

10 DEALING WITH REACTIONS AND ATTITUDES

Learning Objectives

- 10.1 Learn about the range of reactions that can influence the success or failure of an appraisal system
- 10.2 Understand how aspects of the appraisal system, individual factors, and organizational factors influence reactions to appraisal systems
- 10.3 Learn about how reactions to appraisal systems influence the process of giving and receiving performance feedback
- 10.4 Understand the concept of a “death spiral,” and learn how negative reactions to appraisal systems can initiate such a spiral

In an influential paper, Kirkpatrick (1967) argued that four criteria should be considered in evaluating training programs: reactions, learning, behavior, and results. That is, in evaluating the effectiveness of training programs, we should consider how people reacted to the training (e.g., did they find it credible, did they find it worthwhile?), what they learned, how their behavior changed following training, and the results of those changes in behavior. His suggestion that reactions should be given a prominent place in understanding how and why training interventions succeed or fail has turned out to be useful for evaluating and making sense of a wide range of human resource programs, including performance appraisal.

The study of reactions to performance appraisals and feedback has blossomed in the recent decades (Levy & Williams, 2004). A wide range of reactions to performance appraisal systems have been studied, including satisfaction with performance appraisal (Russell & Goode, 1988), attitudes toward various components of appraisal systems (Korsgaard & Roberson, 1995), perceptions of justice (Greenberg, 1991) and fairness (Holbrook, 1999), perceived accuracy of appraisals (Taylor, Tracy, Renard, Harrison, & Carroll, 1995), acceptance of appraisal systems (Reinke, 2003), perceived utility of appraisal systems (Levy & Williams, 2004), and even anxiety about giving or receiving performance feedback (Ivancevich, 1982).

Acceptability has emerged as an especially important criterion for evaluating performance appraisal systems (Bernardin & Beatty, 1984; Hedge & Teachout, 2000). That is, differences in the extent to which appraisal systems are seen as reasonable and fair appear to be particularly important; appraisal systems that are not accepted by participants as providing relevant and useful information are very likely to fail. The attitudes of participants toward performance appraisal systems are related to a number of systems features including the frequency of appraisals, the type of performance standards used, and the use of appraisal to develop in areas where performance is relatively low, as well as the supervisor's knowledge of the job duties and the subordinate's performance (Hedge & Teachout, 2000; Landy, Barnes, & Murphy, 1978). Before examining reactions research in detail, it is worth thinking about what we mean by “reactions” and precisely how reactions to performance appraisal systems can influence the success or failure of these systems.

Reactions to Appraisal Systems

We find it useful to group the types of reactions to performance appraisal systems that have been studied in recent years into three broad categories: (1) evaluative and affective reactions, (2) perceptions of utility, and (3) perceptions of legitimacy. These three classes of reactions are certainly not independent; appraisal systems that are seen as useless and illegitimate will probably be disliked. Nevertheless, it is useful to think about the determinants and implications of these three classes of reactions separately.

Evaluative and Affective Reactions

First, we can ask whether participants in performance appraisal like or dislike the system and whether they see it as a generally good thing or a generally bad thing. Evaluative and affective reactions are likely to be driven in part by specific aspects of components of the system, such as the time and energy required to complete appraisals, provide feedback, or deal with the feedback you have received, but reactions of liking versus disgust or perceptions that the appraisal system is either a good or a bad part of being a member of the organization are unlikely to be driven solely by a cold appraisal of the appraisal system. Rather, they are also likely to be driven by the belief that the system is or is not fair and just.

There is a large literature dealing with perceptions of fairness and justice in organizations, and a substantial portion of this literature deals with or is applicable to performance appraisal (for reviews of this literature, see Cropanzano & Kacmar, 1995; Erdogan, 2002; Flint, 1999; Folger & Cropanzano, 1998; Holbrook, 2002). This literature distinguishes between three different types of justice: (1) procedural—whether or not procedures and processes appear to be fair and balanced, (2) distributive—whether or not the outcomes of actions (e.g., promotions, salary increases) appear to be equitable, and (3) interpersonal—whether or not the individuals involved are treated with due respect and consideration. [Table 10.1](#) lists some of the more frequently studied aspects of fairness and justice in performance appraisal.

Ratees are likely to experience feelings of distributive injustice when the ratings they receive are not as high as the ratings they feel they deserve. When a discrepancy arises between the rewards employees expect to receive for their contributions and those they actually receive from their employer, employees are likely to feel cheated, or at least badly treated, and this is likely to lead to negative feelings about the entire appraisal system. Given the extensive evidence discussed in several chapters that ratings from others are typically lower than self-ratings, it is likely that many employees feel that they have not received the rewards they deserve.

Justice researchers have often suggested that concerns about distributive justice might be at least partially reduced if employees believe that fair procedures have been used and that they have been treated with respect. For example, Giles, Findley, and Feild (1997) identify features of the appraisal system (e.g., rules, policies, organizational support for appraisal), features of the appraisal system itself (e.g., opportunities for participation, feedback, pleasant interactions), and behavior of the supervisor outside of the context of the appraisal and feedback session (e.g., observation of performance, providing assistance and support needed to perform well) that contribute to the perception that appraisal procedures are fair. Other researchers have noted that the opportunity to have some impact on the process and the outcomes of appraisal (i.e., voice) is an important determinant of perceptions of procedural justice (Korsgaard & Roberson, 1995). Thus, affective and evaluative responses to performance appraisal systems are likely to be determined by a combination of the way appraisals are conducted and the outcomes of appraisal. On the whole, performance appraisal systems that treat employees with some level of consideration and respect (e.g., systems that are not overly burdensome, that give employees some voice, that follow transparent and consistent procedures) and that lead to desired rewards are more likely to be evaluated positively.

