Evaluation of Performance Management Systems for Knowledge Workers

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Contents

1. Abstract

Almost every company has a performance management system or conducts performance reviews with employees. However there is little research that demonstrates the performance management system is effective at modifying performance, especially in knowledge workers. The intent of this paper is to provide a reference and set of case studies for management to use to better understand the process of performance management within their organization. The paper provides a summary of the guidelines laid out in current literature, which we found had considerable consistency. Based on three companies analyzed the paper provides recommendations to managers for how they can work within the boundaries of their system to conduct more effective performance reviews.

2. Introduction

This paper will investigate performance evaluation and how it is used to deal with performers and non-performers. Each team member has experience working in a number of companies both large and small and has seen the pros and cons of performance management as employees and managers working within the systems.

The primary research question asks "Is the performance management system effective at modifying performance, especially as it relates to knowledge workers?" We will focus on what types of systems are used and how that system works for the manager. We will review the available research on the systems used by organizations and evaluate the different models employed.

Performance Background

Performance reviews are a necessary activity in organizations of all sizes. While generally time consuming and contentious at times, this tool is critical to running an effective organization. Applied correctly, reviews can outline responsibilities, improve performance, and provide a platform for employee input into business decisions. Conversely, a poor performance management system can result in cynical feeling and demotivation among employees [1].

Performance management consists of a number of aspects. **Error! Reference source not found.** shows he different aspects of performance management. At the global level there are aspects of the overall performance management system. Part of the overall program is training for the supervisor, employee and anybody rating employees. A second important component is the timing of the process – how often evaluations are performed. Another aspect is what type of feedback is given the employee. Finally there is the formal review meeting where the supervisor
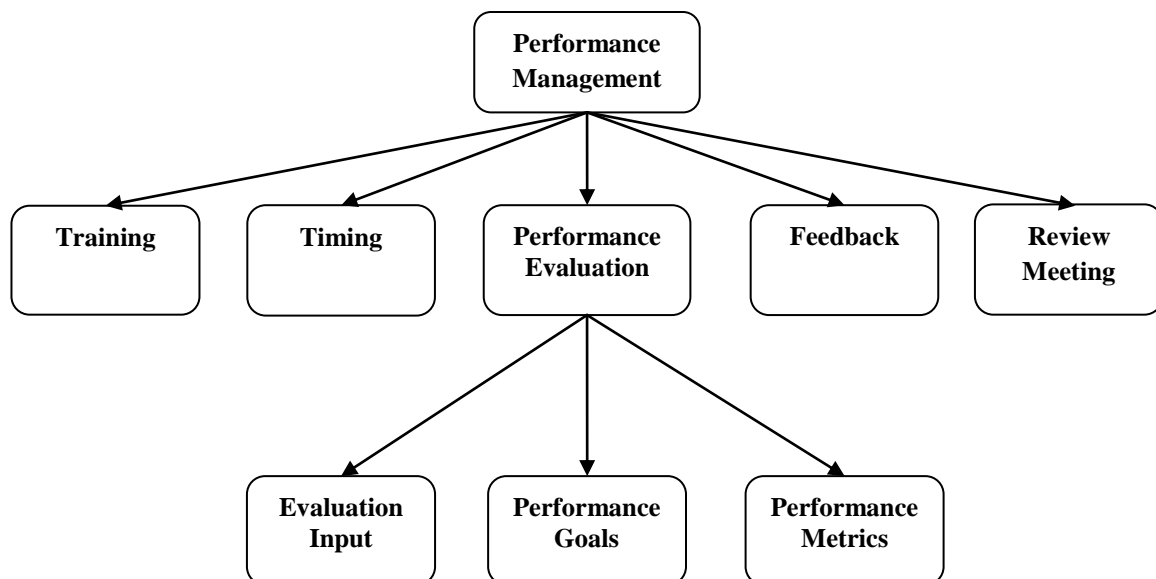

Figure 1 Performance Management Model

presents the evaluation.

An important part of performance management that has been well researched is the actual performance evaluation of the employee. Parts of this concept are where is the evaluation input gathered from, how performance goals are set and what metrics are used to evaluate performance.

Also involved in any performance management system are the outcomes of the evaluation – rewards, increases in compensation or when necessary warnings, probation or termination. This paper will not study this last aspect both to limit the scope of the study and due to the limited research on the areas of probation and other remedial solutions.

3. Literature Review

The topic of performance management covers a great deal of literature going back a considerable period of time. Performance management can be view as a multilevel topic with literature at all layers of the concept.

Starting at the lowest level, there are psychology papers that focus on cognitive models and how feedback impacts performance. At the next level up there are papers focused on performance appraisal dealing with performance rating and performance reviews. At the top level are papers on performance management systems. Subsets of performance management are papers specifically related to the relationship between TQM (Total Quality Management) and performance management and papers on the impact of organizational justice on performance management. Lastly there are practitioner papers on practical aspects of implementing performance management.

Psychology

At the lowest level of influence there are psychology papers related to how people react to different tasks. Human memory is a very inexact storage device. People do not remember exactly what happened – they process what they experience and encode it efficiently for storage. The problem is this distorts the recollection of events. In papers on the cognitive aspects of memory [2], [3] the authors examine how memory is distorted. Using cognitive models the

authors explain how a person's preconceptions and stereotypes filter their memory of events.

How feedback influences behavior is examined in [4, 5]. The type, amount, frequency and focus of feedback impacts how effective the feedback is at modifying a person's behavior. As could be expected people respond better to positive feedback then criticism.

Most of this work is focused on examining sample groups of people in laboratory settings. Under these carefully controlled conditions the impact of various effects can be examined. There is an assumption that the same results take place under the longer timeframe and more varied environment of the workplace.

Performance Appraisals

Many papers examine the narrow aspect of evaluating employee performance. The paper on performance rating by Landy [6] examines characteristics of the roles of the rater, what the rating is being used for, the types of scales used for measuring performance and the layout of the performance assessment forms. In surveys of performance management [7-9] they examine how the appraisal process works including sources of input, types of evaluation, and the impacts of bias. The paper on 360 degree feedback (multisource feedback) [10] examines the specific aspects of the best way to gather 360 degree feedback as part of the employee performance appraisal.

The performance review meeting, where the performance evaluation is presented to the employee by the supervisor, is also an important subject. In [11] they show that increased employee participation in the review meeting increases the employee satisfaction with the evaluation process. The paper by Nathan [12] examines how better interpersonal relationships between the manager and employee results in more effective review meetings.

In all of the papers on performance appraisals, the authors show that various factors can improve the employee's acceptance and evaluation of the performance evaluation. They do not explicitly study if these factors improve a person's performance or the organizations overall performance. There is an untested assumption that improving the employee's acceptance of and engagement with the review will

result in improved worker performance and subsequently improve the organizational performance.

Performance Management

There are limited numbers of papers on overall performance management systems. The survey based paper by [13] does examine how employees feel about performance management systems. In [14] they review the available literature and propose a model for the entire performance management process.

There are numerous papers on if TQM and performance management are compatible. Deming stated that "Annual performance evaluations are one of the seven deadly diseases" [15] of western management practices. Focusing on individual's performance takes focus away from the system where the majority of the problems lay. The article by Allender [16] points out that performance management should be part of the employee coaching that takes place in a TQM environment. An annual performance review is too slow a process for providing feedback or realigning direction to meet changing customer needs. The papers [16, 17] study how TQM and performance management interact in a work environment.

Another aspect of the performance management process is social justice. The concept of social justice is making a process fair and equable. The experiment by [18] and analysis by [19] examine how a performance management system can have social justice and the impact of having social justice on the employee.

