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Debunking the Myths of Performance Management

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Debunking the Myths of Performance Management

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Debunking the Myths of Performance Appraisal/Management

C. Allen Gorman, PhD





Performance Appraisal/Management (PAM)





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Myth #1: PAM is Based on Objective Measurement

- Wherry & Bartlett (1982) – ratings = true score + error
- Murphy & Cleveland (1995) – contextual influences on the quality of ratings
 - Cognitive biases
 - Differences in rating goals, purposes, and motivation
 - Political and organizational influences



Objective Measurement (cont'd)

- Job performance is
 - Dynamic
 - Multidimensional
 - A construct
- “Performance judgments are rarely sufficiently reliable and valid indicators of employee performance” (Meriac, Gorman, & Macan, 2015)



Myth #2: The Sole Purpose of PAM is to Improve Job Performance

- What happened to leadership?
- Performance improvement versus performance *maintenance*
- Performance documentation



Myth #3: PAM is All About Compensation

- Compensation decisions in most companies are made outside of the context of PAM
 - Budgetary constraints
- Monetary rewards can undermine intrinsic motivation
- If the purpose is development, ratings should not be tied to compensation



Myth #4: PAM Should Occur Once a Year

- PAM is an ongoing process
- Yearly hurdle approach to PAM kills effectiveness
 - Managers
 - Stress out
 - Rush through it
 - Employees
 - Stress out
 - Play politics at year end



Myth #5: All Managers Are Created Equal in a PAM System

- Managers hate giving negative feedback
- Performance appraisal discomfort
- Rater self-efficacy
- Communication skills of managers
- Rater accountability



Myth #6: One PAM System Can Be Used to Make Both Administrative and Developmental Decisions

- NO!!!!
- Jawahar & Williams (1997) – ratings for administrative decisions were 1/3 SD larger than ratings used for developmental purposes
- Employee “gaming” of the administrative purpose will undermine the developmental purpose



Myth #7: 360-Degree Feedback Will Solve All of Your Organization's Problems

- NO!!!!
- Let's take a system that everyone hates and just throw in more raters
- Must have a strong feedback culture
- Many organizations that adopted 360 systems dropped them within 2 years (Fletcher, 1998)
- Practitioners have become disenchanted with 360 feedback (DeNisi & Pritchard, 2006)



Myth #8: Disagreement Between Rating Sources = Error

- May be due more to differences in the constructs rated than differences between sources
- Job performance is dynamic and multidimensional
- Ecological validity perspective
 - Differences may reflect true sources of variance
 - Source factors explain more variance than general performance factors



Myth #9: Rating Format Has No Effect on the Quality of PAM Ratings

- Landy & Farr (1980) – moratorium on rating format research
- Based on psychometric “errors” as criteria
- Errors are poor indicators of rating quality
- Recent research has found favorable results
 - Rater reactions
 - Factor structure



Myth #10: The Reliability of Job Performance = .52

- Viswesvaran, Ones, & Schmidt (1996)
- Range restriction
- Interrater vs intrarater reliability
- Ecological validity
- Applications in meta-analysis
- Predictor reliability rule of thumb
- Influence of rating interventions



Myth #11: Job Performance = In-Role Task Performance

- Job performance is multidimensional
 - In-role task performance
 - Organizational citizenship/contextual performance
 - Counterproductive work behaviors
- Where are OCBs and CWBs in our PAM systems?
- Exclusive focus on task performance may partially explain disenchantment with PAM



