1962

Management Appraisal Programs: Current Practices

John J. Groch

Loyola University Chicago

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MANAGEMENT APPRAISAL PROGRAMS: CURRENT PRACTICES

by

John J. Groeh Jr.

A Thesis Submitted to the Faculty of the Institute of Social and Industrial Relations of the Graduate School of Loyola University in Partial Fulfillment of the Requirements for the Degree of Master of Social and Industrial Relations

June

1962
LIFE

John J. Groch Jr. was born in Chicago, Illinois, August 2, 1930.

He was graduated from York Community High School, Elmhurst, Illinois, June, 1948, and from Elmhurst College, June, 1957, with the degree of Bachelor of Science.

Since 1957 the author has been employed at Argonne National Laboratory, Argonne, Illinois. He began his graduate studies at Loyola University in September, 1958.
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CHAPTER I

INTRODUCTION

The Early Approach to Appraisal

Management appraisals have been made for as long as we have had businesses that needed executives. Authorities have stated that in our past we have experienced the fact that appraisal was implicit in any selection of an heir apparent to the executive ranks.\(^1\) Studies have indicated that this was a subjective process in which the key executive or executives concerned with filling, or planning to fill, a vacancy selected a man who met their criteria.\(^2\) These criteria would often be unstated and would consist primarily of organizational needs as perceived through the viewpoint of the philosophy and methodology of the top operating executive. Usually, either implicitly or explicitly, the crop of potentials would be matched against these criteria and often the appraisal would be a matter of seeking the one most capable of conformity.

According to some authorities, the central problem of this approach is the inevitable perpetuation of the managerial weaknesses present in the current executive operation.\(^3\) Suffice it to say, that such results have been sufficiently


\(^{3}\) *Ibid.*
obvious to turn management's attention to other and more objective methods of appraisal.

The need for sound appraisals of executive performance has been recognized in industry for many years. The first efforts in this direction usually consisted of appraisals of traits that were considered important to a successful executive. These early approaches did not appraise performance in terms of the results stemming from decisions made or influenced by an individual, but rather in terms of preconceived characteristics that management personnel were presumed to have.4

Management appraisal has become standard practice in many companies during the past twenty years, and is currently being adopted by many others.5 It has become clear that the appraisal process is the key to any sound management development program.

A Need for Identifying Promotable Executives

Formal management appraisal programs are designed to meet several needs:

1. They provide systematic judgments to back up promotions, transfers, salary increases and sometimes demotions or terminations.

2. They are a means of determining the employee's strengths and weaknesses, assessing his potential, and determining what training and development activities are needed to improve his present performance, as well to prepare him for greater responsibilities in the future.

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5 Ibid.
3. They also are being used as a basis for the coaching and counseling of the individual by his supervisor.

In recent years there has been a great increase in interest in management appraisal. The American Management Association reports that a great number of applications are received whenever it announces a seminar on management appraisal.\(^6\) Also, management consultants, a sure barometer of management interests, are entering the field.\(^7\) Dozens of companies already are subjecting their ex-executives to these personal evaluation sessions. Among some of the larger ones are Monsanto Chemical Company, Boeing Airplane Company, Atlantic Refining Company, Procter & Gamble Company, General Foods Corporation and General Mills Incorporated.\(^8\)

A general formula of the appraisal problem is possible because the men who manage perform the same functions. The man specification for all managerial positions reflects the common requirement that the person must be able to plan, organize, staff, direct and control. Even though this requirement is common, it will be recognized that the specifications will differ, depending upon the level and complexity of the managerial job to be done.

The problem that faces the appraiser then becomes one of drawing the profile of each prospective or present manager. He tries to identify and evaluate each qualification that the applicant has and to report the results in such a form that others can compare the candidate's profile with the man specification

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\(^6\) Executive Coaching Catches On," *Business Week*, MODXXXVI (March 1957), 51.

\(^7\) Ibid.

\(^8\) Ibid.
profile. 9

In fulfilling their primary obligation to insure management succession, top executives are constantly faced with the problem of how to identify the most promising among the numerous contenders for further advancement.

The most critical limitation on future business growth is the shortage of capable executives. Good executives are always at a premium. And when management looks ahead ten years it sees that premium going up and up. One fact alone is enough to keep management worried: the relative decline of the twenty-five to forty-five age group in the United States population. A recent study of executive ages discloses that 60 percent of the incumbent top management personnel will have to be replaced over the next ten years. 10 "A predicted 50 percent increase in Gross National Product by 1970 not only will have to be achieved with this turnover of nearly two-thirds of managerial talent, but the most eligible management group (twenty-five to forty-four years) will actually decrease 2.6 in population in the next ten years." 11 Finding the best executives in a shrinking universe of possibilities may well become the primary management problem of the approaching decade.

Management is now aware that its top executive requirements must be largely met from within the company rather than from the market place. And, in turn, this puts a distinct premium on identifying promotable executives, those who, in the long run, must carry the responsibility for directing the business. Manage-   


11 Ibid.
ment has determined that 42 percent of all top management personnel are in the age bracket from fifty-five to sixty-five years old, making retirement necessary within ten years. Other reasons such as death, disability and turnover add to the need for identifying promotable executives. To this must be added the needs for executive manpower arising from the 5 per cent annual growth pattern of American business. The sum total of these demands makes the available supply of promotable executives highly critical.

Definitions

Management appraisal is the process of judging the qualifications of men in executive positions. The appraiser endeavors to evaluate the executives by the quality of their performance in management positions and to determine their promotability.

An individual's performance on his present position must be the most important factor in judging him, because it measures what the man is being paid for, results. However, the appraisal of a subordinate executive usually has the long range objective of sizing up the individual for other, more responsible assignments. While the degree to which he meets the output requirements of his present position is a valuable indicator of what could be expected of him if he were promoted or transferred, judging his potential for a higher position must include consideration of personality traits and habits, and how well he gets along with other people.

"Management appraisal may mean any degree of appraisal, from a private

record kept by an individual executive for his own information to highly organized company programs involving committees, review boards, minutes, and special appraisal forms—with, perhaps, coordination by a staff executive.13

The following is a list of the chief types of appraisals and the definition of each:

1. **Individual Appraisal** is the method by which the executive alone appraises each employee.14

2. **Group appraisal** is the method by which the executive is appraised by a group, consisting of his supervisor, and two other executives, at the same level as the appraisee's boss. A member of the personnel staff may also participate. The points on which all the members agree constitutes the written appraisal.15

3. **Forced choice technique** is one in which each appraiser reviews a number of groups of five statements each of which could refer to an individual or his work. The appraiser is required to choose the statement in each group which in his opinion best describes the appraisee, and also to select the statement in each group which is least applicable to the appraisee. The significance of each statement has been determined by personnel research, which has found its correlation with the quality of performance or the personal characteristics of individuals already on the job.16

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14Ibid., p. 23.
4. **Individual group method**—each of the members of the group appraise the man separately. The results are brought together by someone from the Personnel Department.

Regardless, of the type of appraisal that is used by an organization, the aim of any appraisal program is to cover three essential items: 17

(1) To review the executive's performance as compared against established goals and standards.
(2) To review the individuals qualifications, in terms of education, experience, and personal characteristics for his current position and for positions to which he may be promoted or transferred.
(3) To determine areas of weakness, if any, which require strengthening to meet the requirements of the individual's present position or of other positions for which he is under consideration. 18

**Purpose of this thesis and methods of research used**

The purpose of this thesis is to present current practices in management appraisal, to indicate the various types of formal appraisals used and to reveal management's feelings regarding the need to arrive at the best possible appraisal, utilizing the fruits of psychological and human relations research and taking full advantage of professional aids. Also, the author sought to investigate the part the appraisal plays in management development programs.

A thorough search of the literature on management appraisal was made to secure the material used in the preparation of this thesis. The author obtained many sources of information from the American Management Association. In addition, he reviewed all the important books and articles written by management personnel and academic students of the subject. The information obtained from these various sources, provided the data used in this study.