The last area of performance management papers are professional how to papers. Colwell relates [20] how Intel's performance management system worked and why it was effective. One of his observations is forced distributions are overly harsh but having distribution guidelines for performance forces supervisors to take a hard look at employee performance. In [1] CPA's are surveyed to get their opinion on aspects of employee management systems. Interestingly they present data from public, private and service organizations. A HR expert provides recommendations based on his experience for how performance management systems should be designed in [21]. It provides a number of simple and straight forward guidelines.

4. Guidelines

The performance management literature was reviewed and relevant recommendations for performance management were complied.

In the literature there was a great deal of material on how aspects of the environment impact the employee evaluation. For example the race of the supervisor and employee will have an impact on the evaluation [2]. Since a performance management system cannot alter these variables these types of results were of no benefit for providing guidelines for effective performance management systems. On the other hand this paper also notes that clear performance guidelines will minimize this bias – so the paper does provide support for one guideline.

In Appendix A on p.24 the table of the raw guidelines is compiled. All the recommendations from the papers and their sources were listed and grouped into general categories. Since this is not a complete listing of all of the available performance management literature the number of items collected in each group can't be taken as a scientific weighting of their importance. But the general number of times an item was listed does given an idea of its relative importance.

Guidelines	Number
Performance Management Process	14
Training	15
Timing	12
Evaluation	
Evaluation Input	23
Performance Goals	20
Performance Metrics	11
Feedback	18
Review Meeting	16
Other	3

Figure 2 Number of Recommendations

For each area we found a number of recommendations with each area having recommendations from multiple areas of the literature, further support for these being general guidelines.

The most common recommendations related to the types of performance goals and where evaluation input should be gathered from. We found the least recommendations on how evaluations should be timed.

From these recommendations we were able to come up with some common concepts that came from two or more papers and use them to propose some guidelines for good performance.

Overall Performance Management Program

Overall it's important that the performance management system be a development program and not a punishment program. Both in terms of employee acceptance of the program and in getting good 360 degree feedback [10], the program and evaluations should stress the improvement aspects [2]. There needs to be a positive culture towards employee evaluation [10]. The employees and management need to see it as positive [3].

P-1 Performance management program is focused on employee improvement

Training

Numerous references suggest training. The better trained the raters are the higher the quality of the rating and the better the accuracy [9], [2], [3]. This also provides the raters with clear understanding of the rating scales and process which is important for accuracy and to avoid bias [1], [6]. This also meets the need that they have clear instructions on evaluation [1] and the evaluation task [6].

T-1 Raters should be well trained and the training should be regularly updated

Surprisingly the employee should also be trained on the performance management process. Having a clear understanding of the way the process works, what is expected and how it happens improves employee perceptions of the process and results in greater worker commitment [10], [21]. The social justice literature recommends that there be "adequate notice" – that the employee understand the performance management system [9]. Training provides this understanding.

T-2 Provide employees training on performance management process

Timing

There were a number of recommendations for how often reviews should be done. Much of the how-to literature suggests at least once a year or twice if possible. A survey of accountants [1] reported they preferred to be evaluated 3-4 times a year. In one

TQM paper they suggest that performance management needs to be continuous [17] – once a year is too slow to react to changing customer and competitive demands.

W-1 Performance should be evaluated at least twice a year and three to four times if possible

The employee's performance needs to be evaluated throughout the evaluation period [21]. But human memory is poor – a manager will tend to over emphasize recent events in making an evaluation. People also alter their memories based on their perception of a person's performance [2], their race and other factors. Because of this a number of papers recommend keeping ongoing performance records [9], on employees as events happen during the year. The employee evaluation should be based on these records and not the supervisor's recollection of events.

W-2 Keep current records of employee performance

W-3 Write employee review from manager's records, employee status reports and other documentation – not from memory

Under time pressure a manager will fall back on their impression of employee performance and perform less active data gathering [2], [6].

W-4 Allow ample time for writing performance reviews

Performance Evaluation

There were no general recommendations for employee evaluation but there were a number of specific suggestions in the different areas.

Performance Appraisal Input

Much of the academic and professional literature recommends collecting data from peers, subordinates, and internal and external customers. A paper on TQM and performance management notes that input from customers is critical for improving quality in the organization [17]. A survey evaluation 360 degree input suggest that at least 6 to 10 peers provide input for the evaluation and that about four general categories are the right number for peers evaluations [10]. The same paper also suggests that the employee be involved in the 360 degree process. On paper noted that peer input was a better predictor of employee promotions [6].

I-1 Collect evaluation input from at least 6 to 10 peers, subordinates and superiors.

I-2 Be sure to include internal and external customer feedback in 360 degree data

Another study that examined who rated the employees noted that first level supervisors provide more accurate input then second or third level managers [6]. This is also consistent with the results that it's not the frequency of contact with the employee by the supervisor but the depth of the interaction that predicts review accuracy [6].

Papers in many areas recommended that the employee provide a self assessment as an input to the review. There are a variety of reasons for this. If the employee provides input top the review they will be happier and view the review process as fairer [7], [11]. The social justice also suggests this so the employee has the ability to influence the evaluation [18].

I-3 Employee should contribute a self assessment to the review

Performance Appraisal Goals

The topic of what should be evaluated comes up in a number of areas.

It seems obvious but there should be clear, written performance goals that are understood by the employee [7], [1]. As much as possible these should be clearly measurable goals and there should be clear standards to measure them against. [8]. This will assist in making the employee evaluation clear and transparent [19] p. 400. All of these will improve employee satisfaction and commitment to the results of the review.

G-1 Employee should be rated against clear, written performance goals measured against clear performance standards.

Although it's not always possible for all of the performance goals where possible the results are more accurate and better accepted when the performance measures are specific and measurable [21], [9].

G-2 Performance goals are objective, measurable, results

The employee will also be more involved in the performance management process if they are actively involved in working with their manager to set their performance goals [21], [11].

G-3 The employee is involved in setting performance goals

Performance Appraisal Metrics

There has been a lot of research on specific performance evaluation scales and metrics. Research has found that having a few rating categories works better than one general category [6], in general a few categories works best [17], [10]. This is somewhat consistent recommendation there should be 3 to 11 categories, 5 to 9 works best [6].

M-1 Use 5 to 9 performance categories

There should be relatively few performance levels with simple be [17] behaviorally labeled scales. Instead of labeling a behavior poor, satisfactory, outstanding – provide descriptions of the expected behavior at each level. [9], [6], [10].

M-2 Use simple performance scales with few levels labeled with behavioral descriptions.

It's recommended that the performance management program and evaluation forms be tailored to the specific department. You can't simply use the same performance measures as another department uses.

Performance Feedback

A number of papers examined what type of feedback had the greatest impact on the employee's performance.

Interestingly two papers found that "satisfactory" or lower performance was a demotivator for employees [7], [4]. As much as possible the feedback needs to be positive to have the greatest impact on performance [5], [4].

F-1 Structure performance standards so most employees receive greater than satisfactory ratings.

F-2 Tend towards overall positive feedback and avoid criticism

To have the greatest impact the feedback should be specific, not overall general feedback. As much as possible focus on specific events and if improvement

is required clearly express what the desired behavior was [10]. This is supported by the psychology papers that studied performance in laboratory settings [4], [5].

F-3   Feedback is specific, and if improvement is required explains the correct behavior

The feedback should also focus on differences in process vs. differences in outcome. An employee may not know how to achieve the desired outcome. Feedback on how to improve their process has a greater impact on an employee's ability to improve [15], [4].

F-4   Feedback should focus more on process then outcomes

One guideline that was not supported by multiple sources was to provide positive feedback even if the overall performance is poor is by focusing on the improvement in performance from the last review [4]. This is a common sense suggestion that was only supported by the one source.

Performance Review Meeting

In most companies the review is presented to the employee in yearly meeting – often times a very stressful event for both the manager and the employee. There has been a great deal of research on how to make these meetings as effective and influential as possible.

