Performance
Appraisal Skills
Inventory

Kenneth R. Phillips

2nd Edition

Theoretical Background

[a manager's assessment and step-by-step meeting model]

PASI

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Facilitator Guide Excerpt

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Background Information

Conducting performance appraisal meetings has been likened by some to this description of an outboard motor in Steinbeck's *The Log from the Sea of Cortez* (1962):

> *It completely refused to run a) when the waves were high, b) when the winds blew, c) at night, early morning and evening, d) in rain, dew, or fog, e) when the distance to be covered was more than 200 yards. But, on warm, sunny days when the weather was calm and the white beach close by — in a word, on days when it would have been a pleasure to row — the (outboard motor) started at a touch and would not stop.*

So it is with performance appraisal meetings. If an employee has accomplished everything that was expected, has done it all well, and is in agreement with the manager on a final rating for his or her overall performance, conducting a performance appraisal meeting is a real pleasure. However, if an employee has not done everything expected, has performed below standard in one or more key job areas, and does not agree with the manager on his or her overall rating, conducting a performance appraisal meeting is an unwanted, distasteful task that most managers do their best to avoid. Ironically, just as with Steinbeck's outboard motor, it is probably far more essential to conduct an effective performance appraisal meeting in the second situation than in the first, yet the second situation is also less likely to get the attention it deserves.

The concept of performance appraisal has become an almost universally accepted fact of life in most organizations. Performance appraisal often serves as the foundation for most other human resource systems, such as salary administration, career development, and selection programs. Furthermore, in organizations with a formalized strategic planning or MBO program, performance appraisal is the vehicle that carries the organizational planning process to the individual level. With all these uses for performance appraisal, it is no wonder that there is a major trend in US organizations to develop more effective performance appraisal systems. There is a greater need than ever to improve managerial and supervisory skills in such areas as developing individual performance standards, getting employee commitment to those standards, and conducting interim and end-of-year performance appraisal meetings.

The *Performance Appraisal Skills Inventory* was designed to help managers improve their skills in conducting these meetings. The fact is that most managers do not do a very good job of conducting performance appraisal meetings. DeVries, et al. (1986) found that only 28% of the professional and managerial level employees in a high-tech corporation reported that the performance appraisal meetings they had with their managers lasted an hour or more. Only 16% of the respondents were involved in a follow-up meeting with their managers to discuss issues that came up during the performance appraisal discussion. Finally, and probably most surprising of all, only 24% reported that they knew the criteria against which they were being evaluated prior to the actual performance appraisal meeting.

Porter, Lawyer, and Packman (1975) documented the phenomenon of the vanishing perform-ance appraisal meeting as shown by the responses when one questions managers and then their employees about what took place during the meeting. And Phillips (1987) observed that when managers and their employees disagree on the date of their last performance appraisal discussion, it is not because managers or employees lie. Rather, the discrepancy can be traced to the fact that what constitutes an appraisal meeting in the manager's mind often is not perceived the same way by the employee. For example, asking an employee to read and sign an appraisal form so that it can be turned in to the human resource department may be viewed as a performance appraisal meeting by a manager but certainly not by most employees.

Managers and supervisors are ineffective at conducting performance appraisal meetings prima-rily because they lack good models. They need a boss or co-worker who does an effective job of conducting performance appraisal meetings and whose behavior they can emulate. Even better than a model alone would be a model in conjunction with a performance appraisal training session conducted by the organization's human resource department. Unfortunately, few bosses or co-workers can be found who are good models, and most performance appraisal training programs focus on the organization's performance appraisal system and forms, not the process of conducting the actual meeting,

The 6-Step Performance Appraisal Meeting

An effective performance appraisal meeting can be viewed as a process consisting of 6 steps:

1. Building a Relationship of Mutual Trust
2. Opening the Meeting
3. Identifying and Exploring Accomplishments and Concerns
4. Developing an Improvement Plan
5. Overcoming Defensiveness
6. Evaluating and Rating Employee Performance.