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17 Heyel, p. 17.
18 Ibid., pp. 17-18.
CHAPTER II

HOW MANAGEMENT APPRAISAL FUNCTIONS AND WHY IS IT NECESSARY

Survey Studies of Appraisal Programs

A survey of a large group of management men was conducted by the Management Research Department of Booz, Allen & Hamilton and reviewed by C. Wilson Randle. This survey represents the study of 5,000 executives on all management levels above foremen, and functional areas of the business are covered in the sample. There were twenty-five companies, all of them successful, varying in size from $10 million to over $1 billion in annual sales. While most of the companies were manufacturing firms, there were also two each in finance, utilities, service, and mining and extraction.

The appraisal results were achieved through a four part program, described as follows:

1. Each executive's background and experience were analyzed in detail. This covered age, education, professional, social, and civic activities, work experience, health and family relationships.

2. A thorough appraisal of each executive was made by five of his business associates who were best qualified for the task. This was done on an independent, noncollaborative basis, and covered job performance, human relations skills, mental attributes, and personal characteris-

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19 Randle, pp. 123-125.
tics.

3. A battery of written tests were given each executive, covering mental ability, interests and personality characteristics. The tests were kept to a supporting rather than a primary role. They were employed as a diagnostic tool to indicate what areas need further exploration, as an aid in explaining other findings, and as further confirming evidence of executive characteristics.

4. Each executive was given a thorough interview lasting from one and one-half to three hours. This interview was conducted only after a complete review of all other appraisal results.

The evaluation results became the basis for the appraisal summaries. Each summary included a statement of the outstanding, average, and weak characteristics of the executive; the positions he seemed best qualified to fill; his potential for future advancement; and his development needs.

The appraisal summary both identifies the executive's characteristics and indicates whether, on the basis of all appraisal findings, the executive was promotable, satisfactory, or inadequate.

In another survey conducted by Joseph A. Litterer, of the University of Illinois, Mr. Litterer asked forty-seven companies, "How do you measure your executives." 20 This is a report on the appraisal procedures of forty-seven companies, all of which have spent a number of years developing their programs, many of which have received wide attention. Specifically the study was con-

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concerned with: (1) the composition of the appraisal forms, (2) determining the parties who make the appraisal, and (3) the extent of the practice of informing the person evaluated of the results of the appraisal.

The appraisal forms that were analyzed were of two general types: (1) those evaluating general factors, and (2) those evaluating specific traits.

In the first type of appraisal, the rater is asked to consider several items, usually three, performance, ability, and potential. He then writes a brief essay-type description for each of these, giving his impression of the individual being evaluated. There may also be a list of specific questions in which management is particularly interested and which can usually be answered by checking "yes" or "no". These questions are obviously secondary, with the principal value of the appraisal being in the appraisal comments.

Mr. Litterer determined from his survey that ten of the forty-seven companies use forms evaluating general factors and the remaining thirty-seven companies used appraisal forms that evaluated specific traits.

In order to obtain adequate coverage, some companies may use as many traits as possible. However, this has the danger of presenting too many traits to the person making the appraisal, and either confusing him when he tries to distinguish between traits that may seem almost identical to him, or trying his patience with what appears to him an almost endless list. A compromise must be made between these two extremes, to provide enough traits to cover important aspects of executive performance and at the same time keep the number within working limits for the rater. From the data collected in his study, Mr. Litterer indicates in his report that twelve is the preferred number of traits.

Another problem in designing an appraisal form is to choose a method of
indicating the degree to which the ratee possesses a trait. Three principal
types were found to be used: (1) the continuous rating scale, (2) the gradu-
ated scale, and (3) the essay-type answer. The graduated scale is by far the
most commonly used, being employed by thirty-two of the thirty-seven companies.
Three companies used the essay-type ratings, and two the continuous scale
method.

As a rule, the appraisals were made by one of the following individuals
or groups: (1) the appraisee's supervisor, (2) the supervisor and his superior,
(3) these two and a third party, usually on the same level as the supervisor of
the individual being appraised, (4) a committee of which one or all of those
mentioned might be members.

Forty companies revealed who performs their executive appraisals. In six-
teen of these the supervisor had the sole responsibility. In five others, the
supervisor and his supervisor did the job; while in three other companies the
supervisor was aided by his supervisor and a third person, working independ-
ently. It should be noted, however, when the supervisor alone was named, that
in many instances his appraisal was reviewed by someone else, usually his
supervisor.

Sixteen companies stated that their appraisals were made by a committee.
The committee usually consists of the supervisor, his superior and another
person of the same rank as the supervisor. These individuals performed the
evaluation as a group.

In this survey, twenty-six companies reported on whether or not the results
of their executive appraisals were communicated to the appraisee. Twenty-five
companies reported that they were, and only one said they were not.
Some companies judge a man's performance and potential by means of indicators that are called "measures of management." This method, unlike other forms of appraisal, is tailored to the specific responsibilities of specific positions. For example, the sales managers are gauged against such specific indicators of performance as sales potential, gross sales, gross sales as a percentage of potential sales; new accounts; sales division expenses and so on. With these data, the sales manager's supervisor can confine his comments to a purely factual analysis of the man's accomplishments.

Similarly, a production man will be appraised primarily on such factors as manufacturing costs, waste, labor efficiency and labor turnover. The measure of a plant manager would place particular emphasis on profits, return on investment, inventory control, turnover of investment, and so on. Company experience has shown that to secure the correct emphasis, the measures of management should be confined to the six or eight primary functions of the position in question.

In a survey conducted by John W. Riegel, of the University of Michigan, Professor Riegel interviewed executives in fifty leading companies. His book reveals that periodic reviews of the performance and personal characteristics of each key man were made in most of the companies visited which were pursuing systematic executive-development programs.  

According to Riegel, a number of companies strongly approved of having

21 Franklin V. Deaderick, "The Recognition of Potential," Personnel, XXXV (September-October 1960), 74-75.

22 The material for this section is based upon Riegel's book, pp. 75-108.
each appraisal made by several individuals in conference. "In these companies the members of any rating committee out ranked the individuals whom they rated."

The companies which have their appraisals made by a committee or a group gave a number of reasons for preferring that procedure. "They believe that it corrects personal bias that could otherwise affect the appraisal." They have in mind the bias that might grow out of the intimate relationship of subordinate and supervisor. These companies also revealed, that one of the weaknesses of appraisals made independently is that the individual appraisers may have in mind different standards for judging the achievements of the same person.

A number of the companies which appraise by the group method ask one member to read the salient facts in the individual's history as a preparatory step. These companies believe that the members of the appraisal group should thus be briefed on the individual's history before they proceed to appraise his performance and personal characteristics.

Some of the companies which have the appraisals made by a group do not use any systematic plan for reviewing an individual's performance. They merely ask the group concerned to discuss his achievements and his methods of managing or conducting his work.

"The companies in a second group require the appraisers to consider a man's success in each of a number of fairly common managerial or technical activities." Examples are: success in organizing work and delegating duties, success in getting things done, and ability and willingness to co-operate with other executives."

The companies in a third group ask the appraisers in any given case to consider how well the appraisee is performing each of his major responsibilities.
Most of the companies, in addition to appraising an individual's performance, consider his personal behavior and characteristics.

Professor Riegel found that a number of the companies ask the appraisers to highlight their review of the individual's personal qualities. "The companies ask such questions as these: What are his strongest personal qualifications? Give specific incidents which illustrate them. What qualities should be improved? State specific incidents which illustrate the need for improvement of the qualities. A few companies ask the appraisers to state the individual's most serious weakness."

Most of the companies which included trait-rating as a part of their man appraisal procedure defined each specified trait and also defined degrees of it to assist the appraisers in classifying or describing the characteristics of the individual under review. For example, one plan outlined five degrees of emotional stability as follows: first, unreliable in crises, goes to pieces easily and can't take criticism; second, unrealistic, his emotions and moodiness periodically handicap his dealings, he personalizes issues; third, usually on an even keel, has mature approach to most situations; fourth, is realistic, generally maintains good behavior balance in handling situations; fifth, self-possessed in high degree had outstanding ability to adjust to circumstances, no matter how difficult.