Myth #12: We Should Train Raters to Avoid Making Psychometric Errors

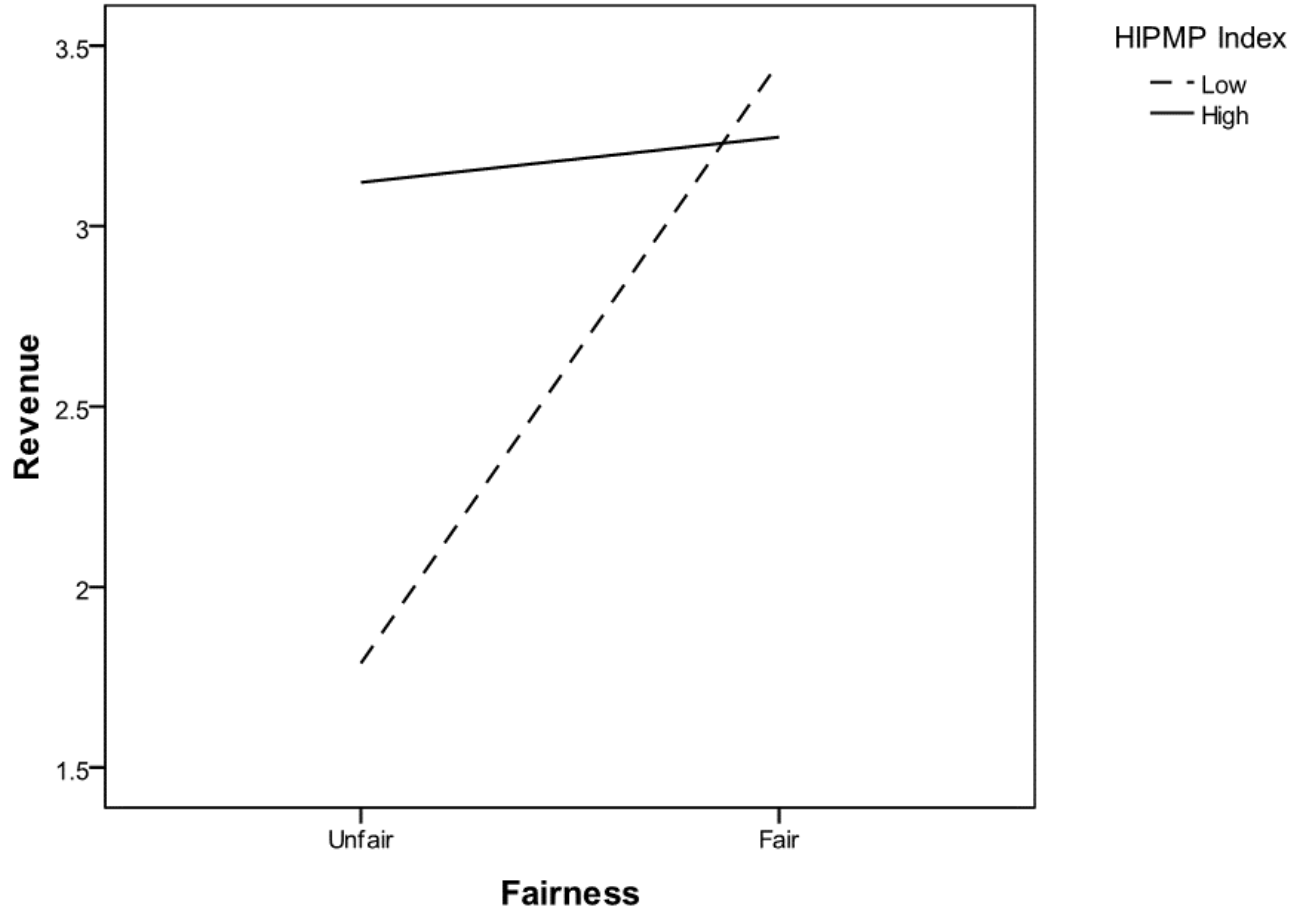
- Halo, leniency, severity, central tendency
- Actually produces meaningless redistributions of ratings
- Inadvertently lowers rating accuracy
- Rater “errors” may actually reflect true score variance
- Relatively unimportant and trivial

