A Survey of Merit Rating in Industry

N. K. Nahavandi

Western Michigan University

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A SURVEY OF MERIT RATING IN INDUSTRY

A Thesis
Presented to
the Graduate Faculty of
Western Michigan University

In Partial Fulfillment
of the Requirement for the Degree
Master of Business Administration

by
N.K. Nahavandi

January 5, 1962
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The writer wishes to express his sincere appreciation to Dr. Fred Hartenstein, the Head of the Management Department for his guidance and direction.

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Final appreciation goes to Dr. George G. Mallinson, Dean of School of Graduate Studies, and representatives of companies who participated in the survey.
CHAPTER I

THE PROBLEM AND ITS BACKGROUND

INTRODUCTION

Personnel administration is but one phase of industrial management. It has been defined as:

"Personnel administration means organizing and treating people at work so that their effort singly and collectively, will bring the best results possible. This requires quite specific information about the employee and his job. It implies knowing what the employee is doing, and how and why it differs from what is wanted of him. It implies having some idea of the employees' capacity in relation to the responsibilities of his present assignment. It implies having a measure of the employers' contribution to the organization, and understanding and discrepancy between that value and the employee's salary. Finally it implies putting this information to work."

Business organizations are cost conscious and profit oriented. Every activity performed within the firm has an economic purpose and contributes toward the profit goal. To achieve this purpose the firm depends upon its people. In the words of Maynard: "Men differ more than we ordinarily think they do. While the products of an industry may be uniform and standardized, the people who make these products are not. They differ widely among themselves..."

How great are these individual differences? The answer will differ according to the type of work and also with the selection methods used at the original hiring. He further continues:

"There have been a number of estimates of the extent of individual differences. One, is that in almost any working group the best man produces about six times as much as the poorest man. A quite conservative statement is that within almost any working group a man can be found who is producing twice as much as another. If we consider spoilage of materials and damage to machinery, some men may actually be of negative value to the company."

Therefore, individual differences range from men who actually make a negative contribution to those who make valuable contribution in their jobs. Therefore we need a yardstick to measure these individual differences in order to evaluate their contribution in the form of a formal system of appraisal and evaluation of personnel.

This study is concerned mainly with the formal plans, and not with any informal procedures.

**Historical Background**

Management has been preoccupied with evolving a proper method of measuring employee performances. In the words of Mahler:

---

3H.B. Maynard, *op. cit.*
"For decades management has been searching for the ideal method of rating employee performance. As far back as 1916, the Lord and Taylor department store had an appraisal system comparable in many ways to the form of today. Indeed a rating form having much in common with some form employed today was in use one hundred and sixty years ago."  

A brief history of merit rating is described by Lytle:

"The formal kind of merit rating seems to have stemmed from the school; it was applied to the U.S. teachers themselves in 1915. In 1916, the Bureau of Salesmanship Research was organized at Carnegie Institute of Technology, partly to improve the rating of salesmen and it adopted the Scott man to man comparisons for rating of graduate officers of training courses and promptly extended it as a means of selecting suitable candidates for training courses. In 1919, it extended its merit rating to all commissioned officers. In 1919-1920 forty-five companies and associates started merit rating in industry."  

Kelly, who was formerly director of management research for McKinsey and Company, Management Consultants, and Manager of Personnel research services for the American Cyanamid Company, is now manager, personnel development and training for the Port of New York Authority, and explains the four phases of the historical development of appraisal programs.

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4Walter R. Mahler, Twenty Years of Merit Rating 1926-1946, New York, the Psychological Corporation, 1947.

"The first real interest in the rating appraisal of personnel came from the experience and reports of the United States Military in World War I, and quite a few publications on appraisals appeared in the early 1920's. But really widespread and industrial interest in this field lagged until 1925, when a wave of formal job evaluation programs began to sweep the country ... It was an easy and natural step from this business of evaluation jobs to move over into an area of evaluating people and their performance in the job. Most of this early work was called not 'appraisal' but 'merit rating' a term still common in the language of management today. Thus, the first action phase in appraisals centered around management's interest in making and recording decisions on salary matters."