Table 10.1 Elements of Perceived Justice in Performance Appraisal^a

Procedural Justice	Voice Accuracy and completeness Due process (e.g., adequate notice, judgments based on evidence) Apparent freedom from bias Agreement on standards
Distributive Justice	The rating that is received Outcomes associated with appraisal (e.g., pay, promotion)
Interactional Justice	Respect Communication Sensitivity Truthfulness Explanations for ratings or decisions

^a Research on aspects of appraisal that influence perceptions of justice is summarized in Erdogan, 2002; Heslin & VandeWalle, 2011; Nurse, 2005; Palaiologos, Papazekos, & Panayotopoulou, 2011.

Although most studies have examined the impact of perceptions of justice on attitudes toward performance appraisal, there is longitudinal research suggesting that it is one's experience with performance appraisal that shapes perceptions of justice (Linna et al., 2012). That is, employees who find their first experience with a performance appraisal system to be helpful to their career development are more likely to view that system as just than employees whose early experiences are less helpful. In the final section of this chapter, we return to examine the potentially decisive role of early experiences with performance appraisal systems in determining reactions to those systems.

Perceptions of Utility: Are Appraisals Seen as Useful?

Second, we might ask whether performance appraisal systems are seen as useful. From managers' or supervisors' perspective, performance appraisal systems that help them accomplish important goals (e.g., motivating their subordinates, ensuring that deserving employees receive rewards) are likely to be seen as useful. [Chapter 12](#) examines the way raters use performance appraisal to accomplish desired outcomes or to avoid negative ones in some depth, but it is useful here to recognize that performance appraisal can be viewed as a tool managers and supervisors use to carry out their jobs, and appraisal systems that help them be more effective in their roles might be viewed as highly useful.

From the perspective of the individuals being evaluated, performance appraisal systems are probably seen as most useful when they receive performance feedback that (1) helps them improve their performance or to avoid performance problems, (2) delivers new information (i.e., tells them something they do not already know), and (3) delivers information that is credible. Thus, performance appraisal systems that deliver only vague and general feedback (e.g., last year, you performed very well) or that tells an employee something he or she already knows (e.g., your annual sales fell below targets) or that delivers information that is not seen as credible (e.g.,

one that gives negative feedback to employees who strongly expect more positive feedback) may be seen as less useful than a system that delivers credible information not readily available to the individuals being rated that helps them perform their jobs well.

From the perspective of managers and supervisors, performance appraisal systems are useful if they help them do their jobs well, and are not useful if they get in the way of accomplishing the key objectives of their jobs. In general, the overall goal of most supervisory and managerial jobs is similar, in the sense that their role in organizations is to create conditions that make it possible for the work to get done and to ensure that the employees they supervise or manage are performing up to their capabilities. Performance appraisal can be a very useful tool for accomplishing these goals, but it can also be a hindrance. Performance appraisal systems that help motivate employees and that give them clear direction and support for improving their performance or for maintaining currently high performance levels are likely to be viewed as useful. Performance appraisal systems that lead to cynicism and distrust, or that drain employees' motivation and willingness to work hard, or that give them useless or confusing feedback, are likely to be viewed as harmful.

Perceptions of Legitimacy

Finally, appraisal systems might differ in terms of their apparent legitimacy. For example, appraisal systems that focus on trivial parts of the job, or that appear to be based on favoritism or political considerations, might not be accepted as legitimate by its users. Ratees, in particular, are likely to view appraisal systems that deliver results that do not seem to depend on how well the people being evaluated have performed major job functions as something worse than ineffective—that is, as illegitimate systems that are robbing truly good performers of opportunities for advancement or rewards. One of the major determinants of perceptions of legitimacy is the belief that performance appraisal systems are overly political, in the sense that the likelihood of a favorable appraisal does not depend so much on what you as an employee do as on the biases or the self-serving goals of raters.

Longenecker, Sims, and Gioia (1987) refer to politics of appraisal as the “deliberate attempts by individuals to enhance or protect their self-interests when conflicting courses of action are possible” (p. 184; see also Kacmar & Baron, 1999). Other researchers define organizational politics in terms of the ability to understand the work environment and to use that knowledge to influence others (Ferris, Davidson, & Perrewé, 2005; Ferris & Treadway, 2012; Ferris et al., 2007). Organizations are most certainly political arenas, in which members of the organization are constantly engaged in behaviors that are intended to influence other members of the organization (Mintzberg, 1983), and it is naïve to think that appraisal systems will be completely devoid of politics. The question is whether appraisal systems will be seen as *too* political—that is, the extent to which they are seen as cynical attempts to manipulate employees or other members of the organization.