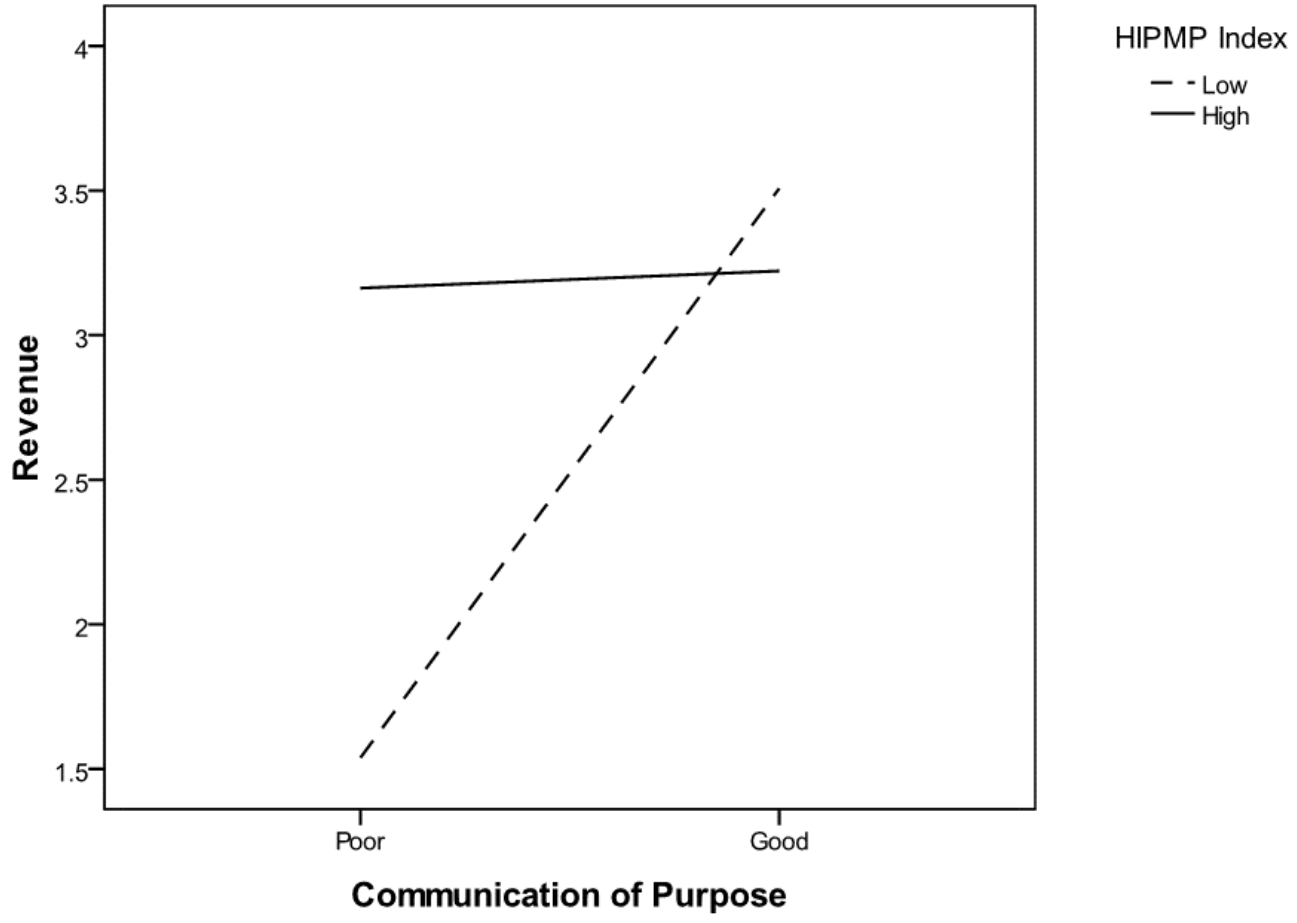


Myth #13: Adding More Bells and Whistles Will Fix PAM

- High-impact PAM practices
 - Multisource ratings
 - Competency ratings
 - Goal setting/management by objectives
 - Employee involvement
 - Continuous feedback between appraisal periods
- Worthless if the system is perceived as unfair or the purpose is not clear







Myth #14: PAM is Solely the Responsibility of Management

- When did we decide to make motivation and engagement solely the responsibility of immediate supervisors?
- Feedback is a two-way street
- Shared goal-setting
- Must create a culture of feedback and self-maintenance and motivation



Myth #15: PAM is Fundamentally Broken, So Let's Just Give Up!

- Throw out numerical ratings
 - How will you make and justify administrative decisions?
 - Legal implications
- Use “objective” criteria instead
 - Criterion deficiency
- Abandon the process
 - Informal discussions?
- Analogy: Personnel selection is hard...so let's just go back to unstructured interviews



Final Recommendations

- Make the process fair and transparent
- Include employees in the development
- Make PAM everyone's responsibility
- Hold managers accountable
- Keep administrative decisions separate from developmental purposes
- Create a culture of feedback seeking and acceptance

