

# 8 HOW ORGANIZATIONS USE PERFORMANCE APPRAISAL

## Learning Objectives

- 8.1 Identify the major uses of performance appraisal in organizations
- 8.2 Understand why administrative versus developmental uses of performance appraisal can pose conflicting demands on supervisors and managers
- 8.3 Understand why it is important for organizations to document performance levels of their employees
- 8.4 Learn how employees' impression management behaviors affect performance appraisals

Performance appraisal can be described as the Swiss Army knife of human resource management—it is a tool with many purposes. Cleveland, Murphy, and Williams's (1989) survey showed that performance appraisals were used in organizations for up to 20 separate purposes, ranging from salary administration and promotion to assessing training and development needs, to meeting legal requirements. In this chapter, we will discuss the major purposes of performance appraisal in organizations and the potential conflicts between different uses of the same performance appraisal system. We will argue that organizations often attempt to use the same performance appraisals for conflicting purposes, effectively undermining the usefulness of performance appraisals for *any* of these purposes.

Performance appraisal is not only a tool for human resource management, it is also a tool for influencing the behavior of individuals and the outcomes of those behaviors. That is, performance appraisal is not simply something the organization does to collect information, but it is also part of the ongoing process by which individuals manage their relationships with superiors and subordinates. As such, performance appraisal is an integral part of the way individuals in organizations influence each other's behavior. In this chapter, we will consider both the formal uses of performance appraisal on the part of the organization and the informal uses of performance appraisal (i.e., the uses of appraisal as a tool for influencing the opinions and behaviors of both your subordinates and your superiors).

We start this chapter by reviewing how the purpose of performance appraisal has evolved over time. We note that there are many potential uses of performance appraisal, but that these can be grouped into four major categories that involve using performance appraisal to: (1) make distinctions between people—using appraisal as a tool for determining raises or promotions; (2) make distinctions within people—using appraisal to identify individual strengths and weaknesses in order to prioritize training and development; (3) to support other human resource systems—using appraisal to identify organization-wide training needs, or as criteria to validate selection tests; and (4) documentation—using appraisal to document and justify personnel decisions. We also note that these uses can pose conflicting demands, and that organizations routinely use appraisals for multiple conflicting purposes, undermining the effectiveness of appraisal systems.

Finally, we note that performance appraisal systems are not only a part of the formal decision-making process in organizations, but they are also used informally to influence the behavior of participants. We usually focus on downward influence, where supervisors or managers use appraisals to influence and shape the behavior of their subordinates, but performance appraisal also involves upward influence. The individuals being evaluated are not merely passive recipients of their supervisor's ratings and feedback, but rather are actively engaged in attempting to influence and shape those evaluations and that feedback.

## The Purpose of Performance Appraisal

Before launching into a discussion of the purpose or purposes of performance appraisal in organizations, it is useful to make a distinction between the *declared* purpose, the *effective* purpose, and the *perceived* purpose of performance appraisal. Most organizations maintain handbooks or other documents describing their human resource management systems, and these may include a description of the different potential uses of information from performance appraisal. However, the fact that some set of documents claims that performance appraisals are used for some purpose (e.g., in determining merit pay) does not mean that performance appraisal has any real or meaningful effect on those processes or outcomes. Suppose, for example, an organization claims to use performance appraisal as a key driver of its merit pay plan. On close examination, you discover that everyone gets raises that are pretty small, but also pretty comparable most years. You might conclude that the organization is either unable or unwilling to pay high performers more than it pays low performers, regardless of what the personnel handbook says, and that in this organization, performance appraisal is not *actually* used to make meaningful decisions about pay.

Finally, and perhaps most important, members of organizations have a series of perceptions and beliefs regarding the purpose of performance appraisal in their organization, and even if these beliefs are incorrect, they are likely to act on those beliefs. Different members of an organization are likely to have different information about how the performance appraisal system actually works and how information from performance appraisal is actually used,<sup>1</sup> and organizational policies sometimes have the effect of limiting that information. For example, pay secrecy is common in many organizations, and in the absence of information about how performance appraisal outcomes actually link with pay, the members of organizations are likely to develop a wide range of attitudes and beliefs about these links. As we will note in this chapter, much of the dissatisfaction organization members express about performance appraisal systems may be the result of discrepancies between what is *actually* done with performance appraisals and what people *believe* is done (Bretz, Milkovich, & Read, 1992).

## Historical and Cross-Cultural Perspectives

Historically, the main use of performance appraisals in organizations has been to provide input for administrative decisions such as salary increases, promotions, or layoffs (Whisler & Harper, 1962). In the late 1950s, McGregor proposed that performance appraisal be used for feedback and developing employees (DeVries, Morrison, Shullman, & Gerlach, 1986), and the use of appraisal for this purpose has become common. Proponents of management by objectives (MBO) suggested using appraisals for organizational planning (Drucker, 1954; Odiorne, 1965), and there is evidence that they are in fact sometimes used for those purposes. By the 1980s, there were calls for increasing the use of performance appraisal as a tool for human resource planning, such as proactively identifying personnel replacement needs (Bernardin & Beatty, 1984; DeVries et al., 1986), extending the range of applications of performance appraisal.

Since the passage of the 1964 Civil Rights Act, the Age Discrimination in Employment Act (1967), and related equal employment opportunity legislation, performance appraisal has also been viewed increasingly as a tool that might help safeguard organizations against discrimination lawsuits. If performance appraisals are well-designed, carefully done, and thoughtfully used, this may help shield organizations from the charge that they are making arbitrary or biased decisions. On the other hand, if appraisals are badly done, performance appraisal might become a basis for successful lawsuits rather than a safeguard. Surveys in the 1970s (e.g., Bureau of National Affairs, 1974; Lacho, Stearns, & Villere, 1979; Lazer & Wikstrom, 1977) suggested that by that time, the majority of the organizations surveyed used performance appraisals for at least one of the following purposes: (1) individual performance planning; (2) salary administration; (3) promotion, training, and development; and (4) retention and discharge.

Performance appraisal is not only an American phenomenon; it is also widespread in many parts of the world. Approximately 82% of organizations in England have some type of formal appraisal system, with a substantial increase in appraisals for non-management employees since the 1970s (DeVries et al., 1986). The most frequently cited uses of performance appraisal in England are to: (a) improve current performance, (b) set

objectives, and (c) identify training and development needs. Further, there is a recognition and trend toward the separation of performance review from potential review.