The extent to which performance appraisal is seen as a political process rather than a straightforward process for evaluating performance in organizations is likely to depend on a number of factors, starting with whether the performance appraisal is taken seriously in the organization. Virtually every human resource handbook we have ever read *claims* that performance appraisal is an important function, but if the norm in an organization is to put a minimum amount of time and effort into appraisal, and to largely ignore the results of appraisals, that could substantially influence the perception of performance appraisal as a political process. There are a number of influences on the culture of organizations, including the economic health and growth potential of the organization, the extent to which top management supports or does not practice political tactics when appraising their own subordinates, the extent to which executives believe appraisal is necessary, the extent to which executives believe they would be scrutinized by superiors on their appraisal of subordinates, the extent to which organizations will train managers on performance appraisal, the degree of open discussion of appraisal process among executive and subordinates (i.e., trust), and the extent to which executives believe that the appraisal becomes more political at higher levels of the organizational hierarchy. In general, when top management believes strongly in the necessity of performance appraisal, the influence of political factors on ratings is not

likely to be substantial (Longenecker et al., 1987). When appraisal is not strongly and visibly supported by top management, political factors are more likely to emerge. In the context of performance appraisal, politics is usually thought of as the conscious use of distortion in performance ratings or performance feedback to help raters accomplish important ends, such as avoiding conflict or maximizing rewards (Murphy & Cleveland, 1995). If performance appraisal is *perceived* to be political—that is, a system in which ratings have more to do with the objectives of the rater than the performance of the people being evaluated, distortion is more likely to occur (Curtis, Harvey, & Ravden, 2005; Tziner, 1999).

Although “politics” need not be thought of as an exercise in cynical manipulation, it often is exactly that. That is, the perception of organizations or of interactions between supervisors and subordinates as too political seems to be associated with a variety of negative outcomes. For example, Hochwarter, Witt, and Kacmar (2000) reported that when organizations are perceived as political, that could lead to lower job performance, at least among employees who are not high on conscientiousness. On the other hand, highly conscientious employees may perform a bit better in settings that are perceived as political. Hochwarter, Ferris, Zinko, Arnell, and James (2007) reported that political behavior could lead to either increased or decreased job performance, depending on the reputation of the individual (employees with positive reputations benefit from political behavior). Rosen, Levy, and Hall (2006) linked perceptions of politics with the type and amount of feedback employees receive, noting that when employees receive high-quality feedback, performance appraisal is perceived as less political and performance is enhanced. This study suggests at least one mechanism by which perceptions of a politicized environment might influence performance. That is, if politicized environments (particularly politicized performance appraisal systems) are likely to be ones in which the evaluations employees receive depend on the goals or the strategies of the rater rather than on their own performance, and as performance feedback becomes more clear and detailed, there is less room for uncertainty about the relationship between the employee’s behavior and performance and the performance feedback he or she receives. Tziner (1999) notes that raters often distort their ratings to accomplish political goals. Tziner, Latham, Price, and Haccoun (1996) describe the development and validation of a measure of the extent to which specific political considerations are taken into account when completing performance appraisals; this instrument can be useful in diagnosing problems in appraisal systems.

Efforts to decrease the use of politics in performance rating and performance feedback often take the form of interventions to increase rater accountability (Curtis et al., 2005). Tetlock (1985) argued that when raters are held accountable for the accuracy of their ratings, they are more likely to be thorough in forming their judgments. In a later section, we will examine the effects of accountability interventions in some detail.

The term *politics* often has a somewhat negative connotation, suggesting some sort of corrupt and sleazy manipulation, but we prefer to think of this term more in the line of Winston Churchill’s definition. He liked to refer to politics as the “art of the possible.” That is, political behavior involves attempts to influence the behavior of others, and while this influence can be harmful or corrupt, it does not have to be. Performance appraisal is inherently political; there is substantial evidence that raters do *and should* consider how the ratings they give will affect them and the work groups they supervise. That is, the essence of the job of supervisors and managers is to influence others (e.g., through leadership, through the use of rewards and sanctions, through efforts to create conditions where key goals can be accomplished), and a supervisor or manager who forgoes politics is probably not doing his or her job. Tetlock (1985) proposed that raters are motivated to understand and conform to the preferences of others in the organization that will be evaluating them. In the accountability literature, this generally boils down to either ratees or superiors (Harris, 1994; Levy & Williams, 2004). It is presumed that ratees prefer higher ratings, but it can be more difficult to determine precisely what superiors prefer or expect. The manager who is politically astute is more likely to understand what his or her superiors want and expect than a manager who attempts to ignore politics.

Politics is not the only factor that influences perceptions of legitimacy; the content of performance appraisals might have an influence. One of the distinctions between core task performance and organizational citizenship is that the former is explicitly required by organizations and are usually formally rewarded, whereas the latter

are important but optional. That is, an electrician who refused to run wire, work with tools, and install electrical switches and devices would not be doing his or her job, and might be dismissed. An electrician who does not go out of his way help others when they need it, or who complains and makes life miserable for others might be regarded as a selfish jerk, but will probably not face sanctions. It is worth asking whether including organization citizenship behaviors (OCBs) in performance appraisal is likely to make appraisal systems seem fairer or less fair.

There is considerable evidence that raters *do* consider organizational citizenship behaviors when evaluating their subordinates (Borman, White, & Dorsey, 1995; Motowidlo & Van Scotter, 1994; Van Scotter, Motowidlo, & Cross, 2000). If these behaviors are not explicitly required, and not an official part of the job, it is likely that at least some employees (particularly ones who do not engage in OCBs) will see the inclusion of these behaviors in performance appraisal as unfair, but on the whole, most employees seem to accept the idea that citizenship should be part of appraisal.

On the whole, employees appear to view appraisal systems in which organizational citizenship behaviors receive some weight as fairer than systems in which these behaviors are ignored altogether, but only to a point. That is, an appraisal system that gives organizational citizenship behaviors more weight than core task performance is probably not seen as quite fair (Johnson, Holladay, & Quinones, 2009). Women seem to be more receptive to placing substantial weight on organizational citizenship than men.