The Performance Appraisal Meeting Model in figure 4, which also appears on page 11 of the Participant Guide, shows this 6-step process.

The steps and skills comprising the Model are all grounded in behavioral science research. They have been found to distinguish managers who are effective at conducting performance appraisal meetings from those who are less effective. For example, see Rackham and Morgan (1977).
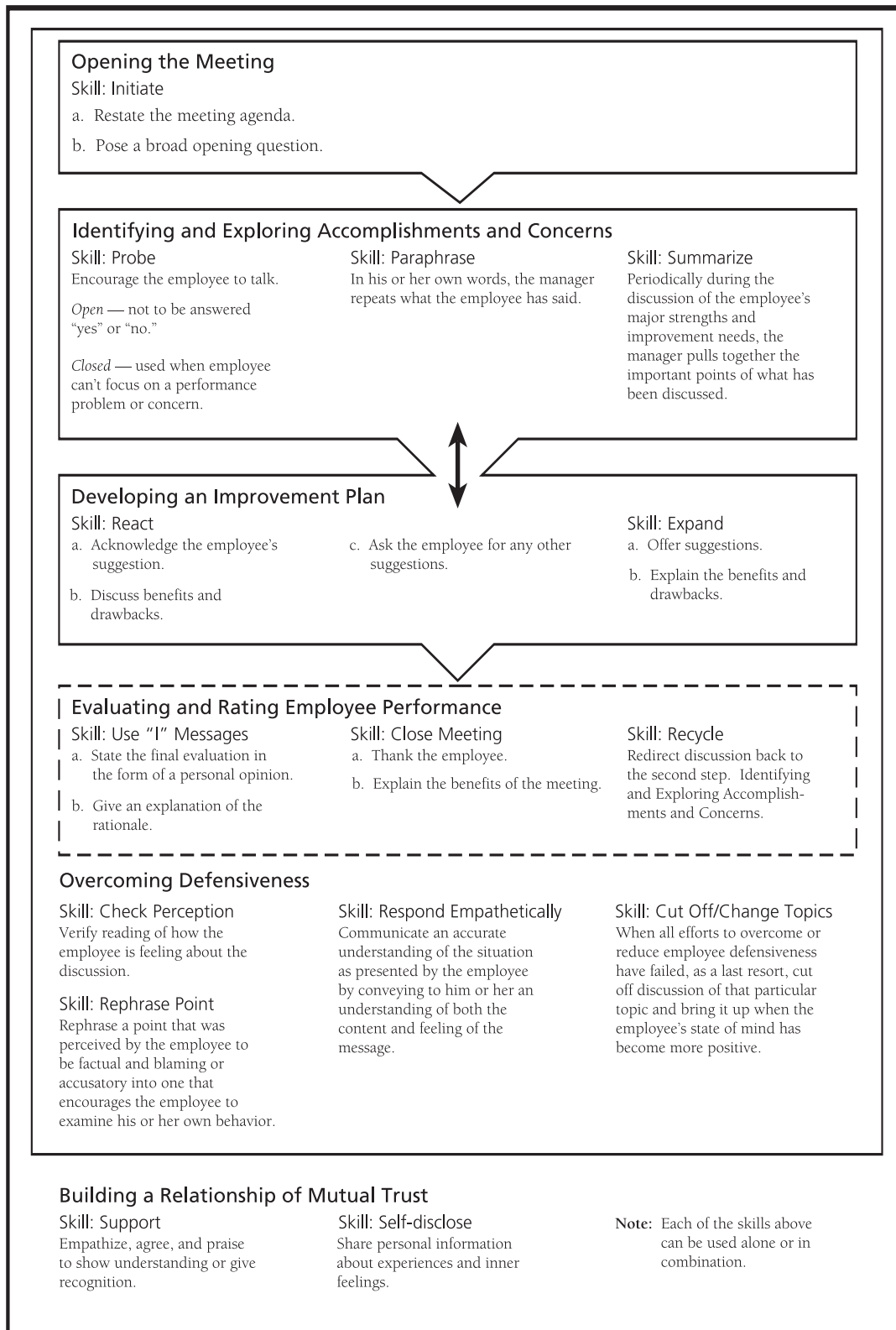
Opening the Meeting
Skill: Initiate

a. Restate the meeting agenda.

b. Pose a broad opening question.

