Effects of Positive, Negative and Balanced Emphases on Perceived Effectiveness of Performance Appraisal

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EFFECTS OF POSITIVE, NEGATIVE AND BALANCED EMPHASES ON PERCEIVED EFFECTIVENESS OF PERFORMANCE APPRAISAL

by

Joseph Andrew Hammond

A Thesis Submitted to the Faculty of The Graduate College in partial fulfillment of the requirements for the Degree of Master of Arts Department of Psychology

Western Michigan University Kalamazoo, Michigan August 1983
The central theme of the research is the experimental manipulation of three different appraisal processes, namely positive, negative, and balanced appraisals to determine which evaluation tool would be perceived as most useful in motivating and stimulating employees to improve on their performance. Subjects were randomly assigned to groups and presented with scripts exemplifying three appraisal approaches and asked to evaluate the perceived effectiveness of each approach in producing a desired performance outcome. The results showed significant differences between the balanced approach and the other two approaches. However, there was no significant difference between the means of the positive versus negative evaluations. Thus the hypothesized superiority of the positive evaluations over negative evaluations was not borne out.

It is concluded on the basis of previous research and the current research that employees' active participation in the appraisal process itself coupled with the appraiser's ability to accurately describe performance and listen to employees' concerns should be an integral part of whatever approach is used in periodic evaluation of employee performance.
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Joseph Andrew Hammond
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CHAPTER I
INTRODUCTION

Effective management of human resources of an organization in conjunction with technological development and capital investments is necessary for an organization to attain productivity and achieve organizational goals and objectives. For years, the management of human resources has lagged behind the progress made in the field of technological development and capital investments. In fact, the management of human resources has never been at par with the development in the other two areas (Latham and Wexley, 1981). The result is that although productivity has increased substantially in most organizations, we are still far away from optimizing productivity in output because the practical development in the other fields has not been matched in the management of human resources. In recent years, however, great strides have been made to narrow this gap with a view to attaining the optimal use of organizations' capital, technical, and human resources. Various workshops, training sessions and the unending research in the field in various institutions and organizations bear ample testimony to this ever-increasing trend. The emergence of several techniques of organizational change such as Organizational Behavior Modification (OBM), Management by Objectives (MBO), Management Audit (MA), Control Cycle, Management Development, Organizational Development, and the like have added impetus to if not amplified and/or fueled this new surge and interest. If this wave of development should continue (and there is no reason to believe it

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will not), it is expected that it will not be long before the field achieves parity with the other two areas. The end result of such a development would be nothing but optimum utilization of all the allied components and resources of an organization. In effect, productivity would be maximized to the highest level potentially sustainable.

Human resource management is made up of a multiplicity of facets, each of which is independent and unique, but nevertheless needs the other segments for the achievement of an overall effective human resource management. Among the areas that fall under the human resource systems are personnel selection, management by objectives, performance appraisal, training and motivation principles, etc. Although these various techniques are different, there is no doubt that performance appraisal can incorporate the other areas into its fold or vice versa. It can also serve as a prerequisite for establishing the other areas. Performance appraisal is considered central to effective human resources development because it deals with variables related to motivation, training, selection and productivity. As a selection tool, performance appraisal may help define the on the job behaviors expected of employees because the job analysis on which the appraisal instrument is based enables the researcher to devise selection instruments that are likely to identify effective employees. The validity of the appraisal instrument is determined in part by correlating an employee's evaluation on a selection instrument with his evaluation on an appraisal instrument. In the realm of training, performance appraisal based on critical job analysis may help identify
those who lack the requisite skill and knowledge to achieve maximum performance. In addition, performance appraisal can help to maintain a high level of motivation by providing feedback to employees regarding their job performance, setting specific goals on the basis of this feedback, resolving problems that surface through manager-employee discussions and above all helping in administering rewards to employees contingent upon satisfactory performance.

The concept of performance appraisal does not lend itself readily to easy definition. Not that the concept itself is illusory, but the point is that performance appraisal does not limit itself to only a one-to-one situation where a supervisor discusses with an employee areas deserving recognition and areas where improvement is needed. In general, however, performance appraisal may be conceived as the process by which an organization measures and evaluates an individual employee's behavior and accomplishments for a given period of time. Typically, appraisals are conducted on an annual basis by the employee's immediate supervisor. Intermittent appraisals often intercede the annual appraisal interval. The judgments made in the appraisals are used either to make administrative decisions such as salary increase or decrease, promotion, demotion, transfer, retention, admission into a training program, coaching, self-development and/or as a formality to communicate to an employee what his/her job entails, and how they are performing with respect to a given standard. Because of its very nature and usefulness, an appraisal instrument, if properly developed, may serve as a contract between the organization and the employee by
specifying what is required of individuals. It is necessary to appraise employees' performance partly because appraisal serves as an audit for the organization about the effectiveness of each employee.

While accepting the above definition as a starting point, it is important to realize that although the rationale underlying performance appraisal is widely shared, the perspectives from which the concept and its definition are viewed vary remarkably. In one respect, the concept is viewed broadly as any performance review process such as informal comments, looking over production records frequently and/or daily, giving recognition, etc. In other respects, the whole process is narrowly viewed as a formal meeting in which the appraiser and the appraisee sit down together and go through a prescribed interaction. This position epitomizes the traditional view, with the supervisor conducting the appraisal function annually. Yet others go a step further in viewing performance appraisal in terms of an interaction between the appraiser and the appraisee, the setting of specific goals, decision making, follow-up and the like. This is akin to the informal view, although in the latter case, the emphasis is more on goal setting.

The central theme of those advocating an informal day-to-day appraisal stems from their belief that the employee appraisal process should be continuous if the appraisal function is to bring about a change in an employee's behavior or maintain a high standard of excellence. Research (e.g. Miller, 1978; Dossett, Latham and Mitchell, 1979) indicates that performance feedback is most effective when it closely follows the behavior to which it relates. Other proponents
of this view include Goldstein and Sorcher (1974), Maier (1958), and Latham and Saari (1979). This position does not altogether call for the elimination of formal appraisals. Nonetheless, it is felt that the traditional once-a-year appraisal may overemphasize recent activities and hence distort its actual value. The time interval between formal appraisals is just too long to give any meaning to the very essence of the appraisal function. Since employees need feedback on how well they are doing, an opportunity to perceive the consequences of their efforts and be able to set goals on the basis of this feedback, it is suggested that whatever formal appraisal is used to identify successful employee performance, potential or strengths and weaknesses, the appraisal process requires at least bimonthly time intervals if it is to be effective. This also permits an averaging of a number of reports, thus deemphasizing the importance of any one appraisal or any one set of activities. Hence it is contended that to realize the objective of the appraisal function, performance reviews in a well designed performance appraisal system should include daily feedback sessions relative to specific workplace behavior in addition to bimonthly or quarterly formal employee performance appraisal schedule. Miller (1978) and other workers have conducted several studies to highlight the importance of informal feedback and appraisal in improving efficiency and productivity. In one study, daily visual feedback was used to decrease high bobbins on spinning frames. High bobbins was defined as inability of doffers to push bobbins all the way down on a spindle. This behavior causes
tangles, resulting in waste, lower winder efficiency, and lost man-hours clearing tangles. To overcome this problem, the researcher posted daily feedback graphs and brought it to the attention of the employees and their supervisor. Subsequently, high bobbins decreased dramatically. In another study, Miller (1978) used systematic application of visual feedback and social reinforcement to increase efficiency, attendance and reduction of labor turnover in a weave mill. Because of the envisaged difficulty inherent in conducting informal performance appraisals daily, Latham and Saari (1979) and Goldstein and Sorcher (1974) have provided suggestions that could be followed on a daily basis regarding meeting an employee new to an area, motivating a poor performer, giving recognition, discussing poor work habits, taking disciplinary action, overcoming resistance to change, dealing with a complaining employee, etc. The underlying theme of these suggestions is that a long lasting behavior change can be most easily brought about by expressing a desire to help the employee on the job, looking for areas to praise rather than criticize, focusing on problems rather than personalities, explaining the rationale behind rules and above all, asking for and listening openly to employee concerns.

Quite apart from the informal view, some research workers view performance appraisal as the whole system of a prescribed interaction between the appraiser and appraisee, setting goals, making decisions, follow-up meetings and the like. The role of goal setting in motivating employees to achieve excellence is a central concept in motivation.
theory. The emphasis on goal setting does not necessarily favor either the formal or the informal positions. The idea rather is that a formal appraisal interview with specific goal setting is likely to achieve more success than an informal appraisal without the setting of specific goals. In the same vein, efficiency in performance and productivity is expected to increase more substantially in an informal appraisal interview with specific goal setting than a formal appraisal with a similar specific goal setting (Miller, 1978). This is because as discussed much earlier, feedback is most effective when it is closely related to the behavior to which it relates. The contention is that motivating employees through performance appraisal should place considerable emphasis on specific goal setting. According to Locke (1978), specific goals that are difficult but attainable consistently lead to effective performance. This has been found to be especially so when the consequences of goal attainment are positive. Research by several workers (e.g. Locke, 1978; Latham and Locke, 1979) has shown that if the immediate consequences of behavior are positive, the probability that the behaviors will be repeated is increased. Participation by employees in setting specific goals and solving problems of concern to them and their supervisors have also been found to lead to the formation of effective work teams (Likert, 1961; Krackhardt, McKenna, Porter and Steers, 1978; Meyer, Kay and French, 1963). Goal setting is thought to be effective because it clarifies exactly what is expected of an individual, injects interest into the task and provides challenge and meaning to a job (French and Bell,
1978). Hence through goal attainment, feelings of accomplishment and recognition for both self and supervisor occur.

The value of specific goal setting and its impact on performance and productivity have been applied to various fields both in the laboratory and in actual settings. In one study, Locke (1968, 1978) assigned individuals to different types of goals on a variety of simple tasks (e.g. addition, brainstorming, assembling toys, etc.). It was found repeatedly that individuals who were assigned hard goals performed better than individuals who were assigned moderate or easy goals. Furthermore, individuals who had specific challenging goals outperformed individuals who were trying to do their best. Locke also concluded, perhaps prematurely, that incentives such as praise, feedback, participation, and money lead to an improvement in performance only if they cause the individual to set specific hard goals. Locke concluded that goal setting affects performance primarily because goals focus activity in one particular direction rather than others. In another study, Latham and Kinne (1974) randomly assigned twenty independent logging crews into two groups, namely an experimental group and a control group. The training group was taught goal setting using production tables and a tally-meter. The non-goal group was not given a tally-meter, neither was it asked to keep weekly record of performance. The control group was merely told to do its best, although it was visited as frequently as the experimental group. Performance measures after a twelve-week period showed that the productivity of the goal-setting
group was significantly higher than that of the control group. The researchers interpreted this finding by pointing out that the introduction of a difficult but attainable goal provided a challenge to the subjects. Moreover, a specific goal makes it clear to the subjects what is actually required. Above all, feedback via the tally meter, and weekly record keeping provided the workers with a sense of achievement, recognition and accomplishment. Latham and Baltes (1975) obtained similar results in their study on drivers' behavior in loading logging trucks. The drivers saw the goal setting as a more challenging game and felt this made them work more efficiently than they had done in the past.

Investigations into the benefit of involving employees in setting specific performance goals have produced contradictory results. Meyer, Kay and French (1965) found out in their study at General Electric that goals were attained more often when the employee had a say in the goals that were set than when the goals were assigned by a supervisor. And yet employees with a supervisor who did not normally encourage participation in decision making performed better when the goals were assigned to them. Meyer, Kay and French (1965) concluded, therefore, that the way a goal is set is not as important as it is to set a specific goal. In one other study Latham, Mitchell and Dossett (1978) found that participation in goal setting is important only to the extent that it leads to higher goals being set than is the case where the goals are assigned unilaterally by a supervisor. Another finding from this study is that giving employees specific feedback without
setting specific goals on the basis of their feedback had little or no impact on employee performance. This finding is significant in that it shows the importance of a follow-up, participative decision-making, specific goal setting, initial trust, supportive relationships, and congenial atmosphere in the achievement of high performance. In a subsequent study, Dossett, Latham and Mitchell (1979) found that assigned goals resulted in higher performance and greater goal acceptance than did participatively set goals. Likert (1977) in reviewing this latter study argued that when assigned goals have been effective, the supervisor had always behaved in a highly supportive manner. Laboratory testing of this assertion by Latham and Saari (1979) indeed confirmed this assumption.

In summary, this and other evidence clearly suggests that an effective goal setting in any performance appraisal should focus on specific goal setting along with specification of key behaviors that the employee needs to work on to improve or maintain his performance. Where necessary, employees' participation in the goal setting must be encouraged to increase their understanding of how to attain the specified goals. Whatever goal is set must be reasonable and attainable along with frequent performance feedback to show employees how they are doing relative to the goals so as to maintain their interest in the goals, revise the goals where and when necessary, and prolong effort to attain the goals. In the endeavor to achieve organizational goals and objectives, the importance of a follow-up should never be underestimated. Its purpose basically is to measure the achievement
of results against stated objectives. This insures periodic review and provides an opportunity for all parties concerned to adjust the organization readily to changing conditions in the environment. One other significant point worth noting is that goal setting also provides some insights for the supervisor and it is a form of organizational planning, managerial control and departmental planning. In addition, it has numerous motivational effects upon staff performance and has the potential to become the major communications vehicle for departmental operation.

