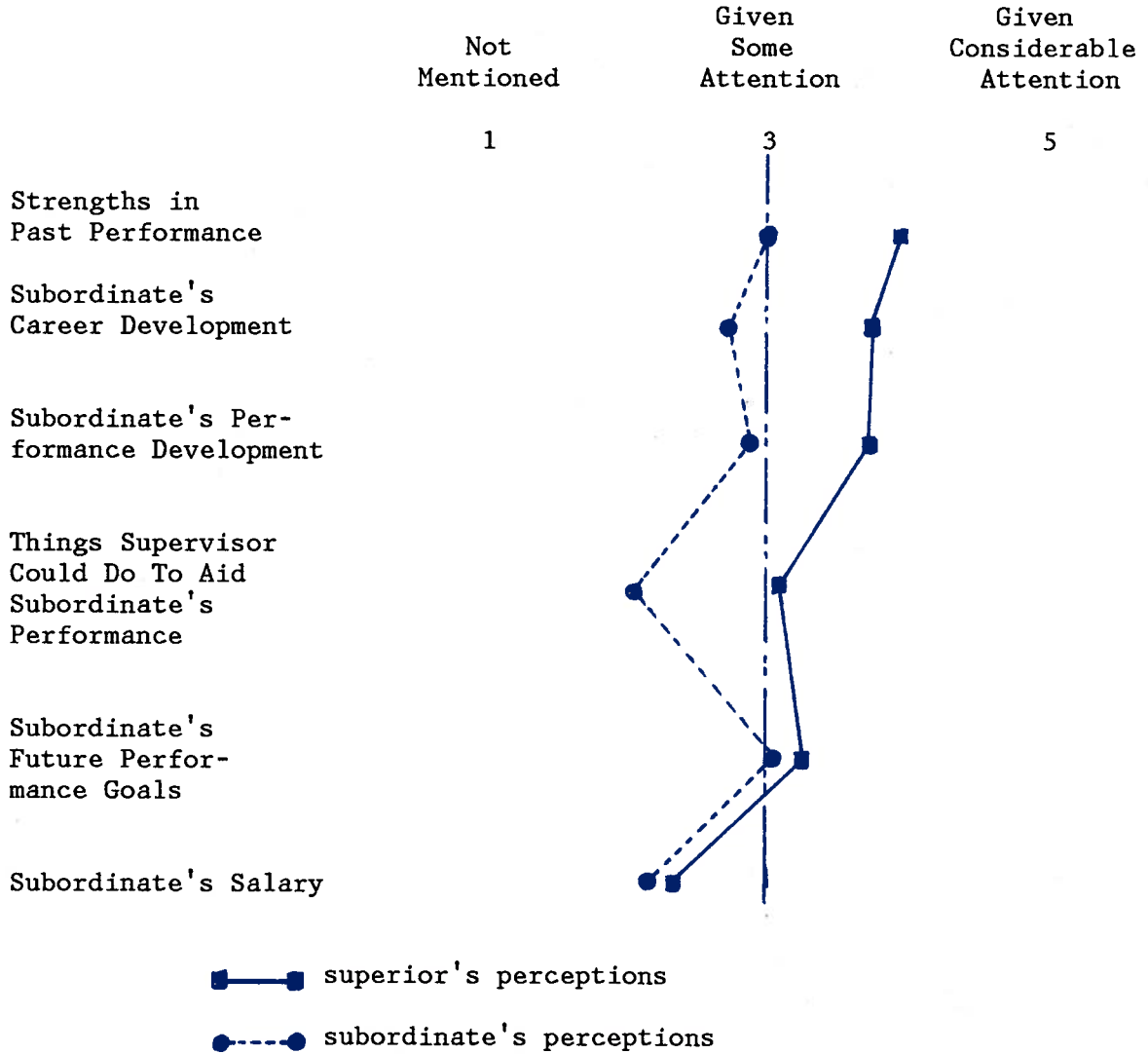
Earlier we noted that in order to meet the needs of the subordinate and the organization the appraisal had to deal with a number of issues. Figure 2 shows the reported content of the discussion during the performance appraisal session. In general, appraisers report giving more attention to each topic than do subordinates. Nevertheless, they do tend to agree on which areas get the most attention and which get the least. Both agree that strengths in past performance got the most attention while salary received the least.