Milliman, Nason, Zhu, and De Cieri (2002) examined the differing uses of performance appraisal in 10 countries in Asia, North America, and Latin America. In particular, they evaluated the extent to which performance appraisals are used for pay administration, documentation, employee development, promotion, and as a vehicle for employees to express their opinions. On the whole, the use of performance appraisal for pay and promotion was moderately common in all countries, but it was most likely to be viewed as valuable in some Asian and Latin American countries. The use of performance appraisal for developmental purposes was common in virtually all countries, while the use of appraisal for documentation and subordinate expression was viewed as most acceptable in North American and Australian settings.

## **Ratings, Narratives, and the Appraisal Interview Can Serve Different Purposes**

Before we get too far into a discussion of the purpose of performance appraisal, it is useful to remember that performance appraisal has many components, and the purpose of different components may not always be identical. For example, the numeric ratings that are part of most performance appraisals might be better tailored to administrative purposes (e.g., for determining who gets a raise or a promotion), while narrative comments that often accompany these ratings probably straddle the developmental versus administrative divide that is so often seen when considering the purpose of performance appraisal (Meyer, Kay, & French, 1965).

Numeric ratings and narrative comments represent only one part of the overall appraisal process. They are often followed by what is the most stressful part of the appraisal process: the appraisal interview (Gordon & Stewart, 2009). This interview is usually a face-to-face discussion between raters and ratees about the rater's evaluation, the bases for that evaluation, and the action steps that need to be taken to improve future performance.

One reason appraisal interviews are approached with a mix of dislike and dread by raters and ratees alike is that both sides are likely to expect some conflict (Cleveland, Lim, & Murphy, 2007). Bad news (here, low performance ratings) is hard to give and hard to receive, but even when ratings are relatively high, conflict may still occur. As we note elsewhere (see, for example, [Chapters 9–11](#)), ratees often expect higher ratings than they are likely to receive, and they are likely to resent ratings that are lower than what they think they deserve. Even if there are no explicit complaints in an appraisal interview, raters are likely to be quite uncomfortable if they are aware that their evaluations are less favorable than the individual's self-rating. The frequent practice of including self-ratings in appraisal systems can thus be a real source of conflict and stress for raters.

Gordon and Stewart (2009) note that the framing of performance discussions can have a substantial impact on their content and processes. For example, the same discussion might feel quite different if it is labelled a "performance review" than if it is labelled an "appraisal"—the latter framing has a stronger connotation of conveying what was good and what was bad about performance, whereas the former has a stronger connotation of summarizing the totality rather than hitting the highs and lows of the performance distribution. Similarly, "appraisal interview" has a different meaning than "conference"—the former implies that the ratee will be told what was good or bad, whereas the latter implies a discussion.

Gordon and Stewart (2009) analyzed the appraisal interview from the perspective of communication theory, and they make the important point that the most critical criterion for evaluating these interviews—efficiency in communicating key information—is rarely measured when evaluating appraisal interviews. They note, for example, that ratees who are dissatisfied with their appraisal interview might nevertheless learn important things about their performance, particularly if they can get over the disappointment that bad news usually brings. They also note that a common suggestion from communication research, that the appraisal interview should be conducted as a structured interaction rather than an unplanned discussion, is rarely followed.

## The Uses of Performance Appraisal

Performance appraisal is almost always thought of as a difficult and unrewarding task, one that requires the investment of a great deal of time and energy (including emotional energy, since performance appraisal is often a source of interpersonal conflict between raters and ratees) and one that promises uncertain rewards. It is fair to ask why organizations put up with all the hassle. What do they *do* with performance appraisals? Different researchers have suggested different answers.

Most generally, researchers going back as far as Meyer, Kay, and French (1965) have suggested there are two main uses of performance appraisals: for administrative purposes (e.g., raises, promotions, layoffs) and developmental purposes (e.g., identifying training needs). Other researchers have discussed a somewhat wider range of purposes for performance appraisal. For example, Behn (2003) studied the use of performance measurement in the public sector. He was more concerned with the performance and success of units than individuals, but the purposes he identified have clear relevance at several levels of analysis. He suggested eight different purposes for performance appraisal, which are shown in [Table 8.1](#).

**Table 8.1** Eight Potential Uses of Performance Appraisal

Evaluate	To determine how well individuals or units are performing
Control	To change or direct the behavior of those being evaluated
Budget	To help make decisions about which people, units, or tasks deserve resources and investment
Motivate	To increase the willingness of individuals and units to exert effort
Promote	To convince stakeholders that individuals or units are doing good and achieving worthwhile ends
Celebrate	To recognize success
Learn	To understand what is or is not working and why
Improve	To give direction to ongoing efforts to improve performance

Behn (2010) describes what organizations *might* or *could* do with performance appraisals. Cleveland, Murphy, and Williams (1989) studied different ways organizations *actually use* performance appraisals. They identified 20 separate uses for performance appraisal that have been discussed in the research literature and surveyed human resource management experts to determine the frequency with which appraisal was used for each of these purposes in their organizations. On the basis of an analysis of survey responses, Cleveland et al. (1989) suggested that appraisals are used by organizations for four general purposes: (1) to distinguish between people—to identify candidates for salary increases, promotions, and so on and to identify both very good and very poor performers; (2) to distinguish individual strengths and weaknesses—by identifying variability within people, using this information to identify training needs and to shape feedback; (3) to support other organizational systems—by identifying organizational training needs, by serving as criteria for evaluating the validity of personnel selection systems, and by reinforcing organizational authority structures; and (4) as a method of documenting the bases for important actions and decisions. These uses are discussed in detail in the sections that follow.

It is sometimes assumed that different appraisal systems, tools, or methods might be best for different purposes, and that one system might not be able to serve all of the purposes performance appraisal systems are sometimes used to address (Behn, 2003; Murphy & Cleveland, 1995; Sridharan & Bui, 2015). However, it is unusual to find organizations that actually maintain multiple appraisal systems, each tied to a specific set of purposes.<sup>2</sup> Even though some organizations develop complex, multipart systems whose different components *might* provide inputs relevant to different purposes, this is not what usually happens in organizations. For example, Toegel and Conger (2003) note that while 360-degree feedback systems were originally created as tools for development, they increasingly were viewed as yet another method of performance appraisal, and that the outcomes of these measures might be used for the same wide range of uses

as other types of performance appraisals. They even suggest that this might be beneficial, claiming, “There are clear advantages to addressing multiple objectives such as developmental feedback and performance appraisals using a single 360-degree assessment tool” (p. 298). We are not sure this is a good idea; in a later section of this chapter, we review the potentially detrimental effects of designing performance appraisal systems to serve multiple purposes.