How Reactions Affect Performance Appraisal Processes and Outcomes

There are three ways reactions to performance appraisal systems might influence the behavior and perceptions of raters and ratees. First, there are direct effects. That is, reactions to and perceptions of performance appraisal systems will affect the way people use those systems. Raters who view the entire exercise as a waste of time will almost certainly approach performance appraisal differently than raters who are strongly invested in making the system work. Ratees who believe the appraisal system is neither credible nor useful will almost certainly approach performance feedback differently than ratees who believe that feedback might include information that is credible and useful. There are, however, also indirect effects. Performance appraisal systems can be seen as beneficial in and of themselves, or they might be seen as harmful. The extent to which performance appraisal is viewed as a positive versus a negative part of working in an organization may influence a range of outcomes. In addition, the performance appraisal system can be thought of as a signal of the way management thinks about its employees. Employees who view their performance appraisal system as a time-consuming nuisance may also think differently about other human resource systems and about the competence and the motives of upper management than employees who see their appraisal system as a good-faith effort to improve the organization.

Direct Effects

Reactions can be the result of the success or failure of a performance appraisal system, but they can also be a cause. If employees do not see the appraisal system as reliable or relevant, they may be less willing to put in the time and effort needed to do a good job evaluating performance and to provide useful feedback. If employees fail to see the value of appraisal, they may end up putting less time and effort into performance appraisal, in effect causing the system to live up to their low expectations. On the other hand, employees who see appraisal systems as fair, useful, and legitimate will probably take appraisal more seriously. For example, raters who support their company's performance appraisal system are likely to give better, more detailed feedback, and employees who see the system as credible and fair are more likely to take that feedback seriously.

Perceptions of and attitudes toward performance appraisal systems are likely to be self-reinforcing, in the sense that they are likely to trigger behaviors that are consistent with those perceptions and beliefs. Thus, supervisors, managers and employees who believe in and support their company's performance appraisal system are likely

to engage in behaviors that make those systems more successful, ranging from devoting the time and effort needed to do good appraisals to talking about their appraisal systems in positive terms. On the other hand, if participants believe that their company's performance appraisal system is a joke, they will probably behave accordingly, making the system increasingly unreliable and useless. We examine the way negative perceptions can doom performance appraisal systems in a later section of this chapter.

Signaling

Perceptions of and beliefs about performance appraisal systems are likely to have indirect as well as direct effects on how well these systems work. Recent research has focused on the key role of employees' perceptions of human resource programs and practices in understanding the likely success or failure of these programs (Aryee, Walumba, Seidu, & Otaye, 2012), and it suggests that beliefs about human resource systems including performance appraisal may generalize to the organization as a whole, and that employees' experiences with human resource systems may serve as a signal about the way organizations view and treat their employees.

There is evidence that employees draw inferences about management's intentions based on their interpretation and understanding of a firm's human resource practices (Ehrnrooth & Björkman, 2012; Nishii, Lepak, & Schneider, 2008; Wayne, Shore, & Liden, 1997; Whitener, 2001). For example, if employees view their performance appraisal system as credible and helpful, this is likely to lead to the conclusion that top management is sincerely interested in their development. On the other hand, if performance appraisal is seen as a pointless waste of time, employees are likely to draw the inference that top management does not truly care about them and does not object to subjecting them to pointless and annoying appraisals.

Their experience with a company's human resource systems might tell employees something about the competence or incompetence of their management. That is, employees who believe that key human resource systems, including performance appraisal, are poorly designed or poorly executed may come to the conclusion that the management of their organization is not highly competent, or at least that they do not care enough to hire competent staff to design and implement their human resource systems. One of the important bases of power for an organization's leaders is its perceived expertise and competence (French & Raven, 1959), and top managers who are seen as unable or unwilling to put together a workable system for evaluating performance and for rewarding people who do their jobs well may lose the respect that is an important part of accepting their power and influence.

Social Exchange

Piening, Baluch, and Salge (2013) suggest social exchange theory is a useful perspective for understanding how and why reactions to human resource systems are important. In particular, they note that when organizations provide things (e.g., training, opportunities for salary increase and advancement) that are of potential value to employees, employees are likely to respond with favorable perceptions and behaviors.

In theory, if implemented effectively, well-constructed human resource programs and practices are likely to cause employees to view themselves in a social exchange relationship characterized by mutual trust, respect, and support (Evans & Davis, 2005; Kehoe & Wright, 2013). This positive relationship, in turn, is likely to motivate employees to perform well and to increase their commitment to the organization. On the other hand, a performance appraisal system that is viewed as unreliable, irrelevant, or tainted by politics is not only a nuisance in and of itself, it is also a signal about human resource systems more generally and even about the organization itself. That is, a performance appraisal system that does not appear to work well or to deliver rewards employees believe they deserve might be viewed as a symptom of a larger concern—that is, the organization's lack of concern for and commitment to its employees.

The questions of whether an organization's performance appraisal system is seen as a benefit or as a cost of working in an organization probably depends substantially on attitudes and perceptions we have discussed in preceding sections of this chapter. In particular, performance appraisal systems are likely to lead to a positive social exchange (i.e., one in which the employee believes he or she has received a benefit and is therefore more willing to invest in and commit to the organization) when the appraisal system is seen as fair and useful, and are likely to become a drag on the employee's willingness to exert effort for, to be loyal and attached to, and to work to advance the interests of the organization when these systems are seen as arbitrary, illegitimate, and untrustworthy.