This is very consistent with the respondents' beliefs that the primary purpose of performance appraisal is to document a subordinate's performance. It is also consistent with the recommendations of the

FIGURE 2

DISCUSSION DURING APPRAISAL

How Much Was Each of These Areas Discussed?



(Based on means on 5-point scales)

earlier GE study to separate discussion of salary from the performance appraisal session. However, it is in conflict with what needs to happen if the appraisal is to meet the needs of the subordinate and to provide the kind of data which links it to other human resource management systems.

In summary, although there are significant disagreements between managers and employees about what goes on during performance appraisal, some general conclusions can be reached. Performance appraisals seem to be events which focus on performance and content important to appraisers, take place in a relatively short period of time, and are not, according to subordinates, necessarily scheduled in advance. In addition, these events do not usually include an employee's self-appraisal, a discussion of salary, and, depending on who you ask, may or may not be based on mutually agreed-to goals.

Effectiveness of Appraisal Process

Both appraisers and subordinates were asked to judge the extent to which the five possible purposes shown in Figure 1 were accomplished by their appraisal. Figure 3 shows the responses for appraisers and Figure 4 shows them for the subordinates. As can be seen, appraisers were generally more satisfied that the appraisal met their purposes than the subordinates were. The overall pattern suggests that existing performance appraisal practices are most effective in documenting performance and recognizing it. But the appraisal clearly failed to deal with pay, planning, and developmental issues as fully as the subordinates would like. In other words, the performance appraisal system is falling short in meeting the employees' needs.

In interviews with manager and subordinate dyads a common discrepancy arises. Managers feel that they have spent time discussing the larger picture of the subordinate's career and life within the organization. Yet, when subordinates are asked about the amount of time spent discussing their development and career, they frequently say they

would have liked more, or it was not discussed at all or only in passing.

