

## Can A Performance Appraisal Build Competence?

Last August my *ISHN* column introduced the “competence motive,” and explained how we can use this basic psychological principle to increase participation in occupational safety efforts. The relevant principle of human nature is that people have a basic need to feel competent and in control, and they seek opportunities to increase these feelings. Thus, safety should be discussed as a critical component of competent performance, not as self-sacrifice, altruism, or an extra job responsibility. Safety-related behavior is not “going beyond the call of duty,” rather it is the call of duty – anything less is incompetent.

So how can competence be increased and maintained? The most obvious answer to this question is behavior-based feedback, and that was a focus of my *ISHN* article last August. To improve our performance we need feedback, and the most effective feedback is delivered soon after the behavior to be improved occurs. Sometimes natural consequences provide feedback, like when we see the flight and landing location of a golf ball. Often, however, extra consequences are needed to satisfy our need for more competence, as when a coach observes our golf swing and points out ways to improve.

Because humans can learn from feedback that occurs long after the occurrence of a target behavior, as when we read a book on golf swings, another common human relations technique can feed our need for competence. When delivered correctly, this technique can both direct and motivate behavior. I’m talking about the “performance appraisal,” the theme for this article and my next two *ISHN* contributions.

## **Why Most Performance Appraisals Fail**

Does the prospect of completing, delivering, or receiving a performance appraisal turn you on? Do you view the performance appraisal as an opportunity to improve competence, either in yourself or someone else? Most employees, including my university colleagues, answer a vehement “no” to each of these questions. Why? Because most performance appraisals do not improve competence. They are designed and delivered ineffectively. Let’s briefly review ten common pitfalls of many performance appraisals.

### **1. Injury rates are used to evaluate performance.**

Given that competence calls for safe performance, it’s critical to include a safety metric as a performance-appraisal index. But outcome measures that reflect injuries are not very useful. Not only because they are reactive, but because they are usually unreliable and might motivate the use of strategies, from directive memos to injury-based incentives, to stifle the reporting, discussion, and analysis of personal injury.

Instead, performance appraisals should include proactive safety process activities among their prominent evaluation criteria. These include the important things organizations do to prevent property damage and personal injury, and obviously vary widely as a function of cultural, environmental, and individual factors.

### **2. They are completed and delivered by untrained managers.**

When is the last time your organization conducted education/training seminars on the administration of performance appraisals? It’s hard to believe most companies do not have a rigorous and regular course on the development, completion, and delivery of performance appraisals. As I’ll show in this and two follow-up articles on

performance appraisal, this competence-enhancement tool is not easy to use effectively.

Managers need to know how to conduct the several steps of an effective performance appraisal and believe they can do it right (recall my prior *ISHN* discussions of self-efficacy in May and June, 2001). And response-efficacy is also needed, meaning the administrators of performance appraisals must believe the tool will work to improve competence. This usually requires substantial education, since most managers have had years of prior experience with ineffective performance appraisals – both at the delivery and receiving end.

### **3. They require excessive paperwork.**

No one likes paperwork. Yet for many managers “performance appraisal” means paperwork. At my university, for example, every faculty member is required to complete a nine-page standardized survey for each of our six secretaries. We give numerical scores to each of several performance criteria and write justifications for our various rankings. These surveys are collected from our 27 departmental faculty and compiled. The scores are averaged per each criteria, and the verbal commentaries are entered into a computer file. These are used by my department head to rank each secretary and determine merit adjustments to each employee’s salary for the following year. This exemplifies two additional problems with standard performance appraisals, as explained next.

### **4. They assign numbers that imply ranking.**

Dr. Edwards Deming urged us to stop ranking people, yet we continue to attach numbers to evaluations that position individuals among others with regard to

competence. Sometimes these numbers are used to determine salary or promotion – another characteristic of ineffective performance appraisals.

#### **5. They are directly linked to financial compensation or promotion.**

The primary problem with using performance appraisals to rank employees and define their salaries is that such consequences compromise the purpose of the evaluation. They detract from the competence-building potential of the process. Numbers that can be used for financial compensation naturally activate defensiveness and bias, including the perception that any less-than-desirable evaluation is unfair. This can only interfere with constructive learning and competence improvement.

In addition, salaries are determined by factors immeasurable with a performance evaluation, especially an employee's "market value" as defined by the relative difficulty an organization would experience if attempting to find a replacement.

Thus, performance appraisals should not include numbers employees can use to compare their competence with others. The link between the results of a performance appraisal and an employee's salary should be indirect at most. Financial compensation should not be discussed during any aspect of a performance appraisal, from developing evaluation criteria to reporting the results.