Identifying and Exploring Accomplishments and Concerns

Skill: Probe	Skill: Paraphrase	Skill: Summarize
Encourage the employee to talk.	In his or her own words, the manager repeats what the employee has said.	Periodically during the discussion of the employee's major strengths and improvement needs, the manager pulls together the important points of what has been discussed.
Open — not to be answered "yes" or "no."		
Closed — used when employee can't focus on a performance problem or concern.		

Developing an Improvement Plan

Skill: React		Skill: Expand
a. Acknowledge the employee's suggestion.	c. Ask the employee for any other suggestions.	a. Offer suggestions.
b. Discuss benefits and drawbacks.		b. Explain the benefits and drawbacks.

Evaluating and Rating Employee Performance

Skill: Use "I" Messages	Skill: Close Meeting	Skill: Recycle
a. State the final evaluation in the form of a personal opinion.	a. Thank the employee.	Redirect discussion back to the second step. Identifying and Exploring Accomplishments and Concerns.
b. Give an explanation of the rationale.	b. Explain the benefits of the meeting.	

Overcoming Defensiveness

Skill: Check Perception	Skill: Respond Empathetically	Skill: Cut Off/Change Topics
Verify reading of how the employee is feeling about the discussion.	Communicate an accurate understanding of the situation as presented by the employee by conveying to him or her an understanding of both the content and feeling of the message.	When all efforts to overcome or reduce employee defensiveness have failed, as a last resort, cut off discussion of that particular topic and bring it up when the employee's state of mind has become more positive.
Skill: Rephrase Point		
Rephrase a point that was perceived by the employee to be factual and blaming or accusatory into one that encourages the employee to examine his or her own behavior.		

Building a Relationship of Mutual Trust

Skill: Support	Skill: Self-disclose	
Empathize, agree, and praise to show understanding or give recognition.	Share personal information about experiences and inner feelings.	**Note:** Each of the skills above can be used alone or in combination.

Figure 4. Performance Appraisal Meeting Model

THE STEPS

Building a Relationship of Mutual Trust

Mutual trust is the foundation of the performance appraisal process and is directly rooted in a manager's day-to-day relationship with an employee. In addition, the manner in which performance appraisal meetings are conducted can directly affect the degree of mutual trust that exists between a manager and an employee. Without at least some degree of mutual trust between a manager and each of his or her employees, conducting effective performance appraisal meetings is virtually impossible. While a manager might do a variety of things to build a relationship of mutual trust with an employee, two specific skills found to be useful in accomplishing this step are to *support* and *self-disclose*.

A manager can demonstrate support during a performance appraisal meeting by empathizing, where appropriate, with an employee's performance problems or concerns; agreeing verbally with an employee's personal or job related self-disclosure remarks, when the manager does in fact agree; or praising an employee for his or her performance accomplishments and improvements. A manager might also disclose something about him- or herself in response to an employee's self-disclosure remark. For example, if an employee were to mention that he or she was having trouble figuring out a new project and the manager has had similar difficulty, the manager could disclose this fact to the employee. The two skills of support and self-disclosure also can be used in combination. For example, in the situation described above, a manager might respond by both empathizing and self-disclosing, "I can understand how you might sometimes feel a little baffled when you first start working on a new project, because I've felt that way myself." The skills of support and self-disclosure can be used at any point during a performance appraisal meeting. Note that on the Performance Appraisal Meeting Model the step of *Building a Relationship of Mutual Trust*, along with *Overcoming Defensiveness*, surrounds the other steps in the meeting process.