## Identifying Differences Between People: Administrative Uses of Appraisal

Most organizations use performance appraisal as a basis (and perhaps as the sole basis) for making decisions about rewards and sanctions. To do this, they need an appraisal system that will reliably identify good versus poor performers. Probably the most common use for performance appraisal is in making decisions about salary increases, often with the intention of motivating future performance by linking good performance with concrete rewards. Appraisals can also play an important role in promotion decisions, in part on the basis of the theory that people who have performed well in their current job are more deserving of promotions than people who have performed poorly. Of course, if the job people are being promoted into requires different abilities and skills than the current job, it is entirely possible that the best candidate for the *next* job might not be the person who performed best in the *last* job.

Appraisals are also sometimes used to make decisions that have negative consequences. For example, a person who is performing poorly might end up being dismissed, especially under appraisal systems that resemble the rank-and-yank system that was used for several years at General Electric (in this system, employees were sorted into ordered categories, and employees who were in the lowest category were in serious jeopardy of being dismissed; for a description of the rationale for this system, see Welch and Byrne [2001]). More commonly, employees who receive poor performance appraisals are likely to be put on some sort of performance improvement plan, where they are given help and opportunities to improve their performance, and dismissal will occur only if repeated attempts to improve performance fail. Thus, in most organizations, a single poor performance rating is unlikely to lead to dismissal. Nevertheless, performance appraisals can play a major role in the decision to dismiss some employees.

Performance appraisals are also used when making decisions about layoffs. When organizations decide to shrink their workforce, a variety of approaches might be implemented, ranging from getting rid of entire departments or functions to trimming staff across the board, and when departments must trim staff, it is not unusual to consider the performance ratings various staff members receive when making this decision. It is therefore important that performance appraisals do a good job at distinguishing people whose performance is consistently poor from those who are performing better.

The decision to use performance ratings as input to administrative decisions influences both the ratings themselves and peoples’ attitudes toward and reactions to performance appraisal. First, when performance ratings are used to make decisions about salary, promotions, layoffs, and the like, performance ratings tend to go up. That is, when performance ratings are tied to important rewards, raters tend to assign higher ratings. Several studies, starting in the 1950s, documented the impact of purpose of rating on leniency, or the level of ratings. Field research, in particular, has consistently documented that when ratings are used to make high-stakes decisions, people tend to receive higher ratings. For example, Taylor and Wherry (1951), using ratings from Army personnel, found that average ratings of officers were significantly higher for administrative purposes than when ratings were collected for research purposes. Using ratings of 400 job applicants, Heron (1956) obtained results similar to Taylor and Wherry, with a negatively skewed distribution of ratings for administrative purposes. Sharon and Bartlett (1969) found that ratings used in making real administrative decisions were more lenient than ratings obtained for research purposes. The majority of the studies that have compared ratings obtained for different purposes suggest that ratings that are collected for administrative purposes (e.g., salary administration) show strong correlations with ratings collected for research purposes only, but higher means (Harris, Smith, & Champagne, 1995). Meta-analyses of the effect of purpose on ratings



suggests that the difference in mean ratings for administrative versus research is about one-third of a standard deviation (Jawahar & Williams, 1997). Some studies have found no mean difference in ratings when comparing administrative and research purpose conditions (Berkshire & Highland, 1953; Sharon, 1970) or comparing administrative and feedback purposes (McIntyre, Smith, & Hassett, 1984; Meier & Feldhusen, 1979), but the general trend is for higher ratings when information from performance appraisal will be used to make administrative decisions that have important stakes.

In [Chapter 12](#), we will examine in detail why the use of performance ratings to make administrative decisions tends to drive ratings higher, but a moment's reflection will make the underlying dynamics clear. Suppose you are a supervisor, and your decision to give a subordinate a high rating or a low one is the only thing that stands in the way of a raise or a promotion. It is a good bet that a low rating will lead to disappointment and resentment on the part of the ratee, making your future relationship more difficult. It is unlikely that the ratee will be *more* motivated by the failure to receive a reward than he or she would be if a raise or promotion was forthcoming. Raters who give high ratings will probably end up with happier, more cooperative, and more motivated subordinates than raters who give low ratings.

Youngcourt, Leiva, and Jones (2007) note that perceptions of the purpose of performance appraisal are linked to a number of job attitudes. In particular, their data suggest that the stronger the belief that performance appraisals are used for administrative purposes, the higher the level of satisfaction with performance appraisal.<sup>3</sup> This implies that employees share a common commitment to a core assumption of performance appraisal, that information about job performance *should* be used in making decisions about salary, promotion, and the like.

## Merit Pay

One widespread use of performance appraisals is in merit pay systems, where rated performance is one factor (and often the dominant factor) in determining salary increases. Schaubroeck, Shaw, Duffy, and Mitra (2008) note that this is probably the most popular method of implementing pay plans designed to create financial incentives to perform well. These systems are, on the surface, tightly linked to the concept of distributive justice—that is, people who perform better should be rewarded for their work (Campbell, Campbell, & Ho-Beng, 1998). However, there are several potential barriers to effective merit pay systems.

First, these systems assume that available performance measures are good indicators of the performance levels of the people being rated, an assumption that is questionable at best (Landy & Farr, 1980; Milkovich & Wigdor, 1991; Murphy & Cleveland, 1995). Even if performance appraisal systems are carefully designed to provide the best-possible measurement of performance, the widespread tendency of raters to provide high ratings to virtually all of their subordinates often makes it impossible to link pay to performance in any consistent way (Kane, Bernardin, Villanova, & Peyrefitte, 1995). Second, these systems imply the belief that performance ratings will be accepted by ratees as reasonable indications of their performance level, again a questionable assumption. (See [Chapter 9](#), which deals with performance feedback.) If ratees believe that they are being unfairly rated, they are also likely to believe that basing pay increases in performance ratings will lead to unfair outcomes. Even if they do not believe that ratings are *systematically* unfair, employees who question the accuracy of performance ratings are likely to be skeptical about merit pay plans that rely on these ratings (Li, Alam, & Meonske, 2013).

Third, instrumentality beliefs—the belief that pay is in fact tied to rated performance levels—are important. Even if ratings are accepted as accurate, if ratings do not seem to translate into pay increases, merit pay systems are likely to fail (Schaubroeck et al., 2008; Vest, Scott, Vest, & Markham, 2000). That is, regardless of the actual link between pay and performance, employees must *believe* that pay is linked to performance if merit pay plans are to succeed. Employees who do not trust their supervisors or managers are unlikely to believe that performance ratings are fair and accurate, and are likely to doubt that genuine performance–pay relationships exist in their organization (St-Onge, 2000; Vest et al., 2000).