Determinants and Effects of Reactions to Appraisal Systems

The preceding sections laid out the logic and theory that might be used to understand why people react in different ways to performance appraisal systems and how those reactions might influence both the appraisal system itself and other systems in the organization. This section examines the empirical evidence regarding the determinants and the effects of reactions to performance appraisal systems.

Determinants of Reactions to Appraisal Systems

There are several features of performance appraisal system that are likely to influence reactions to those systems. Dipboye and de Pontbriand (1981) identify three system components that can increase satisfaction with performance appraisal: (1) allowing system participants to have a voice, (2) rating employees on job-relevant factors, and (3) discussing plans and objectives with employees. Their recommendations are echoed by Bobko and Colella (1994), who emphasize the importance of clear performance standards.

Burke and colleagues (Burke & Wilcox, 1969; Burke, Weitzel, & Weir, 1978) focused on identifying characteristics of effective performance reviews interviews. They considered a number of criteria in defining what constituted an effective review, including subordinates' satisfaction with the appraisal, satisfaction with their supervisor, perceived fairness and utility of the appraisal, subordinates' motivation to improve performance, and actual performance improvement. Higher levels of participation (i.e., the degree to which subordinates' felt they had the opportunity to present their own ideas and feelings during the performance interview), goal setting, and identifying and "clearing up" job problems all were found to be significantly related to satisfaction with the appraisal, perceived fairness and utility of the performance review, more positive attitude toward future reviews, motivation to improve performance, and actual improvement in performance (Burke et al., 1978). Subsequent research has provided additional support for several of these findings, particularly regarding the role of participation in driving reactions to performance appraisal systems. Cawley, Keeping, and Levy's (1998) meta-analysis found a strong relationship ($r = .61$) between participation and positive reactions. In particular, these authors identified participation to be most related to satisfaction. Echoing the findings of Korsgaard and Roberson (1995), Cawley and colleagues also show that reactions are more related to value-expressive participation (voice) than instrumental participation (influencing the end result).

Spotlight 10.1 Does Anyone Love Performance Appraisal?

There is no shortage of articles criticizing performance appraisal (Adler et al., 2016; Ford, 2004; Gordon & Stewart, 2009; Pettijohn, Parker, Pettijohn, & Kent, 2001; Taylor, 1985). Does anyone love performance appraisal? One way to answer this question is to conduct a Google Search using a range of relevant search terms. We did just that using the following set of search terms: (1) loving performance appraisal, (2) liking performance appraisal, and (3) positive views of performance appraisal.¹ We found a large number of stories about why people hate performance appraisal, or about the impending demise of performance appraisal, with a sprinkling of stories of performance appraisal and performance management systems that produced some positive effects, but it is clear that performance appraisal is tolerated, not loved. It is also clear that performance

appraisal is not going away any time soon (Cleveland & Murphy, 2016). It fulfils a number of important functions in organizations, and there is no viable replacement on the horizon.

We believe it is best to think about performance appraisal much in the same way you think about your visits to the dental hygienist. It is not fun, but it is something that must be done frequently, and must be done well. Failure to attend to performance appraisals will lead to some of the same consequences as failure to get your teeth professionally cleaned—an increased chance of decay and eventual rot. We may never learn to love performance appraisal, but we should learn to put up with it and to do the best job possible when performance appraisal time rolls around.

Several studies have showed that perceptions of fairness and accuracy can be influenced by other system design features, including existence of a formal evaluation program, the frequency of performance evaluations, supervisor's knowledge of subordinate's job duties and performance levels, the relevance of performance dimensions, opportunities for subordinates to express their opinion, and the development of performance improvement plans (Landy, Barnes-Farrell, & Cleveland, 1980; Dipboye & de Pontbriand, 1981). In addition, there is evidence that when raters are seen as credible, this can lead to positive reactions to both the source and the evaluation (Albright & Levy, 1995). However, if ratees perceive a large discrepancy between their perception of performance and the evaluations they receive, the positive effect is reduced (Albright & Levy, 1995).

Low evaluations often lead to negative reactions and beliefs that the feedback is inaccurate, which reduced the likelihood ratees will actually use the feedback they receive (Brett & Atwater, 2001; Williams & Lueke, 1999). Flint (1999) found that when ratings are low, ratees rely on perceptions of procedural justice in determining fairness. If the ratee perceives the system to be just, they are more likely to be motivated to accept low ratings and make efforts to improve performance. Further research in procedural justice yielded the possibility of two unique dimensions within the construct. Erdogan, Kraimer, and Liden (2001) differentiate between system procedural justice, made up of perceived validity and knowledge of performance criteria, and rater procedural justice, made up of perceived performance feedback and fairness of voice. Research also examines the implementation of new systems. When previous systems were perceived as unfair, a new procedurally just system is likely to lead to more favorable reactions (Taylor, Masterson, Renard, & Tracy, 1998).