Opening the Meeting

The second step is critical in establishing a proper direction for the meeting and setting an appropriate tone. The managerial skill used to open the meeting is to *initiate*, and it consists of two parts: *restating the meeting agenda* and *posing a broad opening question*. In restating the meeting agenda, the manager briefly reminds the employee of the general topic areas to be covered during the performance appraisal meeting, without mentioning specific issues. For example, the manager might say, "As we discussed when setting up the appointment for this meeting, I would like to begin by having you tell me what has gone particularly well for you this past performance period, as well as what concerns or problems you may have encountered in meeting your performance objectives. Then, we can discuss the ideas you have thought of that would help you improve your performance next year and, finally, we'll talk about your end-of-year evaluation." Mentioning more specific issues, such as, "let's begin by talking about the budget objective," only increases the probability that the employee will become defensive, especially if the issue is one the employee prefers to discuss later in the meeting. Restating the meeting agenda also implies that the manager previously has discussed the agenda with the employee, which should have been done at the time the performance appraisal meeting was scheduled.

Posing a broad opening question, the second part of the skill, is used as a transition to move the performance appraisal meeting to the next step in the model, **Identifying and Exploring Accomplishments and Concerns**. It also serves to start the employee talking. An example of a broad opening question a manager might ask is, "Tell me, how do you see your performance this past year?"

Identifying and Exploring Accomplishments and Concerns

In the third step, the employee should be encouraged to talk openly and freely about his or her performance accomplishments, problems, concerns, and perceptions. Here the role of the manager should be that of facilitator, not evaluator. It is important that the employee be helped to explore his or her own performance during the past evaluation period as objectively as possible. This part of the performance appraisal meeting is not intended to be a debate in which the employee gets the first few minutes to present his or her performance perceptions and the manager gets the remainder of the time to explain to the employee how he or she really performed. The key managerial skills necessary to accomplish this step are to *probe*, *paraphrase*, and *summarize*.

Probes encourage an employee to talk and can be either open or closed. Open probes are questions a manager might ask during a performance appraisal meeting to which an employee cannot respond with either a "yes" or "no" answer. Open probes begin with words like *what*, *when*, *where*, *how*, and *why* (e.g., "What makes you say that?"). Closed probes are questions a manager might ask to get an employee to focus on a specific topic. They can be answered with a short response, typically a yes or no. Closed probes begin with words like *do*, *shall*, *will*, *can*, *is*, and *are* (e.g., "Do you see the management of your time as a problem?").

Paraphrasing is used by a manager to test for understanding of what an employee has just said. It is particularly useful when accuracy of communication is important. When using the skill of paraphrasing, the manager in his or her own words repeats what the employee has said, such as, "So you're saying that the lack of promotional opportunities has been a major cause of turnover in your department."

The skill of summarizing is used by a manager periodically during a discussion with an employee to pull together the important points of what has been discussed. The manager might say, "From what you've said so far, it sounds like the thing you are most proud of this performance period is coming in under budget, and you accomplished that by …" On the Model, the step of *Identifying and Exploring Accomplishments and Concerns* is joined by a two-way arrow with the next step in the performance appraisal meeting process, **Developing an Improvement Plan**. This is to indicate that, although some managers prefer to complete the step of *Identifying and Exploring Accomplishments and Concerns* first and then move to the step of *Developing an Improvement Plan*, other managers prefer to move back and forth between the two steps. For example, in moving back and forth a manager will identify an area both he and the employee agree needs improvement, and then the manager will change the discussion to *Developing an Improvement Plan*. Once a plan has been developed, the manager will switch the conversation back to the step of *Identifying and Exploring Accomplishments and Concerns* to discuss other performance issues.