Fourth, the managers and supervisors whose input is critical to the success of these systems must believe in and support linking pay to performance (Harris, 2001). If managers and supervisors do not support the goals or the structure of the merit pay system, the system is likely to fail. For example, Lawler and Jenkins (1992) note that despite the fact that merit pay systems are designed to give different rewards to people whose performance differs, supervisors are often unwilling to differentiate among their subordinates when rating performance. Rather, when ratings are linked to important rewards, it is common for virtually everyone to receive high ratings. We will examine the reasons for this reluctance to distinguish among rates in [Chapters 9](#) and [12](#).

Fifth, if the pay differentials for good versus poor performers are small (Campbell et al., 1998, note that they typically are), attempts to reward good performance with pay increases may fail, because ratees are likely to believe that the rewards they receive are not in proportion to their value and contribution to the organization. As Mitra, Gupta, and Jenkins (1997) note, merit pay raises are often so small that they are hardly regarded as a genuine reward.

On the whole, a review by the National Academy of Sciences (Milkovich & Wigdor, 1991) concluded that merit pay systems that are based on traditional performance appraisal systems are unlikely to work well. They did note that other methods of linking performance and effectiveness with financial rewards (e.g., profit sharing) have a better track record, but that the lack of trust in and acceptance of performance rating systems was a barrier to the success of merit pay.

### *Using Appraisals to Recognize Good Performers*

Many organizations, even those that do not implement merit pay programs, use a variety of other mechanisms to recognize individual performance. The most familiar example is an “Employee of the Month” program in which an exemplary employee receives public recognition, and perhaps some sort of tangible reward (e.g., a designated parking space). You could think of this as “merit pay lite,” a performance-driven rewards program with rewards that are at best ephemeral. In our view, this sort of recognition program could end up a double-edged sword. Employees usually appreciate being recognized, but someone who is recognized as exemplary but who receives no meaningful reward might end up feeling cheated rather than appreciated. Recognition programs that are accompanied by some sort of genuine reward might be more effective than those that do not include rewards, although linking rewards with evaluations of performance will always be potentially problematic. The higher the stakes that are tied to performance appraisals, the higher the likelihood that performance ratings will be distorted.

### **Identifying Within-Person Differences: Developmental Uses of Appraisal**

Suppose that you receive ratings of your overall job performance, and find that (at least in the opinion of your supervisor), you are a better performer than two of the people in your work group, but that your performance is worse than the other six people in your work group. Suppose further that you want to do something about this. If all you learn from your performance rating is whether you are a relatively good or a relatively poor performer, this information will not be much help in telling you what to do, or where to devote your time and energy to improve your performance.

Performance appraisal systems that help workers identify their strengths and weaknesses have the potential to also help guide their development. That is, they can give you and your organization specific ideas about areas where development is needed. They allow individuals and organizations to make informed decisions about which training and development programs and resources are most necessary. Of course, knowing what skills or knowledge needs to be developed does not necessarily mean that development will occur. Successful employee development requires both the motivation to improve and the resources to support that improvement (Feldman & Ng, 2008).

Developmental opportunities can be motivating. When individuals believe that their organization is invested in developing their skills and abilities, they are more likely to be motivated to exert effort and are more likely to be committed, especially if they are interested in further developing their skills and knowledge (Cropanzano & Mitchell, 2005; Kuvaas & Dysvik, 2009). A performance appraisal system that accurately identifies developmental needs can be very valuable in this case.

Although appraisal systems *can* be useful for developing employees, they do not always turn out to help all that much. In fact, instead of being a valuable source of information about training needs, performance appraisal can be a serious obstacle to effective training and development. Wilson and Western (2000) note that the training and development plans that result from performance appraisals are often the same year after year and are often unrelated to the needs of organizations. As Meyer, Kay, and French (1965) noted more than 50 years ago, performance appraisal often involves split roles, in which the supervisor is both a judge who can influence rewards and sanctions (e.g., promotions, raises) and a helper who can aid employees in developing the knowledge and skills needed to perform well. Unfortunately, these roles are often in conflict and performance appraisal is often an ineffective tool for either purpose (see also Murphy & Cleveland, 1995).

The use of performance appraisal for administrative versus developmental purposes can be thought of as implementations of two different theories of behavior change. The use of performance appraisal as a tool for administering raises or giving promotions suggests that what is needed to change behavior is motivation. That is, this use of performance appraisal can be thought of as a way to motivate employees to devote more effort or to devote more attention by linking rewards with performance. Appraisal programs that focus on development suggest that employees need information rather than motivation, and that their performance will improve if they have a better understanding of what they are doing well, what they are doing poorly, and what they might do to improve future job performance. Surprisingly, there have been few direct comparisons of the relative effectiveness of these two strategies for changing behavior. Jhun, Bae, and Rhee (2012) used longitudinal data collected as part of an upward feedback program over seven years to evaluate the effectiveness of appraisal programs based on these two competing theories, and concluded that appraisal programs that focus on rewards may be more effective in motivating future performance.

Earlier, we noted that performance appraisal systems designed to support administrative decisions can influence employee attitudes, and that they can be a source of positive attitudes toward organizations if they are designed and used appropriately. The same is true for appraisal systems that are designed to support employee development. The use of performance appraisal for developmental purposes is associated with higher levels of satisfaction (Boswell & Boudreau, 2000). There is also evidence that using performance appraisal for developmental purposes is related to higher levels of affective commitment (Si & Li, 2012). This result suggests some level of reciprocity—that employees who believe that the organization is committed to their development feel a stronger level of commitment to the organization.

### **Spotlight 8.1 Performance Appraisal in a Team Environment**

One of the common criticisms of performance appraisal is that it undermines teamwork by forcing employees to compete with one another (Culbert & Rout, 2010). The evidence regarding the effects of performance appraisal on teams is mixed, but it is important to give careful thought to the way performance appraisal will be used in a team-based work environment.

The U.S. Office of Personnel Management (1998) offered helpful guidance for evaluating performance when work is performed by teams. First, it noted that even when work is team based, there is a clear place for individual performance evaluation. In particular, it is useful and important to evaluate each individual's contribution to the team. It provided examples of evaluation standards for relevant interpersonal skills and for team participation. Second, it noted that the team itself can and should be evaluated both in terms of processes (how it gets its work done) and outcomes (what gets accomplished). It offered examples of performance



standards relevant to communication, to the definition and accomplishment of team roles, and decision-making processes. It also described a number of possible metrics for evaluating team outputs.

Performance appraisal can be a source of friction in teams if the focus of evaluation is solely on individual performance. This threat to teamwork can be substantially mitigated by including teamwork itself as one of the important dimensions along which performance will be evaluated.