Traditionally, performance appraisal has been narrowly viewed as a formal meeting in which the appraiser and appraisee sit down together and go through a prescribed interaction. Typically, such formal appraisals are conducted on an annual basis by the employee's immediate superior. Quite often, however, intermittent and continuing review of stated objectives bi-monthly, or quarterly review of reports or output and performance are undertaken prior to the annual review. The formal appraisal process is partly effective in situations where time constraints on the job and other compelling reasons preclude daily informal appraisal. Such circumstances particularly call for the use of Management by Objectives (MBO) and/or Behavior Observation Scales (BOS) as a guide to aid organizational function, planning, control and the achievement of stated goals and objectives. For a formal appraisal to be effective, there must be stated objectives of expected outcomes (MBO) and specification of the path along which employees are to tread to reach the desired outcome (BOS). A typical
MBO can be described as a process whereby the supervisor and the subordinate jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected, and use these measures as guides for operating the unit and assessing the contribution of each of its members. Ideally, the logical beginning point in the organization for MBO is at the top of the organization.

As a performance appraisal tool, MBO involves a four step process. The very first step involves defining performance objectives for a future time period. During this period, each manager sits down with his subordinate to conduct a dialogue on specific operational objectives for the coming year for the subordinate's position. One striking thing about this step is the fact that the boss comes to the meeting well armed with information about budget limitations and strategic goals, plus some information about actual performance results obtained the prior period. The subordinate in turn comes with some expectations and self-knowledge of particular performance strengths, weaknesses, and problems as well as threats, risks and opportunities. There is thus a presentation and discussion of all relevant variables during the performance objectives process. This step is followed by the observation of the actual performance and/or accomplishments by the employee. The employee, of course, knows what is expected of him and has a commitment to meet the operational goals agreed upon by all parties. The use of informal appraisal is
particularly outstanding in this stage. Continuing review of objectives against performance and output is especially helpful. This is also a period during which the use of BOS might assume paramount importance. They specify the route and the means by which the set objectives would be realized. In addition, they also serve as a guide to the employee and make explicit what behaviors are required of an employee in a given job. The third step in the process is taken up with evaluating performance based on the objectives previously set. More often than not, this time period is a year, and in most cases the evaluation process takes the form of a formal interview. It is a stage during which the supervisor and subordinate pull out the objectives prepared in advance and review actual results. Because of the importance of this stage, it is necessary for the event to take place in a congenial atmosphere and free from distractions. Emphasis is placed on objectives, results, problems, deviations, and improvement needed. Personality discussions or adopting a manner which is exacting, hostile, judgmental or punitive are kept to the minimum or if possible avoided altogether. Finally, after all problems, strengths, weaknesses and other relevant results have been mutually and satisfactorily discussed, a new objective is established with a commitment by all parties to do their best in meeting the stated objectives and standards.

As in goal setting, employees' participation in MBO is stressed in setting the objectives and in evaluating performance. Although participation does not always lead to better performance, research
(e.g. Lawler, 1976; Morse and Reimer, 1956) clearly suggests that allowing subordinates to genuinely participate in establishing their own goals can increase their commitment to these goals and therefore their performance. The effects of participation on the latter, of course, depends on the workers' desire to participate, the time availability, the reward system and the nature of the task. Be it as it may, in MBO programs, the objectives to be met are objectively stated and quantified, based on accomplishments rather than behaviors. An integral part of MBO, as in BOS, is the setting of individualized goals for each employee, based on an assessment of system and subsystem short and long term goals. In most cases too, contingencies involving both social and material reinforcement and performance levels are either explicitly stated or implied. Since its inception, MBO and its emphasis on objectives setting annually, and/or quarterly formal review of performance, has been applied to a variety of settings, with frequent resounding success. A study by French (1978) of the use of MBO in a high technology company showed a ten-fold increase in profits following the implementation of the procedures. Lack of delegation of tasks by manager and poor morale in the company due to subjective personality based performance appraisals were alleviated considerably by the introduction of MBO into the company. Another study by Hollman (1976) showed an improvement in planning and meeting long range goals following the introduction of MBO. A similar result has been reported by Carroll and Tosi (1973). MBO has, however,
been criticized in certain circles for emphasizing cost-related objectives and outcomes and for neglecting behavioral oriented dimensions. Campbell (1977), for instance, has argued that the use of these cost-related measures is a major factor impeding the development of useful information in the field of leadership. It is his view that all of these measures are determined by many factors besides the influence of a leader, and that even in the best of all possible worlds, the leadership factor may account for only a small portion of the total variability in these criteria. This implication stems from the fact that the cost-related objectives clarify only the context or situation where the employee's behavior would be appraised. However, as pointed out much earlier, there is no earthly reason why MBO cannot be interspersed with BOS. This marriage is particularly appropriate during the second step in the MBO process which involves the observation of actual employee performance and/or accomplishments. According to Kearney (1979) the use of BOS in this step would clarify to the employee how to behave when attempting to attain these objectives.

Thus far, the various different considerations underlying performance appraisal have been considered at depth and research bordering on each field has been discussed at length. The three main types of performance appraisals considered are informal appraisal, formal appraisal, and the use of goal setting with follow-up. Narrowly viewed, it may seem as though the three categories are discrete and different entities altogether. This is not true because to a large extent, the three are all inseparable aspects of the whole
system of performance appraisal. In actual fact, the various views overlap considerably and in most cases, all three categories are incorporated into any one particular appraisal process, however subjective. For instance, goal setting is central to any successful formal appraisal. Without any clear-cut stated objectives, a formal appraisal would be worthless because the employee wouldn't simply know what is expected and how performance is to be measured. By involving the employee in setting objectives and goals, a foundation is laid for assessing performance and the commitment of all parties is solicited. The setting of goals and objectives is not peculiar to only formal appraisals. Indeed, the same format is followed/used in the informal day-to-day bimonthly appraisal process. The extra advantage here is that feedback and suggestions for improvement are made contingent on daily performance. The daily interaction of the supervisor with employees, commenting on their performance, praising and reinforcing established behaviors intermittently, giving recognition and the like are behaviors that a manager or supervisor should exhibit on a frequent basis to maintain employees' performance. Even so, it is not suggested that formal performance appraisals are necessarily held only annually. Rather the whole concept of performance appraisal should be considered as a continuous process whereby informal reviews are interspersed in between quarterly and/or annual reviews so as to achieve maximum benefit. Suffice it to say that informal appraisals are not as thorough as formal reviews, but by emphasizing and commenting on routine mistakes and recognizing areas of improvement, performance is maintained to a high level long before the annual
or quarterly formal review. To a large extent, therefore, the classification among the three types of performance appraisals was made for convenience and clarity for discussion purposes only.

Previous Research

The literature abounds with a multiplicity of studies conducted on performance appraisal. Diverse variables have been used in each of these studies. One such study has centered on which variable items should be used in developing the appraisal instrument. Currently, four main ways have been suggested toward the construction of an appraisal instrument. These are appraisal systems based upon traits, cost-related outcomes, behavior anchored rating scales, and behavior observation scales.

Traits related scales are concerned with identifying observed patterns of behavior and asking supervisors to rate employees on this trait along a 5 or 7-point scale. This appraisal instrument is important in the sense that it can be developed quickly and takes less time. Besides, it can be used across jobs and it is easy to understand. Kavanagh (1971) after extensive review of the literature concluded that trait-related scales are almost as good as performance-based scales. This contention is, however, highly disputed. In a research study by Fay and Latham (1980) it was found that after supervisors are trained to improve their objectivity in observing and recording employees' behavior, trait scales became clearly inferior to other scales, e.g. BOS and BES. Lazer and Wikstrom (1977) have added their voice by arguing that traits while aiding performance appraisals...
are acutely deficient in that they do not tell and specify to employees what is explicitly required behaviorally of them on the job. Similar echoes have been heard from notable workers like Miller (1978); Pursell, Dossett and Latham (1980); Warmke and Billing (1979). Borman (1979) after extensive research pointed out that traits at best refer to potential predictors of performance rather than to performance itself. Hence, they are considered poor from the standpoint of feedback and goal setting with the employee on ways to maintain or improve performance.

Cost related outcomes are concerned with quantitative measures or performance outcomes such as profits, costs, inventory, cash on hand, accounts receivable, returns on investment and the like. The index of effectiveness centers on the degree of satisfactory outcomes on these measures. This approach has been criticized for omitting important factors for which a person should be held accountable. Ivan-cevich, Dunnelly and Lyon (1970) have argued that by its overemphasis on quantitative results, many employees do not receive credit for aspects of their jobs which cannot be spelled out in quantitative terms. Smith (1976) has argued vehemently against the use of concrete tangible measures. According to her, observation is a necessity for evaluating the meaning of hard criteria such as absences, accidents, etc. In her view, human judgment enters into every criterion.

Peters and O'Connor (1980) have also argued that performance outcomes are particularly inappropriate in work environments where situational factors such as noise, heat, light levels, materials and supplies, budget support and time availability inhibit goal accomplishment. The existence of such situational variables has been noted to reduce
motivation and lower commitment to organizational goals because employees' belief that effort leads to performance is decreased (Peters and O'Connor, 1980). This is found to be particularly true for employees with high levels of ability and motivation. The effect of situational variables on employees with little motivation or ability is, however, minimum. Cummings and Schwab (1973) have argued along the same lines pointing out among other things that cost-related measures should be used only in situations where the employee has substantial control over the output measured. This position is shared by Likert (1967) and Curtis, Smith, and Smoll (1979). Together, they have provided evidence to show that performance of groups can be affected by the situational constraints that affect the individual employee.

One other argument raised against cost-related measures is that these measures can encourage a result-at-all-costs mentality that can run counter to both corporate ethics, policies, legal requirements and the overall productivity of the organization (Latham and Wexley, 1981). This is because cost related measures alone may indicate whether an employee is or is not meeting a set of objectives, but the answers to the question of how or why can remain elusive. For this reason, many prominent and outstanding psychologists (e.g. Campbell, Dunnette, Lawler and Weick, 1970; Campbell, 1977) have argued vehemently on the need to measure and evaluate an employee in terms of observable job behaviors that are critical to job success or failure. To quote Mitchell and Wood (1980, p. 138), "To change behavior, we must focus on the behavior not the outcome." Recognizing that
to some extent the missing link in MBO is behavior, Kearney (1979) has suggested the use of a two-step procedure during the performance appraisal process. The first step involves a look at outcome measures such as success/failure in relation to a specified criterion. The second step in the procedure looks to job behaviors critical to outcome measures. This format thus takes full advantage of whatever benefit MBO and the other behavioral measures (e.g. BOS, BES) have to offer and there is no reason not to believe that this is actually what pertains in most performance evaluations.

Perhaps the most effective appraisal instrument and the one receiving much attention in most organizational settings, is the behavior based appraisal measure (Smith and Kendall, 1963). There are two types of this instrument, namely; Behavior Expectation Scales (BES) also referred to as the Behaviorally Anchored Rating Scales (BARS) and the Behavior Observation Scales (BOS). The term BES is derived from the fact that the critical incidents used as anchors are reworded from actual behaviors. This change is made to underscore the fact that the employee does not need to demonstrate the exact behavior that is used as an anchor in order to be rated at that level. One advantage of the BES instrument over the other previous instruments is that the anchors used are behavioral in nature and are expressed in the rater's own terminology. Hence, it eliminates much of the ambiguity found in rating scales based on traits. Another advantage is that these scales lend themselves to employee counseling and motivation by providing the employee with specific feedback on strengths and areas in need of improvement.
These scales have several shortcomings though, one being the fact that a substantial number of critical incidents generated in the job analysis are discarded because the instrument permits relatively few and limited incidents to be used as anchors out of literally hundreds of different incidents previously generated (Schwab, Heneman and DeCotiis, 1975). As a result of this disparity evaluators may have difficulty assigning and deciding the scale value of effectiveness of the observed behavior against the specific dimensions provided. Another problem is that objective categorizing of the incidents by judges may result in criterion categories that are not independent. The consequence is that redundancy in the measuring instrument is maximized instead of minimized. Borman (1979) has also pointed out that raters often have difficulty discerning any behavioral similarity between a ratee’s performance and the highly specific examples used to anchor the scales. In addition, using BES for counseling and development purposes is time consuming since it involves systematic sampling of incidents describing each employee’s behavior throughout the appraisal period.

The BOS is one procedure that has been developed to overcome the numerous limitations of BES while at the same time retaining their advantages (Latham and Wexley, 1977). To a large extent, BOS are similar to BES. They differ only in the use of statistical analysis to select items for building the appraisal instrument. The term BOS connotes what the employee is to do on the job and what the supervisor should look for to coach, counsel and develop an employee. Like BES, BOS are generated on job incumbents from systematic job
analysis and supported by employees for employees. Thus, understanding of and commitment to the use of the appraisal instrument are facilitated especially if the interjudge and content validity dimensions are satisfactory. BOS can also be used as a job preview for potential job candidates by showing them what they will be expected to do, resulting in reduced turnover and job dissatisfaction (Wanous, 1980). According to Feldman (1979), the BOS approach specifies to both the supervisor and the employee exactly what must be observed. In the realm of feedback, BOS have been found to facilitate explicit performance feedback by encouraging meaningful discussions between the supervisor and the employee regarding the latter's strengths and weaknesses (Dossett, Latham and Mitchell, 1979). Studies conducted by Latham and Yukl (1975), Latham, Michell and Dossett (1978) indicate that explicit performance feedback using BOS combined with the setting of specific goals is an effective means for bringing about and/or maintaining a positive behavior change. It also enables many employees to know how well they are getting along with their job and their advisor. Ronan and Latham (1974), and Latham and Wexley (1977) have pointed out through test-retest and inter-observer reliability investigations that BOS minimize rater bias because observers do not have to extrapolate from what they have observed to the placement of a checkmark beside an example on the scale that may or may not be appropriate. This conclusion is shared by Bernardin, Alvares and Granny (1976), and Campbell et al. (1973), in two independent studies.