He proceeds:

"During the 1920's and early 1930's we witnessed the development of numerous studies in psychology and the behavioral sciences. From such studies and the economic and social pressures of 1930's came a sudden move of interest in the use of new science in industry. Much emphasis was placed on the use of psychological tests to improve employee selection and placement. Other means such as attitude surveys also began to receive more attention. The objectives of such work were not always too clearly defined, but they were generally aimed at improving morale and increasing productivity, lowering costs and cutting down absenteeism. The second phase developed.

"As far as I can determine the third phase developed from the work done from 1927-1939 by the Harvard Business School research group with 20,000 employees at Hawthorne Works of Western Electric Company. Those who have read the major report on the 'Hawthorne Experiment' will recall the emphasis was placed on the use of employee interviewer counselors to encourage two-way communication and thus increase both morale and productivity.

---

"The fourth phase in the development of appraisals came into national prominence at the close of World War II, when many companies found that because of upheavals produced by war and unexpected postwar expansions, they were woefully thin in managerial talent. It was also about this time that recognition became widespread, that with growing complexity of modern management systems, seasoned, high collar executives are not born, and must be developed. In short, management development programs began to receive considerable attention for the first time."7

Government recognition was also accorded to merit rating by 1923. Patton and Littlefield say:

"A further recognition was given merit rating as a method of measuring the ability of individuals when the classification act of 1923 was enacted. This act embodied the basic legislation covering employee rating procedures in the federal government. The following is quoted from the act:

'The ... board shall review and may revise uniform systems of efficiency rating established or to be established for the various grades or classes thereof. The head of each department shall rate in accordance with such systems of efficiency of each employee under his control or direction.

'The current ratings for each grade or class thereof shall be open to inspection by the representative of the board and by the employees of the department under conditions to be determined by the board.'8

7 Phillip R. Kelly, _op. cit._, p. 60.

Employee appraisal programs are the products of a chain of events in the economy beginning with scientific management, the application of social and applied sciences in industry, the impact of prosperity and depression in 1920 and 1930 respectively and incipient era of efficiency experts.

The Problem

The purpose of this study was to find out how merit rating as a personnel technique is used in appraisal and evaluation of personnel in American business and industry.

The scope of the study includes an analysis of the different phases of the problem and the prevailing management philosophy thereof.

Definitions

I believe it was Voltaire who said, "If you speak with me define your terms." The following terms are defined for the purpose of making the content of this study more understandable. "Merit" is the state or fact of deserving of something that entitles to reward. "Merit rating" involves the study of employees' performance, the appraisal of their abilities, and potentialities, and regarding and utilization of such information in the interests of efficient operations. 9

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9 Industrial State Bank, "Employee Appraisal Report", Kalamazoo, Michigan
The writer through studying the subject developed the following definition. "Merit rating" is a process of subjective and objective judgment of a subordinate by a superior, the end result being a tool of management. In considering what merit rating is and what it reveals there are two primary distinctions that should be made. These two distinctions are expressed by Mee as follows: "In the first place, merit rating is primarily a method of obtaining opinions about employees, it is not a method of measuring performance or personality traits of employees. In the second place, there should be a careful distinction maintained between opinions about the performance of employees on their present jobs, and opinions that relate to the potentialities of employees for other types of work. The recognition of these two distinctions is crucial to the understanding of what merit rating is and what purposes it serves. The term merit rating is not used universally in referring to the evaluation of an employees' performance."¹² Such synonyms as the following are used: service rating, personnel review, personality rating, employee appraisal, behavior rating, progress rating, executive evaluation, and estimates upon nonmeasurable abilities, qualities, traits, habits, or achievements. "Halo effect" is a factor which tends to allow one quality to color the entire appraisal or to make