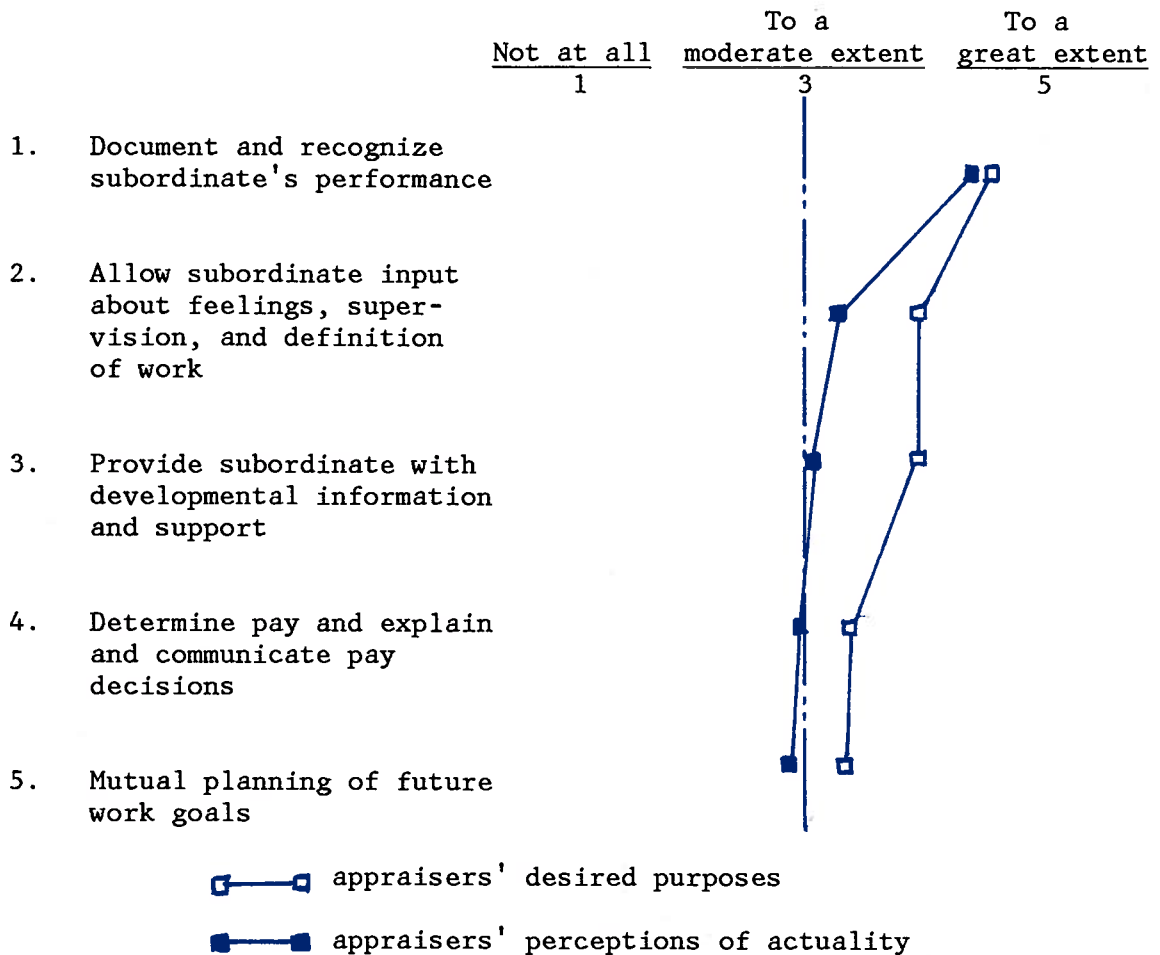
At first, these opposite reactions surprised us. There was a tendency in some cases in the beginning of the interviews to wonder if indeed the interview schedule was correct and that the two people really were an appraiser-subordinate pair. Then we considered the amount of time spent on the subordinate's development at work in general. In the hustle bustle of the work day, the subordinate's development is often forgotten. So the subordinates often look forward to the performance appraisal session as a time to focus on their work and their development. The managers, however, coming from the prospective of managing a unit, having their own performance judged (one H.R. director commented "after all, we are all subordinates, aren't we"), and not being sure of what their own career path or future in the organization looks like, have generally offered all that they know (which may not be much) or are comfortable sharing. It is not surprising then that we interviewed subordinates who hungered for information about their career development in the organization or out of the organization and felt shortchanged by their appraisal in this regard. Not surprisingly, this hunger particularly tends to come from younger employees generally in their twenties, from women returning to work, or from employees of all ages in companies experiencing a reorganization.

Not surprisingly, these unmet needs are reflected in the subordinates' satisfaction with the appraisal system. Only about half of them report being satisfied with the appraisal or feeling good about the way the appraisal was conducted. In comparison, over 80% of the appraiser's report being satisfied or feeling good about the event.

Other data collected to test the effectiveness of the appraisal process also showed large differences between the appraisers and subordinates. Not only do a substantial majority of appraisers report learning from the event themselves, they also feel that the appraisal provided the subordinates with a more clear understanding of their duties and responsibilities, a clearer idea of what is expected of them, and useful information.