Riegel pointed out that in most of the companies visited, the appraisals of a man's performance are expressed in essay form, not in numerical or letter grades. However, a few companies did rate by three grades. "In one case, for example, these were, acceptable, outstanding in quality, and needs improvement."

The methods used for management appraisal of course vary from company to company in accord with its own particular needs. However, the following simple procedure illustrates the general approach:

1. Set performance goals.
2. Record performance against goals.
3. Counsel on progress against goals.
4. Review final results against goals.

Rowland stresses the fact that many forward thinking executives have rejected the plan of relying solely on the judgement of one individual for performance appraisal and have moved their companies to a more thorough and objective process of performance evaluation.23

**Purpose of The Appraisal**

Many companies have stated, that the two main purposes of appraisal are:

1. To improve current performance; and
2. To build an adequate managerial reserve24

The building of managerial reserve is important, of course; but this cannot be done in the absence of good current performance. So in order to bring about improved individual performance, each subordinate must:

1. Know what is expected of him.
2. Have an opportunity to perform.
3. Know how well he is doing.
4. Receive assistance as needed.
5. Be rewarded or penalized on results.25

**Objective Basis for Promotions and Salary Increases**

Management appraisal provides an objective for discussing salaries and promotions. When a subordinate executive approaches his manager with a request for a raise or for promotion, the appraisal record and the last appraisal interview provide an objective basis for discussion. This will often serve to avoid embarrassment and unpleasantness, especially if both individuals were in

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25 Ibid.
complete agreement at the conclusion of the last interview. By referring to the record, the discussion gets on the solid ground of results achieved against performance standards jointly established.

At the time of periodic salary review, the appraisal benefit becomes equally important. The past appraisal provides a solid backing for the executive's recommendations to his own superior regarding a subordinate's advancement in pay or position. Authorities like Carl Heyel point out the dangers here. There are many organizations which feel that it is not advisable to have the yearly appraisal coincide with the date for salary increases. One reason for not linking appraisals with pay increases is that it soon becomes important to keep raising salaries in existing positions. The purpose of management appraisal is lost if everyone feels he is entitled to a salary increase every time his appraisal is favorable, and is very much disappointed and resentful if he does not receive his raise.

The company's budget situation usually dictates to the executive as to how much leeway he has in granting salary increases. The total company budget is usually dependent on industry and general economic conditions, upon which the executive's departmental operations may have only a slight effect. If he is restricted to the size of the increase, the net effect on his subordinates can only be negative if an outstandingly favorable appraisal at salary-increase time results in very little or no monetary recognition.

*Helps Organization to Achieve Company Goals*

The authorities generally agree that the individual's performance should

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26 Heyel, p. 31.
be judged in terms of agreed-on tasks reflecting the goals of the business. The first step involves the development of long-and short-range company goals. The longer term objectives are useful in expanding executive thinking, making managers think "bigger". They are also valuable as a guide to the practicability of the forecast targets.

Experience has shown that translating short-term company-objectives into a twelve month goal for individual functional executives is best done by setting up both quantitative and qualitative tasks to be accomplished during the period. In other words, executive responsibilities include (1) those that can be measured, such as sales, production schedules, or credit losses, and (2) those that must be judged, the intangibles which arise when an executive develops a new process, establishes a training program or improves the quality of the engineering candidates.27

Top management recognizes the need for spending as much time in establishing company and functional goals at the outset as it spends in appraising performance at the end of the year. Planned performance provides several important advantages:

1. The long-and short-term objectives of the organization become an integral part of the performance appraisal process.

2. The position responsibilities of executives provide the basis for setting individual targets.

3. The outstanding and poor performers receive primary attention, pointing out those eligible for promotions or increases and those requiring training or elimination.

4. Personality plays a less important part in the final evaluation of performance, for the focus is on what an individual does rather than what is thought of him.28

Planned performance forces a company: First, to think hard about its objectives and review them constantly. Second, to study the responsibilities

28 Ibid., p. 70.
involved in individual positions and determine their relative importance to the business. Third, to set practical work tasks for individuals and hold them accountable for their attainment.

**Gives Appraiser Knowledge of His Standing**

A National Industrial Conference Board summary of a cross section of several industrial attitude-surveys indicated that the lowest morale index reported by those companies fell in the area typified by the words of an employee as, "I don't know how I'm doing--no one ever tells me where I stand." 29

According to Norman Maier, the need for emotional security is one of the five primary needs all employees seek to satisfy on the job. Mr. Maier, lists the elements of emotional security as, "the need to belong, the need to know where one stands, and the need for approval." 30

One of the most important results of the appraisal activity is letting the appraisee know where he stands. The discussion of his record as a whole over an extended period enables the subordinate to see his position and his performance in that position in time perspective. When the discussion must enter upon personality factors, the manager, if he has made a systematic appraisal analysis, is in a position to cite performance results and specific incidents to clarify his points; in this manner the subordinate is not left in a state of resentment over vague generalities. The interview also gives the subordinate an opportunity to raise questions about company and department policies and

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objectives.

M. S. Kellogg, Employee Relations Manager at General Electric's Aircraft Gas Turbine Division, determined from a survey at General Electric, that most of the personnel development benefits to be gained from an effective appraisal program are dependent upon frank and full discussion between supervisor and employee. In this way, the employee knows what is expected of him, how far he measures up to the requirements of his position, and what he must do to advance. This type of an approach towards an appraisal program, provides a basis for self-appraisal and spurs the employee on to improved performance and self-development. Also, this type of an approach provides a better and closer working relationship because of the opportunity to air misgivings and misunderstandings, as well as the coaching and counseling to improve on the job performance which generally results from such discussions.

Who Is Appraised?

"How high in management does management appraisal go? It could, obviously, from a theoretical standpoint, go right up to the top, with the chairman of the board appraising the president of the organization. Many company manuals describing formal executive appraisal programs do claim that all levels of management are covered. These manuals include position descriptions and outlines to be used in appraising such executives as vice-presidents and works managers." 32

32 Heyel, p. 22.
However, most companies find it practical to let the rule of reason dictate what level a formal plan should apply. There may be sound reasoning for limiting appraisal to below the highest levels. For example, if the accent is on development, companies may assume that the older, seasoned officers and high-level executives have gone through the important developmental phases of their careers. These executives are now developing other individuals rather than developing themselves. Where an individual has top responsibility for a huge segment of a corporation's operations, the overall results are there for everyone to see; there is no longer any danger of his being lost in the shuffle. However, this does not mean that the company chiefs are never appraised. They are being evaluated by their associates; other top officials and board members as part of the continuous weighing that must go on, in an even more intensive way, where huge undertakings are at stake.

Who Does the Appraisal?

As to who does the appraising, in formal plans, the most general practice is for the executive's immediate supervisor to do the appraising. Even with group appraisal, the greatest weight in all but special situations is given to the evaluation by the immediate superior. No one else is in so informed a position to pass upon the degree to which performance standards are being met.

[33Heyle, p. 22.]
[34Ibid., pp. 22-23.]
[35Ibid., p. 23.]
[36Ibid.]
[37Litterer, pp. 99-100.]
Types of Appraisal

The literature indicates that most companies employ either the individual appraisal, or the group appraisal method.\(^{38}\)

Individual Appraisal.—Individual appraisal is the method by which the supervisor alone determines the needs of each employee and the developmental activities which will improve his effectiveness in his present assignment. The supervisor then counsels the employee and works out with him a development plan.

The pitfalls of an individual appraisal of course are apparent: It is one man's opinion and may be biased. However, one may argue that, if an executive has himself displayed sufficient maturity, competence, and leadership to attain his rank, he can be expected to guard against being opinionated or biased. However, appraisal is a skill in itself. The shortcomings of the individual appraiser are likely to lie in insufficient practice in appraisal, in too hasty appraisal, due to the pressure of more important work, or indifference to the company's appraisal program because he has not been sold on its effectiveness.\(^{39}\)

Companies which use individual appraisal with formal appraisal plans usually protect themselves here by seeing to it that the results are reviewed in some formal way by the superior of the executive doing the appraising. This serves as a definite check against the possibility that irresponsible or superficial evaluations may be inserted into the record. Where a review procedure is followed and the subordinate is aware of it, the whole program gains in

\(^{38}\) Litterer, pp. 99-100.