The sources of performance measures have been extensively
researched. The existing known alternatives are subordinate ratings, peer review, supervisory appraisals, self appraisal, appraisal by outsiders or some combination of the above.

In subordinate ratings, the immediate boss or supervisor is evaluated independently by subordinates and the entire results are then collapsed for decision. This facilitates the collection of information from a wider spectrum and insures reliability of the evaluation process (Maloney and Hinrichs, 1959). It also enhances productive team building and offers both parties the opportunity to discuss and solve problems of mutual concern (Latham, Fay and Saari, 1979; Hinrichs, 1978). Subordinate ratings are found to be particularly effective in situations where the job context emphasizes participative leadership style as a management tool. Under such circumstances, especially if used in conjunction with superior ratings, it can assist management in identifying individuals who are promotable because of their skill in managing people.

There is evidence (e.g. French and Bell, 1978; Dessler, 1980; Odiorne, 1979) to suggest that subordinate participation in any appraisal system facilitates brainstorming and leads to greater satisfaction with the appraisal system and to improvement in supervisor-subordinate relations. However, Hillery and Wexley (1974), provided alternate evidence to show that this trend may not be so in all situations. The implication then is that the level of satisfaction depends on the job context.

By far, a greater part of the assessment function is performed by supervisors. Latham and Wexley (1981) provided data indicating
that at least 95 percent of the appraisals evaluated at lower and middle management levels are performed by the individual's immediate supervisor. One major reason for this trend is that in most organizations, rewards or punishments contingent upon performance are controlled by supervisors. It is therefore only logical that the appraisal be conducted by those who administer such contingencies. Besides, it is felt that the immediate supervisor is the only person in a best position to observe a subordinate's behavior, and judge the relevance of that behavior to job objectives and organizational goals. A drawback with this approach as pointed out by Barrett (1966) is the tendency for managers and supervisors to bias their evaluations by focusing on how they think the work should be performed rather than how well it is actually performed by employees. It is suggested therefore that alternative sources to supervisory appraisals be used especially in situations where the supervisor seldom sees the employees on the job (Latham and Wexley, 1981). One of such alternatives is peer appraisal.

Peer appraisal involves employees appraising themselves independently, based on a given appraisal instrument. It is generally considered in many circles as the single best source of information about job performance from the standpoint of reliability and validity (Wherry and Fryer, 1949; Gordon and Medland, 1965). It is especially useful in jobs where peers frequently interact with one another and where the supervisor seldom sees the employee on the job.
Studies have reported test-retest reliability coefficients of .60 to .70 and interobserver reliability coefficients of .80 to .90 (Kubany, 1957; Hollander 1965; and Gordon and Medland, 1965). The high reliability has been attributed to the daily interaction among peers and to the fact that peers often tend to have more job relevant information than do other sources. It is also credited with providing a large number of independent ratings. Bayroff, Haggerty, and Rundquist (1954) have reported that the average of several ratings is often more reliable than a single rating.

The predictive validity of peer appraisals has been found to be higher than supervisory appraisals (Wherry and Fryer, 1949). The validity of peer ratings as predictors of both objective and subjective performance criteria has been investigated extensively in military settings (Hollander, 1965; Wherry and Fryer, 1949). It has also been shown to be valid for predicting success in such diverse jobs as industrial managers (Roadman, 1964), insurance agents (Mayfield, 1970), salespeople (Waters and Waters, 1970), medical students (Kubany, 1957), and police officers (Landy, Farr, Saal and Freytag, 1976).

A comparison between peer versus supervisor ratings indicated clear differences (Wexley, 1979). Similarly, self ratings and peer ratings have been found to show low agreement (Kavanagh, MacKinney, and Wolins, 1971). Compared to peer ratings, self-appraisals are said to be typically inflated and may be distorted by self-serving biases (Latham and Wexley, 1981). DeNisi and Mitchell (1978), have argued that friendship may bias peer evaluations. However, empirical
research conducted by Hollander (1956), Waters and Waters (1970), Wherry and Fryer (1948), shows that this bias does not exist. Racial effects on the validity of peer ratings have been reported to be minimal or absent when the number of blacks and whites in peer groups are approximately the same (Schmidt and Johnson, 1973).

A potential problem with peer appraisal is the unwillingness of peers to evaluate each other (Roadman, 1964). Its validity is also questioned when there is no close contact and interaction among members of a group (Hollander, 1954). Another problem identified is the time required in large departments for one person to complete the appraisal instrument on all employees. This problem can, however, be minimized by randomly selecting among those who frequently observe one another, so no one person has to complete more than five to six appraisals.

Self-appraisal is yet another source of performance appraisal. It involves an employee completing the appraisal form himself. This approach has the advantage of forcing the individual to focus on what is expected in that job, especially if BOS instruments are used (Bassett and Meyer, 1968). It also provides the supervisor an opportunity to learn how the employee perceives the job responsibilities, performance on the job, and problems encountered in carrying out job responsibilities (Hall, 1951). Self-appraisals may also help clarify differences of opinion between the employee and the manager regarding job requirements and job performance (Bassett and Meyer, 1968). According to Wexley and Yukl (1977), self appraisal is an effective tool for stimulating self-development in that employees
are encouraged to think about their strengths, and to set specific goals for future improvement. Such an approach is considered particularly appropriate for employees who work in isolation or possess rare skill since they have more information about their own behavior than does anyone else. One other outstanding advantage of this approach over traditional supervisor based appraisals is that employees ask more questions and volunteer more comments and suggestions during the appraisal interview (Teel, 1978). It also provides an ideal opportunity for brainstorming ways in which problems or obstacles can be overcome. According to Heneman (1974), self ratings often contain less halo error than supervisory ratings and thus are more discriminatory across different performance dimensions. This approach has some disadvantages, though. According to Thornton (1980), self-appraisals frequently lead to inflated ratings, show little agreement with other sources and are less reliable than ratings by supervisors and peers. Hillery and Wexley (1974) have also pointed out that employees who are low in their need for independence express greater satisfaction with the traditional supervisory appraisal than a self-rating procedure. It is also considered inappropriate for employees who have experienced few supervising appraisals (Bassett and Meyer, 1968).

It is not rare for organizations to use persons outside the immediate work environment to conduct performance appraisals. These sources include assessors in an assessment center, field reviews conducted by people in the personnel department and evaluations from trainers. Each of these methods has its strengths
and weaknesses (Latham and Wexley, 1987). An assessment center, for instance, is a method for assessing promotability through its emphasis on a series of job simulation exercises (Wanous, 1980). Employees may, however, question its use for assessing their present performance. In general, one potential advantage of the use of outside appraisal is that it may reduce the randomness in evaluations that is due to appraisers using different standards in evaluation performance (Barrett, 1966). A disadvantage with this approach is that there is no indication as to whether meaningful conversations take place between a manager and a subordinate about performance when the input is based on someone outside the work unit (Cummings and Schwab, 1973). Furthermore, it is pointed out that outside appraisals may sometimes be inefficient in that they can require significantly more time and manpower than other types of appraisals. Above all, the appraisals are often not based on direct observations by the appraiser of the employee on the job.

Although the substance underlying the formal appraisal function is the same, the emphasis and processes involved in conducting the performance appraisal differ widely. Currently, three approaches exist toward conducting formal appraisals, namely positive, negative and balanced appraisals. In each of these processes, feedback and goal setting are the same, the only difference being on what behavioral items are emphasized in the evaluation process. As the name implies, positive emphasis in the formal appraisal function is geared towards the avoidance of criticism, with stress on praise and favorable aspects of an employee's performance. Emphasis is placed
on an employee's strengths and criticisms, if any, and are presented in a subtle manner. Recognition is given to the contributions of the employee toward achieving organizational goals and objectives and the employee is encouraged to achieve even higher levels of performance. Whatever positive comment is given is made specific and is directed towards what the employee did to deserve the recognition. A negative evaluation, on the other hand, is primarily concerned with telling the employee specifically what he did wrong and what he ought to do to overcome the problem. The employee is not necessarily criticized. He is only told that his performance is good enough but still there are some weak areas needing attention and correction. The rationale here is that the employee needs to know specifically that he is not meeting the desired standard and his suggestion is solicited to help find solutions to the problem. The need for the problem to be solved is explained to him/her and every encouragement is rendered to help solve the identified job-related problem. The balanced approach to performance appraisal collapses the two aforementioned formats as a means of utilizing whatever benefits exist in the other two procedures. It recognizes the importance of emphasizing the positive aspects of behavior as a means of motivating employees. Nevertheless, it in addition views the emphasis on negative dimensions not only as a corrective tool, but also as a necessary link in maximizing excellence in performance. A marriage between the two is therefore considered ideal.

Opinions differ as to which approach is desirable. A review of the literature slightly tilts the scale towards the use of positive
emphasis, although there are those who argue that a balanced approach is much more preferred. It is the view of many investigators (e.g. Latham and Wexley, 1981) that the feedback provided to employees should focus on the positive dimensions of the employee's job if it is to motivate employees and lead to an increase in productivity. Nemeroff and Wexley (1977) also argue that while positive emphasis leads to motivation, negative emphasis and criticisms lead to defensiveness, discouragement, dishonest behavior and lower productivity. This position is shared by Kay, Meyer and French (1965) who argue that there appears to be a chain reaction between criticisms made by the supervisor and defensive reactions shown by the subordinate, with little or no change in the subordinate's behavior. Stone (1973) has also shown that evaluatees generally find difficulty in receiving negative evaluation, while receiving positive evaluation is considered easy and even enjoyable. While this might be true to some extent, others have argued that this approach is naive because employees who are not criticized will not improve their performance. Besides the stress on recognition of the employee's positive behaviors need not necessarily lead to higher motivation. Kay, Meyer and French (1965) found out in their study that praising effective behaviors had no significant effects whatsoever on the variables they considered in their study. Among others, it did not increase goal achievement, and had no discernible effects on attitudes toward the
manager and the appraisal system. It seems also that criticism is acceptable and desirable for certain types of jobs and may lead to greater intention to improve future job performance. Maier (1958) for instance, held the view that emphasis on negative behavior, typically given in the nonparticipative but not in the participative appraisal interview, is most likely to be accepted and lead to higher performance by the subordinate when he is still learning the job.

In an extensive review of praise, Farson (1963) suggested that positive evaluations such as praise suffer essentially from the same limitations attributed to negative evaluations. He argued that even praise may be threatening and discomforting to the evaluatee and may actually serve to establish distance between people instead of functioning as a bridge between them. According to him, the most threatening aspect of praise is the obligation it puts on us to be praiseworthy people. He charged that accepting praise puts on us an obligation and responsibility to be continually at our best, to live up to our talents and abilities, something which Farson argues most people find frightening and consider the most difficult problem in living. Above all, Farson is of the opinion that instead of reassuring a person as to his worth, praise may be an unconscious means of establishing the superiority of the evaluator. In his view, evaluating an inferior with praise reinforces the status and psychological size of the evaluator. In a similar vein, McGregor (1957) also argued that evaluating others amounts to sitting in judgment and "playing God" to others. Stone (1973), however, modified this notion by demonstrating that while people tend to dislike playing a
punitive God, they tend to enjoy playing a benevolent one. This finding notwithstanding, the inherent problems with positive evaluations such as praise led Farson to caution that in using praise, one must take into account the situation in which praise occurs, the history of the relationship one has with the other person, the attitudes that underlie the act of praise, and the motivations for it.

It is this recognition that our beliefs about praise are sometimes erroneous that led others to argue that negative evaluations should be sandwiched between positive evaluations. Hillery and Wexley (1974) have, however, pointed out that the results are the same whether the negative behaviors are emphasized independently or mixed with positive evaluations. In an empirical investigation of participation and order effects in appraisal interviews conducted in a training situation, these two authors pointed out that negative effects seem to occur regardless of the order in which the negative evaluation is presented. In their view, when negative behaviors are included, performance frequently fails to improve and often drops to a level below where it was prior to the appraisal.

In an apparent acceptable resolution of this controversy, Latham and Wexley (1981) have pointed out that the issue at stake is not whether negative emphasis should be stressed in the appraisal process or not. They agree that it is necessary for employees to know where their performance is adequate. The appropriate question they think worth asking and pursuing is how this negative information should be conveyed to the employee. It is their belief that a focus on such an area would maximize the principle of problem solving and
emphasize the importance of appraisal feedback and goal setting in both the positive and negative appraisal situations.