Trust in the appraisal process also influences supervisor and subordinate acceptance (Hedge & Teachout, 2000). Mayer and Davis (1999) sought to clarify the construct of trust as applied to the subordinate-supervisor relationship in the context of performance appraisals. They found three major components: (1) ability to appraise, (2) benevolence toward employees, and (3) integrity. All three components lead to predict favorable employee attitudes. Trust might also influence the relationship between attitudes toward human resource systems and attitudes toward the organization on the whole. For example, there is evidence that attitudes toward performance appraisal help shape, and are themselves shaped by, attitudes toward the organization. In particular, there is evidence that perceptions of the procedural, distributive, and interactional fairness of performance appraisals is higher in units where there is stronger trust in senior management, and that perceptions of justice in performance appraisal enhance the link between trust in senior management and organizational commitment (Farndale & Kelliher, 2013). Reactions to performance appraisal are systematically affected by the quality of the rater-ratee relationship, trust in the supervisor, and perceptions of social support (Levy & Williams, 2004). Favorable performance ratings and participation in the appraisal process are also related to reactions to performance appraisal systems (Cawley et al., 1998; Dulebohn & Ferris, 1999).

Attitudes toward appraisal systems are not determined solely by the features of those systems, but are also influenced by demographic variables. The literature shows that in general, men react less positively to feedback from female supervisors (Geddes & Konrad, 2003). There has also been recent research on the effects of age on reactions to feedback. Wang, Burlacu, Truxillo, James, and Yao (2015) found a stronger association between favorability and delivery of feedback and reactions for older workers, whereas feedback quality was more strongly related with reactions for younger workers.

Attitudes toward appraisal may depend substantially on whether you are the rater or the ratee. For example, Bernardin, Dahmus, and Redmon (1993) studied the attitudes of raters and ratees toward appraisal in a government agency. Across a range of appraisal systems, supervisors generally showed more positive attitudes than their subordinates. Supervisors and managers often have more knowledge about the design, operations, and goals of performance appraisal systems, and this knowledge can influence their perception of the fairness of appraisals and their satisfaction with the performance appraisal system (Williams & Levy, 2000). In general, higher levels of knowledge about performance appraisal systems are associated with higher levels of satisfaction and a stronger likelihood that the system will be perceived as fair.

There are both individual differences and system-level variables that have been shown to influence raters' perceptions of and beliefs about performance appraisal systems. For example, studies have found that perceived ability to evaluate employees' performance is dependent on a rater's level of confidence (Tziner & Murphy, 1999) and self-efficacy in the performance appraisal process (Bernardin & Villanova, 2005; Tziner, Murphy, & Cleveland, 2005). Tziner, Murphy, and Cleveland (2005) attest that the proximal factor of self-efficacy is linked to a rater's tendency to provide inflated ratings.

Raters often express some degree of discomfort with performance appraisal (Bernardin, Cooke, & Villanova, 2000; Tziner & Murphy, 1999; Villanova, Bernardin, Dahmus, & Sims, 1993); this discomfort can be especially acute when there is a strong level of interdependence in the work group (Saffie-Robertson & Brutus, 2014). For example, in collectivistic cultures, there is often a strong resistance to activities or processes that distinguish some members of the work group from others. In highly interdependent work groups, raters are likely to feel uncomfortable when they are put in the role of identifying good versus poor performers.

Effects of Reactions to Appraisal Systems

Positive perceptions of and reactions to an organization's performance appraisal systems are thought to be essential to the effectiveness and long-term viability of that system (Levy & Williams, 2004; Cawley et al., 1998; Keeping & Levy, 2000). Reactions alone do not guarantee the appraisal system will be a success or a failure, however negative reactions will most certainly undermine even the most carefully developed system (Murphy & Cleveland, 1995). For example, subordinates' negative reactions to performance feedback are thought to be a key cause of the failure of many performance appraisal systems (Burke & Wilcox, 1969; Burke et al., 1978).

Perceptions of and reactions to performance appraisal systems are thought to influence a wide range of criteria. There is evidence that perceptions of human resource systems as fair or unfair influence many aspects of employee behavior and work attitudes, including job performance, job satisfaction, organizational commitment, evaluation of authority, organizational citizenship behaviors, counterproductive work behaviors, and work withdrawal (Cohen-Charash & Spector, 2001; Colquitt, Conlon, Wesson, Porter, & Ng, 2001). Implementation of a more acceptable performance appraisal system can enhance trust for management (Mayer & Davis, 1999). Finally, Jawahar (2006) found that satisfaction with performance appraisal feedback predicted future performance, and satisfaction with performance feedback was positively related to organizational commitment, job satisfaction, commitment to and satisfaction with the supervisor, and negatively related to turnover intentions (Jawahar, 2006).

Reactions appear to be an important determinant of the effectiveness of performance feedback. Jawahar (2010) argues that it is not the feedback itself that changes performance, but an employee's reaction to the feedback. If ratees view the performance appraisal system with dislike and distrust, it is unlikely that performance feedback will be accepted or acted upon (Cardy & Dobbins, 1994; Keeping & Levy, 2000). Research shows that reactions to performance feedback can influence counterproductive behavior, turnover intentions, citizenship behaviors, and affective commitment (Belschak & Den Hartog, 2009).

Satisfaction with performance appraisal processes and outcomes is not only an important determinant of the success of performance appraisal systems, it is also an important determinant of attitudes toward the organization, including trust for management, organizational commitment, and turnover intentions (Kuvaas, 2006; Mayer & Davis, 1999). The use of performance appraisal for developmental purposes, in particular, is related to job satisfaction and affective commitment to the job (Youngcourt, Leiva, & Jones, 2007). Lee and Son (1998) note that discussing the ratees' career development in the appraisal process led to higher satisfaction scores with the process as a whole. Even when appraisals are not used solely for developmental purposes, Pettijohn, Pettijohn, Taylor, and Keillor (2001) showed that a fair performance appraisal process with the option of discussing results between the rater and ratee has a positive effect on job satisfaction.