Much of the research has shown that the effectiveness of the review is determined by how much the employee participates. IF the employee does more than half the talking in the meeting [21] and they feel that they are able to express their point of view the review will be more readily accepted. These ideas are also supported by the psychology research on participation [11] and the social justice literature recommendation that the employee can influence the evaluation [18].

R-1   Employee does more than half the talking in the review meeting
R-2   Employee is comfortable expressing their point of review and feels it's been heard

In two other papers the researchers found that the employee accepted the review feedback better if the meeting included discussions of the employees future career [12] and advancement in the meeting [7].

R-3   Spend time in review meeting discussing employee's future career and advancement.

Overall the review meeting needs to have a positive, pleasant mood and there be good communication between the employee and supervisor. If this is true the feedback is more likely to be acted upon [21] and will have greater impact [4].

R-4   Employee should be at ease in review, with a positive mood and open two way communications.

5. Methodology

We will compare the three organizations we have the most work experience with. All are large organizations with one non-union, one union and one federal government organization. We will create a questionnaire to collect our research information on each company that will ask about the performance management system, the way each manager uses the system results and how they work with the system. We will provide recommendations for how a manager can work within each system to address performance. We will not recommend changes to the performance management systems of each organization within the scope of this project.

Research Plan

The research followed a qualitative methodology similar to the analysis of performance management's impact on innovation used by Albar [22]. We will not investigate the area of compensation, especially as it relates to performance management, in this paper.

The goal was to create a questionnaire and conduct personal interviews of experts within the companies being studied. To accomplish this, an extensive literature was conducted to help frame the questions to be asked.

The interview questions were broken up into ten categories: generally focusing on individual background, company culture and performance review system, examples of system success, and examples of system failure. The complete survey form can be found in Appendix B on p. 29. The questions were structured to form a complete picture of the company's performance review system, and to gauge its effectiveness. In the second half of the

interview the manager is asked specific questions about how well the system performs. To try and gather detailed information instead of overall impressions the managers were asked to describe specific examples of the system working successfully and unsuccessfully with performers and non-performers. The focus is manager's perception of the system, but they are also asked to gauge their employee's perception of the system. The same interview questions were used across the different interviewees and all three companies.

To narrow the focus of this paper, only managers of knowledge workers and human resources representatives were interviewed. These individuals generally have first-hand experience with the performance review systems and be able to rate them effectively. Interviews were informal and candid, to allow the interviewee to speak as freely as possible. In order to maintain consistency in sampling, each team member conducted three to four interviews at each company, as one of the team members was only able to access three to four company representatives.

After conducting the initial round of interviews, the survey was adjusted to reduce any confusion and ensure all the required information was being collected. Questions were revised and grouped to ensure that the survey would help us apply the guidelines we had discovered during the literature review. For example, we specifically ask how often the performance reviews are conducted, to see if the company is meeting guideline W-1: "Performance should be evaluated at least twice a year and three to four times if possible". The raw interview results were documented and are included on the data CD.

The information was analyzed by the group to build a complete picture of each firm's approach to performance management. By interviewing three to four individuals from each company, a complete and unbiased opinion of each company's system can be established. In addition to the interview material, research was conducted on the company policies, using HR representatives as required, to form a complete picture of the performance review systems.

Analysis and Recommendations

After the initial results were obtained, it was clear that analysis would need to be conducted for each company individually. Each company has a unique

labor force, and unique performance management systems.

Each company's program was evaluated against the guidelines set forth in the literature review section. All categories will be addressed: Training, Timing, Evaluation Input, Performance Goals, Performance Metrics, Feedback, and Review Meeting.

Unique recommendations for each company will be made, based on the categories in the literature review. General recommendations will be made for the company on how to improve their system. A set of recommendations will also be made for managers working within the system. The purpose is to assist them in utilizing the existing system to obtain the full potential from their knowledge workers.

6. Company A

Background

Company A is a large MNC high-tech non-unionized industrial company. The company has a large predominately engineering workforce. The work force is highly educated with almost all workers having a college degree and many workers possessing a M.S. or PhD degree. All of the managers interviewed for this study managed knowledge workers involved in complex, ambiguous work.

Performance Review Structure

The company has a fairly complete corporate performance management policy. As a large centrally managed corporation they have corporate policies on performance management that are fairly consistently applied.

Manager RZ [23] noted that the performance management policy is fairly strongly followed but managers put varying levels of emphasis on its importance. In some departments the department manager does not even read the reviews written by the supervisors. They view the technical aspects of their role are far more important than the performance management aspects of the role. In other departments the manager will go through the process informally four times a year, updating the employees draft reviews and providing feedback to the employees throughout the year. The employees

actually like this level of feedback. This is consistent with the results from [1].

The stated goals of the performance management policy are to continuously push the workforce to improve because the competition is continuously improving. It's not enough to do your job as well as last year; you need to do it better than last year to have satisfactory performance so that the company can continuously improve[24].

This paper only examines a United States location and does not look at the way performance management is handled outside the United States.

The company has a companywide standard performance management policy.

Performance Management Process

All employees receive performance reviews once a year, all employees are evaluated at the same time every year.

Information for writing the review is gathered from the employee and their peers. The employee is asked to identify his major accomplishments for the last year. The employee is also asked to submit a list of people they have worked closely with during the year. The manager takes the list and adds anybody else who has worked closely with the employee. The manager then asks everybody on the list to privately submit their input on the employee's performance throughout the year.

The manager then writes the performance review based on working with the employee, feedback from other people and the employee's input. In most cases the employee is asked to draft the first version of the review and the discussion about the draft review starts the discussion about the employee's performance. The manager then takes the draft review, modifies it to match the performance rating given the employee and submits it for review by his manger.

The employee review contains three sections and one subjective performance rating. There is a section on three major accomplishments, a section on the employee's three major strengths and a section on the employee's three major weaknesses –or areas for improvement.

The subject performance rating is an evaluation from 5 to 1 based on the employees overall accomplishments for the year. An employee is considered to have satisfactory performance if they receive a 3-5 and unsatisfactory performance if they receive a 1-2. The performance rating is a subjective evaluation of the employee's performance for the year – focused on their accomplishments.

The rating is partially a relative rating compared to other members of the employee's department. The employee's accomplishments are evaluated in comparison to the expected performance for the position and also against the performance of other employees at the same pay grade and in the same role.

There are guidelines for the distribution of ratings within a department. The goal is approximately 20-25% above average, 75% average and 3 – 5% below average (unsatisfactory)

Successful Employees

Employees that are successful have their reviews written by their manager. The review and evaluation is then reviewed and approved by the manager's manager.

The employee receives their evaluation and review in a private meeting with their manager. They are usually given their review the day before to read over before the meeting. Based on the review's content the employee writes a development plan with their manager's input. It addresses what the employee can / should do to improve their performance and address the areas for growth / weakness identified in their performance review.

For performing employees – the process has limited impact. They receive their performance review and focus on the performance rating and what their pay increase is. Most employees write a development plan to plan how to improve performance over the next year. But as manager TS noted "…and then the plan gets shoved in a desk drawer and forgotten by the employee and manager" [25].

The exception is when the manager has identified the employee for possible promotions. A manager is generally limited to promoting 10% of their department each year. Typically a manager will be very sensitive to making sure that an employee who

is close to getting promoted is improving in the required area during the year so they can successfully get promoted.

Unsuccessful Employees

Employees that are identified as unsuccessful – evaluated with a performance rating of 1-2 receive a higher level of attention. Their performance evaluation must be approved by both the manager's manager and HR department. The employee is placed on a 90 day probation during which they need to improve their performance to meet expectations or be dismissed from the company. The manager writes a probationary plan with specific goals that must be reached by the end of the 90 days for the employee to successfully complete probation. The probation plan needs to be approved by the manager's manager and the HR department.