Figure 3

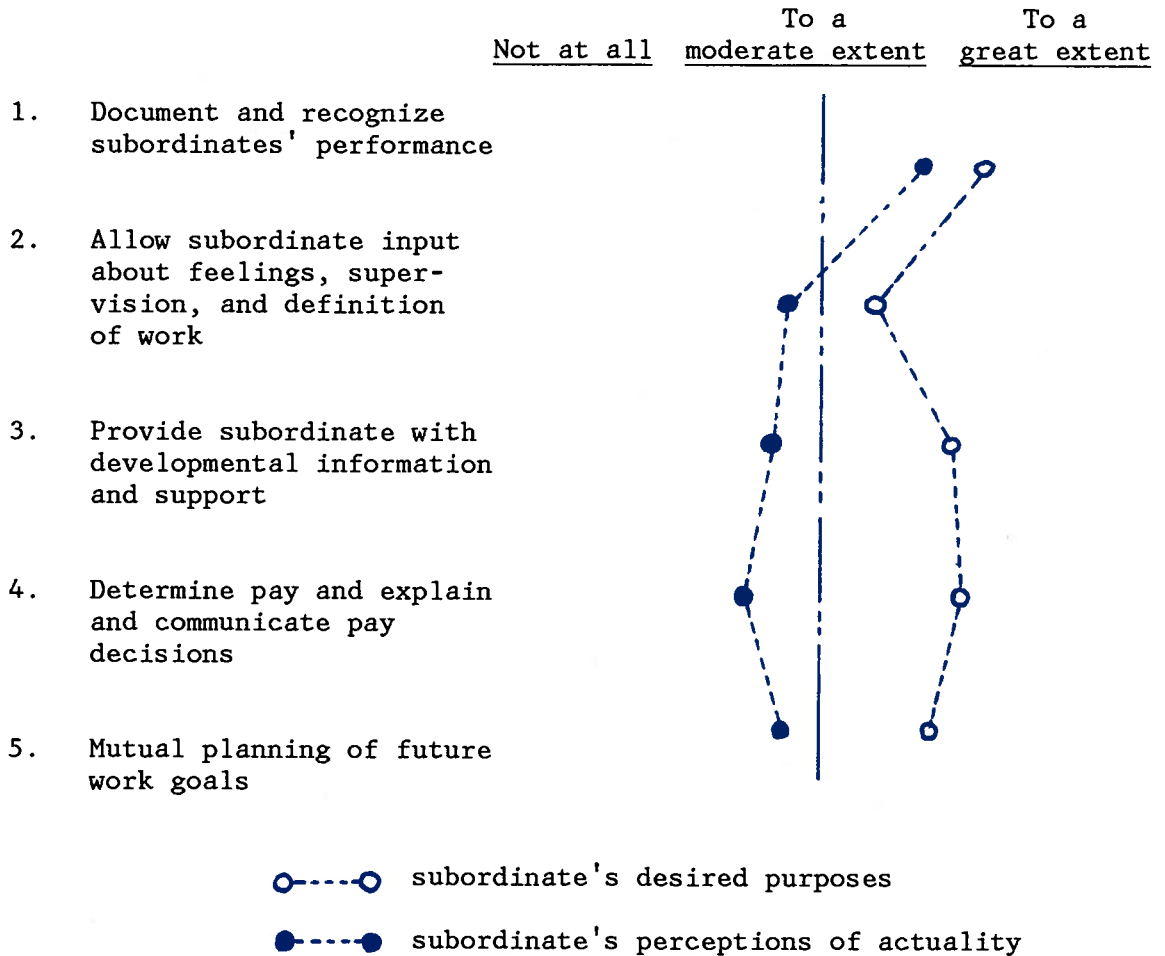
APPRAISERS' DESIRED INSTRUMENTAL PURPOSES VS. PERCEIVED OCCURRENCES



(Based on means on 5-point scale)

Figure 4

SUBORDINATES' DESIRED INSTRUMENTAL PURPOSES VS. PERCEIVED OCCURRENCES



The subordinates were much less likely to see these positive results from the appraisal event. For example, although 53% of the managers reported that the employees' behavior improved subsequent to the appraisal only 41% of the employees felt that this was the case.

With respect to the overall performance rating of the subordinate, a familiar pattern appeared. That is, subordinates tended to rate their own performance much higher than did the appraisers. Our study of this issue, however, did not stop with simply asking appraisers and subordinates to rate the subordinates' performance. We also asked them both before and after the appraisal to estimate what they thought each

other's appraisal of the subordinates' performance was. Interestingly, we found that both before and after the appraisal event the subordinate had a clear, generally accurate perception of the appraiser's point of view. The superior was not as accurate about the subordinates' view but was aware that an important discrepancy existed. Thus, although they disagreed on the absolute level of the subordinates' performance, they both were aware that some disagreement existed and the subordinates relatively accurately knew the nature and extent of the disagreement. This is a particularly important point because it suggests that although appraisers are frequently going to be in the position of delivering a negative message, it typically does not come as a surprise to the subordinate.

