

# Performance Management that Works: Follow the Golden Rule

Joelle D. Elicker, Ph.D.

Organizational Effectiveness Strategies

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## **Performance Management Today**

Performance management systems can greatly enhance the effectiveness of organizations by letting employees know what they are doing well and what they need to improve, while motivating employees to change key behaviors. Yet performance management systems often fall short of their potential. Providing employees with feedback can positively influence future performance, but sometimes it has the opposite effect—providing feedback decreases performance. Professionals must understand and create situations where feedback helps rather than hurts.

Dissatisfaction with the performance appraisal process is not new. Both managers and employees respond negatively to performance management systems. Managers often dislike having to rate employees and communicate performance information—especially negative information. Employees often feel the process is unfair and reject the information. So we end up with both parties motivated to avoid the appraisal discussion.

Recently I conducted a study to understand why performance management systems often result in negative reactions, and to determine ways in which these negative responses can be prevented or minimized. To explore these issues, reactions to performance management discussions were collected from employees in the U.S. offices of an international organization. The information I obtained from the employees,

along with performance management research I reviewed, led me to the recommendations presented here.

## **The Golden Rule**

“Treat others as you would like to be treated—it’s only fair.” We’ve all heard this and we even know that it is what we *should* do when interacting with people. But we don’t always apply this rule, especially in work situations. You may be thinking, “*But, it’s business—it’s nothing personal.*” The reality is that businesses are made up of people who get things done by interacting with each other. Businesses have social and personal components that influence organizational effectiveness.

The idea of fairness is a core concept that drives people’s reactions and behaviors. Employee reactions to performance management systems are strongly tied to how fair they perceive the procedures and outcomes of the system to be. If performance discussions are viewed as a social and communication process rather than a data reporting process (were goals accomplished or not?), then the importance of fair treatment becomes more obvious. In these communications, the treatment employees receive while interacting with organizational representatives (especially those with authority over them) provides an indication of their value to the organization. Socially, being a respected member of the group is important.

Performance management discussions are generally easier and employees are more open to feedback when the manager and employee have the foundation of a good relationship. In other words, feedback has a more positive effect when there is trust between the manager and employee. My research suggested that, even for employees who may not have good relationships with their managers, a few key things your mother probably taught you can go a long way in getting employees to be more receptive to feedback and willing to change.

- ✓ **Be considerate: Let the other person speak.** A two-way communication about performance will work better than having the supervisor tell the employee the way things are. Remember how it felt to have your parents tell you the way life is or the way you should feel, without asking for your view? Allow employees to provide their perspective on the situation. How did they see their performance? What are the factors they believe influenced meeting their goals?
- ✓ **Be respectful: Explain how you made your decision.** Provide a justification by explaining the thought process you used to get to your final evaluation.

Past studies have found that allowing employees to *voice* their opinions and providing *justification* for decisions you have made increases trust in management, job satisfaction, commitment to a workgroup, satisfaction with a decision, and commitment to a decision. My study found voice and justification to be related to satisfaction with the appraisal discussion, the supervisor, and the appraisal system, as well as with overall job satisfaction. Additionally, employees who were provided voice and justification were more likely to see the appraisal as accurate and useful, and were more motivated to improve. Not a bad payoff for some simple approaches!

### ***Why Don't Managers Do This Naturally?***

So if this is that easy, why don't managers do this as a matter of course? Why doesn't it come naturally? Numerous studies have indicated that most managers do not treat all employees alike, even if they think they do. Some employees are allowed access to key information and opportunities, whereas others are not.

This is similar to how we treat people away from work. We naturally develop closer relationships with a few people around us, while with others relationships are less involved. There are some people who are in our "inner circle" of friends and we tend to share more information with them, if only because we talk to them more often. At the same time we entertain more comments and questions (voice) from members of this inner circle and provide more complete explanations (justifications) of our actions to them.

This is fine in our personal relationships. But for relationships at work, given the opportunity for more effective performance management, it is worthwhile to actively provide opportunities for voice and justification to all employees.

So, how much work will this be?

### ***The Good News***

You can do it! Providing opportunities for voice and justification is relatively easy to do and does not take a lot of extra time.

How does a person provide opportunities for voice and justification for decisions without appearing to be defensive? There are simple things managers can do to convey respect and consideration that will go a long way toward creating an open atmosphere. These actions of fair treatment can begin to build a more trusting partnership.

- Ask for employee input

- Show consideration of input through active listening
- Explain your reasons for decisions
- Acknowledge the employee input when communicating justification, even if the input did not influence the final outcome or decision

Supervisors can easily ask employees for their thoughts regarding performance situations or outcomes. List this step right in the outline or agenda for the review meeting, so it is not forgotten. Supervisors can then demonstrate that they are considering the employee's input by using active listening. Active listening can be as simple as asking clarifying questions, taking notes, and rephrasing the employee's statements.

When telling the employee about the final evaluation, the supervisor should provide a justification of his or her thought process. This does not need to be detailed—two or three “bullet points” that support the decisions will be enough. Providing concrete examples from the employee's recent actions and accomplishments is useful here.

As the supervisor provides justification, he or she should be sure to acknowledge the employee's input. Previous studies have found that even when the supervisor does not let the employee's input influence the final decision, providing this opportunity for input and acknowledging that the supervisor heard the input was enough to satisfy the employee. This means that employees were satisfied with the outcome, even when their input did not influence it! It is amazing how important it is to be respectful of others and to let them be part of the processes that impact their lives.

### ***Beyond Performance Appraisals***

These actions can be helpful in work-related conversations aside from performance management discussions. When decisions need to be made and the commitment of employees is important to carrying out the decision, these behaviors increase people's sense of fairness by letting employees participate. As a result, employee commitment will increase, even if their input does not influence the final decision. The experience of simply being heard and respected can make a difference.

So what does this mean to the Human Resource professional? Foremost, it should end our search for the “perfect” performance review form. Emphasis should instead be placed on building the process itself and the process skills that allow for a higher quality dialogue between supervisors and employees. This is a tougher mission, as people development is more difficult to guide than form development. Yet it brings the performance management process squarely into focus as another tool for creating organizational learning through our many interactions in the workplace.