If the manager identifies that there is a mismatch between the employee's skills and their position the employee maybe moved to another position within the department so there is a better fit between the employee's skills and their role.

For underperforming employees the process is somewhat successful. Almost all employees placed on probation successfully complete the probation. For a focused period of 90 days they can improve their performance and successfully complete probation. In some cases the solution to a performance problem is moving the employee to a role within the department where they are better suited. For example a junior employee was having performance problems in a group of senior engineers because they had a lack of initiative. He was moved to a better defined role with where his skills were a better fit. In that role he blossomed to be an above average performer.

In other cases the employee self corrects by transferring to a different department after completing probation. Since the performance evaluation is partially relative to other members of the department – he can find a department with lower performance expectations. Some departments become dumping grounds for underperforming employees. The performance of the manager's department improves – by losing the poor employee to a department with lower performance expectations.

Lastly some employees are just not a fit attitude wise for a position. Often they will bounce between

successful performance and unsuccessful performance over a number of years. They eventually get tired of the focused management attention and quit.

In most cases the performance of the department improves because on the average the poor employees are weeded out.

Promotions & Compensation

Although this paper does not address compensation, the performance management process at company A includes it as an outcome of the performance evaluation. The same day the employee receives their performance evaluation they are told what their raise is for the next year – the raise is directly tied to the employee's performance. If they have been identified for a promotion they are told at this time. A manager generally has a limit of about 10% promotions.

Analysis

Overall the company has a companywide performance management policy that's consistently applied, but as measured against the guidelines we suggest it could improve.

- **Performance Management Process. Grade:** C – The employees and managers see the program as a means of weeding out employees and not a positive means of employee development.
- **Training. Grade: A-** – The employees and managers are trained on the program but not how to rate employees.
- **Timing. Grade: B**+ - Employees are evaluated formally once a year and informally a second time.
- **Evaluation Input. Grade: A** – The evaluation includes self, peer, internal customer and manager input.
- **Performance Goals. Grade: C** – The performance goals are subjective and not jointly set. Although most managers do jointly set objective goals with their employees that is not part of the formal system.
- **Performance Metrics. Grade: C** – The employee is rated on one subjective scale with most employees getting satisfactory.
- **Feedback. Grade: B** – The review do provide specific and process oriented feedback.
- **Review Meeting. Grade: B** – Although there is a section for improvements on the review there is

no explicit discussion of future career growth in review format. The review is somewhat stressful but with reasonably opens communication.

The feedback from the managers interviewed was that the system works – but it really only impacts the extremes.

For poor employees the system somewhat works – most employees complete their probation period, and generally take going on probation as an indication that they might be a better fit in another department. In some cases the employee will go on probation multiple times and then end up quitting because they get tired of it.

For good employees the system has little impact.

Recommendations

The area where the individual manager could have the greatest impact on improving with his employees is the area of goals, metrics and review meeting.

Our three suggestions for a manger at Company A would be:

1. With the employee work to set measurable, observable goals for the year.
2. Use 5 to 9 rating categories and for the ones that are subjective use behaviorally labeled scales specific to the organization.
3. In the review meeting ensure that the employee is allowed to speak more than 50% of the time and spend time talking about career growth.

It's interesting to note that in our interviews both recommendation 1 and 2 were mentioned as being used within their departments. Manager LS talked about negotiating measurable goals with his employee. Manager RZ mentioned that his department was developing specific behaviorally labeled scales to assist in ensuring employees understood what was expected and assist managers in evaluating employees.

7. Company B

Background

Company B is a large organization that focuses on mid-technology manufacturing and integration. The diverse workforce is composed of union and non-union workers, both professional and non-professional. The facility where the interviews were conducted is mid-sized and composed of mostly union workers, both professional and non-professional. For the purposes of this study, only the professional worker performance review system will be evaluated.

A single facility in Portland, OR is the site of all the surveyed subjects in this paper. The company utilizes the same policies across its U.S. locations with its knowledge workers. Any policies at international locations are outside of the scope of this study.

While the technical employees at this facility are unionized, the union has many rules that can be considered unconventional. Employees are classified into levels, depending on their experience and education. The number of levels depends on the job classification. Within these levels, employees are assigned to one of three "retention" groups. 40% are assigned to the highest, 40% to the middle, and 20% to the lowest. These groups are important, because they determine the eligibility of employees for layoffs when downsizing occurs. The manager can choose which level the layoffs come from, but once selected, must first layoff the employees in the lowest retention group.

Performance Review Structure

Reviews are annual in nature, but performance review related meetings occur three times per year. At the beginning of the year, managers hold a meeting where the employees establish their goals for the year. These goals generally reflect the facilities annual goals; they tend to be related to performance and quality improvement, personal development, and corporate goals. Goals are created by the employee prior to the meeting, and are input into an online performance review system. All maintenance of the performance review and historical record are maintained in this system. The employee and the manager meet and agree on the goals, and the data is confirmed in the online system. Employees can access this system to reference their goals during the year.

Approximately halfway through the year, the employee and manager meet again to review the

goals and the progress made so far. The manager provides feedback to the employee on the goals and progress, and adjustments can be made at this time. There is no formal rating given for each goal, but managers will generally give the employee an idea if they are not on track to reach their goals.

At the end of the year, the final performance review is conducted. In addition to the performance goals set by the employee, managers also rate every employee on a set of "performance values". These categories are established by the company, and everyone is rating on the same set of performance values. Ratings for both groups (objectives and performance values) are as follows: did not meet expectations, met some expectations, met expectations, exceeded expectations, greatly exceeded expectations.

Performance Management Process

Three interviews were conducted with two first level managers that had worked for the company for 20 to 30 years, and been a manager for two to ten years. The third interview was given with two HR generalists, who had been with the company for one to five years. The HR generalists worked with both technical and non-technical union workers, so they were instructed to focus on the performance management system for just the technical workers.

The first manager interviewed, although inexperienced as a manager, was a technical lead for several years, and offered the insight of having recently used the performance management system as both an employee and a manager. In his current position, he oversees roughly 40 programmers [26].

He was generally positive about the performance management system at the company, noting that it was a beneficial tool to provide feedback to employees. Support for the system was strong at all levels of management, somewhat because of the system's structure. The top level manager at the site establishes a set of "site goals". The next sets of managers adapt these goals for their particular groups. This process continues all the way down to the employees, who adapt their direct manager's goals to their daily work.

The process is considered an important aspect of a manager's job, and they are trained on it, both initially and with annual refresher courses. The

system is strict, with hard deadlines for the initial creation of employee goals, and for signing off the midterm and final reviews. There are no quotas for ratings in the performance reviews. Managers have the discretion to rate their groups as they choose.

It was this manager's perception that the rating system is mostly subjective, but that there are efforts in place to make it more subjective. During the goal setting process, employees are encouraged to set goals that are measurable, and managers look for metrics whenever possible.

The second manager interviewed had a few more years of experience in that role at the company. He oversaw a group of 24 technical workers, in a variety of roles. His perception of the system was similar to the first manager interviewed, although he did have more ideas for improvement. Overall, he felt that the system was good, but that it was not effective at motivating all types of employees. [27].

The third interview was held with two HR generalists. They had similar views of the system, in general, but were able to add valuable insights from the HR perspective. For example, they noted that compliance of the PM system was good, but that some managers would not apply as much effort, and wait until just before the deadline to complete the process. They also were able to compare the system to other companies that they worked for, and they rated it favorably. [28].

The system does not have a special process for high-performing employees. Salary adjustment calculations do factor in performance ratings, and will guarantee a higher minimum raise for these employees. In addition, managers often take note of consistently high-performing employees. These employees can be given more responsibility, possibly moving up to the position of a technical lead; a job that can easily lead into management.