all qualities fit a sort of general impression. "Probationary employees" refers to the new employees whose sum totals of personal and physical endowments are literally "on trial" to his employer. This is the new employee's tryout period; he may be discharged at any time during his period without recourse. Upon successful completion of his trial period, he becomes classified as a permanent employee. "Employee" here applies to all individuals occupying supervisory salaried, managerial, clerical, technical, and non-technical jobs. "Validity" refers to the extent to which ratings adequately differentiate among employers in terms of actual job performance. Reliability relates to the consistency of measure, the likelihood that information obtained would be similar if obtained again.
CHAPTER II
METHOD OF INVESTIGATION

The purpose of this chapter is to describe the manner in which, (1) the preliminary information about the subject was obtained, (2) the questionnaire development, (3) how the mailing list was compiled, and (4) the manner in which the questionnaire was distributed in order to get the greatest possible results.

Preliminary Study on the Subject

The study on the literature of merit rating was realized to be necessary before any further consideration. This purpose was achieved through library research. Nearly every book in personnel, industrial relations, and job evaluation had devoted a chapter on employee rating. Also, a number of articles were found in personnel journals and magazines. It was through this study that the writer developed the problem under consideration in this study. For the solution of the problem, quantitative data was necessary and the results depended partly upon the proper method which could obtain the needed information with the minimum cost.

Technique Used

The procedure for obtaining the information was divided into two parts, a minor and a major device.

Minor device: This method included telephone calls and personal interviews with industrial relations directors, personnel directors, store
managers, and supervisors. Telephone calls were used for making appointments with industrial relations directors, personnel directors, and managers, and also in following up the questionnaire.

After giving them a call and asking for the director of personnel, the following conversation for making an appointment and follow-up would ensue: "Hello, sir; I am a student at Western Michigan University. I am currently working on my Master's degree. The subject I am working on is in the field of merit rating. I would like to ask you for an appointment. Of course, the information is confidential and is only for the purpose of deriving general conclusions."

The follow-up telephone calls were for the purpose of speeding the operations, and the conversations were similar to the above. In addition, the following statement was made, "I have sent a questionnaire to your company and would like to know if you considered it."

Fifteen appointments were made in this way, and relatively large companies were selected. The procedure of the personal interview was done in this way: First, with a letter of introduction from Dr. A. Schneider, Dean of School of Business Administration, Western Michigan University, I approached the interviewee. The interview was partly directive, partly nondirective, covering the questionnaire and some additional questions, too. This method was a good way of obtaining the information, because
the problem was discussed personally with personnel directors and appropriate representatives of the companies who had reliable information about the subject. But it was rejected as a major device, due to the need for a considerable amount of time and money to finance the transportation.

Therefore, in view of the multiple difficulties involved in the above method, it was decided to use the questionnaire technique because this technique required less cost and less time to administer as compared to other methods and appeared to be the most reasonable tool of gathering data and information from widely scattered sources. This decision to use the questionnaire was supported by Goad, Barr, and Scott who state:

"The questionnaire is an important instrument in normative survey research, being used to gather information from widely scattered sources. The questionnaire procedure normally comes into use where one cannot readily see all of the people whom he desires responses or where there is no particular need to see them personally."  

---

A suitable questionnaire was designed for the purpose of investigation and to invite the cooperation of the respondents at the same time. Effort was made in designing the questions to be clear, brief, understandable and to the point, and also to avoid bias in the framing of the questions.*

Sources of Compiling Mailing List and Distribution of Questionnaire

In distribution of the questionnaire, the first step was to address companies with a large number of employees having a merit rating system. Because there was no point in contacting firms who did not have any formal rating system, I followed this procedure.