\(^{39}\) Heyel, p. 23.
Some companies utilize trait rating blanks for the superior to fill out during the course of his appraisal of his subordinates. The rater is instructed to check one of the five blocks under each trait. Some of the traits on which an individual might be rated would be: tact and skill in human relations, high intelligence, good appearance and personality, health, accuracy and so on.

In an effort to get away from the straight check-mark type of rating, and enable the supervisor to evaluate each man only on the traits and performance that are really pertinent in each case, many companies have adopted what has been called the essay-type of rating; that is, a blank which asks only a few general questions and enables the supervisor to state in his own words exactly how the man appears to him, and what his potential appears to be.\(^{40}\)

The problem with most essay type rating systems is that the supervisor alone fills the forms out, and a good deal of their accuracy depends on his own insight and ability to express himself in writing. If he is a careful observer and is aware of the importance of various phases of the position to overall company objectives, and if he can express what he knows clearly in writing, he may do an excellent job. However, if he is less well informed and less articulate, his appraisals will be superficial.

**Group Appraisal**—most companies use the group appraisal method. With it no set form or graduated scale is required. Under this method the executive who wants to determine how well one of his subordinates is doing, and how he can be helped to improve his performance, invites a group of people to discuss

\(^{40}\text{Heyel, p. 25.}\)
the matter informally. The points on which all the members agree constitutes
the written appraisal. 41

"The appraisal group generally consists of three or four people, including
the immediate superior of the man who is being appraised. Four members makes
for the best discussion; five can handle the job satisfactory; but a group as
large as six is apt to be unwieldy." 42 The group members are people who have
some contact with the man who is being appraised, preferably those whose own
work is affected by the quality of his performance. In addition, they are
executives on a higher level than the man they appraise.

Two points have been found to be very important in the selection of the
appraisers. They must understand that the primary purpose of the appraisal is
to help the man improve his performance on the job, and perhaps fit him for a
future vacancy on a higher level, and that it is not to determine whether or
not he gets a raise or whether he gets fired. They must believe that partici-
pation is worthwhile, that it is genuinely beneficial to the company.

An appraisal group is always headed by a chairman, and that chairman is
always the man's immediate supervisor. The immediate superior selects one of
the appraisers to act as secretary of the group. The secretary must be alert
to everything that is said. He should write sentences or one word hints, but
he must be careful not to omit anything. Because his job is exacting, the
secretary may not be able to do much talking during the greater part of the
session. His chance will come when the chairman determines that all the

41 Rowland, p. 41.
42 Ibid.
pertinent points have been brought out and asks that the notes be read. After
the reading of the notes, the secretary can express his own opinions; then the
group can analyze what has been said and complete the appraisal while the sec-
retary adds to his notes.

When the group has disbanded, the secretary writes the complete appraisal
and then sends it to each member of the appraisal committee for his approval
and signature.

The purpose of the group appraisal is to answer just three questions:

1. How well is the man performing on his present job?
2. What is his potential for promotion to a higher level?
3. What can be done to help him reach his full potential?

It is essentially a job-centered method. Personality characteristics, which
are stressed so heavily in most individual appraisal methods, enter into group
appraisal only insofar as they affect the man's present performance or are
likely to help or hinder him on a higher level.

The individual's performance is considered from two viewpoints: "what
results has he achieved?" and "what methods has he used to achieve these re-
results?"

The results of the individual are measured by such things as quality and
quantity of work, costs improvements instituted, the extent to which he has
facilitated the work of other departments, the problems he has not so far
solved. In addition to these factors, the quality and quantity of ideas pro-
vided by an executive are also evaluated, for it is believed that a top execu-

---

43 Rowland, p. 52.
44 Ibid.
tive must exercise judgement and be a man with ideas.

**Appraisal Forms**

The following are examples of appraisal forms that are printed by the American Management Association.

After the form has been reviewed and signed by each member of the appraisal committee, the form is then returned to the chairman of the group, who is the immediate supervisor of the appraisee. This form will be utilized by the supervisor during the post-appraisal interview with the appraisee.

The evolution of an empirical approach to performance evaluation is clearly evident in many company evaluation programs. Also noted is the rather interesting variety of approaches as companies seek a performance appraisal method most suited to their particular needs.\(^{45}\)

The authors indicate that a number of company plans are called open-end performance evaluation. They are so termed because the appraiser is asked to supply whatever specific performance evidence he feels is important. Some suggestions of the items to be looked at are supplied, but the primary responsibility for the evidence to be observed is left open. Also, the appraiser is not asked to evaluate the man against pre-set, empirical accomplishment expectations. The closest approach to this latter point is asking the appraiser to judge the man against the position's responsibilities. Two examples are shown to illustrate this approach.

**Figure 1** shows an approach employed by the County Trust Company in Westchester, New York. The first section deals with identification of the indivi-

\(^{45}\)Material for this section was secured from Randle and Monroe, pp. 67-73.
This Summary Appraisal is a narrative description developed from a detailed analysis of the employee's work.

**PERFORMANCE**

**RESULTS** (What has this individual accomplished in measurable results since his last appraisal? Consider quantity, quality, cost, and time elements of work. Give facts and figures wherever possible. Consider human relationships. Be specific.)

**METHODS** (How does this person go about getting his job done? How does he work with and through people. Be specific.)
ual to be evaluated, his position, age, and length of service. Such information is basic if the evaluation is to have the correct focus.

The second section of the appraisal form has to do with seeking specific evidence of results accomplished. Since business development is of particular value to banks, this area has been singled out for special attention as shown in the second part of the appraisal.

Some important points to be noted from this type of an approach are the qualifying information required to identify the person being appraised, the obvious move to encourage the citation of specific and measurable accomplishments.

Figure 2 illustrates the approach utilized by a major food processing firm. You will note that the identification portion is similar to that employed by the banks. The performance appraisal does have some noteworthy differences. Although suggested examples of reports to be reviewed are not employed, as in the previous example, this approach does call for the appraisal of the person against his position responsibilities. Thus, some evaluative benchmarks are supplied, however general these may be. The second point of difference is asking for an appraisal of each of the four areas of the business which are considered important to the company concerned.

The authors point out that the major point added by this second example is requiring the appraisal to be made against full position responsibilities. They have also indicated that the first example, moved in this direction by asking for consideration of quantity, quality and cost for which he is responsible. The literature indicates that if the position responsibilities in the second company tend to be specific rather than general, then the appraisal will
PERFORMANCE APPRAISAL

Name ______ Date of Last Appraisal ______ This Date ______
Position or Title ______ Office or Division ______
Date of Birth ______ Joined Company ______ Began Present Duties ______

I. RESULTS ACCOMPLISHED

What has this individual achieved in observable results since his last appraisal? To what extent can the present status of his office or division be attributed to him? Consider quality, quantity, costs for which he is responsible, meeting deadlines, etc. Cite facts and figures whenever possible.

For example, and where applicable, consider such reports as:

Overtime Turnover Over & Short Audits Customer Comments
Income & Exp. Analysis Routine Control Book Ratings of Others
Employee Morale

II. BUSINESS DEVELOPMENT

Leads Interviews Sales Deposits Non-deposits
19-- ______ ______ ______ ______ ______
19-- ______ ______ ______ ______ ______
19--(to date) ______ ______ ______ ______ ______

Figure 2.

APPRAISAL OF PERFORMANCE

Name ______ (Last name) ______ (First) ______ (Initial)
Present position ______
Date ______ Age ______ Joined company ______ On present job ______

APPRAISAL OF RESULTS

(Review this individual's performance in terms of measurable results accomplished since his last appraisal. Consider each area of position responsibilities as defined in the management position guide for this position. Consider quality, quantity, cost and time element of work. State facts and figures wherever possible. Be specific.)