Both managers and the HR generalists confirmed this, and emphasized the utilization of "stretch assignments" when good PM results are achieved. Manager two had the strongest feeling on the subject, and noted that performing employees would typically see a bump in motivation after a good review, just as they would during a salary adjustment. This is short lived, however, and better motivation is derived from the use of positive reviews as a tool to gain a

promotion. He included an example of a high performing level 3 employee that was able to use the system to show that they were doing level 4 work, and gained a promotion shortly after. [27].

The company does not have an established process in the performance management system for handling underperforming employees. The system does not automate the process when a bad review occurs, but managers can choose to pursue a Performance Improvement Plan. These plans involve more performance meetings with the manager and employee, and can also include additional metrics to measure employee performance moving forward. Manager two gave the example of an employee who had poor communication skills with the production shop, and it was affecting the quality of his work. The employee was notified of the problem and regular meetings were scheduled with the manager [26].

The managers and HR generalists interviewed felt that the performance management system was generally considered to be fair. Manager one noted several times that the previous system was not viewed favorably by most employees. The old system did not utilize the employee-written goal structure. Employees were all rated on the same metrics, and many did not like this approach; most cited the current system as a good approach to PM., because employees and managers work together to establish measurable goals.

Promotions & Compensation

Although not covered in this study, salary adjustments should be mentioned. Although this is a union environment, salary increases are not equal for all employees. Group minimums and averages are required, but where the difference between the minimum and average is assigned is determined by management. This is heavily influenced by the performance reviews. This issue is critical to understanding the review process. Even though it is a union environment, the annual performance reviews are still viewed as being important to the employees.

Analysis

The PM system implemented at Company B appears to be done well. The system structure generally reflects the guidelines set forth in the literature.

- **Performance Management Process. Grade:** A- – In general, employees and managers view the system as beneficial and fair. Most believe that it exists to motivate employees and increase performance.
- **Training. Grade: B+** – The managers receive extensive training before they first use the system, and annual refresher training. Employees do not receive training, but there are guidelines available.
- **Timing. Grade: A-** – Employees are evaluated formally twice per year, and can be evaluated informally more frequently at the manager's discretion.
- **Evaluation Input. Grade: B+** – Managers collect data as they see fit. It can be personal perception, or based on metrics and peer input. Objective data is preferred.
- **Performance Goals. Grade: B** – The performance goals are set by the employee, based on goals for the production site. Managers review them and recommend revisions as necessary.
- **Performance Metrics. Grade: B-** – The employee is rated on one subjective scale, based on what should be more-objective goals.
- **Feedback. Grade: B+** – The reviews guarantee a minimum of two feedback sessions annually.
- **Review Meeting. Grade: A-** – The reviews are generally considered to be fair, but some employees do view them negatively, or with apathy. Reviews do contain a set of long-term goals, established by the employee and reviewed annually.

While the system is generally viewed positively within the company, it is hard to gauge its overall effectiveness. Interviewees generally agreed that the system worked to help motivate workers, but were careful to note that it did not work for all. A possible reason for this is the union environment. Many workers are at or near their salary cap, and therefore receive a relatively small raise each year, regardless of review performance. These workers tend to approach the PM process apathetically.

It is difficult to find comparisons of companies within the United States, to track the utilization of PM in a union environment. However, many European countries have technical worker unions in both the private and public sector. The utilization of

PM tools, particularly for management workers has increased in past years. The driving force, they state, is to motivate the workforce [29].

Recommendations

Company B has implemented what appears to be a successful and useful PM system, particularly given the challenges of a unionized technical workforce. There is a short list of recommendations for a manager working within the system, however, to improve the effectiveness of the managed workforce:

1. Provide employees with a brief online training exercise for the PM system. This will improve employee understanding and reduce potential confusion and rework in the process.
2. Create minimum requirements for peer input during the PM process (6-10 peers). This will help mitigate the concerns of some that the review system is all based on subjective decisions by the manager.
3. Train managers to encourage employee contribution during the meeting. The goal should be to have the employee speak at least 50% of the time during the review.

These were the three guidelines that the company was most deficient in. While the managers and HR generalists interviewed did not recommend these changes directly, they did mention that understanding of the system by employees was not as good as it could be.

8. Company C

Background

Company C is a department within a federal agency of the United States government. The workforce is composed of union workers and non-union workers (management) and both professional and non-professional (trades/hourly) positions. The workforce is comprised of federal employees and non-federal employees such as contract employees or consultants. The United States Congress sets the number of allowed federal employees at the organization. All federal employees at the agency follow the federal performance management system. The company has a large engineering workforce, especially for federal professional positions. Two of

the managers interviewed for this study managed groups entirely of knowledge workers involved in complex, ambiguous work. The other two managers had a majority of their staff who were knowledge workers.

Performance Review Structure

The company follows federal regulations and reporting requirements for human capital that are set and maintained by the US Office of Personnel Management (OPM). This ranges across all functions of human capital from hiring, performance management, compensation and benefits. OPM regulations on performance management can be found in the electronic code of federal regulations [http://ecfr.gpoaccess.gov]. The US federal government first enacted a merit system to end favoritism with the Pendleton Act of 1883 [http://www.opm.gov/perform/chron.asp]. OPM also provides guidance and best practice documentation for implementing performance management regulations to human capital workers and managers within the federal government system. These can be found at: http://www.opm.gov/perform/.

The managers interviewed noted that the general attitude at the company towards performance management is that it is a required duty to perform to comply with OPM. One manager referred to the culture around performance management as an assumed back office HR function [30]. Multiple managers mentioned that while performance management was considered important by their manager they were not given time to dedicate to managing people and they were still required to conduct their technical jobs.

The current performance manager would rate the current performance system effectiveness as a 2 on a 1-5 scale (5 best) [30]. They said the current system could be a 4 if it were implemented differently at the company. Given the limitations of the system they felt it could never be a 5. The main drivers for this were the limitations related to influence over an employees pay and entitlements.

Performance Management Process

Each employee is required to have a performance plan that is signed by the employee, the employee's manager and the manager's manager. The plan is created from an official federal template and consists

of critical, non-critical and a safety element. Each element is rated on a 3 point scale for employees and a 5 point scale for managers. The employee scale is significantly exceeds expectations, meets expectations and unsatisfactory.

The employee is evaluated and can be held accountable to the performance of the critical elements in the plan. In most cases the manager writes the plan given input from the employee. There is not consistency across the company as to how the plan is created, the number of elements. The company has training for managers on writing performance plans to make the elements specific, measureable, actionable, relevant and timely. One manager noted that he feels many performance plans are simply copied from year to year [31].

Performance plans are supposed to be created and signed by the appropriate parties at the beginning of each fiscal year. In a management meeting it was disclosed that over 1/3 of employees did not have a performance plan for that year officially on record with human capital. An employee has to be a given performance plan with a manager for 90 days before they can be rated for a given year. After the end of the fiscal year the manager is required provide the employee a rating based on completing the performance plan document. The input the manager uses to rate the employee is not stipulated by the company. The managers interviewed all cited getting peer and employee feedback as good ideas.

The organization requires managers to have a mid-year review with each employee to discuss and review the performance plan. The outcome of this is meeting is having the performance plan initialed by the employee and the manager. This became a requirement in 2009.

Federal regulations only require the manager is to provide the results of this evaluation to the employee. This does not have to be done through a formal meeting with the employee; it could simply be left in the mail for the employee. While these are the legal obligations, managers typically meet with the employee at the end of the year to hold a formal performance review meeting. This meeting typically happens within a month to two after the end of the prior fiscal year. If an employee disagrees with their rating they can file a grievance with the manager.

The company does not have a forced ratings distribution. In fact, an overwhelming number of employees receive "meets expectations". All managers interviewed felt the system had little flexibility and that the system was based on length of service more than performance.