Raters' beliefs regarding performance appraisal systems not only affect attitudes toward the organization, but they also affect the quality of rating data. Tziner et al. (1998) showed that trust in performance appraisal systems, perceptions of a positive organizational climate, perceptions of strong links between performance appraisals and important outcomes (e.g., promotion, salary increase), and high-quality relationships with supervisors were related to both the mean ratings assigned and the extent to which ratings discriminated among ratees and dimensions. Tziner et al. (2005) note that attitudes toward the organization, in particular commitment to the organization, can also influence the quality of rating data.

Raters who show more trust in the performance appraisal system are more likely to discriminate among ratees when completing their performance appraisals. Commitment to the organization and perceptions of organizational climate have even stronger effects on ratings. Raters who were committed to the organization or who perceived a positive climate in the organization are *less* likely to discriminate among ratees. It is possible that raters believe that distinguishing among their subordinates will have negative impact on the climate of the workplace, but the results of Tziner et al. (1998) are at best preliminary, and this hypothesis has not been directly tested.

Finally, reactions to performance appraisal systems can lead directly to rating inflation. Raters who are uncomfortable with performance appraisal or who wish to avoid the conflict that goes with negative appraisals often respond by inflating their ratings (Bernardin et al., 2000; Villanova et al., 1993).

The Death Spiral of Appraisal Systems

Reactions to performance appraisal systems can be positive, but they are more often negative in nature. We have rarely met people who say, "The best thing about working here is the performance appraisal system." We started this book with a series of quotes illustrating the generally negative stereotype of performance appraisal systems in organizations (job managers love to hate, nobody wants to get one, nobody wants to give one ... more of an organizational curse than a panacea ... the performance review is dreaded). These are not simply isolated complaints; up to 90% of appraisal systems in organizations are viewed by users as ineffective (Pulakos, Mueller-Hanson, Arad, & Moya, 2015; Smith, Hornsby, & Shirmeyer, 1996). We have also described some deep-seated problems that hamstring performance appraisal systems, most notably the consistent difference between self-ratings of performance and ratings obtained from supervisors. The joint effect of a negative reputation and built-in conflicts between those who provide feedback and those who receive it creates a set of conditions we like to describe as a "death spiral," in which initially negative perceptions of performance appraisal feed on themselves and lead to appraisal behaviors that further undermine the potential effectiveness of performance appraisal systems in many organizations.

In describing the process by which beliefs about performance appraisal systems lead to behaviors, which in turn either strengthen or reverse initial beliefs, we borrow two concepts from Bayesian approaches to opinion change (Box & Tiao, 1973). First, prior opinions and beliefs are important. That is, before individuals have any concrete experience with their organization's performance appraisal system, they are likely to have some opinions or some beliefs about that system, and if prior opinions are strong, these beliefs might be quite

resistant to change. Thus, a new manager who studies human resource management in college and reads paper after paper detailing the shortcomings of performance appraisal systems may come into an organization predisposed to believe that the performance appraisal system in that organization is probably not very effective. If this belief is strongly held, it may be very difficult to change this manager's mind, regardless of the actual characteristics or the actual effectiveness of the system. However, if prior opinions are not too firmly entrenched, experience with the system can lead to some revision of those opinions. That is, experiences can lead to meaningful modifications of initial impressions and beliefs, but these changes are often limited because of the ways beliefs influence the behaviors of participants in the performance appraisal process.

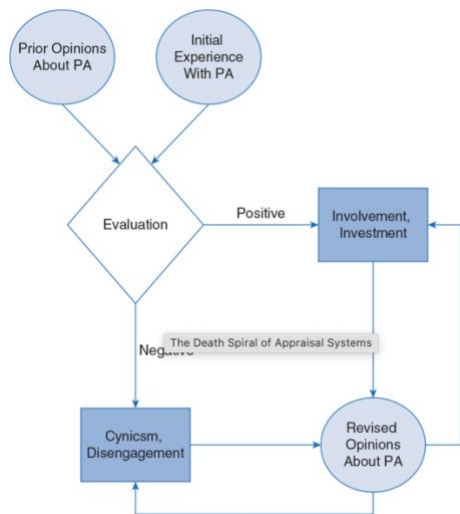


Figure 10.1 The Death Spiral of Performance Appraisal (PA) Systems

[Figure 10.1](#) illustrates a sequence of events we believe is common in most performance appraisal systems. Both raters and ratees start with some general beliefs about their company's performance appraisal system, and those initial beliefs, together with their early experiences with the system, lead to potential revisions in those beliefs. Their beliefs also lead to particular sets of behaviors. In particular, raters and ratees whose initial evaluation of the performance appraisal system are positive will be more likely to respond with behaviors that tend to make performance appraisal successful (i.e., involvement and investment in the appraisal process). Thus, raters whose evaluations are positive may put more time and effort into delivering detailed feedback or into cross-checking their impressions of the individuals they rate. Ratees whose evaluations of the performance appraisal system are positive may be more willing to pay attention to feedback and to use it to improve their performance and effectiveness. On the other hand, raters and ratees whose evaluations are negative are more likely to react with cynicism and disengagement, putting minimal effort into appraisal and disregarding or arguing with performance feedback.