1. OPERATIONS

II. ORGANIZATION

III. PERSONNEL

IV. FINANCIAL
likely be better.

A second group of companies utilizes a closed-end approach to performance evaluation. The closed-end approach seeks a specific evaluation set against established performance criteria. Either absolute or relative standards are provided for in this approach. The discretionary selection of appraisal evidence which was found in the open-end approach is avoided. The closed-end performance-evaluation is a further step in securing a precise measurement of performance. This kind of an approach may, of course, be poorly suited to certain positions or certain companies. Nevertheless, some authorities consider it a refinement in performance appraisal. Several examples are shown.

Figure 3 illustrates the appraisal method employed by American Radiator and Standard Sanitary Corporation. It can be noted that there are specific expectations laid out for the plant manager and his exact accomplishments against those expectancies. This approach is illustrative of a principle. More or fewer expectancies could be established, depending upon the characteristics of the position or the nature of the company. It is also important that the subjective area is minimized and objective measures of performance accentuated. Authorities claim that not much room is provided for evasive action.

Figure 4 shows one portion of the appraisal of Fairmont Foods Company, a major food processor and distributor. The part illustrates how historical charts of key operating and financial ratios can be utilized in the appraisal process. The literature indicates that one should employ only those ratios over which the person being evaluated had control and could affect by good or poor job performance.

Figure 5 illustrates a rather comprehensive approach to performance evalu-
### Figure 3.  
#### PLANT MANAGER

<table>
<thead>
<tr>
<th>RESULTS EXPECTED</th>
<th>ACTUAL RESULTS ACHIEVED</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Production to meet monthly requirement schedules within plus or minus 9%</td>
<td>1. Production averaged within plus or minus 7.8%</td>
</tr>
<tr>
<td>2. Hold scrap loss to 5% and defective returns to 2%</td>
<td>2. Scrap loss was 4.8%. Defective returns were 1.9%</td>
</tr>
<tr>
<td>3. Install division-wide methods improvement program. Reduce overall direct</td>
<td>3. Direct labor cost up 7.6%. Only minor improvements made.</td>
</tr>
<tr>
<td>labor cost 3.5%</td>
<td></td>
</tr>
<tr>
<td>4. Get five times turnover of raw and in-process inventories.</td>
<td>4. Inventory turnover was 3.7 times</td>
</tr>
<tr>
<td>appropriation by January 1, 1960.</td>
<td></td>
</tr>
</tbody>
</table>

### Figure 4.  
#### EVALUATION OF PRESENT PERFORMANCE

Name of Employee:  
Position:  
Title:  
Branch:  
Function: Operating

<table>
<thead>
<tr>
<th>Position Title</th>
<th>Time on Present Years</th>
<th>Age: Position: Months</th>
<th>Function: Operating</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

| No. Emp. Supervised: Departments | Age:  
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Salaries</td>
<td>All other</td>
</tr>
<tr>
<td>--------</td>
<td>---------</td>
</tr>
<tr>
<td></td>
<td></td>
</tr>
</tbody>
</table>

A. Established performance standards measuring actual present performance for manager's branch against established reports:

Date assigned as branch manager:  

<table>
<thead>
<tr>
<th>$ (000)</th>
<th>Chart A - Sales and Transfers</th>
<th>$ (000)</th>
<th>Chart B - Branch Profits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fiscal Year</td>
<td>53-4</td>
<td>54-5</td>
<td>55-6</td>
</tr>
<tr>
<td>%</td>
<td>Chart C - % Branch Profit to Sales</td>
<td>%</td>
<td>Chart D - % Branch Profit to Investment</td>
</tr>
<tr>
<td>Fiscal Year</td>
<td>53-4</td>
<td>54-5</td>
<td>55-6</td>
</tr>
</tbody>
</table>
ation employed by McKesson & Robbins. Randle and Monroe indicate that several points should be noted. The identification section of the appraisal is much more complete than is usually found and it should provide a sounder frame of reference for appraisal. The five areas of particular concern to the company are segregated for attention and exact data are required under each area. The author also pointed out that actual performance for the year is compared with immediately preceding years and with the goal for the present year. Therefore, the performance trend can be noted, as well as the degree of effectiveness in attaining the goals established for the present year.

The authors indicate that the second section of the appraisal form shows a constructive approach now being used by a number of prominent companies. In this case the executive being evaluated is asked to explain the bases of his accomplishment or lack of such, and what are his plans for meeting the goals established for the coming year.

Figure 6 illustrates how a major chemical company goes about its performance evaluation for plant superintendents. Randle and Monroe indicate that this approach is similar to the one just preceding except for one or two points which emphasize other variations in approach. That of particular note is the comparison of the person being evaluated with others in comparable positions or functions. The literature reveals that the approach in most plans is the absolute one of looking at how the person has performed against the historical record or against present expectations. In this plan, however, another facet is introduced, this is called the relative appraisal or how the man looks when compared with others in similar positions or groups. The authors indicate that this relative approach is an asset and is worth considering.
I. JOB PERFORMANCE

PROFIT & LOSS DATA

<table>
<thead>
<tr>
<th>Year</th>
<th>Actual</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>1957</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>1958</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>1959</td>
<td>$</td>
<td></td>
</tr>
<tr>
<td>1960</td>
<td>$</td>
<td></td>
</tr>
</tbody>
</table>

FINANCIAL DATA

<table>
<thead>
<tr>
<th>Metric</th>
<th>1957</th>
<th>1958</th>
<th>Actual</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inventory turnover (times)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Days sales outstanding</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserve to receivables</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Turnover of net inv. &amp; recev</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Return on net inv. &amp; recev</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

PRODUCTIVITY DATA

<table>
<thead>
<tr>
<th>Metric</th>
<th>1957</th>
<th>1958</th>
<th>Actual</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Average line extension</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Operating index-warehouse</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>- office</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

SERVICE TO CUSTOMERS

<table>
<thead>
<tr>
<th>Metric</th>
<th>1957</th>
<th>1958</th>
<th>Actual</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Errors per 1000 items</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Omitted items (% total lines)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Invoice with the goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prompt &amp; dependable delivery</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Prompt handling of claims</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Special service on RX dose</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

BUILDING FOR FUTURE

Where goals were not attained, describe the reasons.

Where goals were attained, describe what was done.

II. PLANS FOR MEETING THIS YEAR'S GOALS

Describe your plans for meeting the goals for your job (see Part I) for the year just beginning in terms of things to be accomplished and improvements to be made. This is a plan of action for the year and a basis for periodically reviewing accomplishments and progress. Be specific. See Part I for items where goals were not attained last year. Indicate how each item is to be accomplished: what assistance, if any, is needed and from whom, show priorities, when each item is to begin and when to be finished. Don't try to include everything, just the most important things. 

1. ANALYSIS OF PAST YEAR'S JOB PERFORMANCE

Management staff

Sales force - Number of sales trainees: Standard ________ in training ________
To be hired ________ Quality of selection and training ________
Method improvements ________
Maintenance of building and equipment ________
Figure 6.1

PERFORMANCE EVALUATION
(Plant Superintendents)

Name __________________________ Location __________________________

Date __________________________ Time on __________________________

Employed __________________________ Date of __________________________

present job __________________________ last increase __________________________

Age __________________________

1. Quality control:

<table>
<thead>
<tr>
<th></th>
<th>Last year</th>
<th>Previous year</th>
<th>Rank</th>
<th>Last year</th>
<th>Previous years</th>
<th>Rank</th>
</tr>
</thead>
<tbody>
<tr>
<td>X</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Y</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Z</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Over-all chemical control rank ______ Percent of shipped goods returned ______

II. Labor utilization:

<table>
<thead>
<tr>
<th>Operation</th>
<th>Last year</th>
<th>Previous year</th>
<th>Ranking in group</th>
<th>Number in group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wet mix</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dry base</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipping of mixed goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shipping of bulk goods</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Unloading</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Granulation</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Labor Cost based on $1 labor rate.

* Labor Cost based on $1 labor rate.

III. Maintenance and housekeeping:

Maintenance cost last year ______ Previous year ______

Maintenance cost ranking last year: Ranks ______ out of ______ in group.