On the whole, research suggests that employees react most positively when performance appraisal is used for developmental purposes and when the appraisal procedure appears to be fair (Boswell & Boudreau, 2000). Opportunities to discuss goals and career issues are related to positive reactions to performance appraisal, although these discussions do not always have clear links to subsequent performance (Lee & Son, 1998).

## Using Performance Appraisal to Support and Maintain Other Organizational Systems

Cleveland et al. (1989) noted that organizations use performance appraisal for a wide range of purposes other than identifying differences within or between people. These include personnel planning, identifying organizational training needs, evaluating personnel systems, reinforcing authority structures, identifying organizational development needs, and validating other personnel systems. They described this cluster of uses as systems maintenance.

A performance appraisal system that is used primarily for administrative purposes needs to be very good at rank-ordering people in terms of their overall performance levels. Most performance appraisal systems include ratings on specific areas or dimensions of performance as well as an overall performance rating (which is not necessarily the average of the dimension ratings since some dimensions might be more important than others). For all intents and purposes, ratings of specific performance dimensions are not very important when appraisals are used to determine raises, promotions, or layoffs; the overall rating is what counts. When performance appraisal systems are used for developmental purposes the opposite is true. It is the dimension ratings that are critical; the overall rating might not have much value in making decisions about training and development. When performance appraisal systems are used for systems maintenance purposes, the attributes of the appraisal system that are most critical might depend on the specific use.

For example, suppose performance ratings are used for validating personnel selection systems. Since the goal of personnel selection is to rank-order job candidates and select candidates who are most likely to perform well, it is critical that you must have confidence in the overall performance rating. On the other hand, if performance appraisals are used to identify organizational training needs, it will be important to determine what the people in a particular unit of the organization currently do well and where their developmental needs lie, meaning that you must have faith in the dimension ratings.

One of the systems maintenance uses identified by Cleveland et al. (1989) is using performance appraisal to clarify and strengthen authority structures. This is an especially interesting and important use because of its relationship with performance appraisal as part of the system of political relationships within organizations. For example, consider two organizations, one of which relies entirely on supervisory evaluations and the other of which incorporates self-ratings and peer ratings into performance appraisal. One way to interpret this difference is as an indication of the power structure in the two organizations, the first showing a strictly hierarchical structure and the second showing a flatter, more democratic structure. The question of who determines whether you are viewed as a good or a poor performer in organizations, and whether you have any meaningful input into this process, may speak volumes about the Power Distance in this organization. In [Chapter 7](#), we discussed cultural values that could be used to distinguish nations, but they can also be used to distinguish one organization from another, and performance appraisal can be a powerful tool for communicating who is in charge and whose opinions count.

## Appraisal as a Source of Documentation

There are several reasons why it is important to carefully document decisions made on the basis of performance appraisal. First, there is the simple issue of fairness. If you are indeed using the best information you have about an employee's performance to make high-stakes decisions about him or her, you owe it to that employee to be able to document the bases for decisions. Organizations that are unable or unwilling to document why they made important decisions are likely to be suspected of acting in an arbitrary fashion. If you are going to use performance information to make important decisions about people, a respect for that person's basic worth and dignity implies that you should be able to convincingly explain your actions if questioned. Second, if basic decency does not move you, the threat of a lawsuit should.

Malos (2005) notes that performance appraisal has been involved in hundreds of legal challenges and that appraisal sometimes takes center stage (see also Martin, Bartol, & Kehoe, 2000). Formally, performance appraisal takes the same role, and should be held to the same standards as any other test or assessment that is used in making high-stakes decisions, although it is unusual to find litigation where they are actually judged by strict standards that involve detailed job analysis and credible evidence of validity. Unlike selection tests, where most employment litigation is carried out under an adverse impact theory (i.e., tests or assessments that lead to systematically different outcomes as a function of age, gender, race, and so on are subject to legal scrutiny), performance appraisal cases often involve allegations of differential treatment—for example, that performance appraisals are conducted differently for minority employees than for white employees. Careful documentation of each employee's performance, of the information that was used to assess each employee, and of the way the appraisal system was administered and interpreted is essential when decisions that are based on performance appraisal are challenged in a court of law.

Martin et al. (2000) note that there are numerous technical factors that can come into play when evaluating performance appraisal in litigation, such as evidence that the dimensions that are rated on an organization's appraisal form are indeed important parts of the job, or evidence that raters have been adequately trained to provide accurate ratings. However, the courts also pay careful attention to factors such as the employee's opportunity to provide his or her own perspective, of the availability of formal procedures for challenging what appears to be an unfair rating. Martin et al. (2000) conclude that performance appraisal systems that do not *seem* fair are probably at more legal risk.

## Competing Purposes for Performance Appraisal

Both performance appraisal researchers (Cleveland et al., 1989; Curtis, Harvey, & Ravden, 2005; DeCotiis & Petit, 1978; Jacobs, Kafry, & Zedeck, 1978; Mohrman & Lawler, 1983; Prowse & Prowse, 2009; Rees & Porter, 2003; Starbuck, 2004; Wexley & Klimoski, 1984) and practitioners (Burchett & DeMeuse, 1985; Cocheu, 1986; DeVries et al., 1986; Haynes, 1986; Massey, 1975) have recognized that there are many uses or goals to which a performance appraisal system can contribute. Unfortunately, these uses often come into conflict.

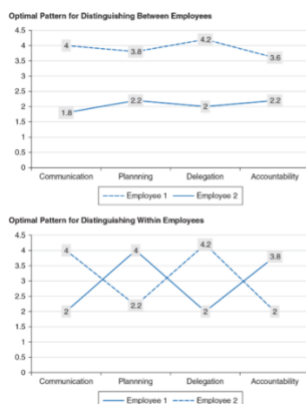
First, different units in an organization may have different interests and needs, and these can lead to differences in the way appraisal systems are designed, implemented, and used (Starbuck, 2004). Whereas employees in the marketing department may be rated on whether they were able to tend to customers' needs by developing new products, production personnel are more likely to be rated on saving costs by producing large quantities of products in ways that minimize wasted resources and machine downtime. More generally, the major uses of performance appraisal that cut across departments or units often come into conflict, because different applications of performance appraisal may involve or require different types of data and different levels of emphasis on specific aspects of those data. This is most obvious when we compare the two most important uses of appraisal in most organizations: for identifying differences between people versus for identifying relative strengths and weaknesses, or differences within people.