In summary, the appraisal process gets very different marks depending upon whether or not it is viewed from the perspective of the appraisers or the subordinates. Appraisers, who of course are largely in control of the event, feel it generally meets their needs. Subordinates, on the other hand, while recognizing the importance of the process, feel that it falls short of meeting their needs.

Determinants of Performance Appraisal Effectiveness

Given the different views of performance appraisal and the need for it to serve the purposes of two parties we decided to determine what characteristics lead to both appraisers and subordinates perceiving positive outcomes from the appraisal process as well as those that just lead subordinates to feel their needs are met (since our research suggests that if either party's needs are likely to go unmet it is the subordinates'). In looking for these characteristics we focused on the

organizational context and the processes and procedures of the performance appraisal system.

Climate. The general climate of the organization seemed to have a significant impact on how well the performance appraisal process went. When the climate was one of high trust, support, and openness, appraisers and subordinates both saw performance appraisal as going better. In these instances both reported greater emphasis on development of the subordinate, more participation and contribution by the subordinate, and a higher degree of trust, openness and constructiveness during the appraisal interview. In other words, in an environment of high trust, the performance appraisal system is more likely to meet the subordinates' developmental needs.

In an organization we studied after General Electric, we saw how the climate or culture of the organization created its own definition for mutual goal setting. The organization was highly autocratic and hierarchical; subordinates had rarely been asked their opinion about anything, particularly their own performance. (In fact, these subordinates were so unused to stating their opinions that when an attitude survey was administered which asked what they thought should be accomplished by performance appraisal systems, there was an inordinate amount of missing data). In interviews of several manager and subordinate pairs about a new appraisal system based on mutual goal setting, the managers typically reported that mutual goal setting took place while the subordinates typically reported being "goaled." The culture of this organization leads its people to conclude that mutual goal setting occurs when the subordinate is present while the manager presents the goals.

Job Content. The content of the subordinate's job was another important factor in determining how the appraisal went. In general, jobs that met the characteristics of being enriched tended to have better performance appraisals. Enriched tasks are those where people have a whole piece of work to do, are responsible for the methods and procedures that are used in carrying out this whole piece of work and where the jobs themselves allow feedback; that is, subordinates know from the work itself whether or not they had accomplished their tasks and the results of their labors. Specifically, those subordinates who thought of their jobs as enriched were more satisfied and enthusiastic about the appraisal, felt they had participated and contributed and felt the event had been trusting, friendly and open. On the other hand, there was no evidence that appraisers saw the outcome of the appraisal process more favorably when the subordinates' job was enriched.

Subordinates also rated the degree to which their jobs were clear, well specified, and well defined. When subordinates saw well defined job procedures, goals, priorities, and responsibilities, they not only felt the appraisal achieved the same qualities perceived by those with enriched jobs but in addition they felt a higher degree of learning, more focus on development, more discussion in ways to improve weaknesses, more discussion of future goals and more discussion of how managers could aid employees. In short, well-specified jobs lead to constructive appraisal events. As was the case with enriched jobs, appraisers did not tend to report more favorable outcomes when jobs were well specified.

In sum, subordinates who view their jobs as enriched or well-specified are more likely to perceive the performance appraisal

event as meeting their needs. Job content, however, seemed to have little impact on the appraiser's reaction.

Pay Discussion. Having discussed contextual issues and their relationship to performance appraisal we now turn our attention to a discussion of procedural issues and their impact. As we mentioned, an important recommendation of the initial General Electric study was the separation of pay and performance appraisal discussions. Earlier we mentioned the employee's desire for pay discussions and the fact that salary was infrequently discussed during the appraisal session. A natural question then becomes, "Does the discussion of pay during the performance appraisal make a difference to the effectiveness of the appraisal?"