Successful Employees

The performance manager mentioned that the process is the same for a successful employee and an unsuccessful employee [30]. The managers mentioned there are limited tools for successful employees, especially related to compensation or promotion. There was a feeling that managers recognize successful employees not the system. The managers cited they are able to provide their successful employees recognition in the form of workload assigned, training, continuing education, and industry/peer recognition. One manger, who oversees a group of knowledge workers, felt the workers were largely self-motivated and driven by the mission of the company. The manager felt the performance system only helped them maintain not improve their performance [31]. Related, the performance manager stated that the performance system helped achieve the company's mission more effectively. However, they felt the manager, not the system is what drove improvement in successful employees [30].

Unsuccessful Employees

Prior to an employee being rated unsuccessful the manger typically has a discussion with the employee about their performance. This is followed with a formal memo that the manager is concerned with their performance. The next step is to formally place the employee on a performance improvement plan for 90 days. The intent of this plan is to provide a clear understanding between the manager and employee on what is needed to meet expectations. If the employee does not meet expectations at the end of the plan an adverse action is taken – demoted or are removed from federal service.

This route is rarely taken at the company, although it is increasing in use. Over the past two years 7 and 10 employees, respectively, have been rated unsuccessful, this is more than the entire past decade [30]. Slightly more employees have been place on performance plans. Around 50% of employees

succeed in improving during the plan, while the rest leave the company, retire or move to another group.

Promotions & Compensation

Although this paper does not address compensation, the performance management process at company A includes it as an outcome of the performance evaluation. Although not covered in this study, salary adjustments should be mentioned. Salaries are set using the federal pay scale general schedule. The scale, a series of grades and steps within each grade are approved at a national level. The grade of the employee is determined by their knowledge, skills and ability. The step level is set largely by length of service, then performance.

Managers did say they were able to use other means to recognize successful employees as discussed in the successful employee section.

Analysis

Overall the company has a companywide performance management policy that's rigorous and well developed yet surprisingly inconsistent in application within this company.

- **Performance Management Process. Grade:** D – While the performance management process has the needed framework and reach a B+ in practice managers and employees just focus on completing paperwork.
- **Training. Grade: C – B+ for training managers on the process and tools available. D for training employees.**
- **Timing. Grade: B** – Employees are rated annually and have a mid-point review at minimum. Managers are given a number of weeks to complete performance reviews. There no stipulations on the information used in the review. The federal system does encourage a manager to keep detailed notes on employee performance, although it is inconsistently executed.
- **Evaluation Input. Grade: C** – Employee, peer or customer feedback is not required. However, the managers interviewed each gathered this type of input in some fashion. This is an area of great inconsistency.
- **Performance Goals. Grade: B-** – The company has training for managers on how to write goals to make them clear and measureable. The

managers interviewed felt employees are typically involved in writing the performance metrics although it is not required. Also, the managers felt that it was difficult to quantify the work of their knowledge workers.

- **Performance Metrics. Grade: B** – Employees are rated on a number of elements on a 3 points scale. While this matches the guidelines, the feedback from the mangers is that the 3 point scale does not provide enough differentiation to be meaningful.
- **Feedback. Grade: B-** – Almost all employees receive satisfactory or better. The feedback is mostly positive although the managers interviewed feel employees perceive the system to be fair because it's not demanding.
- **Review Meeting. Grade: C-** – A F for not requiring a review meeting or providing guidelines to managers about meetings. A B+ given the approach of the managers interviewed who held meetings with employees, let them talk and listened to their views.

The feedback from the managers interviewed was that the system can work, however company culture and enforcement of the system limits its current effectiveness. The system has the tools needed to handle underperforming employees although it's citied many managers do not tackle performance issues. The manager, not the system is how performing employees are recognized.

The system is primarily used to assure compliance with OPM federal reporting requirements. There are many areas where formal company policy is not stipulated and does not align with guidelines. While formal policy does not help mangers, good managers are able to implement the guidelines and perform good performance management.

Recommendations

While we stated in the methodology we were not going to recommend changes to the company performance system in this paper the complexity of the performance management system and current culture has us providing an exception. We are not going to suggest changes to the federal process in this instance, rather provide strategic suggestions for how the company can work with the federal system, before suggesting guidance for how a manager can best navigate the complex system and finally we

provide tactical recommendations for the manager that they can tangibly do to follow the guidelines.

Strategically the company needs to revise the culture around performance management and specify formal requirements for how performance management is conducted. We recommend broad changes to the performance management system at the company before recommending specific changes related to the guidelines.

Our three suggestions for Company C would be:

1. Use the guidelines in this paper and recommendations from the performance manager and senior managers who are known to have dealt with performance to create formal guidelines for mangers.

2. Give managers time and training to effectively manage people.

3. Create metrics for performance management to be visible and tangible. Then hold them accountable.

While there are global issues the company should address with the current system it doesn't hinder a given manager from deploying great performance management in their group. However, the complex nature of the federal performance management system can hinder a manager from deciphering how to work within the system. Our three strategic suggestions for a manger in C to improve performance management would be:

1. Use best practices from OPM and the guidelines in this paper when implementing performance management in their group.

2. Learn from mangers who are seasoned in dealing with performance within the federal system how to effectively work within the system.

3. Set clear expectations with the employees on how performance will be managed within the workgroup.

Tactically, here are 3 ways the manager can improve the current system based on the guidelines in this paper for good performance management.

1. Be sure to include internal and external customer feedback in 360 degree data.

2. Keep current records of employee performance.

3. Employee does more than half the talking in the review meeting.

9. Future Research

There are many opportunities for additional research on the subject. From the literature review we felt there is a gap in the research of papers that explicitly examine if performance management systems actually improve performance. We found only few papers in this category and we felt those have not yet been reviewed and summarized sufficiently.

The sample of companies surveyed was limited to three in this study, and we believe that more insight could be gained from interviews at other firms that manage the same types of workers. Employees could also be included in the interview process, instead of just managers and HR generalists. Managers cannot always paint the full picture of employee perception of the system. Finally, further analysis of existing literature could take place, in an effort to obtain more objective data for framing the guidelines.

10. Conclusion

Several observations became apparent from this concise study on PM for knowledge workers. The first is that the literature on this topic is relatively consistent. All of the guidelines laid out in this paper were mentioned in one way or another in several journal articles. Also, it was clear that there is no lack of material making recommendations to managers, but a noticeable lack of scientific studies on the subject.

The second major observation was that companies with seemingly similar workforces can have strikingly different PM approaches. Companies A, B and C all have very different approaches to PM. One is very structured, with required dates for all reviews and strict guidelines; another is very open, with high variability in application and compliance. It is possible that these observations are due to differences in the product market or workforce. For example, the

unionized workforce at Company B can have a great effect on their PM system, due to differences in job security and power of management. To the same effect, the government requirements at Company C can also have a great effect on their system, as there are potentially unique requirements that may not exist in the private sector.

However, there were commonalities. For example, it was observed that at all companies, the PM system being practiced was nearly always more extensive than the company requirement. So, even at the very structured company, managers were often going above and beyond the basic requirements to ensure that their group was performing.