Fifty years ago, Meyer et al. (1965) noted the incompatibility of using performance appraisal simultaneously to make decisions about rewards and to provide useful feedback, and suggested that the different uses of performance appraisal should be separated, by creating different evaluative mechanisms for rewards versus feedback. Murphy and Cleveland (1995) suggested that the conflict between these two uses involves both incompatible roles and incompatible measures. When giving developmental feedback, the rater's role is that of a counselor and advisor, helping ratees to identify developmental needs and to find and take advantages of resources in the organization to assist in their development. When making ratings that determine salary increases or promotions, the rater takes the role of a judge or evaluator, charged with making decisions about who is a better performer overall (regardless of what they are better *at*). Perhaps even more important is the conflicting data requirements of systems that attempt to identify differences between versus differences within individuals.

In [Chapter 4](#), we presented a figure very much like [Figure 8.1](#). In [Figure 8.1](#), we have added the sort of data that you might obtain from performance ratings to illustrate the way different patterns of findings tend to support administrative versus developmental uses of performance appraisal. The top pattern illustrates the type of data that allow organizations to make the sharpest distinctions between employees. Here, where there are few peaks and valleys, Employee 1 has an average rating of 3.9 and Employee 2 has an average rating of 2.97. Even if you decided that some performance dimensions were more important than others or should be given more weight than others, you would almost always conclude that there is a difference in the performance and effectiveness of these two employees, and that you can say with some confidence that Employee 1 is the better performer.

Performance profiles that are relatively flat make it easier to sort out employees in terms of their overall performance. If performance ratings have distinct peaks and valleys (i.e., areas of strength and weakness), it will usually be hard to tell one employee from another in terms of their overall performance. For example, in the bottom panel (ratings that allow you to sort strengths from weaknesses) Employee 1 has an average rating of 2.95 and Employee 2 has an average rating of 3.1. The conclusions you might reach about the overall performance of these two employees might differ substantially if you put more emphasis on one aspect of performance (e.g., communication) and less on another (e.g., planning). Different decisions about how much emphasis or weight to give to different aspects of job performance might lead to completely different conclusions about which employee is the better performer.

The data used to produce [Figure 8.1](#) are hypothetical, but they are not unrealistic. When there are rewards or sanctions (e.g., raises, layoffs) associated with performance ratings, raters will and should concentrate on who should get what reward, and that will tend to produce flat profiles like those in the top panel of [Figure 8.1](#). If the purpose of appraisal is to identify strengths and weaknesses, even small differences in performance across performance dimensions will be magnified, and profiles with distinct peaks and valleys, such as those in the bottom panel of [Figure 8.1](#), will result.



**Figure 8.1** Data Patterns Consistent With Between- Versus Within-Person Uses

There are many organizations that use appraisals for both administrative and developmental purposes; Cleveland et al. (1989) found that over 71% of HR experts they surveyed indicated that in their organization, information from appraisals was used “moderately to extensively” for both between-person decision (i.e. pay, promotion) and within-person decisions (i.e., feedback). We believe this is a mistake, and that ratings used for both administrative and developmental purposes run the risk of not being truly useful for either purpose.

Of course, not all of the uses of performance appraisal are mutually incompatible. For example, use of performance appraisal for salary administration is not necessarily incompatible with using performance appraisal as a tool for validating selection instruments, because both uses focus on differences between ratees. However, even when there is no underlying conflict among uses, the particular dynamics of one use of appraisals (e.g., for determining raises) might limit its value for other uses (e.g., the range restriction that is likely when most ratees receive high ratings might limit the value of appraisals as criteria for validating selection tests).

## Separating Multiple Uses

Although there is a strong conceptual argument for separating administrative and developmental uses of performance appraisals (Cleveland et al., 1989; Meyer et al., 1965), the actual consequences of this policy are not so clear. Prince and Lawler (1986) performed one of the first empirical studies of the consequences of separating these two uses of performance appraisal, and their data suggested that separating administrative and developmental uses of performance appraisal had little real impact, with small effects at best on the content or the process of appraisals. Boswell and Boudreau (2002) showed that separating these two functions had some impact on employees’ attitudes regarding future developmental activities, but on the whole employees did not seem to have different attitudes toward systems that combined administrative and developmental uses of appraisal than to systems that separated them. An important caveat in both studies is that rewards seem more important to ratees than development (for example, there may be less motivation to use feedback to develop new skills or strengths if these new skills and strengths do not lead to rewards), and regardless of the intended purpose of appraisals, ratees may always be mindful of the potential effects of appraisals on rewards.

We are skeptical of the value of creating two appraisal systems, one for administrative and the other for developmental purposes. There is hardly any point in doing so unless the two systems provide different information, and if you receive two appraisals that disagree, for example, an administrative one that identifies you as an excellent performer and a developmental one that identifies several important weaknesses, it is possible that the credibility of *both* systems may be undermined. In [Chapters 13](#) and [14](#) of this book, we will discuss some strategies for minimizing conflict in the uses and discrepancies in the information provided by performance appraisal systems in organizations.

## Informal Uses of Performance Appraisal: Downward and Upward Influence

Performance appraisal is an important human resource management tool, but it is much more than that. The appraisal interview is an important and often stressful interaction between employees and their supervisors or managers. The process of rating is one that encourages supervisors to pay careful attention to each of their subordinates’ behavior and effectiveness on the job. Performance feedback can be both a source of information and a source of motivation for employees. Performance appraisal is also a method of influencing others. That is, the participants in performance appraisal use this process to influence others in the organization—both their subordinates and their superiors. Supervisors and managers try to influence the behavior of their subordinates through the performance ratings and the performance feedback they give, hoping to motivate and direct them to perform better. However, influence can be a two-way street; employees are likely to try to influence their supervisors to give them high ratings. For example, in performance appraisal interviews, employees are often given an opportunity to explain their performance and behavior. This provides an opportunity for the ratee to influence the supervisor’s

judgments, by providing additional information that the rater may not have access to or may not have fully considered (Backburn, 1981; Mechanic, 1962; Potter, Allen, & Angle, 1981). Finally, supervisors and managers use the performance ratings they give to influence the perceptions and opinions of *their own* superiors. That is, a manager whose ratings convey the impression that all of his or her subordinates are star performers is also conducting a message that he or she is a good manager. In [Chapter 12](#) we will explore a number of ways in which raters might benefit from distorting the ratings they give.

Performance appraisals are also an exercise of power. In most performance appraisals, raters evaluate workers who are at a lower level in the organization, and this evaluation is both a manifestation and an application of power. We often talk about performance *evaluation* or performance *appraisal* without thinking concretely about the meaning of these terms, but evaluation and appraisal are both the act of assigning value to something, and whoever has the right to assign value (i.e., to decide what is good and what is not, to decide if one employee is better than another) by definition, has power over the person being evaluated. Performance appraisal systems help to clarify and reinforce power hierarchies in organizations; in most organizations, employees with more power and influence are the ones who are called upon to evaluate the performance of employees occupying lower and less powerful positions (Pfeffer, 1981).