As was suggested by the earlier General Electric study, we found that the discussion of pay does make a difference. However, the data have different implications from what was suggested by the earlier study. Discussion of salary change seemed to make the event go slightly but significantly better for both parties, particularly in the eyes of the employee. There seems to be a number of reasons for this including the fact that discussing pay makes the event a more serious one and thus causes better preparation. In addition, the information content needed to justify a salary action gives the employee something to which he or she can respond, thus contributing to a more data based interaction. Finally, as already stressed, subordinates feel that a pay discussion should be part of the appraisal event. Therefore, the discussion of pay helps subordinates fulfill their needs.

Appraisal Forms. The design of appraisal systems almost always begins (and often ends) with the design of the appraisal form to be

used. As we indicated we found over 50 different forms being used in our nine G.E. organizations. We even found managers who secretly used forms they had developed or brought with them from other companies. Many forms were hybrids, combinations, and recombinations of one another and of almost all prominent approaches to appraisal forms in general use. In general, our findings were that the content of the forms had little, if any, effect on the appraisal event.

Work Planning. Another major recommendation of the initial General Electric study was the use of a work planning and review process. Performance appraisal research has long held that the use of such a process will lead to performance improvement. Nevertheless, many system administrators have painstakingly designed a form and assumed a process would ensue. Fortunately, in this study we not only had the opportunity to investigate the impact of work planning but the impact a form can have on the way the appraisal is done.

When we compared appraisals using forms with work planning components and those not mentioning work planning, we found no difference in the extent to which work planning and associated practices such as goal setting took place. The content of the forms had no effect on perceptions of whether work planning actually took place. We have found many superiors in G.E. and elsewhere who are quite expert at getting the form filled out and signed without having the process take place. Nevertheless, when the process of work planning was done it did lead to performance improvement and to a generally more successful appraisal in the eyes of both parties.

Subordinate Input. Although the form had no effect, two procedures did affect perceptions of work planning. If the subordinate

compiled information prior to the review or if the appraisal form was completed during or after the appraisal session both the manager and the employee perceived that work planning took place. In addition to perceptions of work planning these procedures lead to the subordinates feeling more ownership for the performance appraisal event. These findings, combined with several others, tend to confirm the validity of the point made in numerous articles on performance appraisals that: the more active the subordinate is and the more the subordinate has an influence on the appraisal process, the more likely it is that the appraisal process will meet all its objectives.

Recommendations

Our results suggest some general advice that can be given to any organization. First, the data suggests that performance appraisal should be a key link in the overall human resource management strategy. Both managers and subordinates think that it should have an important overall role and that it should accomplish a number of objectives that are vital to organizational effectiveness. These include defining work roles, motivating performance, and aiding the subordinate's development. In order to accomplish all these a performance appraisal cannot be a casual activity. It must be an important part of the culture and activities in the organization. The tone set by appraisal has important ramifications throughout all other processes of human resource management. General Electric, as a result of the research, decided to continue to put a strong emphasis on performance appraisal as a management tool rather than to pull back from focusing on it.

Our data strongly suggest that the answer to doing a performance appraisal well is in focusing on the process of the appraisal and on the

organization context in which the event takes place, not on the form or system. This recommendation is in direct contrast to the emphasis that is usually placed on the form.

Issues like culture, job design, the relationship between pay and performance, timing of career development discussions, and the degree to which the process encourages subordinates to become equal partners all seem to be more important than the form used. Let us briefly comment on what may need to be done in each of these areas.

1. In the area of culture, appraisal seems to be influenced by a number of larger trends and factors that cannot be treated here, but some specifics are worth mentioning. At the very least, top management needs to take performance appraisal seriously, to explicitly fit it to the prevailing culture and human resource strategy, to evaluate how well it does fit, to encourage practices that do fit, and to reward superiors and subordinates who do it well. This is an important ingredient to having supervisors take it seriously and spend the time and effort needed to do it well. It is also important that superiors at higher levels of management model the type of appraisal behavior that they wish superiors lower down in the organization to demonstrate. In short, appraisal needs to be real and effective at the higher levels of the organization.