The current research is addressed towards exploring the validity of this assertion in an experimental setting. The focus of the study is therefore an attempt to find out whether a mixture of positive and negative aspects of a person's behavior in the appraisal process would be perceived by subjects as being more effective in producing a desired outcome in performance than independent emphasis on either positive or negative behaviors only. In view of the special opportunities provided in this approach, it is expected that its impact in motivating, stimulating and providing specific feedback and objective goals setting should be preponderant over the other two approaches. However, a significant difference is expected between the positive versus negative approaches.
CHAPTER II

METHODOLOGY

Aim

The thesis of this research is that a balanced appraisal session would be perceived as the most effective medium in motivating and/or producing a desired performance outcome as compared to the sessions in which there is emphasis solely on negative or solely on positive aspects of performance. The rationale behind this view is that the incorporation of the best attributes from the positive emphasis appraisal and negative emphasis appraisal into the appraisal process has the advantage of utilizing the benefits inherent in both approaches. Nevertheless, it might also carry their shortcomings as well. By and large, its overall effectiveness as a tool for providing feedback and setting future goals should overcome the major disadvantages of the other two approaches. The current research is geared towards an empirical investigation as to the plausibility of this thesis.

Hypotheses

A balanced appraisal incorporates aspects of both positive and negative dimensions and hence takes advantage of the benefits in both. Granted, therefore, that all three approaches are the same in purpose of meeting, goal setting, establishing specific action and planning of follow-up, it is proposed that:
1. From the point of view of perceived effectiveness in providing a desired performance outcome, a balanced session would be perceived as being more effective than independent emphasis on either positive or negative dimensions and this difference should be significant.

2. On a one-to-one basis, a significant difference is expected between the means of the positive versus the negative emphasis as a mechanism of motivation.

3. The purpose of meeting should be evaluated as identical for all three approaches.

4. Subjects are not expected to "halo" by rating the session they judge most likely to produce the best outcome as being best on all criteria and dimensions.

Subjects

Ninety three (93) subjects participated in the study. These subjects were selected during the spring session of 1983 from five (5) undergraduate classes in the College of Business at Western Michigan University. All the subjects were from the Departments of Management and Marketing. The five classes were chosen randomly out of the entire classes available at the College of Business. Each subject was randomly presented with three different appraisal approaches and asked to assess the relative effectiveness of each approach in motivating and stimulating improvement in performance. The order of presenting the three approaches was varied for each subject. The composition of the sample is made up of 61 males and 32 females. About 70% of the subjects were full-time employees and attended school only on a part-time basis. The average age of the subjects is 20.2. The same subjects participated in all three appraisal approaches. All the subjects were naive with respect to
the contents of the scripts. The subjects were selected from the College of Business and specifically from the Departments of Management and Marketing because of the close relationship between the contents of the scripts, the course structure for these students, and the actual job positions assumed by these subjects in the real world setting. This way, the subjects would be able to relate more to the contents of the scripts and hence provide accurate probability estimates of results as would be provided by actual job incumbents.

**Materials**

Scripts were written for each of the three formal appraisal approaches. The performance of a retail store manager was the focal point of the discussions in each approach, although the stress and emphasis differed among the three approaches. The contents of each approach consist of accomplishments, target goals, specific aspects of performance, feedback and suggestions for improvement based on the specific performance discussed in each approach. In all, eight accomplishments were used.

The eight accomplishments were developed through performance analysis and job model technique. The accomplishments were discussed with job incumbents (supermarket managers) and realistic accomplishments were set. The eight accomplishments were chosen on the basis of their importance to the overall success of the operations of the store. The use of accomplishments in the script insures that the job performance in question is related directly to the company's goals and objectives. Reasonable target goals were set for each
accomplishment. The essence of the goals is to specify the standard along which the accomplishments would be measured and evaluated. Performance feedback and suggestions for improvement were derived directly from strategies and tactics necessary to mediate the achievement of the goals. Most of the performance feedback and specific actions were derived after extensive discussions with managers, sales personnel, and marketing officers in several retail stores around Kalamazoo. Four of the eight accomplishments were used in the positive evaluation and the other four in the negative evaluation. The balanced approach consists of two accomplishments each from the negative and the positive approaches respectively. However, in this approach the emphasis was altered such that an accomplishment discussed positively in the positive approach was subsequently discussed negatively in the balanced approach (see Appendices).

Independent Variables (IV)

Two independent variables, namely type of appraisal/feedback (Factor B) and order of presentation (Factor A) were manipulated in this study. Each factor has three levels. The various levels inherent within factor B are positives (P), negatives (N), and balanced appraisals (B). The order of presenting the three different approaches was P,N,B; N,B,P; and B,P,N. In this split-plot repeated measures design, subjects received all levels of type of feedback but the order in which the approaches were presented differed among the three groups so as to check and counter order effects.
Dependent Variable (DV)

The dependent variable for this research is designated as the perceived effectiveness of the various appraisal approaches in producing a desired performance outcome. Reaction and perception of the subjects as to whether the approaches satisfy the same underlying criteria for good appraisal practice and their reasons for the diverse ratings they provided were obtained through a questionnaire.

Questionnaire

The questionnaire used had three sections, one dealing with similarity of establishing rapport and specifying the purposes of meeting, the second on specific aspects of performance and the third concerning goal setting, establishing specific action and planning of follow-up (see Appendices). Each section was presented along with the scripts used in describing three different appraisal approaches. The subjects read all three approaches as described in each section and then answered the questions following each section before reading the scripts in the next section. This way, information overload was reduced to enable the subjects to relate the questions to the three appraisal interactions preceding the questions. Performance accomplishments discussed differently under each appraisal approach had the same target goals. For the most part, the questionnaire contained five-point Likert scale items. Higher values were assigned to greater degrees of effectiveness and lower values to lesser degrees of effectiveness. The behavioral items under the Likert scale were
derived from the events and interactions that occurred in each section. The subjects rated and evaluated the relative effectiveness of each approach in producing a desired performance outcome. Each subject's score under the Likert scale is conceived to be the total sum of scores divided by the number of items. For example, a score of 3 and 5 under a two behavioral item five-point Likert scale would provide a scale score of 4 for that subject. Mean score for all subjects under each section is defined as the total sum of scores for all subjects divided by the number of items.

In addition to the check list items under the Likert scale, there are also sets of specific questions bordering on the contents in each section. These questions are to check the consistency of responses on the Likert scale. These questions also provide a content analysis of the reasons underlying subjects' evaluation of the three approaches. Rank-order measures of the three approaches were also included in the questionnaire.

Design and Procedure

The design format for the research is a split-plot two factor repeated measures ANOVA, with Factor A as order of presentation and Factor B as type of feedback. Each factor has three levels. The core dependent variable is designated as the perceived effectiveness of the three approaches in motivating and stimulating improvement in subjects. The subjects were selected from five undergraduate classes in the Departments of Marketing and Management at Western Michigan University and randomly assigned to the various levels of
Factor A. Subjects in each group were exposed to all levels of Factor B (See Table 1). Subjects in the various groups were presented with a script describing three different appraisal processes. Each approach consists of a formal prescribed interaction between a supervisor and a subordinate retail store employee. Conditions were held constant under all evaluations. This means establishing rapport, generating supportive atmosphere, use of same appraiser and appraisee, setting specific feedback, specific goal setting and planning of followup were the same under all approaches. Reaction of the subjects to see if all these criteria were indeed the same were determined via a questionnaire.

In one approach, the appraiser focused only on the positive aspects of the subordinate's behavior during the appraisal process. Recognition, praise, feedback, specific goal setting and suggestions for improvement were given to the evaluatee in accordance with the positive behaviors stressed in the interaction. In the second condition, the supervisor focused only on the negative aspects of the appraisee's behavior. The evaluatee's negative behaviors were highlighted and the rationale behind the need for the behavior to cease were explained. Feedback, specific goal setting and suggestions for improvement were based on ways to overcome these negative behaviors. The third approach combined both positive and negative procedures into a balanced appraisal. Like the other two approaches, feedback and suggestions for improvement were based only on the points raised and mutually discussed in this appraisal process. All the three appraisals were participative in that the evaluatee asked frequent
questions and commented on some of the points raised by the appraiser. In effect, the appraisee was made to do most of the talking and encouraged to seek clarification on issues beyond his/her understanding.

Table 1
Design and Procedure Underlying the Study

<table>
<thead>
<tr>
<th>Sections of Script</th>
<th>Approaches</th>
<th>Similarity</th>
<th>Number of Items on Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Establish rapport/purpose of meeting.</td>
<td>P=Positive Approach N=Negative Approach B=Balanced Approach</td>
<td>This was supposed to be identical for all three approaches.</td>
<td>There are two behavioral items evaluated under a 5-point Likert scale, and 5 specific questions.</td>
</tr>
</tbody>
</table>

| 2. Specific aspect of performance. | | |
| i. Specific positive aspects of performance. | Only the positive (P) and balanced (B) approaches use this section. | This was identical for P and B. | |
| ii. Specific negative aspects of performance. | Only the negative (N) and balanced (B) use this section. | N and B were identical. | |
| iii. Balanced approach. | The balanced (B) approach was comprised of section i. and ii. | This approach consists of two negative and two positive accomplishments | |
Table 1 (Continued)

<table>
<thead>
<tr>
<th>Sections of Script</th>
<th>Approaches</th>
<th>Similarity</th>
<th>Number of items on Questionnaire</th>
</tr>
</thead>
<tbody>
<tr>
<td>3.Goal setting, establish specific action and plan setting of follow-up.</td>
<td>P, N, B</td>
<td>P+N = B</td>
<td>There are 18 checklist and 9 content analysis questions.</td>
</tr>
</tbody>
</table>

i.Goal setting.  
ii.Establish specific action.  
iii.Plan setting of follow-up.

The sample selected for the study was presented with all three different approaches. They were instructed to pay particular attention to the specific aspects of performance highlighted in each approach as the objective of the research centers primarily on the perceived effectiveness of each of the three appraisal approaches in motivating employees to improve performance.
As indicated in Table 1, the three approaches are supposed to be identical with respect to establish rapport and purpose of meeting. Two behavioral items assessed under a 5-point Likert scale and 5 specific questions evaluated in terms of rank-order differences were used to determine whether subjects perceived these sections as equal across the three approaches. With reference to the specific aspects of performance, four accomplishments were discussed under each section. The balanced approach consists of two accomplishments each from the negative and positive approaches respectively. However, in this approach, the emphasis was altered such that an accomplishment discussed positively in the positive approach was subsequently discussed negatively in the balanced approach. Scores under this section were analyzed using a split-plot ANOVA. The goal setting and follow-up were the same for all three approaches. There were 18 checklist and 9 content analysis questions under this section.
CHAPTER III

RESULTS

The results obtained are described below as they relate to the design format and the assumptions underlying the study. Tables and analysis include frequency distributions, rank-order differences, means, standard deviations, and split-plot two way repeated measures ANOVA.

Specific Aspects of Performance

Three items were used to determine the most effective motivational tool. One item evaluated on a 10 point scale tested the difference among the three approaches on specific aspects of performance. A split-plot two factor repeated measures ANOVA was used to analyze the data. The other two items were used to explain the rationale behind subjects evaluation of item one. Tables 2, 3, 4 and 5 summarize the results of the analysis of the data obtained.

According to the analysis of variance in Table 3, there is no significant difference between the main effects of order of presentation (P>.05). This indicates that the dependent variable is not influenced in any way by the particular sequence in which the treatment levels were administered. The interaction between the order of presentation and type of feedback was however significant (P<.05). An inspection of the AB summary in Table 2 suggests that the cell mean for the negative approach is lower than the other two approaches under the PNB and BPN situations but higher
### Table 2

Positive, Negative and Balanced Appraisals Summary Table
Showing Raw Data, Cell Means and Marginal Means

<table>
<thead>
<tr>
<th>Order of Presentation</th>
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<th>Negative</th>
<th>Balanced</th>
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<td>5 6 4 8</td>
<td>8 7 6.5 9</td>
<td></td>
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<td>$\overline{x} = 6.0323$</td>
<td>$\overline{x} = 7.3226$</td>
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Table 2 - continued

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<th>Negative</th>
<th>Balanced</th>
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<td>7.5 7 9 8</td>
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<td></td>
<td>4 3.5 7</td>
<td>6 6 6</td>
<td>4 6 6</td>
</tr>
<tr>
<td></td>
<td>2 4 8</td>
<td>7 6 8</td>
<td>9 7 8</td>
</tr>
<tr>
<td>X = 5.8226</td>
<td>X = 6.4355</td>
<td></td>
<td>X = 7.1129</td>
</tr>
<tr>
<td>Order of Presentation</td>
<td>Positive</td>
<td>Negative</td>
<td>Balanced</td>
</tr>
<tr>
<td>-----------------------</td>
<td>----------</td>
<td>----------</td>
<td>----------</td>
</tr>
<tr>
<td>8 7 4 7</td>
<td>7 6 8 7</td>
<td>8 8 9 8</td>
<td></td>
</tr>
<tr>
<td>9 3 6</td>
<td>5 2.5 6</td>
<td>8 6 8</td>
<td></td>
</tr>
<tr>
<td>8 8 6</td>
<td>7 6 6</td>
<td>6 9 6</td>
<td></td>
</tr>
<tr>
<td>1 9 4</td>
<td>7 6 3.5</td>
<td>5 9 8</td>
<td></td>
</tr>
<tr>
<td>3 8 8.5</td>
<td>3 6 7</td>
<td>7 9 7</td>
<td></td>
</tr>
<tr>
<td>4.5 3 8.5</td>
<td>4 7 3</td>
<td>6.5 5 7</td>
<td>$\bar{x} = 6.4570$</td>
</tr>
<tr>
<td>7 4 7</td>
<td>6 3 6</td>
<td>8 7 7.5</td>
<td></td>
</tr>
<tr>
<td>9 5 4</td>
<td>9 5 5</td>
<td>9 7 8.5</td>
<td></td>
</tr>
<tr>
<td>8 8 5</td>
<td>8 9 7</td>
<td>9 6 7</td>
<td></td>
</tr>
<tr>
<td>2 8 4</td>
<td>7 6 5</td>
<td>6 9.5 9</td>
<td></td>
</tr>
</tbody>
</table>

$\bar{x} = 6.0161$ $\bar{x} = 5.9032$ $\bar{x} = 7.5161$

$\bar{x} = 6.1505$ $\bar{x} = 6.1237$ $\bar{x} = 7.3172$
than the positive approach under the NBP situation ($\bar{X}$ of 6.43 as against 5.82. This means then that the simple effects of type of feedback are not consistent across all levels of order of presentation. The main effects of type of feedback was also significant at the .05 level of significance ($P \leq .05$). This means that the type of feedback has an effect on the dependent variable outcome.

