Why EMPLOYEES DISLIKE PERFORMANCE APPRAISALS

By Gary Roberts & Michael Pregitzer
OliVIA is a highly successful software trainer at BX Corporation. Her five-year performance record is exemplary. She is the highest rated instructor in her ten-member team.

When it came to performance appraisals, Olivia enjoyed the complete confidence of her former manager. Appraisals were informal and collegial—a yearly housekeeping matter that lasted less than 30 minutes from start to finish. But, all this changed when Olivia’s manager retired.

Face time with her new manager was minimal, but Olivia remained unalarmed given the absence of negative feedback and complaints. Even when the new performance planning and review system was announced, Olivia was at ease. She had no cause for concern. Her past performance and reputation were impeccable.

Entering into her new manager’s office the day of her appraisal, she felt secure at first, knowing she dutifully completed her self-evaluation and performance goals. After a few opening pleasantries, he handed Olivia the completed appraisal and began to sell his assessments on each performance dimension without inviting Olivia to comment or provide input.

There was no mention of her self-appraisal or her development goals. She received an overall satisfactory rating with two documented incidents by disgruntled trainees for poor course organization and delivery.

Olivia sat in stunned silence as the remainder of the appraisal was read without mention of her past years of loyal service and successful job performance. He assigned new performance goals and standards, including a 25 percent increase in classroom contact, and recommended a three percent raise—the lowest of her five years with the company.

Reasons Employees Dislike Performance Appraisals

Performance appraisal is a yearly rite of passage in organizations that triggers dread and apprehension in the most experienced, battle-hardened manager. Employees on the receiving end of appraisals do not always look forward to them. In fact, research and practice demonstrate that employees enjoy performance appraisal about as much as a trip to the dentist, but at least the dentist gives them something for the pain! Consider the reasons why employees dislike performance appraisals.
Rating Bias
Employees dislike performance appraisal because managers do not always rate them on objective criteria. Experts call this problem rater bias. When managers include nonperformance factors like race, gender, hair color, etc. into an appraisal, the contaminated appraisal ratings produce fruit of perceived and genuine unfairness in the rating process and its outcomes. Employees react with reduced job satisfaction and turnover. These various forms of appraisal bias serve as a major source of EEO complaints and court cases.

Rating bias occurs with the contamination of appraisal ratings by non-performance related factors. Prime examples include person characteristic bias (race, gender and age), personal relationship contamination (liking or disliking), and failing to gather a representative sample of performance.

Recent research suggests other well-known sources of bias include the negative affect of employee and rater impression management. Managers often feel resentment toward the pandering employee, affecting their ability to rate fairly.

Another factor confirmed by research is the influence of mood on performance appraisal ratings. When the manager or supervisor is in a bad mood, he or she is a much more conscientious performance rater and more attuned to employee mistakes and problems. When in a good mood, the manager is more likely to overlook poor employee performance. Given that the manager’s frame of mind is often beyond the employee’s control, it adds another frustrating uncertainty to the appraisal process.

Hypocrisy
When managers do not follow stated policies and procedures – when they don’t practice what is preached in the organization – the visible contradiction generates disappointment, distrust and cynicism among their subordinates. It reduces the employee motivation and organizational citizenship behaviors that contribute to vibrant, productive and healthy work environments.

Jesus reserved his harshest criticism for hypocritical religious leaders, and for good reason. Followers must respect and trust the veracity of their leaders. Employees will not go out of their way to provide the extra effort and creativity needed to solve problems and make necessary changes when they lack trust in the integrity of management.

The most problematic situation occurs when raters manipulate feedback to game the performance appraisal process to support their favorite employees (in-group) and punish the least favored (out-group). As was the case with Olivia, when managers promote employee participation through self-appraisals, but then ignore that input and instead, adopt the proverbial tell and sell approach employees rightly perceive that traditional command and control values dominate. This managerial hypocrisy occurs frequently among least favored employees contributing to higher levels of appraisal unfairness.

Poor Informal Feedback
In general, employees like to receive feedback; they want to know how they are doing! Quality performance feedback on an ongoing basis is the lifeblood of the performance appraisal process. Research and practice demonstrate a consistent disconnect between employee and manager perspectives about the degree and nature of performance feedback. As servant leaders, communication is the building block of trust. Employee surveys consistently show that
employees desire more frequent, specific and timely feedback than the typical manager provides. Olivia felt misled and betrayed when she did not receive direct feedback regarding her alleged shortcomings. In fact, research indicates a large number of employees do not believe that managers have the requisite skills to provide appropriate feedback. More so, employees can be aggravated when feedback sessions are superficial, rushed or even interrupted. Employees seek direct feedback, not the sandwich approach managers try to hide the negative feedback in between a couple of slices of general compliments.