Statement of condition of factor and equipment:

IV. Labor relations:

No. of grievances last year ______ No. to arbitration ______

Evaluation of negotiation performance:

V. Employee safety:

No. lost-time accidents last year ______

Accident frequency rate ______ Ranks ______ out of ______ in group.

Accident severity rate ______ Ranks ______ out of ______ in group.

General reaction to safety suggestions, ability to conduct safety meetings, etc.:
Figure 7 is an example to illustrate what is called a combination approach as used by Fairmont Foods. The reasoning behind the combination approach is that it may help tell the company why along with what was accomplished. The "A" part of the appraisal form deals with the evaluation where there are established standards against which the executive's performance can be rated. The "B" part of the evaluation form deals with performance factors where there are no established standards. Randle and Monroe contend that it has been found that both sets of factors are highly important to business success.

Figure 8 shows the approach used by W. T. Grant, the national chain store. Although the approach is somewhat less empirical than the preceding method just described, the coverage is quite thorough and subjected to degree differentiation. Five major areas have been identified for special appraisal attention. Fifty-six individual trait and performance expectancy factors are rated. The literature indicates that this is illustrative of another method, the combination appraisal approach, now increasing in popularity.

Randle and Monroe point out that many authorities have found that using both trait-evaluation and pre-set performance goals provides a balanced way of viewing the executive which overcomes many of the shortcomings present in other approaches.

According to the experts in the field, the appraisal records are of direct value to the operating organization. Many companies revealed to Riegel that one copy is made available to the appraisee's supervising officers and the number of other copies is kept to a minimum. Each copy is kept under lock and key when not in use by an authorized person. Several company representatives have stated that there is no need for copies of the performance reviews outside
Figure 7.

Performance Evaluation

<table>
<thead>
<tr>
<th>Name of Employee</th>
<th>Branch</th>
<th>Function: Sales</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Position</th>
<th>Time on Present</th>
<th>Years</th>
<th>Age</th>
<th>No. Emp Supervised</th>
<th>Departments Supervised</th>
</tr>
</thead>
<tbody>
<tr>
<td>Title</td>
<td>Position: Months</td>
<td></td>
<td></td>
<td>Salaried</td>
<td>Route Sales</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td>Other</td>
<td></td>
</tr>
</tbody>
</table>

1. Evaluation of Present Performance:
   A. Established Performance Standards:

      Actual present performance for manager's area measured by established reports:
      (Check only factors applicable to employee's department):

      | Factor | Established Report Source | Performance Norm | Performance Actual (for 12 mos.) |
      |--------|---------------------------|------------------|---------------------------------|
      |        |                           |                  |                                 |

2(a) Bad Debt Losses % Credit Sales
   (1) Wholesale
   (2) Retail

(b) Past Due Outstanding % Total Sales
   (1) Wholesale
   (2) Retail

Comments:

B. No Established Performance Standards:

      Actual present performance evaluation represents your judgment on employee's performance in following areas:
      Check Column Which Best Describes Present Performance:

      | Factor | Outstanding | Average | Below | Average | Poor |
      |--------|-------------|---------|-------|---------|------|
      |        | Above       | Average | Below  | Average | Poor |
      |        |             |         |        |         |      |

Comments:
**Figure 8. PERFORMANCE APPRAISAL**

**RATING DETAIL**
Consider each element on this page separately and independently. Check the block which best describes the employee or his work in terms of the following numerical classifications:

1. Outstanding
2. Above Average
3. Satisfactory
4. Below Average
5. Failing

**PERSONAL QUALIFICATIONS**
Rate the characteristics of the employee as reflected in his work during the period of time covered by this rating.

<table>
<thead>
<tr>
<th>Job knowledge</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Judgment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Evaluation of people</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Industry</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Stability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Imagination and originality</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Promptness of work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiative</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Self-expression</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to plan &amp; control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ability to delegate authority</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cooperation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Leadership</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**OPERATION**
Rate achievement of standards of store operation during the period of time covered by this rating.

<table>
<thead>
<tr>
<th>Stockroom operation</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Office operation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Employment of new people</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Personnel placement</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Training of store personnel</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Community activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Expense control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Customer service</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Shortage control</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Luncheonette operation</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Rate only if store has department*

**PERSONNEL**
(For managers with men-in-training)
Rate personal performance of training duties during the period of time covered by this rating.

<table>
<thead>
<tr>
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<td>Delegates needed authority</td>
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**STORE FIGURES**
Enter figures (or %) for the period of time covered by this rating.

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of the division in which the men to whom they pertain are employed. 46

46 Riegel, p. 120.
CHAPTER III

THE APPRAISAL INTERVIEW

Establishing Rules For Conducting The Interview

Since the primary purpose of the appraisal system is to improve management performance, it is necessary that the individual appraised be informed of the findings. This is done in the post-appraisal interview, which the immediate superior conducts with the appraisee.

The interview is usually held after the appraisal has been reviewed by higher management to insure that any misconceptions the immediate superior may have been harboring are not transmitted to the appraisee. Also, since the subordinate knows that the findings have been discussed with higher management, he is much more likely to take them seriously.

The subordinate has a right to know who appraised him; the names of the members of the appraisal group are not kept secret. The appraisee should be informed that only opinions in which the whole group concurred have gone into the record.

There are certain basic rules that Heyel indicates are essential for the appraisal interview: 47

1. Schedule enough time, since the interview will inevitably take time. The time consumed in communicating the results of the

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47 Heyel, pp. 177-181.
appraisal will actually save time in the long run.

2. Provide the proper setting, since this is a confidential meeting.

3. Avoid personalities where possible. Personal traits and behavior characteristics should be discussed only if they are at the root of certain performance results and are correctible.

4. Stress the unanimity of the recommendations of the group appraisal so that they represent the thinking of the group, rather than just that of the immediate supervisor.

5. Give the subordinate a chance to speak freely. The supervisor should be a good listener, and should never show surprise or irritation at any remarks the subordinate may make.

6. Do not bring in comparisons with others, since the appraisal interview focuses attention on the subordinates own performance, based on standards set for his position and measured against his own special performance goals.

7. Do not make promises lightly. Special care should be taken in discussions of promotional opportunities or long range development programs, to avoid making what may be construed as definite promises, if these are not authorized.

8. Be forthright where bad news requires drastic action.

The objectives of a post-appraisal interview should be personal recognition of limitations and self propelled motivation toward improvement. The supervisor should listen sympathetically and encourage the subordinate to speak his mind. With freedom of speech and a relaxed atmosphere, certain things will be said and brought to the surface that ordinarily would be hidden.
Many companies take it for granted that supervisors are equipped to handle post appraisal interviews and leave it up to them. This laissez-faire attitude regarding counseling is in sharp contrast to the highly formal techniques and paperwork the same companies use in appraising the subordinate.

The interview process requires a sequence of steps to follow during the course of the interview:

1. Preparation, since this is an important meeting.
2. Putting the subordinate at ease, minimize tensions.
3. Review the accountable factors.
4. Review special performance goals.
5. Discuss performance goals for the year ahead.
6. Determine ways in which the supervisor can be helpful.
7. "Play back" any important agreements reached.

Problems of Counseling

Mr. Hayden says there are no definite procedures to be followed in counseling. Counseling itself is probably more a frame of mind than anything else. It represents a non-demanding, non-directive approach to people, an approach to which the executive, preoccupied with his concern for other things, has difficulty in adjusting.

Experienced appraisers have learned that the supervisor should counsel with the individual on his achievements against set goals as frequently as this appears necessary and desirable. They feel it is wise to do this more

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48 Spencer J. Hayden, "Getting Better Results From Post-Appraisal Interviews", Personnel, XXXI (May 1955), 541.
49 Ibid., p. 544.
often for some performance areas and less often for others.

Two purposes motivate this counsel. First, by providing advice and assistance during the year, the supervisor can improve the performance of the individual against the established goals. This will be reflected in a better appraisal result with obvious advantages both to the concerned individual and the company.