2. It seems clear that poor job designs can make performance appraisals ineffective. This suggests that a strong emphasis be placed on early definition of the nature of the job for which a subordinate is going to be held accountable and on how performance on that job is going to be measured. Here, work on job enrichment seems appropriate and as such should be an integral part of the job definition process. In the

absence of well-defined and well-designed jobs, the appraisal process is doomed from the beginning. To the extent jobs cannot be predefined--and there are good reasons to legitimately expect this in some settings--the appraisal system needs to recognize that the appraisal itself will in part need to function as a process of job definition. If both parties are to agree on the definition and design of the job then the appraisal process will benefit from mutual participation.

3. Our data suggest that pay actions and consequences should be a natural part of the appraisal discussion. Efforts to separate them seem to be more counter-productive than productive, no matter how well intentioned, especially in organizational contexts that stress pay for performance. Thus, our recommendation is that they be made an important part of the appraisal process.

4. Our data suggest that the area that gets the least attention and yet is very important to subordinates is the area of career development. Some parts of General Electric successfully handled this as a different process. Our suggestion is that other organizations should do this as well. That is, at a different time and as part of a different system, organizations should put into place a joint process in which superiors and subordinates work through the kind of career opportunities that exist, the kind of developmental needs the subordinates have, and the kind of career track that a subordinate can reasonably aspire to. This is, appropriately, part of another future oriented system that is integrated into the overall human resource management system. Nevertheless, as in the case of pay, past performance is an important element in career discussions and vice versa. Superiors should therefore talk about such connections during the appraisal event. This

should be particularly emphasized when a merit promotion policy is in effect.

5. Specific steps should be built into the procedure in order to assure that the subordinate is an active partner in defining the performance appraisal process. We found appraisals more effective, for example, when the subordinate shared a self-appraisal of his or her performance with the supervisor before a final appraisal judgment was reached. In order for this to happen, it is important the subordinate participate in the definition of the job and the measures that will be used in the performance appraisal. In short, if the appraisal process is going to be of mutual benefit, it needs to be a mutual process, and, therefore, anything that encourages this two-way exchange of information is desirable. This is, of course, one way to get the manager out of the role of being a judge and to help the subordinate take the responsibility for the outcome of the overall process. If subordinates are to become an active part of the appraisal process, they (and not just appraisers) need training and orientation to this role.

Conclusions

Overall, the results of the study point out just how complex the performance appraisal process is. It also emphasizes how important it is that it be done well. It is not an optional activity for those organizations that wish to have an effective human resource management system. It is significant that a corporation like General Electric which has spent decades improving its performance appraisal process is still questioning how well it is doing performance appraisal. It is somewhat discouraging that the data show a considerable gap between what their system might accomplish and what it actually accomplishes. It is

strongly to the credit of G.E. that they are willing to take an objective look at such an important part of their human resource management system. It is also to their credit that they acted upon the results of the study and made important changes in their corporate policy. In many respects General Electric can serve as a model for other corporations.

Finally, with respect to the specifics of performance appraisal, several important messages emerge. Quick fixes that make alterations in forms are no more likely to be successful here than are quick fixes in other areas. Performance appraisal in an organization is only as good as its overall human resource climate, strategy, and policies, and especially its processes of fitting it to these. It is unrealistic to expect to have an effective performance appraisal system where jobs are poorly designed, the culture is negative, and subordinates are asked to be passive and to do what they are told.

Performance appraisal is both a personal event between two people who have an ongoing relationship and a bureaucratic event that is needed to maintain an organization's human resource management system. Therefore, it is a major mechanism for integrating the individual and the organization. As such, it will always be subject to contradictory purposes, misperceptions, miscommunications, and some ineffectiveness. On the other hand, our data suggest that there are some ways to make it go better and that it is worth investing the time and effort to do it well. At best it's two people sharing their perceptions of each other, their relationships, their work and their organization--sharing which results in better performance, better feelings, and a more effective organization. At its worst, it is one person in the name of the organization trying to force his or her will on another with the result

of miscommunication, misperception, disappointment, and alienation. The best is achievable, but only with considerable effort, careful design, constant attention to process, and support by top management.