**Poor Communication During Formal Feedback Sessions**
With competing priorities, managers can be unprepared or insufficiently trained for the inherent challenges to providing candid informal and formal performance feedback. For example, employees are often victims of the report card syndrome. This occurs when managers save up examples of poor performance for the performance appraisal interview and surprise employees with poor ratings.

This type of rater behavior diminishes employee satisfaction with the appraisal process, creating the opposite effect of eroding the appraisal system’s intended benefit of motivational and productivity improvement. Conversely, the report card syndrome is the absence of performance documentation. When this occurs, low performance ratings, unsupported by clear and specific performance evidence, frustrates the employee and creates a perception of unfairness, a prime motivation for grievances and lawsuits.

**Rater Errors**
Employees often realize when managers are not giving them accurate ratings. Many managers don’t want to deal with conflict, so they often give employees undeserved high ratings (researchers call this leniency tendency). Another mistake managers make is to give employees average ratings (central tendency). Sometimes managers impose unreasonably high performance standards, which can demoralize and discourage employees. So, while consistently high ratings rob employees of the intrinsic achievement and satisfaction for a job well done, harsh ratings reduce motivation by setting impossible performance standards. The major cause of these rater errors is a lack of training. Untrained raters are more likely to commit more performance appraisal mistakes, thereby eroding employee confidence in the performance appraisal system.
Rater Appraisal – Self-appraisal Mismatch
Before a manager sits down with an employee to discuss the performance appraisal, there is a good chance that the employee has rated his or her own performance already. One of the most damaging rating systems to employee morale is the forced distribution or grading on a curve system. This approach requires managers to rate a percentage of their employees as below average.

Research demonstrates that employees, on average, rate their comparative job performance at the 78th percentile; that is, better than 78 percent of the other people in the office. Therefore, an average performance rating conflicts with the supervisor’s assessment, creating a serious discrepancy. When employees face a performance difference like this, most cope by discounting or dismissing the feedback and its source (i.e., the manager). Others become demoralized and withdrawn. In either case, grading on a curve lowers overall satisfaction with the performance appraisal process.

From Appraisal Aversion to Acceptance
Accurate performance appraisal is foundational to ethical managerial practice. Proverbs 11:1 addresses the importance of accurate measurement “The Lord abhors dishonest scales, but accurate weights are his delight.” The remedy to Olivia’s situation requires coordinated action at both the micro (supervisor and employee) and the macro (organizational culture, values and policies) levels. The pervasive influence of erroneously administered appraisals is not worth the impact of damaging high performing employees. Rather, the goal is to cultivate a system that facilitates development and growth among your employees. Embedding this perspective within your organization’s culture requires a systematic and long-term integration of values, action and an enduring commitment to fair practice.

Technical skills, influence strategies and emotional intelligence, absent an authentic commitment to Christ-centered love, promote superficial adherence to employee justice principles. Employees are very perceptive in discerning the difference between a bona fide dedication to employee interests or more self-serving ideals. So, what are the elements for an effective organizational approach to cultivating servant leader performance appraisal? There are five global keys: (a) servant leader managerial selection practices; (b) performance appraisal ethics and skills training; (c) employee friendly performance appraisal attributes (participation, coaching and fair treatment); (d) employee coaching and (e) organizational performance appraisal quality control.

Servant Leader Managerial Selection Practices
Effective performance appraisal begins by developing a servant leader culture by selecting managers that exhibit desirable character traits such as honesty, humility, forgiveness, transparency, commitment to excellence and accountability. From a managerial selection standpoint, this entails adopting a balanced portfolio assessment that includes performance appraisals, personality tests, assessment centers and character references, among others.

Companies such as United Parcel Service (UPS), Men’s Wearhouse and Southwest Airlines employ sophisticated character assessment practices in their selection process and reap the benefits with lower turnover and higher productivity. For example, UPS utilizes a set of
37 ethics-based principles to govern management decision making to reinforce the importance of integrity in all areas of company operations.

**Performance Appraisal Ethics and Skills Training Elements**

Training managers on the ethics of just and God-honoring performance appraisal stressing the moral obligation for honesty and truth telling is an essential trust building component. The foundational element is emphasizing that accurate performance appraisal is another manifestation of *agape* employee love that balances support and accountability in order to promote the best interests of the employee and the organization. An honest assessment of capabilities makes it less likely that employees will think more or less highly of themselves (in relation to their job performance) than they should.

Managers have a moral obligation to avoid withholding recognition (a form of theft, as noted in Proverbs 3:27) or corrective feedback (as referenced in Proverbs 29:21). Both recognition and corrective feedback are necessary to the employee development process. Scripture tells us that the Lord disciplines those he loves (Hebrews 12:6).

Furthermore, research clearly shows that a major contributing factor to employee incompetence is ambiguous performance feedback. When managers fail to provide honest corrective feedback, underperforming employees impose costs on coworkers through higher error rates and elevated work demands, thereby increasing resentment and job stress.