Table 3

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>Table Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Order of presentation.</td>
<td>2.1965</td>
<td>2</td>
<td>1.0983</td>
<td>.1375</td>
<td>3.11</td>
<td>Nonsignificant</td>
</tr>
<tr>
<td>2. Subjects within group.</td>
<td>718.7862</td>
<td>90</td>
<td>7.9865</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Type of feedback.</td>
<td>86.3783</td>
<td>2</td>
<td>43.1892</td>
<td>78.1142</td>
<td>3.05</td>
<td>Significant</td>
</tr>
<tr>
<td>4. AB interaction.</td>
<td>15.6054</td>
<td>4</td>
<td>3.9013</td>
<td>7.0562</td>
<td>2.43</td>
<td>Significant</td>
</tr>
<tr>
<td>5. Feedback X subjects within group</td>
<td>99.5215</td>
<td>180</td>
<td>.5529</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Total</td>
<td>922.4879</td>
<td>278</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

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Figure 1 shows that the simple main effects of the balanced approach are higher than the other two approaches under all levels of the order of presentation. However, the superiority of the positive approach over the negative approach is not consistent across all levels of order of presentation. Figure 1 also indicates that the negative approach is higher than the positive approach at the NBP order of presentation. This implies that the order of presentation has an effect on the evaluation of the positive and negative approaches.

Figure 1

Interaction Between Type of Feedback and Order of Presentation

Measure of perceived effectiveness in producing a desired performance outcome.
The analysis in Table 4 sheds more light on the effects of type of feedback (B) and order of presentation (A). The analysis indicates that none of between orders comparisons of factor A at the three levels of factor B is significant. However, all the between feedbacks comparisons of factor B at the various levels of factor A were significant. On the basis of this analysis and Table 3, we conclude that although the balanced approach is higher than the other two approaches, the effect of type of feedback is not consistent across all levels of order of presentation. Hence the disordinal interaction between the positive versus negative approaches.

A Fisher's protected LSD test showed significant difference between two of the comparisons (Table 5). A comparison between the balanced approach and the positive approach was significant at the .05 level (P ≤ .05). A significant difference was also found between the balanced approach and the negative approach. (P ≤ .05). Together, these two comparisons show that the perceived effectiveness of the balanced approach in producing desired performance outcome is preponderant over the other two approaches. A comparison between the means of the positive versus negative evaluations was however non-significant (P > .05). Thus the hypothesis that the positive approach would be perceived as a better motivational tool is refuted. Perhaps, as the content analysis of subjects' responses showed, both of these two approaches are too extreme and somehow unrealistic (Table 6). About 80% of the subjects said the positive approach is too flattery and lenient. In turn, 79% of the subjects perceived the negative approach to be too strict. The content analysis also shows
Table 4

Positive, Negative and Balanced Appraisals
Simple Main Effects Summary Table

<table>
<thead>
<tr>
<th>Source</th>
<th>SS</th>
<th>df</th>
<th>MS</th>
<th>F</th>
<th>Table Value</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Between Orders</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between A at b₁</td>
<td>10.5214</td>
<td>2</td>
<td>5.2607</td>
<td>1.7357</td>
<td>4.18</td>
<td>Non-significant</td>
</tr>
<tr>
<td>Between A at b₂</td>
<td>4.7795</td>
<td>2</td>
<td>2.3897</td>
<td>.7885</td>
<td>4.18</td>
<td>Non-significant</td>
</tr>
<tr>
<td>Between A at b₃</td>
<td>2.5216</td>
<td>2</td>
<td>1.2608</td>
<td>.4160</td>
<td>4.18</td>
<td>Non-significant</td>
</tr>
<tr>
<td>Within Cell</td>
<td>818.3077</td>
<td>270</td>
<td>3.0308</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between Feedbacks</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Between B at a₁</td>
<td>25.8928</td>
<td>2</td>
<td>12.9464</td>
<td>23.4155</td>
<td>4.20</td>
<td>Significant</td>
</tr>
<tr>
<td>Between B at a₂</td>
<td>25.8395</td>
<td>2</td>
<td>12.9197</td>
<td>23.3672</td>
<td>4.20</td>
<td>Significant</td>
</tr>
<tr>
<td>Between B at a₃</td>
<td>50.2633</td>
<td>2</td>
<td>25.1317</td>
<td>45.4543</td>
<td>4.20</td>
<td>Significant</td>
</tr>
<tr>
<td>A B Interaction</td>
<td>15.6054</td>
<td>4</td>
<td>3.9013</td>
<td>7.0562</td>
<td>4.20</td>
<td>Significant</td>
</tr>
<tr>
<td>Feedback X subject within group</td>
<td>99.5215</td>
<td>180</td>
<td>.5529</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>922.4879</td>
<td>278</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Table 5

Summary of Fisher's Protected Least Significant Difference (LSD) Test Between Levels of Type of Feedback

<table>
<thead>
<tr>
<th>Type of Feedback</th>
<th>Means</th>
<th>Absolute Estimated Contrast</th>
<th>Test Statistic</th>
<th>Critical Value t .05, N-J</th>
<th>Decision</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive versus Negative</td>
<td>61.5054</td>
<td></td>
<td>1.053</td>
<td>1.97</td>
<td>Nonsignificant</td>
</tr>
<tr>
<td>Balanced versus Positive</td>
<td>73.1720</td>
<td></td>
<td>45.6976</td>
<td>1.97</td>
<td>Significant</td>
</tr>
<tr>
<td>Balanced versus Negative</td>
<td>61.2365</td>
<td></td>
<td>46.7509</td>
<td>1.97</td>
<td>Significant</td>
</tr>
</tbody>
</table>

that 50% of the subjects consider the balanced approach as more realistic and compromising. Others (about 82%) also indicated that employee participation in the appraisal process and the appraiser's ability to listen to employee concerns are essential for all three approaches (Table 7).
Table 6
Content Analysis of Subjects' Evaluation

<table>
<thead>
<tr>
<th>Descriptive Categories</th>
<th>Positive Approach</th>
<th>Negative Approach</th>
<th>Balanced Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Unrealistic and too extreme in emphasis.</td>
<td>40%</td>
<td>46%</td>
<td>14%</td>
</tr>
<tr>
<td>2. Too flattery, permissive and lenient.</td>
<td>80%</td>
<td>0</td>
<td>20%</td>
</tr>
<tr>
<td>3. Too critical, strict, and defensive.</td>
<td>0</td>
<td>79%</td>
<td>21%</td>
</tr>
<tr>
<td>4. More realistic, honest and compromising.</td>
<td>30%</td>
<td>20%</td>
<td>50%</td>
</tr>
</tbody>
</table>

Table 7
Variables Considered Necessary for all Three Approaches

<table>
<thead>
<tr>
<th>Variables</th>
<th>Percentage distribution of subjects</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Participation</td>
<td>Considered essential for all three by 86.2% of the subjects.</td>
</tr>
<tr>
<td>2. Listening</td>
<td>Considered essential for all three by 72.3% of the subjects.</td>
</tr>
<tr>
<td>3. Honesty</td>
<td>Considered essential for all three by 87.8% of the subjects.</td>
</tr>
<tr>
<td>X percent</td>
<td>82.1%</td>
</tr>
</tbody>
</table>
Similarity of Establishing Rapport/Purpose of Meeting

To test the similarity of rapport and purpose of meeting among the three approaches, subjects were first asked to indicate two items on a five-point Likert Scale. Each subject's score is defined as the total scores on the 5-point Likert Scale divided by the number of items. Mean score is conceived as the total sum of scores for all subjects divided by the number of items. The consistency of the scores was checked against subjects' rating of the three approaches using five questions. Tables 8 and 9 summarize responses relating to what percentage of subjects would be put at ease under each approach.

Table 8

<table>
<thead>
<tr>
<th>Similarity of Establishing Rapport/ Purpose of Meeting</th>
</tr>
</thead>
<tbody>
<tr>
<td>Positive Evaluation</td>
</tr>
<tr>
<td>----------------------</td>
</tr>
<tr>
<td>No. of Items</td>
</tr>
<tr>
<td>No. of Subjects</td>
</tr>
<tr>
<td>X</td>
</tr>
<tr>
<td>SD</td>
</tr>
</tbody>
</table>
Table 9
Rank-Order Differences in Purpose of Meeting

<table>
<thead>
<tr>
<th>Behavioral Items</th>
<th>Positive Approach</th>
<th>Negative Approach</th>
<th>Balanced Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Most positive motivational effect.</td>
<td>1st</td>
<td>3rd</td>
<td>2nd</td>
</tr>
<tr>
<td>2. Explicit statement of purpose of meeting.</td>
<td>3rd</td>
<td>2nd</td>
<td>1st</td>
</tr>
<tr>
<td>3. Best rapport.</td>
<td>3rd</td>
<td>2nd</td>
<td>1st</td>
</tr>
<tr>
<td>4. Supportive appraiser.</td>
<td>1st</td>
<td>2nd</td>
<td>3rd</td>
</tr>
<tr>
<td>N</td>
<td>93</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>\bar{X}</td>
<td>2.0</td>
<td>2.25</td>
<td>1.75</td>
</tr>
</tbody>
</table>

As the tables above show, although the purpose of meeting is supposed to be equal for all three approaches, the specification of behaviors to be discussed was considered most effective under the balanced approach (\(\bar{X} = 3.8\)). Interestingly enough, the mean for the negative approach was also higher than the positive approach (3.6 against 3.45). However, the apparent difference between the three means is statistically nonsignificant (\(P > .05\)). Mean ranking for the three approaches follow the same lines, with slight variations. Consistent with the scores in the Likert scale, the ranking for the balanced approach was the first (\(\bar{X} = 1.75\)). However, the mean ranking for the positive approach was second this time (\(\bar{X} = 2.00\) as against...
2.25 for the negative approach). This indicates disagreement of subjects' scores under the two measuring situations, for while the negative evaluation was second under the Likert scale, it was third under the ranking scale. These contradictory findings indicate that subjects' response as to whether the three approaches have the same underlying rapport condition is inconsistent and inconclusive. Nevertheless, when subjects were asked whether the purpose of meeting should be identical for all approaches, most subjects (71%) responded in the affirmative by suggesting that the purpose of meeting needs to go along with what behaviors are to be discussed in each appraisal approach. The implication then is that the equality of the purpose of meeting is not as important as to the specification of actual behaviors to be discussed in each performance evaluation process.

Goal Setting, Establishing Specific Action, and Planning of Follow-Up

Eighteen (18) items and nine (9) content analysis questions tested the equality of the three approaches on goal setting, establish specific action and follow-up. Evaluatees were asked to rank order the sameness or difference of the three approaches.

The summary in Table 10 indicates that the three approaches were ranked as the same 61.6% of the time in terms of goals setting, specific action and plan setting of follow-up. This finding lends credence to the fact that the evaluatees did not halo by judging the approach they perceived likely to produce the most effective outcome.
as being best in goal setting, and plan setting of follow-up. For instance, although the balanced approach was perceived as the most effective motivational tool under the specific aspects of performance, it never ranked first (0%) under goal setting and plan setting of follow-up. This finding received support from subjects' response to eighteen five-point Likert scale items, where mean score is defined as the total sum of scores for all subjects divided by the number of items (Table 11). Mean responses on the five-point scale items for the three approaches were 3.77, 3.86, and 3.95 for the positives, negatives and balanced appraisals respectively. In general, those two results indicate that subjects' responses to the questions on goal setting, establish specific action and plan setting of follow-up were independent of their responses to the questions on specific aspects of performance. The effect of halo on their responses was thus refuted.

Table 10

<table>
<thead>
<tr>
<th>Ranking Variables</th>
<th>Positive Approach</th>
<th>Negative Approach</th>
<th>Balanced Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st</td>
<td>7.5%</td>
<td>18.18%</td>
<td>0%</td>
</tr>
<tr>
<td>2nd</td>
<td>12.2%</td>
<td>9.0%</td>
<td>27.1%</td>
</tr>
<tr>
<td>3rd</td>
<td>18.7%</td>
<td>9.0%</td>
<td>11.3%</td>
</tr>
<tr>
<td>Sameness</td>
<td>61.6%</td>
<td>61.6%</td>
<td>61.6%</td>
</tr>
</tbody>
</table>

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Table 11

Similarity of Goal Setting, Establishing Specific Action and Planning of Follow-Up

<table>
<thead>
<tr>
<th></th>
<th>Positive Evaluation</th>
<th>Negative Evaluation</th>
<th>Balanced Approach</th>
</tr>
</thead>
<tbody>
<tr>
<td>No. of Items</td>
<td>18</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>No. of Subjects</td>
<td>93</td>
<td>93</td>
<td>93</td>
</tr>
<tr>
<td>$\bar{X}$</td>
<td>3.77</td>
<td>3.86</td>
<td>3.95</td>
</tr>
<tr>
<td>SD</td>
<td>.71</td>
<td>.78</td>
<td>.74</td>
</tr>
</tbody>
</table>
CHAPTER IV

DISCUSSION

The core dependent variable of the research is the perceived effectiveness of the three formal performance approaches in producing a desired performance outcome. We must consider the question, then of whether the research has any relevance to the actual effectiveness of appraisal approaches. Bem (1972) has provided evidence to show that observers' perception of our activities sometimes tends to tally squarely with our own attitudes and aspirations. In his theory of self-perception, Bem argued that in making inferences about their own beliefs, individuals use the same cues that would be available to an external observer of one's behavior. According to Bem, "Just as we may often infer other people's attitudes by observing their actions, we determine our own attitudes by observing our own actions."