Secondly, by working closely with the individual and sharing thoughts, approaches, and slants with him, the superior achieves far more insight and knowledge of the man than under circumstances where close counsel does not prevail.

In a study conducted by Norman R. F. Maier, Department of Psychology, University of Michigan, three types of appraisal interviews were reviewed: (1) Tell-and-Sell; (2) Tell-and-Listen and, (3) Problem-Solving.51

1. The aim of the Tell-and-Sell method is to communicate the employee's evaluation to him as accurately as possible. Considerable skills are necessary for success in this type of interview. They must include the ability to persuade the employee to change in the prescribed manner and this requires knowing how to use the incentives that motivate him and sometimes to develop new ones.

This method becomes especially difficult if the interviewer encounters resistance. Since the interviewer usually sees himself in the role of doing something for the employee's good, any failure to appreciate this gesture places him on the defensive. Thus, the situation may become strained or dete-

50 Randle and Monroe, p. 66.
iorate into obvious hostility.

However, the employee usually senses his superior's increased aggression before it is too apparent, and consequently refrains from questioning the evaluation. The passive resistance and verbal agreement that follows are often taken as acceptance of the evaluation by the interviewer. When the employee retreats from discussion, the supervisor may feel more obliged to talk and may conclude by lecturing and preaching.

Although the Tell-and-Sell interview may be unpleasant for both parties, this does not prove that it lacks merit. Correction is usually unpleasant, and almost everyone can recall discarding faults because of criticism that once was painful. Certainly, faulty behavior can be inhibited or replaced by having someone point out a better way. The crucial issue is finding the most effective approach. Generally, both motivation and training are essential to change.

The Tell-and-Sell method has its greatest potential with young and new employees, who are inexperienced and insecure and want the assurance of an authority figure. They are likely to respect the supervisor not only because of his position but also because of his greater knowledge and experience. Similar reactions generally occur in employees who are new on an assignment.

2. In the Tell-and-Listen method, the goal is to communicate the evaluation to the employee and then let him respond to it. The interviewer covers his strengths and weaknesses during the first part of the interview, postponing points of disagreement until later. The second part is devoted to thoroughly exploring the subordinate's feelings about the evaluation. Thus the supervisor while still in the role of the judge, listens to objections without attempting
to refute them. In fact, the superior encourages the employee to disagree because the objective is not only to communicate the appraisal but also to drain off any negative feelings it arouses.

The required skills of this approach are (A) active listening—accepting and trying to understand the employee's attitudes and feelings; (B) making effective use of pauses—waiting patiently without embarrassment for the other person to talk; (C) reflecting feelings—responding to feelings to show understanding; and (D) summarizing feelings—to indicate progress, show understanding and emphasize certain points, as well as to end the interview.

This method of interview usually insures a good relationship between the appraiser and the subordinate during the interview. The employee is likely to leave with a positive attitude toward the supervisor, feeling that the interview has been worth while and that he is important to the company. The interview provides an opportunity for the superior to learn his subordinate's needs, although his impressions may be incorrect.

However, there is some risk that the interview may not achieve its first objective—letting the employee know where he stands. In addition, while the employee may gain new insights which may cause him to change, he is not likely to discover ways for improving job performance. Thus, he may leave the interview with satisfaction but without a program for developing on his job.

The greatest value of this method of interview comes from the fact that the interviewer may profit from the interview. Change initiated from below may occur when a subordinate is able to influence his superior's views on how the job may be improved in (A) supervision, (B) work methods, (C) job assignments and (D) job experience. A supervisor who listens and learns may encour-
age upward communication in deed as well as in word.

3. The Problem-Solving method takes the interviewer out of the role of judge and makes him a helper. This method has no provision for communicating the appraisal. Since this method’s goal is employee development, the interviewer cannot specify the area for improvement, because this would be making a judgement. The interviewer must limit his influence to stimulating thinking rather than supplying solutions, and be willing to consider all ideas on job improvement that the employee brings to his attention. His function is to discover the subordinate’s interests, respond to them and help the employee examine himself and the position. He must forget his own viewpoint and try to see the position as the employee sees it.

The Problem-Solving approach affords both the participants a highly favorable opportunity for learning and communicating. Training is usually considered a one-way process in which the supervisor gives his knowledge to the subordinate. This method, like the Tell-and-Listen method, stimulates upward communication. The interviewer puts mutual interests above personal interests, and respects the problem-solving ability of the subordinate. Exploring the job with an understanding supervisor may stimulate new ideas and lead to increased job interest as well as a better use of the employee’s talents.

Regardless of the method used in the appraisal interview both the executive and the supervisor study the final results carefully to determine the reasons and the conditions, both controllable and non-controllable, which caused certain performance to fall short of the expected goals, if this is the case. In conference, each performance area is examined and discussed and an agreement reached as to the causative factors back of the performance.
Follow-Up Program

After the interview has been completed, to get the best results it has been found essential to establish a follow-up program. The first step in the follow-up program should be for the interviewer to review the interview technique used during the post-appraisal interview:

1. what did I learn that will have a bearing on my conduct of future appraisal interviews?

2. Did I do too much talking?

3. Did I miss out on any of the important ground rules?

Even though the supervisor asked for a confirming memo from the subordinate concerning the subordinate's future goals, experience shows it is well for him to put down on the personnel record the important points of action agreed upon and comment on the subordinate's reactions and general attitude. This should be done immediately, while the whole session is still fresh in his mind. Then, with the progress list and goals down in writing, the supervisor can arrange to check certain progress points and schedule specific follow-ups; should show continued interest in the subordinate's progress toward his goals and give him encouragement as he needs it.
CHAPTER IV

THE ADMINISTRATION OF MANAGEMENT APPRAISAL

Top Management Support

The experts in the field have found that the fundamental requirement for the success of a management appraisal plan is an organizational climate in which management is both able and willing to provide good performance information and to make use of it. The top management must be fully aware of the need for a management appraisal program and must actively back the program.

In some companies the appraisal program is company-wide. The president shows interest in it by making himself available for discussions with the personnel department and other staff executives active in setting up and administering the program, and by taking the time to discuss evaluations of near-top executives with those of his official family involved.

It has been found that a plan of management appraisal can be introduced into any organizational unit—a section, a group, a department, or an entire company. The size of the group, or its level in the organization, is of little importance.

There are two possible approaches to a management appraisal plan: the program approach and the operational approach. In either case the plan is

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2 Rowland, pp. 93-94.
started by order of the top man in the organization unit, but there the re-
semblence between the two ends.

Under the program approach, a written program, complete to the last de-
tail, is prepared in advance, and the top man announces that all his subordi-
nate managers are expected to follow it. The details and procedures are worked
out by staff men, then the program is distributed to the executives. Top man-
agement makes no contribution, other than to impart its blessings to the effort
of the staff men. It seldom follows up to see whether the elaborate instruc-
tions have taken root in the organization, or whether anyone is using the
program at all.

In addition to the written procedures, the program approach may involve a
training course, which all management personnel are required to attend, whether
they are in need of it or not. The men are processed through the course, and
exposed to a certain amount of pertinent or interesting information, often
along with a good deal they have heard so often before that it has long since
lost the power to impress them. Then they are turned loose to carry out the
program, and obtain little or no assistance in doing so.

The shortcoming of the program approach is that it gives the impression
that management appraisal is an extra chore that has little relationship to the
manager’s day-to-day job. The procedures are something the superior has said
must be adopted; therefore the managers use them as long as they must. But
they await the day when the superior’s enthusiasm will have died down and the
program will quietly lapse. A good many programs adopted in this manner wither
within a few months; many of them have resulted in nothing more than a file of
ratings that nobody ever used.
Under the operating approach, the plan is not presented as a new program or something superimposed on the manager's normal job, but as a way of handling one of the most important managerial responsibilities, the appraisal of subordinates. The top executive makes it clear that he is vitally interested in it and will check up on the program, just as he does on any other operating responsibility. He may be coached by staff men, but he himself is the prime mover.