#### **6. Performance criteria are developed by managers.**

The criteria for a performance evaluation are usually defined by management. In fact, the typical performance appraisal form contains evaluation criteria defined years earlier but presumably applicable to everyone in the workforce, or at least everyone with a particular job title. And some of the criteria are impossible to evaluate objectively, as reflected in the next characteristic of ineffective performance appraisals.

**7. They include generic person states as criteria.**

It's not uncommon for performance appraisal forms to list such desirable person states as "enthusiasm," "intrinsic motivation," "dependability," "loyalty," and "dedicated," along with brief definitions of each criterion. Behavioral examples for a person state helps one develop a consistent viewpoint of the criteria. But rating an individual on such person dimensions requires subjective judgments essentially useless with regard to increasing a person's competence at a particular job. How can knowing one's ranking with regard to enthusiasm, motivation, dedication, or loyalty improve competence?

Effective performance appraisals include specific behavioral criteria (or objectives) customized per individual employee. And these evaluation objectives are defined by the individual employee, with advice and approval from the relevant manager or supervisor. My *ISHN* article next month will address the development and delivery of individualized performance appraisals. Here my point is that generic subjective criteria lead to subjective and ineffective evaluations with regard to improving competence.

**8. They are completed annually and include no progress reviews.**

To be effective, a performance appraisal process must include periodic reviews of an individual's progress in achieving specific behavioral objectives. Optimally, such progress reviews occur bi-monthly, and might include revisions or additions to the list of objectives. Then the annual performance appraisal becomes only a summary or review of the progress reports, and perhaps a discussion of potential performance objectives for the following year.

**9. They reflect one-way, top-down communication.**

The typical performance appraisal is a communication from manager to employee that in essence reflects the manager's opinion of the employee's performance. Sometimes this communication is only an impersonal written report, with no opportunity for the employee to enter an opinion. The faculty in my university department, for example, receive a confidential letter with rankings on four generic performance criteria by 4 to 6 members of the departmental executive committee. The department head includes his rankings and a one-page summary of his opinion of the faculty member's performance in teaching, research, community/professional service, and outreach.

We are invited to make an appointment for an interpersonal review of our evaluations, but these communications are generally one-way clarifications of the ranking process and total evaluation scores. Later we receive a confidential letter specifying our salary increase for the next academic year, presumably determined entirely by the performance appraisal process.

#### **10. Little reaction solicited from the employee.**

Many of my colleagues don't make an appointment to discuss their performance appraisals. Why should they? They expect a one-way communication that merely classifies or justifies their evaluation. The communication won't change anything nor influence their next performance appraisal twelve months later.

In contrast, effective performance appraisals are two-way communications between employees who want to know specifically what they can do to improve their competence and supervisors who want to provide effective direction and motivation. As

mentioned earlier, the end-of-the-year evaluation meeting is merely a summary of an employee's periodic progress reports, each of which solicited the employee's reactions.

It's beneficial to obtain an employee's written approval with each progress report, as well as the annual summary. Signing agreement with a summary account of one's progress and prospectives can increase commitment to follow through with future plans. It also provides documented evidence that a particular evaluation was accomplished and understood. Next month I'll discuss procedures for making these two-way communications effective at cultivating commitment, confidence, and competence.

### In Conclusion

Table 1 summarizes the ten critical differences between ineffective and effective performance appraisals discussed in this article. More needs to be explained regarding the development and delivery of an effective performance appraisal, especially with regard to setting and

<b>Ineffective</b>	<b>Effective</b>
1. Injury reports = criterion	Safety process = criterion
2. No training on delivery	Training on delivery
3. Excessive paperwork	Minimal paperwork
4. Numbers for ranking	No numerical score
5. Linked directly to salary	Indirectly linked to salary
6. Criteria set by managers	Criteria set by employee
7. Generic criteria	Customized criteria
8. No progress reviews	Periodic progress reviews
9. Completed annually with no progress reviews	Summarized annually
10. One-way communication	Interactive communication
<b>Table 1.</b> Summary of differences between effective and ineffective performance appraisals.	

customizing criteria, and conducting periodic progress reviews. These most important components of an effective performance appraisal process will be addressed in my *ISHN* contribution next month.

E. Scott Geller, Ph.D.  
Professor, Virginia Tech  
Senior Partner,  
Safety Performance Solutions

For information on related books, training manuals, videotapes, audiotapes and customized consulting, call SPS at (540) 951-7233 (SAFE), e-mail: [safety@safetyperformance.com](mailto:safety@safetyperformance.com) or visit [www.safetyperformance.com](http://www.safetyperformance.com)