

THE PERFORMANCE APPRAISAL DISCUSSION (NOT AN INTERVIEW)

The best appraisal discussions focus on the evaluation of performance and later (not too much later, days or weeks not months) convey the salary increase. My preferred method is to talk performance with a written draft of the appraisal form that the employee sees. This is all the performance documentation without the rating and before the rating decision. It is an opportunity for the employee to agree that the performance documentation is accurate and remind the manager of reasons for problems outside the employee's control or of significant performance the manager did not remember.

It is appropriate for the manager to make changes to the performance documentation; probably not big changes. However, I vividly remember having described a particular result on a top performer's appraisal as adequate. She reacted strongly to that word believing that it meant she did not do a good job. I reworded it to describe what happened without any "value laden" words. She did not object to the new wording and most important she had an effect on the written record of her performance, which was as important to her as the eventual rating.

Too often appraisals are written, ratings given and then when the employee sees the appraisal, it is a *fait accompli*. The method I described above is another way of showing that the appraisal process is a fair and open process.

SHOULD YOU OR SHOULDN'T YOU TALK PERFORMANCE AND THE INCREASE AT THE SAME TIME

There is some compelling research by J. Bruce Prince and Edward Lawler III reported in Organizational Behavior and Human Decision Processes (37, 357-375, 1986) that indicates there is no impact or a positive impact when salary is discussed during the performance appraisal.

They studied over 700 employees at nine different locations in one multi-industry company. They surveyed about half the total group before and after their appraisal session; the other half only after the session. The employees were given questionnaires, as were their managers so the eventual results are based on the perceptions of both the managers and their employees. The data was broken down into those who discussed salary during the appraisal and those who did not. It was then analyzed for a number of factors including (and of most interest here) performance improvement. What they found was quite interesting.

They concluded that where there is a relationship between salary discussion and impact it is a positive one. Salary discussion had its strongest positive impact when the employee needed to improve performance. The lower the performance the stronger the impact of salary discussion. (Of course, there was an attendant clear communication that performance improvement was needed. You might wonder if that clear expectation was the reason for later performance improvement. However, the results were positive where there was a salary

discussion.) The greatest impact was where the manager and employee disagreed most about the employee's level of performance. It had less impact at higher levels of performance.

Prince and Lawler speculated that the more positive effect on performance may have come from better preparation by the manager. It is easy to avoid or be less specific when you don't discuss salary. But, when the manager had to anticipate questions from the employee about a low raise or no raise they probably prepared better with a consequent improvement in the information content of the performance appraisal discussion. They also thought it likely that discussing pay energized the discussion and led to more participation, work planning and goal setting.

Overall, their study showed that a performance appraisal discussion that included salary discussion seemed to improve the performance appraisal process by increasing the participation, work planning and goal setting. It seems hard to argue with that.

IT IS NOT AN INTERVIEW

I have been talking about performance discussions, not interviews. The once or twice-a-year appraisal discussion (conversation if you like) is often thought of as an interview. If you are talking with someone to discover information about their performance you would be interviewing. But, you also would be failing your responsibility as a manager.

Thomas Gilbert, author of the book *of Human Competence* and "performance engineering" expert says, "The two main causes of incompetence [poor performance] are lack of direction and lack of feedback." As a manager you control direction and feedback. You are responsible for setting or approving the direction of your employees' efforts and letting them know how they are doing.

During the year, what you talk about (give feedback on) is what you will get. And, since most of what your employees do is worthy of a "good-news" type of discussion; you should be giving mostly positive performance feedback. (If you can't, maybe the person should be doing another job.) Thus, when it's time for you to talk about performance, your employee's willingness to participate will be based on the "preponderance of positive feedback" you give over the year. And, there will be no surprises.

Regardless of how well you have done during the year, the formal year-end summary discussion is still necessary. This is when you cover new information, set up plans for the coming year, inform the employee of the appraisal rating and salary increase. The appraisal review is an opportunity for you to maintain a good adult-adult work relationship with your employee.

There are at least three ways to handle these discussions which I will call Coaching, Persuading and Directing. Each of the appraisal discussion styles may be appropriate at different times with different employees. All three may be needed when talking with one employee about different aspects of his/her performance. Some employees are docile and others very defensive or aggressive when talking about performance. That is why each manager must be able to alter his or her appraisal discussion style to fit the circumstances.

Each employee deserves the opportunity to fully participate in the discussion. If, however, the employee is uncooperative, abusive, etc., you have to take more control of the discussion even if this means a very directive one-way communication.

COACHING

During the appraisal discussion, you should start with the Coaching style. This assumes both parties are interested in improving work performance and it is a discussion between mature adults. If, because of prior experience, you are sure this won't work (the employee is always defensive, uncooperative or abusive); you should still try. The objective of the Coaching style is to help the employee understand and accept the basis of the appraisal and commit to change. Commitment is not possible without participation. However, when necessary, your objective should change and you should take more charge of the discussion by using the persuading style.

PERSUADING

This style is an attempt to persuade the employee to change while getting the employee's acceptance of the appraisal. You try to get the employee to talk about the employee's performance, assuming that by "talking it out" the employee will eventually agree with the fairness of your judgment. There may be some give and take but you expect acceptance if not agreement to your evaluation. If this doesn't work, then you do most of the talking - the Directing Style.

DIRECTING

In the Directing Style you explain how you see the employee's performance, how the appraisal decision was made, what changes in performance should take place and what the future consequences (positive and negative) of not changing will be. You do the best you can to be clear. Your objective is to help the employee understand the basis for the appraisal and commit to some action, even if the employee does not completely agree with the rating. The following chart outlines when to use each style, as well as, benefits and disadvantages of each style.

Style	Time to Use	Benefits/Disadvantages
Coaching	Year-end summary appraisal	Frequently results in new methods for improving the job
Always start with coaching		Change may be other than what the manager had in mind
		Both manager and employee allow themselves to be influenced by the other
		Employee may not have suggestions
Persuading	When coaching doesn't work	Enables employee to influence manager about improvements in work methods, job assignments and job expectations
		Employee feels manager is willing to listen
		May improve relationship with manager
		Need for change may not be developed
		Employee may not be clear on where he/she stands
		Employee may not discover new ways to improve performance
Directing	With non- negotiable issues; e.g., adherence to standards, attendance, etc.	Takes less time
When persuading style doesn't work		Gets the message across to an uncooperative or overly defensive employee
		Can be unpleasant and stressful
		Encourages compliance with the boss, instead, of initiative
		Can be "de-motivating"