The supervisor of the organizational unit may start the plan in just one section or department, and allow it to spread gradually, partly by its own momentum as its benefits become evident, and partly by his own judicious prodding. He does not expect results all at once, and he has the patience to keep working at it and pushing it. He does not have his staff members write out an elaborate outline of procedures or call in outsiders to conduct courses; he familiarizes himself with the procedures and personally explains them to his subordinates.53

The organization executive should clarify certain items:

1. Nobody need feel threatened by the appraisals. There will be no attempt to use them to fire people, or in any way lower their status.

2. He is serious about the plan and it is not a one-shot program, but a permanent part of the job.

3. The managers can get all the help they can use from staff groups, but the final responsibility rests on them.

53Rowland, p. 95.
4. He does not expect too much too soon, but he does expect some degree of improvement with each round of appraisals.54

The importance which the top man places on this activity of management, and the resultant importance which subordinate management attributes to it will really be the main factors influencing the supervisor to accept the program and use it effectively.

Use of Organizational Chart and Job Descriptions

In establishing a management appraisal program many companies use the following procedure. Draw up a divisional organization chart and keep it up to date. The starting point for determining management appraisal results is the placing of every position in the division or department in proper relation to all other positions in the organizational unit. The executive can then show the chain of command within his own jurisdiction and indicate how it fits into the whole corporate structure with a clear line of authority all the way to the top. This will enable him to analyze and discuss the performance and qualifications of each subordinate executive in the perspective of the whole division's work.

Every executive will have formal, written descriptions for all positions in his organizational unit. These will provide benchmark marks for discussions the executive has with subordinates as to their duties and responsibilities, including the limits within which they make decisions and those areas in which they must come to him for the final word. The benchmark statements then furnish the basis for more detailed listings of duties, responsibilities, perform-

54 Rowland, p. 102.
ance standards, and goals initially worked up by the subordinates themselves and subsequently agreed to by the supervisor.

Establishing Performance Standards

The American Management Association stresses the development of performance standards, in its management courses. In a manual prepared for one of it's courses, the President, Lawrence A. Appley, suggests that, "in order to obtain the greatest benefit from the development and use of standards, performance standards should be:"55

A. Jointly developed by employees and supervisor.
B. Statements of basic results required of the operation.
C. Worded to include references to accurate means of measurement.
D. Worded to prevent misinterpretations.
E. Measurements of quantity and/or quality of work performed.
F. Set up in officially approved form.
G. Attainable by at least one member of the group concerned.
H. Continually revised with use.56

The following is an example of performance standards for a production superintendent.

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<tr>
<td>1. Production Schedule</td>
<td>Ships on schedule without exception</td>
</tr>
<tr>
<td>2. Quality of Product</td>
<td>95% of production meets product specification</td>
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<tr>
<td>3. Control of Cost</td>
<td>Plus or minus 2% of standard costs</td>
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<tr>
<td>4. Reduction of Costs</td>
<td>5% reduction of cost added by manufacturing</td>
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Mr. Appley explains further: "In the development of performance standards, the objectives are to use finally only those standards which can be measured definitely by facts or figures. While this may be a desirable objec-

55Mahler and Frazier, p. 458.
56Ibid.
57Ibid.
tive, it is not often attainable at first writing. Better standards will be written only after the first ones have been used."

Authorities reveal that performance standards reflect the subjects and conditions of a manager's activities, and are the subject of discussion between the employee and his supervisor at the time of the performance review. They point out that it is necessary to set performance goals for a time period, usually the fiscal of calendar year. A list of key results expected to be accomplished by the manager during the year are listed in the form of specific and quantitative results, under such headings as profitability, share of market, reduced costs and product improvement. The literature indicates that these goals should be fair, realistic, attainable and within the scope of the individual's responsibility and authority, and high enough to stretch the ability of the executive. Such goals keep him growing and will benefit both him and the company.

Problems

Personnel administrators are aware that appraisal programs tend to run into resistance from the managers who are expected to administer them. Even managers who admit the necessity of such programs, frequently balk at the process, especially the post-appraisal interview. Thus, some executives do not communicate the appraisal results to their subordinates, despite the general conviction that the subordinate has a right to know his supervisor's opinion so he can correct his weaknesses, and develop himself for a more responsible position.

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58Mahler and Frazier, p. 439.
The supervisor’s resistance is usually attributed to the following causes:

1. A normal dislike of criticizing a subordinate and perhaps having to argue about it.
2. Lack of the skill needed to handle the interviews.
3. Dislike of a new procedure which requires operational change.
4. Mistrust of the validity of the appraisal instrument.\(^{59}\)

To meet this resistance, formal controls such as scheduling and reminders are often instituted. Many companies have developed training programs designed to teach the skills of appraising and interviewing.

At Boeing Aircraft Company about 60% of the time spent in the training program is devoted to practice sessions in which each course participant gets actual practice in conducting an interview, in the role of both a superior and subordinate. Each practice interview is accompanied by evaluations made by the group and the instructor. Those practice sessions also constitute the heart of the appraisal training program in many other companies.

CHAPTER V

CONCLUSION

A management appraisal plan provides a company with an orderly and systematic method of recording its considered judgment of the effectiveness with which each of its executive performs the duties that have been assigned to him. In addition, the information provides a useful tool for personal development and a guide for the equitable administration of merit increases.

Many companies have turned to management appraisal because it gives the supervisor a chance to tell the man under his direction where he stands and to help him achieve the goals they have set for his performance. It also provides a means for improving a man and molding him to fit in with the company team.

A carefully developed system of management appraisal strengthens the incentive in an individual and makes self-development easier. If an executive's chief never notices his improvement, or at least never tells him that he has noticed it, eagerness for self-development soon dies, or else it changes direction and the man begins to think not of doing a better job for the company that employs him but of obtaining another position where his new knowledge and skill will be recognized. In addition the development of an individual proceeds faster, and along lines that make him more valuable to his company if he receives some guidance from his supervisor and some help in organizing a plan for his own development. After all, few people are aware of all their own shortcomings or of the areas in which they need development. Also, the man
who directs the work of others is in a position to provide positive help through special assignments and on-the-job training.

Appraisal interviews have been criticized on the ground that they put the boss in the position of playing God. Supervisors are conscious of this and for this reason they shy away from appraisal interviews, and tend to neglect them unless they are aided through training and the programs are enforced.

However, some have said that the term "counseling" may be in part the source of the trouble and perhaps the term should be abandoned. Rather it should be said that the supervisor directs his subordinate's work, and tells him how well he has done showing him how he can improve, is an inherent part of the direction. There certainly can be no doubt that direction of subordinates is part, in fact it is the essence of the managerial position. The supervisor is concerned with job-performance and job-potential which can be accomplished through planned assignments to his subordinate.

Personal characteristics that have no bearing on the individual's performance in his current position, or in the next higher position to which he might be promoted, have no place in an appraisal interview.

When managers are compelled to mark an individual on a whole gamut of traits, many of which have very little or no bearing on job performance now or in the future, the managers may quite properly drop the whole program as soon as they can. Appraisal programs that utilize objective criteria have been found most effective.

No individual can hope to judge another with entire accuracy, and it would be foolish to contend that perfect appraisals are ever possible. The judgment by the immediate supervisor is very important; since he is closest to the work,
he is most likely to know better than anyone how well it is being done. The use of a group appraisal along with higher management review, will insure greater objectivity.

Formal appraisal programs play an important role in the development of a sound management team. Management reveals that only on a base of sound executive appraisal can management build an effective program of training and growth.

Management appraisals provide an opportunity for using skills and aptitudes of effective leadership. The executive who uses these, and the organization which encourages their use will be able to achieve their goals: the development of better management.
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The thesis submitted by John J. Groch, Jr. has been read and approved by a board of three members of the faculty of the Institute of Social and Industrial Relations.

The final copies have been examined by the director of the thesis and the signature which appears below verifies the fact that any necessary changes have been incorporated, and that the thesis is now given final approval with reference to content, form, and mechanical accuracy.

The thesis is therefore accepted in partial fulfillment of the requirements for the Degree of Social and Industrial Relations.

6/1/62

Date

Signature of Adviser