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EXECUTIVE COACHING SERIES

Performance Appraisal: Applications from Psychology

White Paper

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Performance appraisal plans and/or processes evoke mixed reactions among executives and managers in many organizations. Often these appraisals are done according to a subjective rating system with no observable anchors associated with a numeric rating or ranking. In addition, the systems tend to be global rather than job specific. There are many reputable sources - researchers, management commentators, psychometricians - who have expressed doubts about the validity and reliability of the performance appraisal process. Some have even suggested that the process is so inherently flawed that it may be impossible to perfect it (Dervan, 1990). Performance appraisals often fail to account for variance in individual cognitive complexity and level of function in the organizational hierarchy and do not sync accountability or authority with corresponding organizational outcomes.

This white paper challenges core performance appraisal assumptions and relies on the work of Elliot Jaques and others to propose alternative ways of thinking about the organization's performance appraisal system and its relationship to succession planning and talent development.

In 2002, Elliot Jaques reviewed the following constructs in his model: time horizon, individual capability, talent pool and mentoring. "Time horizon is a measure of individual capability defined as the highest level of work, measured in time-span, that a person could carry out in a role for which that person possessed the necessary knowledge, skills, work experience and commitment" (Jaques, 2002, p.79). Implied in the construct of time-horizon is the cognitive complexity capability of the individual (individual capability). In 1990, Mines, R.A., Hood, A., King, P., & Wood, P discussed a complementary model of Reflective Judgment that examines how individuals think about complex questions similar in process to the ambiguous questions that C-level executives address as a part of their job requirements.

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From a succession planning perspective, Jaques proposed that a person's current capability and applicable capability should be considered along with their potential future capability. In the ongoing management of the talent pool, the assessment of all employees using a projection model to ascertain their future capability is required (Jaques, 2002, p.89).

Jaques challenges the assumptions that all employees are equal. There are clear and well-documented differences in the adult developmental psychology research on variation in cognitive complexity (Mines, R.A., Hood, A., King, P., & Wood, P., 1990). Jaques went further by stating that there is no evidence to support the idea that there is a leadership personality. He argued that all employees need to be able to perform in a functional range across all defined characteristics; exhibiting no dysfunctional excess or shortcomings (Jaques, 2002). Succession planning is the process of advancing the right person to the right role at the right time; this should occur at all levels and in all functions within the organization.

Personal Effectiveness Appraisal (PEA) determines the level within a work band at which a subordinate is judged by his or her manager or supervisor to be working. This judgment is crucial in determining the next steps for coaching and mentoring. This is a judgment, and is not measurable by results (Jaques, 2002). Subordinates are not measured on results as they do not have the authority to allocate resources to their jobs. Managers are accountable for results as they have the resources including time, money, materials, employee assignment, and so forth.

Jaques (2002) recommended that the direct manager/supervisor should have a running evaluation of an employee's personal effectiveness. The manager should be able to answer three questions:

1. Is the employee functioning satisfactorily in his/her role?
2. If the answer is yes, then, is the employee working as well as someone you would think of as working the top half of the role or bottom half?
3. Is the employee in the bottom of that half, the middle or top of that half? (Jaques, 2002, p. 100).

Ultimately it is the manager who is accountable for the results of the employee. It is important that the manager evaluates and develops the employees to their best capability. This evaluation is important as the manager's results are at stake. Coaching the employee within this framework should be completed by the immediate supervisor/manager and should focus on the actual functional skills and interpersonal skills required to do a specific job.

As noted earlier, behaviors that fall outside of normal adult functioning such as substance abuse, toxic communication or behavior, psychopathology such as depression or anxiety disorders, personality disorders, low emotional intelligence, and other patterns that interfere with the individual or work group's ability to do the work efficiently or effectively become part of an immediate assessment and intervention by the immediate supervisor/manager and should not be put off until the regular performance appraisal.

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