Finally, the use of performance appraisal to influence others' behavior can be thought of as an exercise in politics, in the sense that politics can be defined as a set of self-interested behaviors—that is, behaviors designed to advance the interests of the sender (Treadway et al., 2005). The term “politics” often has the implication that it involves manipulation or dishonesty, but it need not involve any sort of disreputable behaviors. Rather, it is better to think of politics as a set of behaviors that are characterized by an awareness of consequences and an effort to mold the consequences of behavior in the sender's favor. Although political behavior need not be disreputable or ill intentioned, it is often interpreted in this way by others, in part because the advantages one person accrues through political behavior may come at someone else's expense (Treadway et al., 2005). For example, a supervisor who manipulates performance ratings to make sure his or her subordinates get the largest salary increase possible may achieve this goal by costing more deserving employees *their* raises. Nevertheless, performance appraisals have an important role in the informal influence processes that occur in organizations, and we should not dismiss the political aspects of performance appraisal as uniformly negative. A good deal can be accomplished in organizations by raters and ratees who use performance appraisal as a tool to influence the perceptions and behaviors of others in the organization. We will consider the political aspects of performance appraisal in more detail in [Chapter 10](#).

## Downward Influence

First and foremost, performance appraisal gives managers and supervisors an opportunity to influence the behavior of their subordinates. They can use appraisal as a method of targeting rewards (e.g., raises, promotions) toward deserving employees. They can also use appraisal as a way of communicating performance expectations, and as a way of communicating about the strengths and weaknesses of employees.

In addition to these uses, which are tied in one way or another to the formal HR systems for rewarding and developing employees, managers and supervisors can use performance appraisal as a tool for building relationships and for creating networks of reciprocal obligations with the employees they rate. We will take up this topic in detail in [Chapters 12](#) and [13](#), but it is useful to comment in a general way on this informal use of appraisal as a tool for influencing employees here. As we have already noted (and will explore in more detail in [Chapter 11](#)), performance ratings often seem quite lenient; it is not unusual to find that 80% of the employees in an organization are rated as “above average,” and up to 70% of managers admit to distorting ratings (Longenecker & Ludwig, 1990). One of the many possible explanations for this leniency is that raters are making a conscious effort to influence the perceptions and behaviors of their subordinates by deliberately



giving high ratings, even when lower ratings might be deserved (Kane, 1994; Murphy & Cleveland, 1991, 1995; Spence & Keeping, 2011).

Ratees who receive favorable performance ratings are more likely to receive rewards (e.g., pay increases) from the organization, and as a result, may be more satisfied with both their ratings and their supervisor or manager. Thus, a rater who distorts his or her ratings, giving higher performance ratings than his or her subordinates deserve, may end up building a better relationship with those subordinates *and* motivating them to perform better in the future. If the subordinates understand that the rater is doing them a favor, this could even build a sense of obligation. In the movie *The Godfather*, a Mafia don who does a favor for you today will expect you to reciprocate at some later time. In a similar way, a manager or supervisor who makes sure that you receive a raise by giving you a higher rating than you deserve might put you under some obligation to return the favor in the future, perhaps by exerting extra effort or by going above and beyond what the job formally requires when there is a deadline or emergency in your work group. It is very much in the supervisor or manager's interest to build a sense of loyalty and mutual obligations in the work group, and giving people high ratings is certainly one tool for accomplishing this end.

A high overall rating is not the only tool that might be useful for influencing the attitudes and behavior of subordinates. Performance appraisal often includes detailed feedback, and a supervisor may choose to get a subordinate's attention by giving faint praise, or may choose to build up an employee's confidence and perception that his or her work is valued by giving strongly supportive feedback that deals with important aspects of the job. A supervisor might even use the content of the narrative that accompanies ratings to send clear signals to the ratee and the organization. Bjerke, Cleveland, Morrison, and Wilson (1987) studied the performance rating system used for officers in the U.S. Navy (the Fitness Report). Like many organizations, the Navy is plagued by rating inflation; almost everyone receives high ratings. This created a dilemma for raters who wanted to communicate to ratees and to the Navy that a particular officer really *was* a superior performer. If almost everyone received high ratings, the numerical ratings were not much help here, so raters learned to use the narrative that accompanied the rating to communicate their true judgments. Thus, an officer who received a high rating, but whose narrative said "This officer looks good in his uniform" would understand and would be perceived by superiors as a less successful officer than another who received the same numerical rating but whose narrative said "This officer is a natural leader."

## Upward Influence: Impression Management

There is considerable evidence that ratees engage in a variety of strategies designed to influence the evaluations they receive, and this can be thought of as political behavior on the part of ratees. Much of the research examining this process has centered on activities that are designed to influence the opinion of one's supervisor, or of some other power person—that is, impression management.

Impression management occurs at all levels of the organization. For example, Drymiotes (2008) discusses the ways senior managers attempt to influence their board of directors to receive more favorable evaluations and larger raises and bonuses. Interestingly, he makes the case that behaviors on the part of top managers aimed at maximizing their performance evaluations and their raises and bonuses can in fact be good for the organization and its shareholders. In particular, when top managers *are* performing well, their efforts to make sure the board of directors is aware of their performance and success can help to remove noise and uncertainty from the performance evaluation system, and more efficiently match compensation with performance. On the other hand, if managers attempt to make the board of directors *think* they are performing well when they are not, the organization can be hurt by this type of impression management behavior. Although he does not make this case explicitly, the same distinction could be applied to impression management behaviors at all levels of the organization. That is, impression management can take at least two forms: (1) actions on the part of the ratee to increase the likelihood that superiors are aware of and appropriately reward good performance, and (2) actions on the part of the ratee to increase the likelihood that superiors *believe* their performance is good, when in fact it

is not. The first type of impression management is arguably beneficial to both the ratee and the organization (because it appropriately links rewards with good performance), whereas the latter is potentially good for the ratee (at least in the short term) but harmful to the organization.

Impression management might amount to little more than making sure your supervisor is aware of your successes, but it can also take several other forms. First, it might involve efforts to take more credit for successes in the organization or in the work group than is deserved. It might involve efforts to hide or to deflect failures (perhaps blaming them on others). It might involve efforts to ingratiate oneself with one's supervisor, or to cast competitors in a negative light. It might even involve efforts to intimidate one's supervisor.