Developing an Improvement Plan

This step is a natural follow-up to identifying and exploring accomplishments and concerns. Once the employee's performance accomplishments, problems, concerns, and perceptions have been thoroughly considered, the manager and employee should discuss how the problems and concerns might be eliminated or overcome. Again, the manager's role is that of facilitator, helping the employee to identify appropriate improvement ideas but not providing the employee with all of the suggestions. The key managerial skills required to accomplish this step are to *react* and *expand*.

The skill of reacting consists of acknowledging an employee's improvement suggestion, discussing its benefits and drawbacks, and asking the employee for additional suggestions. When acknowledging an employee's improvement suggestion, a manager should either respond positively, if the manager thinks the idea has merit, or respond in a neutral manner, if the manager does not think much of the employee's idea. An example of a neutral response is, "Well, that idea is one possibility." However, a manager should never respond negatively to an employee's improvement suggestion, because then the employee will be reluctant to offer additional suggestions.

By discussing the benefits and drawbacks of an employee's improvement suggestion, part two of the skill, a manager can help an employee see why a particular idea is or is not workable. However, the manager must be sure to look at benefits as well as drawbacks. A thorough discussion of the pros and cons of each improvement suggestion also increases the probability that the employee will choose ideas that are likely to have a positive effect on his or her performance.

Part three of the skill, asking the employee for additional suggestions, enables the manager to stay in the role of facilitator rather than that of problem-solver or idea-generator. It turns the responsibility for identifying further improvement suggestions back to the employee.

The skill of expanding is used by a manager only under these conditions: when the employee has run out of improvement ideas and the manager has additional suggestions he or she would like the employee to consider, or the employee honestly cannot think of any ways to improve even though he or she agrees improvement is needed. Expanding involves the manager offering suggestion(s) and then discussing their benefits and drawbacks. As with the skill of reacting, the manager should be sure to discuss benefits as well as drawbacks for each suggestion so that the employee is more likely to choose a suggestion that will improve his or her performance.

Overcoming Defensiveness

It is essential to overcome an employee's defensiveness in order to conduct an effective and worthwhile performance appraisal meeting. Because defensiveness can occur at any point in the meeting, the step of **Overcoming Defensiveness** surrounds the other steps in the Performance Appraisal Meeting Model. A manager must recognize and be prepared to overcome defensiveness whenever it occurs during the process in order to keep the meeting productive and on track. The key managerial skills necessary to accomplish this step are to *check perception*, *rephrase the point*, *respond empathetically*, and as a last resort, *cut off or change topics*.

If the manager senses but is not certain whether the employee has become defensive, the skill of checking perception can be used to verify his or her reading of how an employee is feeling about a discussion. When using this skill, the manager must be careful not to sound accusatory but should convey that he or she is simply checking how the employee is feeling. An example of a perception check is, "I'm not sure why, but it seems that you're reluctant to talk about this issue."

If an employee becomes defensive because he or she has perceived a comment by the manager to be blaming or accusatory, the manager can rephrase the point to encourage the employee to examine his or her own behavior. An example of the skill of rephrasing is, "I'm not saying you didn't cooperate with the other staff members; I just got some feedback suggesting that was the case, and I wanted to hear from you."

The skill of responding empathetically is used by a manager to communicate that he or she accurately understands the situation presented by an employee. The manager should convey an understanding of the employee's feelings as well as the content of the employee's message. If the manager is successful, the employee will give up his or her defensive position more quickly, and the manager can more easily get the meeting back on track. An example of responding empathetically is, "I can understand your getting upset when you get criticized for turning your reports in late. No one likes to feel that they've let someone down."

If a manager has made every effort to overcome an employee's defensiveness by using all of the skills described above but cannot get the employee to move from his or her defensive position, as a last resort the manager can cut off the discussion, postponing it to a later date, or redirect the discussion to another topic. In either case, the manager is not avoiding the issue but simply delaying the conversation until the employee is better able to discuss it without becoming defensive.