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12. Appendix A Raw Recommendations

Paper Suggestion	Source	Area	Guideline
Avoid extremely negative and repeated feedback	(Kluger, 1996) p. 260	Psychology	F
Feedback should not threaten employee self-esteem	(Kluger, 1996) p. 275	Psychology	F
Focus on team related feedback	(Lam, 1999) p. 448	TQM	F
Where reasonable focus on performance improvement vs. overall performance if it's poor	(Kluger, 1996) p. 268	Psychology	F
Minimize use "satisfactory" or worse rating	(Brezt, 1992) p. 327	Performance Appraisal	F-1
A satisfactory performance rating will demotivate employees	(Kluger, 1996) p. 260	Psychology	F-1
Praise should be used in review more than criticism	(Kirkpatrick, 1986) p. 70	How-To	F-2
Feedback should tend towards more positive	(Kluger, 1996) p. 260	Psychology	F-2
Feedback is in a positive fashion	(Stajkovic, 1997) p. 1133	Psychology	F-2
Specific Feedback - not general	(Brezt, 1992) p. 327	Performance Appraisal	F-3
Feedback should be specific, not general	(Kluger, 1996) p. 267	Psychology	F-3
Feedback should include suggestions on correct behavior	(Kluger, 1996) p. 268	Psychology	F-3
The feedback is specific	(Stajkovic, 1997) p. 1133	Psychology	F-3
Clearly express desired behaviors	(Wood, 2006) p. e189	360 Feedback	F-3
Provide regular and specific feedback	(Taylor, 1995) p. 499	Justice	F-3, W
Feedback should be more related to process then specific outcomes	(Kluger, 1996) p. 263	Psychology	F-4
Reviews should focus on process feedback over outcome feedback	(Lam, 1999) p. 447	TQM	F-4
Evaluation includes varied set goals (Quantitative, Qualitative, Team)	(Claus, 2008) p. 184	Performance Management	G
Evaluate against clear and specific objective standards	(Arvey, 1998) p. 153	Performance Appraisal	G-1
Clear Standards	(Bretz, 1992) p. 325	Performance Appraisal	G-1
Rating based on performance	(Brezt, 1992) p. 328	Performance Appraisal	G-1
Formal written performance goals	(Claus, 2008) p. 184	Performance Management	G-1
Performance objectives should be clearly defined	(Feldman, 1981) p. 137	Psychology	G-1
Clear performance expectations	(Kirkpatrick, 1986) p. 68	How-To	G-1

Paper Suggestion	Source	Area	Guideline
Clear communication of objectives	(Soltani, 2005) p. 212	TQM	G-1
Employee evaluation with clear and transparent criteria	(Thompson, 2005) p. 400	Justice	G-1
Performance expectations clearly set	(Clausen, 2008) p. 67	How-To	G-1, G-3
Clear standards against which to measure performance	(DeNisi, 1984) p. 386	Psychology	G-2
Performance metrics should be observable	(Feldman, 1981) p. 144	Psychology	G-2
Clear standards and observable performance	(Fletcher, 2001) p. 477	Performance Appraisal	G-2
If possible performance standards should be specific and measurable	(Kirkpatrick, 1986) p. 69	How-To	G-2
Review based on behavioral criteria such as goals, results	(Nathan, 1991) p. 354	Psychology	G-2
Performance should be based on objective measures	(Stajkovic, 1997) p. 1133	Psychology	G-2
Judgment based on evidence	(Taylor, 1995) p. 496	Justice	G-2
Employee involved in setting performance goals	(Kirkpatrick, 1986) p. 69	How-To	G-3
Allow employee to participate in goal setting for performance	(Cawley, 1998) p.628	Performance Appraisal	G-3
The depth of manager interaction is more important than frequency	(Landy, 1980) p. 77	Performance Rating	I
First level managers are more accurate at reviewing employee then 2nd or 3rd	(Landy, 1980) p. 77	Performance Rating	I
Involve employee in 360 process	(Wood, 2006) p. e189	360 Feedback	I
Peer input is better for predicting promotions	(Landy, 1980) p. 78	Performance Rating	I
Compare 360 feedback with self-assessment	(Wood, 2006) p. e189	360 Feedback	I
Make evaluators justify ratings, know can be challenged	(Arvey, 1998) p. 152	Performance Appraisal	I
Multiple evaluators should be used	(Feldman, 1981) p. 144	Psychology	I-1
Multi-source input	(Fletcher, 2001) p. 479	Performance Appraisal	I-1
Gather input from multiple people who can evaluate employee	(Kirkpatrick, 1986) p. 70	How-To	I-1
Feedback from variety of stakeholders	(Soltani, 2005) p. 212	TQM	I-1
Use Multi source feedback	(Wood, 2006) p. e185	360 Feedback	I-1
Use at least 6 to 10 360 raters	(Wood, 2006) p. e187	360 Feedback	I-1
Feedback from peers, subordinates, superiors and internal & external clients	(Soltani, 2005) p. 215	TQM	I-1, I-2
Customer input critical for quality perspective	(Soltani, 2005) p. 224	TQM	I-2
Self Generated Feedback	(Brezt, 1992) p. 327	Performance Appraisal	I-3
Include self-appraisal	(Cawley, 1998) p.617	Performance Appraisal	I-3
Employees should do self appraisals	(Kirkpatrick, 1986) p. 69	How-To	I-3

Paper Suggestion	Source	Area	Guideline
Employee has ability to participate in review	(Nathan, 1991) p. 354	Psychology	I-3
Include self appraisal feedback	(Soltani, 2005) p. 222	TQM	I-3
Employee has input into evaluation process	(Taylor, 1995) p. 499	Justice	I-3
Employee provides input to review	(Taylor, 1995) p. 499	Justice	I-3
Allow employee participation that influences review (instrumental participation)	(Cawley, 1998) p.617	Performance Appraisal	I-3
Use "Frame of Reference" scales	(Arvey, 1998) p. 158	Performance Appraisal	M
Don't use hard distributions for performance - but have guidelines	(Colwell, 2002) p. 15	How-To	M
Rating scales should be specific to organization	(Landy, 1980) p. 84	Performance Rating	M
Fewer performance rating levels	(Soltani, 2005) p. 215	TQM	M
Global performance metrics are less accurate then specific metrics	(Landy, 1980) p. 87	Performance Rating	M-1
Number of categories should be 3 to 11, 5 to 9 best	(Landy, 1980) p. 87	Performance Rating	M-1
Keep number of items evaluated low	(Wood, 2006) p. e189	360 Feedback	M-1
Use about four categories for input from 360 input	(Wood, 2006) p. e187	360 Feedback	M-1
Behavioral Anchored Rating scales are more accurate	(Landy, 1980) p. 84	Performance Rating	M-2
Performance scales with behavioral anchors and no dimensions work best	(Landy, 1980) p. 88	Performance Rating	M-2
Keep the evaluation scale simple	(Wood, 2006) p. e189	360 Feedback	M-2
Mangers should expect high performance from employees	(Kluger, 1996) p. 256	Psychology	P
Negative feedback should eventual result in consequences	(Stajkovic, 1997) p. 1134	Psychology	P
Develop a positive culture towards evaluation	(Wood, 2006) p. e188	360 Feedback	P
Forms and program customized to organization	(Kirkpatrick, 1986) p. 68	How-To	P
Due process "judgment based on evidence" - rating fair, impartial	(Arvey, 1998) p. 157	Performance Appraisal	P
Consistency	(Brezt, 1992) p. 328	Performance Appraisal	P
Employees view evaluation as fair	(Clausen, 2008) p. 67	How-To	P
Employee should feel they are fairly appraised`	(Kirkpatrick, 1986) p. 70	How-To	P
Fair Hearing	(Taylor, 1995) p. 496	Justice	P
Consistent application of performance standards	(Taylor, 1995) p. 499	Justice	P
Evaluation system discriminates between high and low performers	(Taylor, 1995) p. 506	Justice	P
Review appeals process	(Brezt, 1992) p. 328	Performance Appraisal	P
Due process "adequate notice" - employee understand performance management system	(Arvey, 1998) p. 157	Performance Appraisal	P, T-2