Studies (e.g. Bem, 1967, 1972) have indeed confirmed the postulations inherent in the theory. One particular study by Downs, Farr and Colbeck (1978), revealed that employees in a training course, who were unaware of their test scores or trainer ratings of them, evaluated their performance the same way as the employing organization that used the test scores and trainer ratings. Viewed from this perspective, it would appear that the subjects used in this study are capable of arriving at reasonably realistic conclusions on the perceived effectiveness of the three approaches in producing actual performance outcomes by job incumbents, especially so when the contents of the appraisals are confined to essentially behavioral-type
interactions which take place within the visual field of the subjects. Hence it is feasible that subjects' scores could be usefully extended and generalized to cover the self-influence and evaluation of job incumbents concerning one's own ability to engage in specific job behaviors on the basis of what actually transpired in an actual formal appraisal function. For it is the relative effectiveness of each of these different approaches as a vehicle to motivate and stimulate employees to increase productivity and performance that is the crux of this research undertaken.

Overall, three of the four hypotheses underlying the study were confirmed. In the first place, although the equality of the three approaches in terms of purpose of meeting produced inconsistent results under the five-point Likert scale and rank order conditions, a statistical test did not show any significant difference between the three approaches. This implies that the apparent non-equality of the three approaches on purpose of meeting is due to chance fluctuations.

The goal setting, establishing specific action and plan setting of follow-up were also considered to be equal for all three approaches. In terms of ranking, 61.6% of the subjects judged the three approaches to be equal. The remaining 38.4% is distributed among the other three ranking conditions. The mean score on the Likert five point scale produced similar results (means of 3.77, 3.86, and 3.95 for positive, negative and balanced appraisals respectively). The implication then is that the evaluatees did not halo by judging the approach likely to yield the best motivational effects as being best on goal setting and follow-up. In each approach, the appraisee participation was sought
in setting the goals and the measurable units for each goal were identical. Discussions on expected specific behavioral actions needed to achieve the set goals were also equal for similar accomplishments discussed differently under the three approaches. Explicit performance feedback and plan setting of follow-up were also identical. Under these circumstances, non-equality of goal setting and plan setting of follow-up were reduced to a minimum. Hence the lack of any discernible halo effect on subjects' evaluation of goal setting, specific action and plan setting of follow-up.

One other finding from the study is the nonsignificant difference between the means of positive versus negative emphasis on specific aspects of performance. It has been postulated that on a one-to-one basis, the positive evaluation would be perceived as an effective motivational tool and lead to lower defensiveness and anxiety, high employee satisfaction, and high goal setting. This assumption is based on previous findings (e.g. Latham and Wexley, 1981; Sorcher, 1980). Together these researchers pointed out that although employees deserve to know about their weaknesses, emphasis on areas of strength, coupled with recognition, specific performance feedback and specific goal setting based on the positive aspects of a person's job should yield more desirable performance outcomes than emphasis on negative attributes only. The rationale for this position stems primarily from the close relationship between positive evaluation and positive reinforcement. Research in the laboratory and applied settings (e.g. Bandura, 1977; Yukl, Wexley and Seymour, 1972) has demonstrated that the likelihood for
subjects to behave and engage in particular actions is increased by anticipated reward, especially if the informative consequences following their responses are satisfying. However, it is questionable whether in the extremely complex situations of real life praise works in the same way as demonstrated in other settings. Field research into this area has produced contradictory results and there is evidence that praise is sometimes not reinforcing. Studies to demonstrate the value of praise in motivating employees as compared to negative evaluations have produced mixed results. In some cases, praise has been found to be slightly more effective than negative emphasis on performance. In other cases too, negative evaluation was more effective than praise. The conclusion from most research, therefore, is that some feedback motivates people better than no feedback at all.

Invariably, praise and positive evaluation of performance have been considered desirable because most people feel uncomfortable when evaluated negatively and therefore tend to believe that positive evaluations should have the opposite effect by being more enhancing. Farson (1963) and other workers have, however, suggested that praise and positive evaluation may be equally threatening to the employee/appraisee. It is pointed out that praise has essentially many of the same basic problems and characteristics as do negative evaluations. The reason as argued by Boyd, 1963; Morgan, 1964; Valentine, 1965; McGregor, 1957, is that any performance appraisal whether positive or negative is likely to make people uncomfortable and defensive partly because evaluating others typically
is an attempt to alter, motivate and change a person from his self-concept and identity.

Maier (1958) contends that defensiveness is an expected reaction to performance appraisal and Miner, in his text (1969), would have us believe that evaluatees are generally averse to being evaluated. It is therefore not surprising that subjects used in this study did not rate the positive evaluation in any favorable light. About 80% of the subjects view it as being too flattery, too permissive, too blank and hollow, and completely hypocritical and out of touch with reality. A content analysis of their responses indicates that the approach is too extreme and that evaluators who use this method are likely to have "yes" men around them.

Despite these criticisms, praise is nevertheless used and thoroughly endorsed by parents, teachers, businessmen, psychologists and in other human relation settings because most people feel praise is an indication that we are valued by others and not devaluated. Some people perceive it as a way to establish good relationships. Besides, the use of praise makes things easier and simpler for us since it is less demanding. It saves us from the trouble of cracking our brains and engaging in challenging, heavy and burdensome conversation. The rationale behind the widespread use of praise is succinctly put by Farson (1963) thus, "Praise is a way to terminate an encounter, to tell the other person the conversation is over and to enable us to maintain status and control our relationships."
Emphasis on the negative behaviors of the employee was not perceived favorably either. About 79% of the subjects said it is too critical of employee performance and failed to give credit to the employee on any aspect of his performance. Hence the tendency for appraisees to be defensive, especially if the employees do not anticipate a favorable rating is heightened. Nevertheless some subjects (21%) considered the negative evaluation as desirable in as much as it indicates weaknesses and areas needing improvement in explanatory manner rather than outright put down. Its impact as a motivational tool, however, was not perceived to be better than that of the positive approach. Hence the hypothesis that the positive approach is an effective motivational tool as compared to the negative approach was not borne out. This finding also contradicts Stone (1973) who has suggested that positive evaluations are easy and even enjoyable as opposed to negative evaluations.

By and large, the balanced approach was perceived by 50% of the subjects as the most effective tool in motivating employees from the standpoint of honesty, realism and independent judgment (Table 6). Comparisons between this approach and the other two approaches showed significant differences in both comparisons \( (P < .05) \). This finding lends credence and support to the assumption that the balanced approach is the most effective tool in motivating and stimulating employees to maintain and/or increase their output and performance. A content analysis of subjects' responses showed that the ideal appraisal process should focus on both praise and criticism and not
just on one or the other; hence the need for both positive and negative behaviors in the appraisal process. Performance feedback in such an approach enables the employee to know that he is doing a good job in some areas, but needs improvement to insure maximum utilization of the employee's full potential. He realizes that he has faults even while operating well and that realistic feedback of that nature is essential. (In the final analysis the employee is apt to be more satisfied with the appraisal process when he knows the boss is honest with him than some kind of sweeping praise or brutal criticism.) The perceived effectiveness of the balanced approach in this study therefore contrasts with Nemeroff and Wexley (1977) assertion that performance frequently fails to improve whether negative behaviors are emphasized independently or mixed with positive evaluations. The point is that emphasizing on both specific strengths and weaknesses insures recognition of some aspect of the employee's performance and helps remove present and potential obstacles in the path of the employee by clarifying strategies that the employee can take to fulfill optimum job requirements. The result is an increase in both the employee's job satisfaction and productivity.

Notwithstanding these differences, it seems that each approach may be particularly suitable for certain jobs and situational contingencies. Critical job situations needing minimal errors call for honest negative evaluations when due. For instance, a doctor or pilot committing critical mistakes need not be evaluated favorably. He ought to be told his mistakes to enable him to ascertain his progress.
and change his strategy and tactics if need be. The point, then, is that negative information about performance is tolerable by employees, especially if the information is delivered to correct deficiencies.

From a practical perspective, then, this study suggests that evaluators should worry less about giving negative evaluations and more about giving each employee a well documented, unbiased appraisal.

A common trend running across the subjects' reasons for most of their assessments is the importance they attach to participation of employees in the appraisal process. Requesting employees' ideas, recognizing their viewpoints, incorporating their suggestions into setting goals and specifying behaviors necessary to mediate the achievement of goals are things that insure belongingness and intrinsically motivates a person to give his best (Latham and Wexley, 1981).

Encouraging participation in the appraisal process, as exemplified in the three approaches, thus allows one to bring to bear more points of view, and therefore serves as a useful medium to obtain advice and help solve problems where several points of view might be useful. Besides, participation is also an effective way for gaining employees' acceptance of, and commitment to goals, and for motivating them to discipline themselves to accomplish these goals.

Closely related to the idea of participation is the evaluator's ability to listen to employees' concerns. Indeed, it is not strange that dissatisfaction with most appraisal sections, be it negative, positive or balanced appraisals, is due to our inability to listen to employees' viewpoint. More often than not, we pretend as if we are listening while in actual fact we are just waiting fot the person...
to finish talking for us to tell him what we had preconceived he should hear. Research in the field of personal selling has revealed that the inability of sales people to conclude most sales is because customers say 68% of salespeople do not listen to customer needs (McCarthy, 1981). It is unlikely the percentage of evaluators who listen to employees' viewpoint is less than the 68% found in personal selling. And yet listening to employees' concerns and brainstorming solutions to unacceptable performance with the appraisee are essential ingredients in the appraisal process. Of course, this doesn't mean that the evaluator does all the talking. Rather this nonevaluative listening responds to the person's feelings as well as to his words; that is to the total meaning of what he is trying to say. It implies no evaluation and no judgment. As Farson (1963) has suggested, listening "simply conveys an understanding of what the person is feeling and attempting to communicate; and his feelings and ideas are accepted as being valid for him, if not for the listener."

Another outcome of this study, especially as pointed out by the subjects, is the need for the appraiser to be honest in his evaluation. To be honest doesn't necessarily imply giving blanket praise in areas where one actually knows the employee is falling behind. For instance, telling a student who is inadequate and getting failing grades in all his courses that he is entirely adequate amounts to invitation of resistance and disagreement. He might suspect that the appraiser is masking his own feelings and suppressing his real attitudes partly because he feels being honest would only hurt others and destroy relationships. On the contrary, people might really prefer
to know the truth and welcome in good faith accurate performance feedback be it good or bad. In cases where they have complete situational control over the outcome, they want to see what prevented them from reaching the specified target and they want to brainstorm ways to achieve the potentially positive outcome. Perhaps this desire of people to obtain accuracy rather than flattery explains the subjects' aversiveness to the positive evaluation used in this study. As indicated much earlier, most of the subjects said it is too straightforward and devoid of any feedback. It is just telling people what they already know and hence the amount of information they receive is redundant and near zero. In effect nothing new happens. Only empty bags of praise and swollen-headedness, especially if the person sincerely knows that his performance is inadequate. It goes without saying, therefore, that being honest is not ignorantly concurring with contradictory behaviors. Rather it means showing some of oneself to another person, and transparently exhibiting some of one's own feelings and attitudes in a manner consistent with the behaviors portrayed by the employee without fear or favor (Farson, 1963).

The discussion thus far points to one thing; and that is the issue of employee participation in the appraisal process, and the appraiser's ability to be honest and to listen to employees' concerns, are important aspects of a helpful relationship, insuring satisfaction and motivating employees rather than in emphasizing either negative or positive aspects of performance. Listening and telling an employee that he is not meeting the desired target is not necessarily an indication that he is being rebuked. There is no need for him to be

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defensive if he knows the appraiser is honest and he is aware the evaluator sincerely wants to help him improve on his performance. It is indeed a smack of cowardice not to tell the appraisee what he needs to know. Praising in areas where negative evaluation is needed will only invoke defensiveness and hostile reaction. It is, therefore, questionable to maintain that praise and positive evaluations are always a fuel which motivates and stimulates people. Hence delivering negative evaluation should not be difficult, especially if the honest evaluation is in the interest of the appraisee, the appraiser, and the organization as a whole. An even better way out is to combine both the negative and positive aspects of performance so as to recognize both the strengths and weaknesses of the appraisee.