The names and addresses of the companies and also the necessary characteristics such as employee statistics and major product or service area were obtained through the following books: The Directory of Michigan Manufacturers, The Directory of Ohio Manufacturers, Illinois Manufacturers Directory, The Indiana Industrial Directory, and

* A copy of the questionnaire is included in the appendix on pp. 96-97


Moody's Industrial Manual. 16

Through the use of above sources, 150 companies were selected. An attempt was made to eliminate the companies which were relatively small (less than 50) with the purpose of increasing the probability of companies with formal merit rating plans and also to save time, energy, and expense. The sample size was chosen in this way: A review of previous researches in regard to the sample size of questionnaire and per cent of returned replies was made and consideration of the cost and other possible limitations was taken by this author. One hundred and sixty questionnaires were prepared from which one hundred and thirty-five were sent to the selected companies with the assumption that sufficient responses would be returned, which would give sufficient amount of information for analysis and interpretation. Fifteen companies were contacted personally.* The company officers who were contacted were industrial relations directors, personnel directors, and presidents, due to the sizes of companies.

Geographical Locations of Participants

From a geographical standpoint, the participants' spheres of operation cover the four midwestern states, including Michigan, Ohio

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* A list of the titles of individuals interviewed is included in the appendix, p. 95
Illinois, and Indiana, covering a total of thirteen cities which are mostly industrial centers. The location of the companies covered in this investigation is tabulated in Table I. The table indicates that the heaviest concentration of companies participated are located in Michigan. Among the four states in the study and among the cities, Kalamazoo represents the main center of study. This is due to closer contact that the writer had in Kalamazoo areas. The reason for selection of companies in the four midwestern states is that these states are mainly industrial states and the firms in these states are sufficiently diversified, so that a sample of companies represents a variety of industries.
<table>
<thead>
<tr>
<th>State and City</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Michigan</td>
<td></td>
</tr>
<tr>
<td>Kalamazoo</td>
<td>21</td>
</tr>
<tr>
<td>Detroit</td>
<td>6</td>
</tr>
<tr>
<td>Grand Rapids</td>
<td>4</td>
</tr>
<tr>
<td>Battle Creek</td>
<td>4</td>
</tr>
<tr>
<td>Ann Arbor</td>
<td>1</td>
</tr>
<tr>
<td>Ohio</td>
<td></td>
</tr>
<tr>
<td>Cleveland</td>
<td>3</td>
</tr>
<tr>
<td>Ashland</td>
<td>2</td>
</tr>
<tr>
<td>Dayton</td>
<td>1</td>
</tr>
<tr>
<td>Cincinnati</td>
<td>2</td>
</tr>
<tr>
<td>Indiana</td>
<td></td>
</tr>
<tr>
<td>Indianapolis</td>
<td>4</td>
</tr>
<tr>
<td>Gary</td>
<td>2</td>
</tr>
<tr>
<td>Fort Wayne</td>
<td>1</td>
</tr>
<tr>
<td>Illinois</td>
<td></td>
</tr>
<tr>
<td>Chicago</td>
<td>6</td>
</tr>
</tbody>
</table>
CHARACTERISTICS OF INDUSTRIES PARTICIPATING IN THE SURVEY

As already stated on page II, the basic criteria for selection of companies were on the basis of directed sampling. That is, effort was made to prevent contacting companies whose number of employees were under fifty. This distinction was made in order to increase the certainty of the companies having a formal plan. Although such an attempt was made in the selection of companies, the result showed that the companies represented by the respondents to the questionnaire cut across a plane of the American business and industrial pattern.

The breakdown of participating companies by number of employees and industrial classification is shown in Tables II and III on pages 19 and 20. The data as presented in Table II indicates the range of employment statistics and number of companies which participated in the survey within that range.

The data in Table III indicates the various industrial classifications and number of companies in each classification. The basic information regarding employee statistics and major products was obtained through Michigan, Ohio, Illinois, Indiana directories and "Moody's Industrial Manual."

The technique for classifying the companies' products into industrial classifications was as follows.
First an attempt was made to find a source regarding the classification of companies' products from directories or any reference books. Unfortunately, it was found that there is no directory or reference book about the subject. The closest directory in regard to the subject was "Thomas Register of American Manufacturers" which was not much help in classification.