Paper Suggestion	Source	Area	Guideline
Supervisor and raters view appraisal for performance improvement	(DeNisi, 1984) p. 362	Psychology	P-1
Stress the development aspects of 360 feedback	(Wood, 2006) p. e188	360 Feedback	P-1
Process should have high level procedural justice (can challenge review)	(Thompson, 2005) p. 399	Justice	R
Process should have high level interactional justice (employee treated with dignity and respect)	(Thompson, 2005) p. 399	Justice	R
Due process "fair hearing" - review meeting	(Arvey, 1998) p. 157	Performance Appraisal	R
Employee talks more than half the time in review meeting	(Kirkpatrick, 1986) p. 69	How-To	R-1
Employees should have opportunity to express themselves	(Kirkpatrick, 1986) p. 70	How-To	R-1, R-2
Employees should feel free to disagree with boss in review	(Kirkpatrick, 1986) p. 70	How-To	R-2
Allow employee to express opinion towards review (value-expressive participation)	(Cawley, 1998) p.617	Performance Appraisal	R-2
Discussion of pay & advancement during review session	(Bretz, 1992) p. 327	Performance Appraisal	R-3
Discussion of future career in review meeting	(Nathan, 1991) p. 361	Psychology	R-3
There should be a positive atmosphere to evaluations	(Feldman, 1981) p. 145	Psychology	R-4
Open Communication between supervisor and employee	(Nathan, 1991) p. 353	Psychology	R-4
Employees should be put at ease in review meeting	(Kirkpatrick, 1986) p. 70	How-To	R-4
Reviews should have pleasant, positive mood	(Kluger, 1996) p. 261	Psychology	R-4
Two way communication during review meeting	(Taylor, 1995) p. 499	Justice	R-4
Good communication	(Brezt, 1992) p. 328	Performance Appraisal	R-4
Train managers in giving negative feedback	(Wood, 2006) p. e188	360 Feedback	T
Train Evaluators	(Arvey, 1998) p. 158	Performance Appraisal	T-1
Evaluators have clear instructions	(Clausen, 2008) p. 67	How-To	T-1
Raters are trained	(DeNisi, 1984) p. 388	Psychology	T-1
Evaluators should be trained	(Feldman, 1981) p. 140	Psychology	T-1
Train appraisers	(Kirkpatrick, 1986) p. 69	How-To	T-1
Raters need clear understanding of rating task	(Landy, 1980) p. 100	Performance Rating	T-1
Raters should be trained	(Landy, 1980) p. 90	Performance Rating	T-1
Effective training reviewer	(Soltani, 2005) p. 212	TQM	T-1
Train raters	(Wood, 2006) p. e188	360 Feedback	T-1
Appraiser training	(Brezt, 1992) p. 327	Performance Appraisal	T-2
Employees should know what to expect of performance management system	(Kirkpatrick, 1986) p. 70	How-To	T-2

Paper Suggestion	Source	Area	Guideline
Train employees on appraisal system	(Wood, 2006) p. e188	360 Feedback	T-2
Adequate Notice	(Taylor, 1995) p. 496	Justice	T-2
Due process "adequate notice" - employee understand performance management system	(Arvey, 1998) p. 157	Performance Appraisal	T-2, P
Two reviews - one development - one salary	{Kirkpatrick, 1986) p. 68	How-To	W
The feedback is immediate	{Stajkovic, 1997) p. 1133	Psychology	W
Provide regular and specific feedback	{Taylor, 1995) p. 499	Justice	W, F-3
Review employees 3 or 4 times a year	{Clausen, 2008) p. 65	How-To	W-1
Reviews at least once, better twice a year	{Kirkpatrick, 1986) p. 69	How-To	W-1
Ensure appraisal not based just on recent events	{Kirkpatrick, 1986) p. 70	How-To	W-1, W-2
Keep diary to help recall	{Arvey, 1998) p. 152	Performance Appraisal	W-2
Diary is kept to record performance	{DeNisi, 1984) p. 382	Psychology	W-2
Performance should be monitored and recorded throughout the performance period	{Feldman, 1981) p. 144	Psychology	W-2
Rely on records of performance to overcome memory loss	{Arvey, 1998) p. 151	Performance Appraisal	W-2. W-3
Performance data gathered throughout evaluation period	{Clausen, 2008) p. 67	How-To	W-3
Sufficient time is provide to write reviews	{DeNisi, 1984) p. 370	Psychology	W-4
Raters should allow adequate time for evaluation	{Landy, 1980) p. 91	Performance Rating	W-4
Financial rewards the reward individual merit are more effective then rewarding group merit	{Stajkovic, 1997) p. 1133	Psychology	
Social feedback (group) should be incorporated	{Stajkovic, 1997) p. 1134	Psychology	
Rewards should include social, finical and non finical components	{Stajkovic, 1997) p. 1140	Psychology	

13. Appendix B: Questionnaire

Start by explaining that we are doing a paper on performance management. Go into some background on what we are investigating.

Explain that the paper will be confidential and that they will only be referenced as Manager 1 and the company will only be referred to as company A.

You going to ask them some general questions and you'd like their honest feedback. They are free to volunteer other information and if think we aren't asking something important.

1. Interviewee Background

1.1.   How long have you been with the company?

1.2.   How long have you been a manager? How long a manager at this company?

1.3.   Do you consider yourself an inexperienced, experienced or very experienced manager?

1.4.   How many people do you manage? What are their experience levels?

1.5.   What type of work does your group do?

2. Company Culture

2.1.   What is your performance management system there to achieve?

2.2.   Is performance management considered an important part of a manager's job at the company?

2.3.   Does your manager believe performance management is important?

2.4.   Are managers evaluated on their performance management of employees as part of their evaluation?

2.5.   How do you view the performance management system? A requirement? A tool to help you do your job? A hoop to jump through?

3. Company Performance Management System

3.1.   Does the company have a formal performance management system?

3.2.   How were you trained on the company's performance management?

3.3.   How closely do most managers follow the system – in your opinion? What mechanisms enforce the process?

3.4.   How often is employee's performance evaluated? Does the company stick to this schedule?

4. Performance Evaluation

4.1. Who contributes to the performance evaluation?

4.2. Who writes the performance evaluation?

4.3. Who has to approve the performance evaluated?

4.4. On what measures is the employee evaluated? Subjective? Objective? How many?

4.5. How is the employee's performance rated (pass, fail, 1 – 5, etc) on these measures?

4.6. Is there a forced distribution for how many people get what rating?

4.7. How is employee performance management tied to compensation?

5. Under Performing Employees

5.1. What is the process when an underperforming employee is identified (plan, approvals, etc…)?

5.2. If applicable, do most people succeed in completing the follow-up plan?

6. Performing Employees

6.1. What is the process with performing employees

6.2. Is performance revisited during the year or is it only done at review time?

7. Does The System Work for Under Performers?

7.1. Does the system work to improve the performance of underperforming employees?

7.2. Can you please describe a specific example of an employee (without using the employees name) that was a under performer and the system worked to improve their performance? Be as specific as you can – don't generalize but use one employee as an example.

7.3. Can you please describe a specific example of an underperforming employee where the system failed to fix the problem?

8. Does The System Work for Performing Employees?

8.1. Does the system work to improve the performance of performing employees?

8.2. Does the system work to recognize the performance of performing employees?

8.3. Can you please describe a specific example of a performing employee (without using the employees name) where the system worked to improve their performance? Be as specific as you can – don't generalize but use one employee as an example.

8.4. Can you please describe a specific example of a performing employee where the system failed to improve their performance?

9. Employees View of the Performance Management System

9.1.   How do employees view and/or use the performance management system?

9.2.   Do they consider it fair?

9.3.   Do they consider it accurate?

9.4.   Do they view performance management as a punishment – reward system or a process to improve the department's performance?

10. Your view of performance management system

10.1.   Do you feel the performance management system works? How well – poorly, average, well?

10.2.   Does it improve the departments overall performance?

10.3.   What else would you like to add about how you view the performance management system?