Bolino and Turnley (2003) discuss the use of intimidation tactics by professional employees in a large law enforcement agency.<sup>4</sup> The intimidation behaviors they measured included letting others know that they can make things difficult if pushed too far and by dealing forcefully with others, even their supervisors, who interfere with their ability to accomplish their goals. As is the case with so many other behaviors (Fiske, Bersoff, Borgida, Deaux, & Heilman, 1991), engaging in the same intimidation behaviors had different consequences for men than for women. Women who engage in these behaviors are viewed very negatively in organizations, whereas men who engage in the same behaviors sometimes end up getting higher performance evaluations.

There is evidence that ratees' social skills influence their choice of impression management tactics. Brouer, Badaway, Gallagher, and Haber (2015) suggested that individuals who were well-networked in their organization and who were socially astute would be more likely to use positive impression management tactics (e.g., ingratiation, self-promotion) than negative ones (e.g., intimidation, supplication). They suggested that social skills and connections within organizations are combined with skill in conveying sincerity and in influencing others, impression management behaviors would be likely to lead to improvements in performance ratings, but this hypothesis received only partial support. Nevertheless, their study presented evidence that there are meaningful differences in political skill, and that political skills influence the likelihood that impression management will succeed (See also Harris, Kacmar, Zivnuska, & Shaw, 2007; Kolodinsky, Treadway, & Ferris, 2007). Treadway, Duke, Ferris, Adams, and Thatcher (2007) suggest that one of the ways political skill contributes to the effectiveness of impression management is that employees with high levels of political skill do not seem to be engaging in impression management. Without some level of political skill, impression management behavior can come off as a type of "brown nosing," which will be resented. The most skilled political actors are probably the ones who do not seem to be acting at all.

Wayne, Liden, Graf, and Ferris (1997) suggest that impression management influences human resource decisions through three different channels: (1) raters' perceptions of ratees' skills and accomplishments, (2) raters' liking of ratees, and (3) raters' perceptions of similarity to ratees (see also Wayne & Liden, 1995). They suggested that different impression management tactics might be linked to each of particular channels. For example, they found that reasoning, bargaining, and assertiveness on the part of ratees was related to raters' perceptions of their skills; self-promotion was related to both skill perception and liking; and rendering favors to supervisors was related to both liking and perceptions of similarity.

Impression management is more likely to occur in some contexts than in others. Ratees are especially likely to engage in behaviors designed to impress or influence their supervisors when they are feeling insecure about their jobs or about their prospects for advancement and rewards (Huang, Zhao, Niu, Ashford, & Lee, 2013). Impression management is also more likely if ratees believe that others are engaged in similar behaviors. Earlier, we noted that there are two forms of politics in performance appraisal, manipulation on the part of the rater and manipulation on the part of the ratee. Zivnuska, Kacmar, Witt, Carlson, and Bratton (2004) examined the interaction between these two forms of political behavior. They note that there is research suggesting that ratees who perceive their performance appraisal systems as political might be more likely to engage in impression management behaviors than other ratees who believe their appraisal systems are fair and accurate. The belief that an organization's performance appraisal system is influenced by political factors probably

encourages some degree of cynicism toward the process, and this could in turn increase the temptation to engage in political behavior as a ratee. If nothing else, ratees who believe their performance appraisals are determined in part by political considerations might consider it necessary to engage in impression management to help protect themselves from being unfairly evaluated by raters who are pursuing their own political ends.

## **Summary**

Performance appraisals have the potential to provide information that is relevant to a wide range of activities and decisions in organizations, ranging from selecting employees for raises, promotions, or layoffs to fostering the development of individual employees to providing documentation to support decisions. In addition to the formal uses of performance appraisal on the part of the organization, appraisal is an important part of the informal efforts of superiors to influence the behavior and attitudes of their subordinates and subordinates to influence the behavior and attitudes of their supervisors. This interpersonal influence represents one of the ways in which performance appraisal is a uniquely political activity. For many years, performance appraisal researchers treated performance appraisal as a measurement problem, on the assumption that the participants in this system were all trying to obtain accurate assessments of performance. It is clear that performance appraisal is not simply an exercise in performance measurement, but rather an important part of the process by which the behavior of individuals in the workplace is molded and in which perceptions, attitudes, and beliefs are shaped.

The idea that administrative versus developmental uses of performance appraisal are distinct and potentially a source of conflict has been with us for more than 50 years. Over 30 years ago, Cleveland et al. (1989) proposed two additional categories of uses of performance appraisal: for maintaining and supporting other systems in organizations and for documentation. Our review of the literature suggests that this taxonomy is still a useful one.

Organizations that attempt to use performance appraisal for multiple conflicting purposes run the risk that none of these purposes will be achieved. In Chapters 13 and 14, we will examine the possibility that using performance appraisals to support a narrower range of HR functions may be beneficial.

## **Case Study: Even Terrorists Get Performance Appraisals—And Act on Them!**

Performance appraisal is ubiquitous. In a 10-page letter discovered in Timbuktu, Moktar Belmoktar, an aspiring leader in the North African branch of Al Qaeda received a detailed and highly critical performance review (Knowles, 2013). The complaints about his performance included issues familiar to any manager: poor work attitude, failure to file expense reports, failure to work through the usual bureaucratic channels, lack of initiative. Stung by the sharp tone of this review, Belmoktar quit Al Qaeda and founded his own terror group, The Masked Brigade.

Unfortunately, this represents a case where performance feedback led to action. The Masked Brigade pulled off several operations, including one of the largest hostage takings in history. There seems to be a clear link between the criticisms Belmoktar received from Al Qaeda leadership and his subsequent waves of action.

It should not come as a surprise that terrorist organizations rely on performance reviews. Like any other organization, Al Qaeda has a number of objectives it wants to accomplish, uses a range of systems for distributing resources and for managing and directing the activities of its branches, and faces the problem of evaluating and giving feedback to its members. The Belmoktar documents are unusual mainly in the fact that they became public, but even a loosely structured organization like Al Qaeda is likely to provide feedback to its members that functions very much like performance appraisals in regular work organizations—that is, as a tool for motivating and directing the activities of its members.

## **Notes**

1. Maley (2013) noted substantial numbers of employees do not know why performance appraisals are conducted or how they are used.
2. In a later section of this chapter and in the final two chapters of this book, we will consider whether organizations should attempt to develop and use multiple performance appraisal systems.
3. However, this relationship might hold only when performance ratings are high. If you believe that ratings are used to make high-stakes decisions and you receive low ratings, your satisfaction might go down.
4. These employees were not law enforcement officers, but rather professional support personnel, such as forensic scientists or computer support personnel