It is worth summing this study by reiterating once again that appraisers should worry less about giving negative evaluations and more about giving each employee a well documented, honest and unbiased appraisal. The use of positive evaluations alone in the appraisal process is not necessarily a lubricant that keeps the wheel of performance upward all the time. In fact research has shown that it has the same problems and characteristics as negative evaluations. What is needed is an approach that will combine both negative and positive behaviors and provide a realistic appraisal to employees. The significant differences found between the balanced approach and the other two approaches as the most effective medium to motivate and stimulate people to increase productivity provide an empirical support to this contention.
Notwithstanding the difference in the approaches, it is very important that whatever approach is used should take cognizance of employees participation in the appraisal process and above all, the appraiser must demonstrate an outstanding ability to be honest and to listen attentively to employees' viewpoints. Exhibiting such behaviors might be more helpful in facilitating team building, high employee satisfaction and in stimulating employees than in using either negative or positive evaluations independently.

Suggestions for Further Research

Although some of the assumptions underlying the study were borne out, further research might be needed to subject some of these assumptions to rigorous on-the-job tests. This might probably involve several supervisors and subordinates conducting the actual on-the-job appraisal under each approach and judging the perceived likelihood of each approach in achieving the on-the-job performance outcome. Such might produce hard data on the relationship between type of appraisal/feedback and performance/productivity. By and large, this study has at least cast some doubt on the blanket use of praise and positive evaluations as the best motivational tool in the appraisal process. Rather the general applicability of the balanced approach as an effective evaluation tool was enhanced, especially when used in conjunction with active listening by the evaluator, employee participation in setting goals, and honest evaluation by the appraiser.
APPENDIX A

Sex:
Age:

Three approaches to a formal performance appraisal process are presented below. Each involves a face-to-face interaction between a general manager and a department store supervisor. The purpose of the three approaches is to obtain a picture of the appraisal process you perceive as having the best motivational effects. You are to assess the approaches and evaluate the effectiveness of each method on the checklist and questionnaire at the end of each stage of the interaction. There are no right or wrong answers so please try to describe and assess your view as accurately and honestly as you can.

G.M. = General Manager
P = Positive Emphasis
N = Negative Emphasis
B = Balanced Emphasis

(1) a. Establish Rapport / Generating Supportive Atmosphere
P = N = B e.g.
G.M.: Hi, Jim, good morning to you. You're looking good this morning.

Jim: Thank you.

G.M.: Please take a seat and relax. How are you today?
Jim: Pretty fine.

G.M.: How was your weekend?

Jim: It was rather memorable. I was the best man at a friend's wedding last Saturday. It was a large wedding with much champagne and dancing. I had a great time!

G.M.: Glad to hear that. By the way, when are you going to have yours?

Jim: Some time this year or maybe next year.

(1) b. Purpose of Meeting

Positive Emphasis

G.M.: Well, Jim, I asked you to come in today to afford us the opportunity to specify the good behaviors you exhibited to achieve the goals we set for the year and to discuss our course of action for the coming year.

Jim: Yes, I received your letter to that effect about ten days ago and have since gathered all the necessary inputs we needed for today's annual formal meeting.

Negative Emphasis

G.M.: Jim, as you're aware, we're here today to discuss your progress in relation to the goals we set last year and to specify and discuss the things that inhibited you from achieving our
stated goals for the year. This meeting would also aid us to integrate our various tactics and day to day discussions into a cohesive strategy.

Jim: I received your letter reminding me of this meeting and the need for me to gather the necessary inputs for today's meeting.

Balanced Emphasis

G.M.: Well, Jim, the essence of this meeting is to help us identify our strengths and weaknesses, specify the things you did and/or did not do in achieving some of our goals and to come up with an efficient strategy and tactics for the coming year.

Jim: I'm well prepared for this meeting and I've gathered all the necessary inputs we'll need to focus on.

Check List:

1. Tells purpose of meeting.
   
   P  Ineffectively  1  2  3  4  5  Effectively
   N  Ineffectively  1  2  3  4  5  Effectively
   B  Ineffectively  1  2  3  4  5  Effectively

2. Specifies what's to be discussed.
   
   P  Ineffectively  1  2  3  4  5  Effectively
   N  Ineffectively  1  2  3  4  5  Effectively
   B  Ineffectively  1  2  3  4  5  Effectively
Questionnaire:

1. Choose from 1st to 3rd the one you believe would have the most positive motivation effect, i.e. P, N, B. Indicate sameness if you wish.

   P   N   B   Same

2. Under which approach is the statement of purpose more explicit?

   P   N   B   Same

3. Under which approach is the rapport between the appraiser and the appraisee well established?

   P   N   B   Same

4. Under which of the approaches is the appraiser more supportive of employees?

   P   N   B   Same

5. Should the specification of the behavior to be discussed be equal for all approaches? Explain your answer.
APPENDIX B

(2) Specific Aspects of Performance

Positive Emphasis

G.M. Jim, I was just reviewing your evaluation report for the year before you came in. So far as your record goes, I think the 80% target we set for inventory position has been met. As you're aware, prompt action in preparing customers' orders and accurate monitoring of inventory would help us satisfy the needs of our customers at all times. Your performance in this area of inventory position (which includes such components as storing merchandise, preparing customers' orders, inventory control and monitoring orders) is well beyond the 80% we set for the year. This 85% success rate is 10% higher than your previous performance, and 5% above the target we set for this year. Jim, I'm very happy to see this remarkable performance and I personally compliment you on this laudable progress. I think whatever you're doing to improve both of these seems to be really working. There is no doubt we've made good progress on the goals we set for this year and I appreciate the extra effort that has gone into that progress. If there is anything I can do to help you keep the movement going, please let me know.
Jim: Thanks for your compliments, Henry. As a matter of fact, I always try to do a good job.

G.M.: You sure do, and not only do you try, but whatever you're trying to do in inventory position seems to be working well. We're definitely making progress in the right direction.

Jim: I think the regular feedback I received weekly really helped. It portrayed my performance relative to the stated goals. It also maintained my interest in the goals and above all prolonged my effort to attain the goals. In addition, my employees and I are trying our best to satisfy customer needs adequately and eventually create a specialty store status to insure that customers consistently purchase their convenience, shopping and specialty goods from us.

G.M.: One other area in which you achieved great success is in your markdown ratio. As you're aware, a markdown is a retail price reduction which is required because the customers will not buy some items at the original mark-up price. This year's ratio is two points better than last year's. I think this shows that there were fewer errors in your purchases. Our records show that the company saved $20,000.00 from your department alone as a result of this improvement. This is significant since the money would've otherwise gone into paying for business errors committed as a result of poor buying and inadequate market

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research. The company recognizes this achievement and has decided to give your department 20% of the amount saved in this area as bonus for solving a problem that has haunted the department for years.

Jim: My employees would be indeed happy to hear this good news. We all get along very well and I think the specification of job responsibilities and the behaviors expected of each employee greatly helped to improve our performance.

G.M.: We made great savings on revenue reductions, too. Shoplifting, inadequate security and errors in marking prices on merchandise were reduced to a minimum. The figure this year is only $1,000.00 as compared to the $10,000.00 we incurred last year. Nevertheless I think we'll still need to eliminate the problem altogether. I suggest you pay more attention to this area.

Jim: Our security men have been very vigilant and I agree that there is room for improvement. I think the new gadgets we installed at the exit points have helped in controlling shoplifting. Marking prices on inventory have also been more accurate than before.

Negative Emphasis

G.M.: Jim, the last time we met, we agreed to set this year's stock turn rate to 5. As you know, the stock turn rate is the number of times the average inventory is sold during the year.
The need for our inventory to move fast is very important because it insures that less working capital is tied to the inventory we carry. Unfortunately, your stock turn rate for the year is only 3. This low rate increases cost by tying up working capital in that at any one time, we needed a working capital of $250,000.00 instead of only $80,000.00 to handle the same volume of sales. In effect, we are paying almost $40,000.00 annual interest or five times as much interest rate on the goods we carry. I'm not sure, but it seems to me that the low stock turn rate is an indication that the assortment of products in your department is no longer as attractive as it was. I'm very concerned about this and I'll like to hear your ideas as to how we could get the stock turn rate up to where the target goal was.

Jim: I'm equally concerned, Henry, about this development and in recent months have asked the sales section to find out something about the competitive environment and identify our areas of comparative advantage. It seems to me that most of the products we carry are in the market maturity stage, a condition characterized by fierce competition and aggressive promotion. I think we need to change our marketing mix and our strategy in the face of these fluctuations in the market situation. As a first step, I suggest we trim the current 50% markup on selling price to 10%. In this case, although we'll
have low margins on some of the products in the line, the higher and faster turnover on some of these goods would enable us to increase our stock turn rate and earn small but regular profit per unit more often.

G.M.: I'll buy your ideas. In addition, I think you'll also need to adapt a market penetration policy to find new users for our assortment, new uses for the existing products as well as increase current customers' rate of use. A market development strategy to increase sales in entirely new markets is also feasible. I also suggest you introduce quantity discounts, leader pricing, mass selling, clipping coupons, point of purchase displays and other attractive promotional activities to increase sales and profit.

Jim: That might work, but I think we'll need extra funds for all these activities.

G.M.: I'll take care of that and assure you've all the necessary support. Jim, now let's talk about other items on the agenda. Turnover in your department this year was rather high. I'm puzzled. A survey by the personnel department shows that most of the employees have low morale and poor working relationship with management. This is alarming. I'm looking for ways to bolster morale and job satisfaction and I'll welcome any suggestions you might offer.
Jim: I think most of the employees were complaining that there are no opportunities for advancement and that their pay is low as compared to our competitors.

G.M.: But Jim, you should've told me about this much earlier.

Jim: I did send a memo explaining the workers' grievances to management but no action was taken. I think they need pay increases and other fringe benefits.

G.M.: We can't afford to give any pay increases when we are losing heavily in things we could've rectified. Let's make a deal with them. For every amount we make from markdown ratio, the company will pay 20% to the employees as bonus. In addition, 50% of the amount retrieved from shoplifting and inaccurate markings on merchandise would also go to the employees.

Jim: I think it might help somehow.

G.M.: Another thing that we need to discuss is on customer complaints. Our customer complaints record for the year is not encouraging. It is about 20 per week. This is a far cry from the 2 per week we set for the year. As you're aware, our image and interaction with customers should assume paramount importance because we couldn't be in business for a day if they stopped purchasing. It is our duty to attract all potential customers into our store and increase sales and profit.
rather than sending them over to our competitors. We cer­
tainly have to do something about this problem.

Jim: I recognize the need for our employees to be courteous to
customers. But in general, I think the problem is a spill­
over of the low morale and job satisfaction among the employees.
I'm sure things would get better once their problems are solved.
We certainly ought to make room for personal growth and advance­
ment.

G.M.: Bring this issue up during the next general staff meeting
for further discussion and specification of what has to be
done to enhance employees' growth and advancement. Meanwhile,
I suggest you initiate a peer feedback approach and check list
at the counter to monitor their daily performance. I also
suggest you hold monthly meetings to brainstorm the best ways
of solving customers' problems. There is also the need for
an improvement in your after-sale service and repairs.

Balanced Emphasis

G.M.: Jim, let's start our meeting with a discussion of your stock
turn rate for the year. As you know, the stock turn rate is
the number of times the average inventory is sold during a
year. Your rate for this year is three instead of the one
we had last year. This means that at any one time, we needed
only $80,000.00 in working capital for your department instead
of the $250,000.00 we spent last year only to carry the necessary inventory. There is still room for improvement, though. Nevertheless, I think this is a great achievement and I very much appreciate whatever you've done to make this possible.

Jim: I think the tactics and the marketing mix I adopted seem to have worked well. I trimmed our markup on selling price from 50% to 10% and I think this really increased turnover, sales and profit substantially.

G.M.: This shows good anticipation, a better understanding of the competitive environment and a sound managerial judgment in this particular case. However, it does seem to me that the same thing cannot be said of your inventory position for the year. The available data indicates that your performance in this area is a clear 10% below the 95% target we set for the year. This is certainly an unacceptable performance level. In setting the 95% goal for the year, we came to an understanding that regular monitoring of inventory and prompt action in preparing customers' orders would help us satisfy the daily needs of our customers and place us in a rather favorable position in the eyes of our customers. This would eventually give our store a "specialty" status and help us increase sales and profit. So far as your record goes, I think we've managed to achieve part of the goal, but I think we're capable of
reaching this target. As a person directly in the field, what steps do you think we ought to take to achieve this target?

Jim: I think in the first place, the goal we set for this year was too high and ambitious. We were able to achieve the 88% target last year, but I think the new 95% for this year ignored the changing nature of the environment and placed a lot of stress on us.

G.M.: But Jim, I think we should've discussed this when we first set those goals. But even then, if we were unable to achieve the 95% target, the 88% we had for last year shouldn't have eluded us. We are certainly losing customers in substantial numbers and our image is fast fading in the eyes of the public. Besides, we wouldn't be in business for long if this activity continued eating into our operations and profit.

Jim: I quite see the implication. One way to control our inventory and monitor orders is to install a data monitoring instrument in the warehouse to give us a daily count of the items we have in stock.

G.M.: On inventory control, I'll further suggest that goods be ordered well in advance before supply is exhausted. Despite your apparent slip in inventory position, I think the turnover in your department this year is the lowest we've had in years. It's only about 1%. This is significant considering the fact that
we'd previously had an average of 15% turnover per year. This low turnover in personnel has saved us from the periodic problem of hiring and training new employees annually, not forgetting, of course, the loss of our experienced sales people and clerks to competing stores.

Jim: The low turnover is due to high morale and satisfaction the workers derive from their job. I've increased their job responsibilities and each one now has more say in our operations.