Finally through the cooperation of the Michigan Employment Office, the participating companies were classified according to the standard industrial classification manual.

Classification of data.

Data concerning companies' practices in all areas of merit rating were classified according to size of company (number of employees). The purpose of this classification was to indicate the influence, if any, of this variable upon rating procedure. The following categories of size of company were used:

- Less than 100
- 101-500
- 501-1000
- 1001-2000
- 2001-5000
- 5000 and over

2- Analysis of data.

Analysis of the data contained in the tables is made on the basis of statistical interpretation. That is to determine the relationship, if there is any, between size of company and that phase of the study and also the inter-relationships that may exist between different phases of the problem under study. The data have been converted into percentages and have been combined in order to facilitate the presentation of the result.


<table>
<thead>
<tr>
<th>Employment Range</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>50-100</td>
<td>6</td>
</tr>
<tr>
<td>100-500</td>
<td>15</td>
</tr>
<tr>
<td>500-1000</td>
<td>8</td>
</tr>
<tr>
<td>1000-2000</td>
<td>9</td>
</tr>
<tr>
<td>2000-5000</td>
<td>10</td>
</tr>
<tr>
<td>5000 and over</td>
<td>9</td>
</tr>
</tbody>
</table>

Source: Questionnaires
<table>
<thead>
<tr>
<th>Business or Industry</th>
<th>Number of Companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lumber &amp; Wood Products</td>
<td>1</td>
</tr>
<tr>
<td>Tobacco Products</td>
<td>1</td>
</tr>
<tr>
<td>Automobile Manufacturers</td>
<td>4</td>
</tr>
<tr>
<td>Communications</td>
<td>5</td>
</tr>
<tr>
<td>Paper and Allied Products</td>
<td>6</td>
</tr>
<tr>
<td>Machinery (except electrical)</td>
<td>8</td>
</tr>
<tr>
<td>Electrical Machinery</td>
<td>4</td>
</tr>
<tr>
<td>Printing &amp; Publishing</td>
<td>1</td>
</tr>
<tr>
<td>Fabricated Metal Products</td>
<td>4</td>
</tr>
<tr>
<td>Rubber Products</td>
<td>2</td>
</tr>
<tr>
<td>Oil Products</td>
<td>1</td>
</tr>
<tr>
<td>Furniture &amp; Fixtures</td>
<td>4</td>
</tr>
<tr>
<td>Pharmaceutical Industry</td>
<td>1</td>
</tr>
<tr>
<td>Steel Industry</td>
<td>2</td>
</tr>
<tr>
<td>Chemical &amp; Allied Products</td>
<td>1</td>
</tr>
<tr>
<td>Retail Merchandising</td>
<td>2</td>
</tr>
<tr>
<td>Food Products</td>
<td>5</td>
</tr>
<tr>
<td>Construction</td>
<td>1</td>
</tr>
<tr>
<td>Dairy Products</td>
<td>3</td>
</tr>
</tbody>
</table>

Source: Questionnaires
CHAPTER III

REPORT ON THE RESULTS OF THE SURVEY

The purpose of this chapter is to tabulate and classify the resulting data which were obtained from the responses to the questionnaires in order to analyze, interpret and derive general conclusions. General information on the questionnaire: Of the total 135 questionnaires sent out, 42 replies were received by July 25, 1961. This represented thirty-one per cent of the firms contacted which, in addition to fifteen responses obtained through personal interviews, made a total of fifty-seven (thirty-eight per cent) responses available for study. A careful examination of all the respondents' letters and filled questionnaires revealed the following information:

Most of the respondents had not answered question number seven because the question was not clear.* As a result, question number eight, which was related to question number seven, had not been answered, either. Therefore, it was decided that no tabulation would be arranged for those two questions. One of the participating companies prior to filling out the questionnaire sent a letter asking what interest I had in this matter, what organization I represented, and also for what purpose this information would be used.**

* See appendix, p. 96
** See appendix, p. 93
COMMON PRACTICE OF WRITTEN PLANS
IN LARGE SIZE COMPANIES

Reference to Table IV reveals that from 57 companies participating in the survey, 39, or approximately 66 per cent have merit rating plans in operation. The respondents' answers and supplementary data revealed the following information concerning formal rating plans.