Evaluating and Rating Employee Performance

The final step is a natural part of the performance appraisal process if all of the previous steps have been accomplished successfully. This is where the manager moves from the role of facilitator to that of evaluator and gives the employee his or her end-of-year performance evaluation and the rationale for the rating. The key skills necessary to accomplish this step are to *use "I" messages*, *close the meeting*, and *recycle*.

The skill of using "I" messages has two parts: a manager gives an employee his or her final rating, presented in the form of a personal opinion, and explains the rationale behind the choice. The manager must be sure that the rating reflects the employee's actual overall performance. In addition, the explanation of the rationale behind the manager's rating should be linked as directly as possible to the employee's performance on the goals or objectives that were agreed to by the manager and employee at the beginning of the performance period.

If an employee accepts a manager's recommendation of a final rating, the manager should use the skill of closing the meeting, which involves thanking the employee for his or her participation during the meeting and explaining the benefits of the meeting. However, if the employee rejects the manager's final rating, the manager should use the skill of recycling to return to *Identifying and Exploring Accomplishments and Concerns*. The purpose of returning to this step is to help the employee reach a better understanding of his or her performance accomplishments and concerns, as well as their significance.

The step of ***Evaluating and Rating Employee's Performance*** generally is included only in the end-of-year performance appraisal meetings and not in the interim meetings. Note that on the Performance Appraisal Meeting Model a dashed line indicates this step.

Technical Development

The *Performance Appraisal Skills Inventory* was designed using a two-step process. First, the 18 performance appraisal situations (three situations for each step in the Performance Appraisal Meeting Model) and the four alternative response choices for each situation were developed. Using consensus, a panel of experts that included the author and three other people familiar with the preceding Performance Appraisal Meeting Model, then determined the numeric value for each response. The +2 response in each situation represents what the panel agreed was the most effective use of the skill(s) associated with that performance appraisal meeting step and the -2 response represents the least effective use of the skill(s). The +l and -1 responses are intermediate in nature, with the +1 response being judged slightly better than the -1 response.

Next, to test the plausibility of each response choice as a correct answer, the initial version of the Inventory was administered to a group of 62 managers. Their responses indicated that 18 of the 72 responses needed revision to improve their plausibility as correct responses. Revised responses were then developed to replace these 18 responses. The resulting 72 items are the basis of the *Performance Appraisal Skills Inventory*.

FACTOR ANALYSIS

Factor analysis is a statistical test used to investigate which items within an inventory or questionnaire group together to form factors or scales. In short, it indicates which items in an inventory appear to be measuring the same thing and how much they do so. Factor scores or loadings, like correlation coefficients, range from -1.00 through 0 to +1.00. An item with a factor loading of -1.00 is inversely correlated with a factor; a factor loading of 0 indicates no correlation between the item and factor; and a factor loading of +1.00 points out a positive correlation between the item and factor.

The PASI was administered to 152 managers and supervisors in a medium-sized manufacturing company and a bank. Initial analysis indicated that the 18 situations combined to measure seven factors or scales with eigenvalues greater than 1.0, and not six as intended. The seven factors account for slightly more than 57.1% of the variance (see table 1).

FACTOR	EIGENVALUE	CUMULATIVE %
1	2.43	13.5
2	1.64	22.6
3	1.40	30.4
4	1.33	37.8
5	1.24	44.7
6	1.17	51.2
7	1.06	57.1

Table 1. Eigenvalues and Cumulative Percentage of Variance for Pre-Rotated Factor Analysis

Following the initial analysis, a factor analysis using varimax rotation was conducted. Varimax rotation makes it easier to relate the inventory or questionnaire items to the original variables they were intended to measure. Using a criterion of .30 to interpret the factor loadings, all the scales, with the exception of *Overcoming Defensiveness*, had at least two out of three items grouped together and measuring the same thing. *Opening the Meeting* had three out of three. Two scales, *Building a Relationship of Mutual Trust* and *Identifying and Exploring Accomplishments and Concerns*, clustered on factor 1. However, a content analysis of the items in these two scales revealed that they clustered into two types. The *Building a Relationship of Mutual Trust* items related to personal self-disclosures an employee might make during a performance appraisal meeting and the I*dentifying and Exploring Accomplishments and Concerns* items focused on employee job-related self-disclosures. Consequently, factor 1 contains two scales. Table 2 provides the factor loadings over .30, after rotation, for the 18 Inventory items.