G.M.: You have an excellent working relationship with your subordinates, too. According to a report by the personnel department, about 90% of your employees said you often ask fellow workers for their ideas in promoting business and encourage each member to consider the value of team building in all their job undertakings. You're also credited with asking employees to do things rather than ordering them. According to the survey, about 90% of the employees said they wouldn't trade you for any other manager if they had the option. That's very impressive, you know.

Jim: Thanks. My work group has been very supportive and I think we get along rather well. I recognize their viewpoint and we all try our best to complete our assigned job accurately and timely.

G.M.: Jim, I've a problem with your markdown ratio, though. As you are aware, customers' refusal to buy goods at the original
mark-up price is due to a variety of reasons such as soiling, style changes, damage caused by handling and other business related errors in purchasing. This year, for instance, the markdown ratio in your department is about 10% of your gross sales. In monetary terms, this is equivalent to $40,000.00. This is a colossal amount indeed. In what ways do you think we can overcome this nagging problem?

Jim: Some of the goods we receive are already in bad shape before they arrive. Henceforth, we'll send back such items to the manufacturers instead of carrying such loads on our head.

G.M.: At the same time, make sure fragile items are handled carefully and cautiously in the warehouse. There is also the need for additional and frequent marketing survey by the sales people to provide accurate and timely data on the changing nature of the product life cycle.
QUESTIONNAIRE:

1. What % of subjects would be motivated to increase performance under each approach?
   - P 10% 20 30 40 50 60 70 80 90 100%
   - N 10% 20 30 40 50 60 70 80 90 100%
   - B 10% 20 30 40 50 60 70 80 90 100%

2. Which supervisory discussion do you believe would have the best motivational effects?
   - Positive
   - Negative
   - Balanced
   Explain the rationale behind your ratings.

3. Choose the one you believe would be most effective in providing specific feedback and in stimulating the setting of specific goals.
   - Positive
   - Negative
   - Balanced
   Reasons?
Check List:

1. Reviews previous goals.
   - P: Ineffectively 1 2 3 4 5 Effectively
   - N: Ineffectively 1 2 3 4 5 Effectively
   - B: Ineffectively 1 2 3 4 5 Effectively

2. Explains the significance and importance of goals.
   - P: Ineffectively 1 2 3 4 5 Effectively
   - N: Ineffectively 1 2 3 4 5 Effectively
   - B: Ineffectively 1 2 3 4 5 Effectively

3. Assesses performance against the stated goals.
   - P: Ineffectively 1 2 3 4 5 Effectively
   - N: Ineffectively 1 2 3 4 5 Effectively
   - B: Ineffectively 1 2 3 4 5 Effectively

4. Explains problems nondefensively.
   - P: Ineffectively 1 2 3 4 5 Effectively
   - N: Ineffectively 1 2 3 4 5 Effectively
   - B: Ineffectively 1 2 3 4 5 Effectively

5. Obtains divergence in thinking.
   - P: Ineffectively 1 2 3 4 5 Effectively
   - N: Ineffectively 1 2 3 4 5 Effectively
   - B: Ineffectively 1 2 3 4 5 Effectively

6. Requests appraisee's ideas.
   - P: Ineffectively 1 2 3 4 5 Effectively
   - N: Ineffectively 1 2 3 4 5 Effectively
   - B: Ineffectively 1 2 3 4 5 Effectively
7. Praises employee for things done well.

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8. Criticizes appraisee for the cause of the problem.

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9. Asks appraisee for ideas in overcoming problems.

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10. Offers bonus as an incentive.

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11. Asks appraisees if there is anything he can do to make their job easier.

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12. Explains the rationale why the problem must cease.

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13. Listens attentively to employee's concern about a change.

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14. Uses a general permissive manner.

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15. Is friendly when interacting with appraisee.

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APPENDIX C

(3) Goal Setting, Establishing Specific Action and Plan Setting of Follow-Up

Positive Emphasis

G.M.: Jim, I think so far your performance has been exemplary. Like I pointed out, your performance in the area of inventory position is outstanding and I just want to encourage you to keep up with all the good work you've done in this area. With this 85% performance, I'm confident that a 95% target for the coming year is feasible.

Jim: Let's go along with 90%. The last 10% is the hardest and I'm just afraid 95% isn't realistic.

G.M.: Okay, let's set the target to 90% as you've suggested. To achieve this new target, I think you'll have to maintain all the good work you've done plus prompt adjustment of inventory records and up to date maintenance of inventory books. Daily checking and monitoring of merchandise and customers' orders are also needed. Your markdown ratio for the year is equally good. I think we're agreed that the next target should be 1% of gross sales. Like you suggested, regular survey by the sales people to find out what stage our inventory has reached in the product life cycle and careful handling of inventory in the warehouse would further help keep the allowances paid to customers even lower. Your revenue reduction procedures...
have been very effective and I think a 100% success in this area should not be beyond our reach. Reaching this target would need extra and efficient cash control, effective credit supervision, constant monitoring of sales, accurate inventory control and timely but accurate marking of prices on displayed merchandise.

Jim: Thank you! With your help and support, I'm sure we can have an even better year next year.

G.M.: I'm glad you agree with me on our goals for the coming year and the specific activities that should be exhibited. I'll be keeping in touch with you in the weeks ahead to hear and discuss any problems you might have. This would insure periodic adjustments of our tactics and marketing mix as the situation warrants. It would also enable us to monitor our progress and operate within the set specified standard.

Jim: I'm glad you've confidence in me.

G.M.: Well, Jim, I think that's all there is. Unless you have any problems or suggestions, I'll only say that we are well on the road and in the right direction. But please don't hesitate to call my attention to any peculiar problems you might have. I've full confidence in your abilities and I assure you of my utmost support in your attempt to inject life and new ideas for increasing our business. I also encourage you to implement
and go ahead with whatever you think is workable.

Jim: I'll endeavor to do my best along the lines we've discussed.

G.M.: OK, Jim, let's see what happens in the weeks ahead and like I said, keep in touch from time to time. Have a good day. Bye.

Negative Emphasis

G.M.: Well, Jim, now that we have an understanding of the problems we face, let's identify the specific behaviors necessary to reach our goals for the coming year. Our stockturn rate, unless you have any objections, I suggest we set the target to five once again. And like you suggested, we'll now use a 10% markup on selling price. But I think you'll also have to adapt a market penetration approach to increase sales. I'll also add that you use a market development approach to find new markets for our assortment. Constant review of the product life cycle is also necessary. Your promotional activities must include quantity discounts, use of coupons, and seasonal discounts. A better understanding of customer needs and goods classes coupled with a good marketing mix strategy should help us increase sales and profit. The high turnover, tardiness and customer complaints are a real headache. One way out for us is to develop a checklist and peer appraisal instrument to provide daily feedback to each employee. To
bolster morale, I think we agreed that the employees be given a percentage of the savings made in markdown ratio and other revenue reduction procedures.

Jim: I think the goals and behaviors you'd specified are within our reach. On employee's morale I suggest we offer them more opportunities for advancement and growth.

G.M.: This suggestion would receive serious attention. I'll talk to the personnel department about it. OK, Jim. It's good we'd come up with what course of action to take in the months ahead. I'll be keeping in constant touch with you on a biweekly basis to review your progress and help find solutions to problems before they become emergencies. This would enable us to adjust and change our tactics in the face of environmental contingencies.

Jim: Right. I think this time we are going to make it.

G.M.: Glad to see you have such high hopes. Well, Jim, I think we've covered enough ground. Unless you have any problems and suggestions, I think the objectives we've discussed should be enough to guide our activities for the coming year and put us well on the road. But please do not hesitate to call my attention to any problems you might face while implementing our strategy. Always remember we're all in this together. I assure you of my full support in your attempt to turn things
around and please feel free to go ahead with whatever you think is remotely workable.

Jim: I'm glad you understand the nature of the problem and are eager to help us find answers to things.

G.M.: I'm always with you. OK, Jim, let's see what happens and like I said, keep in touch from time to time. Have a good day, bye.

**Balanced Emphasis**

G.M.: Jim, now that we've identified our strengths and weaknesses, let's integrate our suggestions into a cohesive strategy and specify what behaviors are to be exhibited in the coming year. On stock turn rate, we found out that our average inventory is sold three times in a year. This is two points above last year's performance. This is impressive. We agreed that the 10% markup on selling price you initiated be maintained and decided to set the target for the coming year to five. Like we discussed, you'll have to adapt a market penetration approach to find new users, new uses and increase current customers' use of our assortment. I'm also of the view that a market development approach to find out new markets for our assortment offers an attractive alternative to increase sales. Knowledge of the product life cycle, a better understanding
of goods classes and consumer needs coupled with such sales promotional activities like quantity discounts, prize money, the use of coupons and seasonal discounts should help bolster sales and profit. There is also a remarkable improvement in your customer service section and I think timely and accurate handling of customer complaints would help zero in on this problem.

Jim: Thank you. I think we are in perfect agreement in what we need to do to hold fast on our gains. On customer complaints, I think a yearly in-service training session and briefings on customer service would also be useful.

G.M.: As we discussed, your performance in inventory position and markdown ratio weren't up to the standard we set for the year, but I think we are capable of reaching these targets. On inventory control, I think we agreed to set the target to 90% again. To realize this target, we agreed in the course of our discussion that the counting of merchandise should be timely and accurate. We also discussed the need to install a data monitoring device to aid in the counting of merchandise. There is also the need for you to keep a reasonable reserve of goods well before supply is exhausted. You'll also have to adjust inventory promptly and insure proper maintenance of inventory books. On the low markdown ratio, we agreed that up to date knowledge of the product life cycle, good foresight,
appropriate market research and proper handling of merchandise should help us reduce the allowances granted to customers on soiled items.

Jim: I'm glad the company recognizes the contribution we're making towards increasing business, sales and profits and is fully determined to help us solve problems that emerge.

G.M.: Jim, I think we've done a good job on our goals for the coming year and the relevant behaviors needed to achieve these specified targets. In the months ahead we will monitor our progress and adjust our tactics and other marketing mixes as the situation warrants. In this connection, I hope to keep in constant touch with you on a weekly basis to review your progress and offer suggestions.

Jim: I'm glad you'll be keeping in touch. Meanwhile I'm looking forward towards a successful year.

G.M.: Well, Jim, I think we've discussed all that there is. We just have to do our best and see how things unfold in the months ahead. But at the same time, remember to call my attention to any peculiar problems you might have. I assure you of my full support in your attempt to find answers to some of the problems we've identified. Meanwhile, have a good day. Bye.
Check List:

1. Discusses issues of mutual importance to both.
   - P Ineffectively 1 2 3 4 5 Effectively
   - N Ineffectively 1 2 3 4 5 Effectively
   - B Ineffectively 1 2 3 4 5 Effectively

2. Requests consensus in setting goals.
   - P Ineffectively 1 2 3 4 5 Effectively
   - N Ineffectively 1 2 3 4 5 Effectively
   - B Ineffectively 1 2 3 4 5 Effectively

3. Sets goals that are difficult but attainable.
   - P Ineffectively 1 2 3 4 5 Effectively
   - N Ineffectively 1 2 3 4 5 Effectively
   - B Ineffectively 1 2 3 4 5 Effectively

4. Expresses goals in measurable units.
   - P Ineffectively 1 2 3 4 5 Effectively
   - N Ineffectively 1 2 3 4 5 Effectively
   - B Ineffectively 1 2 3 4 5 Effectively

5. Sets specific goal for each criterion.
   - P Ineffectively 1 2 3 4 5 Effectively
   - N Ineffectively 1 2 3 4 5 Effectively
   - B Ineffectively 1 2 3 4 5 Effectively
6. Offers specific solutions to problems.

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8. Recognizes and acknowledges appraisee's viewpoint in establishing specific actions.

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N & Ineffectively & 1 & 2 & 3 & 4 & 5 \hline
B & Ineffectively & 1 & 2 & 3 & 4 & 5 \hline
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9. Consults appraisee for ideas in ways of making a job better.

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N & Ineffectively & 1 & 2 & 3 & 4 & 5 \hline
B & Ineffectively & 1 & 2 & 3 & 4 & 5 \hline
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10. Explains to appraisee what is exactly expected of him.

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11. Treats all appraisees in a fair and consistent manner.

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12. Makes it clear that he has confidence in appraisee's abilities.

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13. Plans a follow-up date.

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14. Reviews goals and objectives from time to time instead of yearly.

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15. Asks appraisee to see him with daily problems at any time.

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16. Appraisee knows where to get hold of appraiser at all times.

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17. Is proactive in that he is constantly looking for potential problems and finds solutions before the problem emerges.

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18. Closes meeting on a positive note.

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Questionnaire:

1. What % of appraisees would agree with the goals set in each of the approaches?

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2. What % of subjects would consider the goal setting as being participative?

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3. What % of subjects would consider the goals for the coming year to be attainable?

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4. What % of subjects would agree with the expected specific behavioral actions needed to achieve the set goals?

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5. Under which of the approaches is feedback made explicit? Indicate that they are the same if you think so.

- P
- N
- B
- Same

6. Under which condition is the suggestion for improvement explicitly stated?

- P
- N
- B
- Same
7. What % of subjects would view the established specific actions to be achievable?

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8. Which approach has the best follow-up?

P
N
B
Same

9. What % of subjects would consider the follow-up session to be important?

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BIBLIOGRAPHY


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