1. Most (83 per cent) of the small size companies (under 100) do not have formal plans and relatively very few (16 per cent) of them do rate their employees' performance.

2. The size of the company has direct relationship with the extent of merit rating, that is as the size (number of employees) increases, merit rating becomes more common.

3. Management's attitude and personal policy also affects the extent of merit rating in regard to the type (formal or informal) and lack of necessity of rating plans.

4. Merit rating is more widely used in non-union companies than by union firms. This difference is mostly due to the great emphasis that union places upon the concept of seniority and standardization. Since merit wage increases and merit ratings have been held by the National Labor Board and the courts to be subject to collective bargaining.19

5. Despite the fact that merit rating is subject to collective bargaining, there are cases of labor agreements which specify that promotion or retention of workers up to a certain degree shall be based on merit and ability. 20

6. A comparison of the results of Table IV with Table V shows that there has been a steady increase in the extent of merit rating during the past few years in industry. (See Table V and chart 1.)

20Roland Benjamin, Junior, Ibid.
TABLE IV
NUMBERS AND PERCENTAGE DISTRIBUTION OF COMPANIES
BY TYPE AND SIZE OF COMPANIES DURING 1961-1962

<table>
<thead>
<tr>
<th>Size of Company</th>
<th>Number of Employees</th>
<th>Written Plan</th>
<th>Written</th>
<th>Unwritten Plan</th>
<th>Unwritten</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>Written Plan</td>
<td></td>
<td>Unwritten Plan</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Under 100</td>
<td>2</td>
<td>9</td>
<td>18</td>
<td>82</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>101-500</td>
<td>12</td>
<td>3</td>
<td>80</td>
<td>20</td>
<td>15</td>
<td></td>
</tr>
<tr>
<td>501-1000</td>
<td>9</td>
<td>2</td>
<td>88</td>
<td>12</td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>1001-2000</td>
<td>5</td>
<td>1</td>
<td>83</td>
<td>17</td>
<td>6</td>
<td></td>
</tr>
<tr>
<td>2001-5000</td>
<td>7</td>
<td>2</td>
<td>78</td>
<td>22</td>
<td>9</td>
<td></td>
</tr>
<tr>
<td>5000 &amp; over</td>
<td>4</td>
<td>1</td>
<td>80</td>
<td>20</td>
<td>5</td>
<td></td>
</tr>
<tr>
<td>TOTAL</td>
<td>39</td>
<td>18</td>
<td>---</td>
<td>---</td>
<td>57</td>
<td></td>
</tr>
</tbody>
</table>

Source: Questionnaires
The following additional information was developed through personal contacts and letters which were received from correspondents.*

Merit ratings in multiple plant operation and parent and subsidiary companies are operated on a decentralized basis.** In some of these plants evaluation programs were in operation, while other establishments did not have any formal plants. A respondent has commented: "The present plan in operation in this plant is a test which in case of success would be adopted by other similar plants."

Interviewee (a) explained, "We are a small company with almost 75 employees. I do not believe in such a size company there is any need for formal plans. Our supervisors know the employees and the employees' promotion and wage increases would be based on their recommendation."

Interviewee (b) stated, "We have 400 employees in this plant. We do not have any formal evaluation program here. However, I and four other foremen evaluate our employees' performance by daily observation, our opinion decide which employee should be promoted, demoted, disciplined, discharged, or transferred." When he was asked in regard to the effectiveness and success of the program, he answered "It is very easy...the only thing you have to do is to be fair and honest to everybody."