When managers withhold praise, it demoralizes, discourages and frustrates employees, leading to ill will and rebellion. A realistic performance appraisal preview should emphasize that accurate appraisals may increase short-term resistance and conflict but eliminate the bitter fruit of biased appraisals.

To develop appraisal skills, provide foundational and ongoing training of managers in the basics of performance appraisal including identification of rating errors (halo, central tendency, harshness, etc.). Also, develop strategies for overcoming rater errors including coaching, performance feedback skill development, documentation tools (diaries, critical incident systems), employee input initiatives and interviewing skill development.

For example, the Rehabilitation Institute of Chicago instituted a two-day performance appraisal training program to remedy the serious deficiencies in their existing system. The result was a dramatic increase in user acceptance and adherence to administrative requirements.

**Employee Friendly Appraisal Attribute – Participation**

Research clearly demonstrates that a transparent and verifiable performance management system in which employees understand the criteria, standards and process is imperative. Vigorous and sustained employee participation in the development and administration of the appraisal system facilitates transparency. This only enhances employee acceptance and commitment to the appraisal process while lowering their stress and apprehension.

Participation is promoted by self-appraisals, joint development of performance goals and standards, and active solicitation of employee input in performance appraisal counseling and interview sessions. Self-appraisals are
themselves problematic, as employees do have a tendency to inflate performance, especially if used for administrative purposes, but they are critical for enhancing appraisal system acceptance and satisfaction given that they provide a means for interjecting employee voice into the appraisal process. For example, at General Electric Corporation, what began as a successfully pioneered initiative in the late 1960s to implement the use of self-appraisals, led to the now standard practice across the private, public and nonprofit employment sectors.

**Employee Friendly Appraisal Attribute – Coaching**
Another key element is the adoption of a performance coaching model in which managers help employees develop present and future job skills and employ a joint problem solving approach to performance problems. A very powerful coaching tool is the adoption of a 360-degree appraisal system, which provides a balanced assessment of employee performance.

The use of multiple sources enhances reliability and reduces the negative influence of biased raters. Performance coaching entails ample formal and informal performance feedback that is specific, behavioral, timely and from an accepted and credible source. Ongoing communication is the key to successful appraisal.

Men’s Wearhouse is a best-practice performance coaching company that holds managers accountable for subordinate development. There is little outside training. Instead, managers use coaching as an opportunity to communicate key company values and provide clear and specific performance feedback to increase employee self esteem and competence.

**Employee Friendly Appraisal Attribute – Fair Treatment**
To avoid discouraging employees, avoid penalizing employees for factors beyond their control by taking into consideration contextual factors that impede performance. Strive to encourage motivation, innovation and creativity, by avoiding penalizing employees for good faith mistakes and stressing the necessity of learning through trial and error. AES Corporation drives fear out of the workplace by forgiving good-faith mistakes, even errors that cost the company a considerable sum of money.

For example, an operative made a $150,000 contracting error, but was not fired and subsequently rewarded the company for their patience and grace by designing a company-wide safeguard to prevent repeating the error. Another important element is to enable an independent appeals process to provide an avenue for addressing biased appraisals. Or, create a formal documentation process (e.g., a performance diary or critical incident system) to provide detailed information to support ratings.

**Quality Control Procedures**
Effective performance appraisal requires a high degree of organizational oversight. Tools such as subordinate evaluations hold managers accountable for performance appraisal system administration effectiveness and fairness. The importance of effective appraisal is reinforced by developing metrics and standards for employee development, retention and linking those metrics to managerial rewards and other administrative decisions.

In one case, the Pittsburgh Department of Public Safety supported the development of a new probationary police officer performance appraisal system with a complete quality control procedure (completed appraisal audits and psychometric analysis) to successfully overcome user opposition and skepticism. The quality control procedures convinced raters that the city was serious about improving performance management and supporting supervisors who take adverse employment actions against employees.

In implementing these procedures, human resources departments should conduct ongoing audits of performance appraisal system effectiveness to:
- Assess adherence to administrative procedures, documentation requirements, and employee input mechanisms and
- Conduct a psychometric analysis to identify patterns of bias in terms of rating errors (e.g., leniency, severity, halo, race, gender or other nonperformance factors).

**Concluding Thoughts**

Performance appraisal systems that model servant leadership promote outcomes consistent with the Great Commandment principle of loving our neighbor (in this case, a subordinate employee) as ourselves. This is both an individual manager and a collective organizational responsibility.

Managers must make an enduring commitment to their employee’s development by shaping and supporting performance appraisal system design and administration that truly benefits the employee. The principles and techniques discussed require extensive resources and time commitment, but they reflect another vital Kingdom principle: *that we must count the cost before we begin to build the temple*. Servant leader performance appraisal can be likened to a key spiritual discipline. It is a task that must be approached with great humility and patience.

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