PASI SCALE	ITEM NO.	FACTORS						
		1	2	3	4	5	6	7
Building a Relationship of Mutual Trust	1							.80
	7	.65						
	13	.72						
Opening the Meeting	2				.84			
	8		.38		.57			
	14				.61			
Identifying and Exploring Accomplishments and Concerns	3	.43						
	9	.40						
	15	.36	.31					.55
Developing an Improvement Plan	4		.34					.71
	10		.63					
	16		.79					
Overcoming Defensiveness	5			.62				
	11	.61						
	17							.71
Evaluating and Rating Employee Performance	6	.68						
	12	.43		.54				
	18			.47				

Table 2. Factor Loadings of over .30 for the PASI

As shown, the results generally support the factor structure implied by the Inventory's six scales. The exceptions are Items 1 and 6, and the three items related to the scales of *Overcoming Defensiveness*, mentioned earlier. These items require further investigation and possible revision. In addition, Items 8 (*Opening the Meeting*), 15 (*Identifying and Exploring Accomplishments and Concerns*), 4 (*Developing an Improvement Plan*), and 12 (*Evaluating and Rating Employee Performance*), while loading heavily on factors they were designed to measure, also loaded over .30 on other factors. For example, Item 8 loaded heavily on factor 2 (*Developing an Improvement Plan*); Item 15 loaded heavily on both factor 2 (*Developing an Improvement Plan*) and factor 7; Item 4 also loaded heavily on factor 7; and Item 12 loaded heavily on factor 1 (*Building a Relationship of Mutual Trust and Identifying and Exploring Accomplishments and Concerns*). However, because Items 8 and 12 load more heavily on the factors they were intended to measure, it can be reasonably argued that they demonstrate support for their respective scales and measure what was intended. The same argument holds true for Item 15 and its loading on factor 2. Furthermore, because the scales are related, a degree of intercorrelation could be expected.

On the other hand, the results are not as easily interpretable when looking at the loading of Items 15 and 4 on factor 7. In both cases, the items load the heaviest on factor 7, which was not intended as an inventory scale. These two items require further investigation.

Table 3 shows the averages for each scale and the Inventory overall for the *Performance Appraisal Skills Inventory*. Included with this data is the number of respondents and standard deviation, which is a measure of the variability of the scores or how wide a range they cover.

	MEAN	SD	N
Overall Effectiveness	+15.51	8.69	152
Building a Relationship of Mutual Trust	+2.31	2.96	152
Opening the Meeting	+3.49	2.99	152
Identifying and Exploring Accomplishments and Concerns	+4..21	2.08	152
Developing an Improvement Plan	+2.24	3.19	152
Overcoming Defensiveness	+0.51	3.06	152
Evaluating and Rating Employee Performance	+2.76	2.21	152

Table 3. Means and Standard Deviations

About **HRDQ**

HRDQ is a trusted developer of soft-skills learning solutions that help to improve the performance of individuals, teams, and organizations. We offer a wide range of resources and services, from ready-to-train assessments and hands-on games, to facilitator certification, custom development, and more. Our primary audience includes corporate trainers, human resource professionals, educational institutions, and independent consultants who look to us for research-based solutions to develop key skills such as leadership, communication, coaching, and team building.

At HRDQ, we believe an experiential approach is the best catalyst for adult learning. Our unique Experiential Learning Model has been the core of what we do for more than 30 years. Combining the best of organizational learning theory and proven facilitation methods with an appreciation for adult learning styles, our philosophy initiates and inspires lasting change.

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