Most important, [Figure 10.1](#) includes feedback loops. That is, your evaluation of the performance appraisal system at time 1 is likely to influence your behavior at time 2, which in turn can influence your beliefs about and reaction to the performance appraisal system. For example, a belief that your company's appraisal system is a waste of time could lead to behaviors (e.g., devoting minimal effort, disregarding feedback) that *make* the system a genuine waste of time. Thus, beliefs about performance appraisal systems may have a self-reinforcing quality, in which the way you act toward the appraisal system influences future beliefs about the system, which in turn influence future actions, influencing subsequent beliefs, and so on.

The cycle illustrated in [Figure 10.1](#) can make performance appraisal systems more effective, but there are strong reasons to believe that it will generally have a negative effect, creating what we describe as a death spiral. First, there are good reasons to believe that many users start out with generally negative opinions about performance appraisal in general. Surveys of opinions regarding performance appraisal consistently show that

this practice is held in low regard in many organizations (Pulakos et al., 2015; Smith et al., 1996). Second, because of persistent differences in the way people view their own performance versus the performance of others, it is almost axiomatic that many employees will end up disappointed with the evaluations and the feedback they receive, making performance appraisal a negative experience for both raters and ratees (Cleveland, Lim, & Murphy, 2007). That is, it is reasonable to expect that many people start off with somewhat negative opinions about performance appraisal in general *and* have experiences with the system that are less than positive. If this combination of initially negative opinions and beliefs and initially negative experiences with appraisal leads to behaviors that undercut the potential success of performance appraisal systems, it is likely that this set of behaviors will reinforce and strengthen negative beliefs. If this feedback system, where negative beliefs lead to negative behaviors, which in turn lead to even more negative beliefs, is allowed to go on unchecked, it is very unlikely that a successful performance appraisal system will emerge.

What should an organization do to avoid this death spiral? We will consider this question in more depth in [Chapters 13](#) and [14](#), but we will note here that early intervention is probably critical. Even if raters and ratees have generally negative opinions about performance appraisal in general, they may not have strong opinions about *their particular* appraisal system until they actually use it, and an initially positive evaluation of the appraisal system could lead to a virtuous cycle rather than a death spiral, in which good impressions lead to good appraisal behaviors, which in turn lead to increasingly positive impressions of the system. Whether this can be realistically accomplished is an open question, but it is clear that intervention before employees have formed a strong negative impression (which may be highly resistant to change) is crucial.

Summary

Reactions to performance appraisal systems appear to be an important determinant of the success or failure of those systems. In addition to the direct effects of reactions on performance appraisal itself, these reactions can also have wide-ranging consequences, influencing the way people think about the organization and their role in that organization. A wide range of reactions has been studied, including evaluative and affective reactions (approval and liking), beliefs about the usefulness of performance appraisal, and even beliefs about the legitimacy of performance appraisal. On the whole, the research literature suggests that several components of performance appraisal systems, especially opportunities for participation and voice, are important determinants of reactions to appraisal, but that factors such as the likelihood of receiving high ratings and rewards are also quite important.

It is likely that reactions to performance appraisal systems influence the behaviors of raters and ratees, setting up the possibility of feedback loops. In particular, negative reactions to performance appraisal may lead raters and ratees to take the system less seriously and to engage in a range of behaviors that undermine the appraisal system. It is possible that positive reactions will dominate, but in many organizations, the combination of widespread cynicism about performance appraisal and the built-in conflict between the high ratings many employees think they deserve and the less favorable opinions supervisors, peers, and other raters are likely to hold can create a “death spiral.” This happens when negative reactions lead to lower engagement and involvement in appraisal, which in turn leads to even more negative reactions, and so on. [Chapters 13](#) and [14](#) take up potential responses to these negative cycles in organizations.

Case Study: Understanding Resistance to Performance Appraisal

Ancorr Construction employs 650 construction workers, building small to medium-size commercial properties. There are 23 managers, whose work is overseen by four senior managers. Last year, they introduced a performance appraisal system that included peer ratings and ratings from the senior managers, but they are facing increasing resistance. The managers do not like rating their peers, do not believe that the system provides useful feedback, and do not believe they are being fairly evaluated. They cooperate, grudgingly, with performance reviews, but the grumbling and dissatisfaction are visibly increasing.

Your task as a consultant is to devise a strategy to improve this system and make it more palatable and useful to the managers whose performance is being evaluated. You start by asking for more information about how the appraisal system was designed and implemented, and you find that it was adopted on the recommendation of a credible consulting firm and that the decisions about adopting and implementing this system were made by the four senior managers, in consultation with the owners of Ancorr Construction.

Research on perceptions of fairness and justice suggests one important step that can be taken to improve reactions to this appraisal system. Several studies suggest that participation and voice are important determinants of reactions to performance appraisal systems, and it appears that the managers who are being evaluated did not participate in the initial design of the performance appraisal system. You might consider several activities to get them involved in the redesign of the current system, including participation in scale development, surveys of their attitudes and perceptions, and participation in focus groups tasked with improving the system design.

Increased participation will contribute to more favorable perceptions of the system, but it probably will not fully resolve the perception that performance ratings are unfairly low. You might consider one of two approaches to reducing concerns over the fairness of ratings. First, you might increase the amount and range of information that is used in rating, incorporating more sources, ratings from multiple superiors, and more detailed, specific ratings. Alternatively, you might reduce the perceived consequences of low ratings, perhaps by de-coupling performance ratings and rewards. (We consider this strategy in more detail in [Chapters 13](#) and [14](#).)