* See appendix, pp. 92-94

** See appendix, pp. 92
Interviewee (c) explained, "I feel that where people working together as they must in industry, managements should have a tool to know what people they work with, what degree of efficiency they have, and 'what makes a man tick'. If you know what motivates man, you use that approach to get results and I believe a man supervises better if he has an analysis of them." When he was asked about the effectiveness and validity of the plan, he answered that our ratings are quite valid when correlated against external criterion. They generally show a correlation of $r = .65$ to $.75$.

Interviewee (d) remarked, "I believe evaluation is a good tool of labor relations, because it formalizes the supervisor's thinking. It gives an objective basis for any action he may take in regard to that employee, and at the same time, gives the employee an opportunity to learn his shortcomings so he can remedy them in the future." And when he was asked in regard to over-all effectiveness of his plan, he explained: "We feel our plan is good because it focuses our supervisors' attention on the strength and major weaknesses of the employees, which helps him in the supervision process. I would say that our system, like anything, could be misused and misinterpreted, and it has some shortcomings, but I hope by further training of our managers, we can improve the results."
The opinion of all participants in regard to the use of merit rating was summed up by a personnel manager in a formal letter. *

Table V is statistical data of the percentage of companies using merit rating plans on different surveys in various years.

The result of Table V is shown in Chart 1. A's chart shows there has been a steady increase in the use of merit rating plans during the 1920's and 1960's. The downfall for the curve from 1948 to 1958 is to some extent due to characteristics (the size of company; status of company, union or non-union; and type of products) and the nature of this survey from previous ones. The dotted line represents the trend in the percentages of companies with merit rating plans.

* See appendix, P 94
<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>1918</td>
<td>7</td>
<td>5</td>
</tr>
<tr>
<td>1928</td>
<td>48</td>
<td>32</td>
</tr>
<tr>
<td>1938</td>
<td>66</td>
<td>44</td>
</tr>
<tr>
<td>1948</td>
<td>97</td>
<td>66</td>
</tr>
<tr>
<td>1951</td>
<td>76</td>
<td>43</td>
</tr>
<tr>
<td>1961</td>
<td>39</td>
<td>68</td>
</tr>
</tbody>
</table>

Percentage of Companies

Using rating plan

Source: Table V
This section deals with the use of multiple rating forms and a study of appraisal blanks. Table VI shows that from 39 companies that employ merit rating, 86 per cent use multiple rating forms. An analysis of employee appraisal programs of different firms revealed the following:

1. Existence of a high degree of similarity among the plans, but no standard form.
2. A brief paragraph describing the definition for each trait.
3. A total of 81 different traits and attributes with a range of 5 to 14 and average close to 10 traits per form.*

The existence of this number of different characters and personality traits in appraisal forms is considered by many as a source of weakness. Referring to Kelly who says, "The interjection of many pseudopsychiatric factors has introduced a dangerously high number of pseudopsychiatrics into the picture." 21

4. The following traits were the most common items in non-supervisory forms:

<table>
<thead>
<tr>
<th>Productivity</th>
<th>Attitude Toward Supervisors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge of the Job</td>
<td>Attitude Toward Others</td>
</tr>
</tbody>
</table>

* See list of traits, pp. 37-40

21Kelly, op. cit., p. 61
TABLE VI
DISTRIBUTION OF COMPANIES USING SINGLE AND MULTIPLE EVALUATION FORMS FOR DIFFERENT CLASSES OF EMPLOYEES

<table>
<thead>
<tr>
<th>Employment Range</th>
<th>Same Form for all classes of employees</th>
<th>Different Forms for different classes</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 100</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>101-500</td>
<td>3</td>
<td>9</td>
<td>12</td>
</tr>
<tr>
<td>501-1000</td>
<td>-</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>1001-2000</td>
<td>-</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>2001-5000</td>
<td>1</td>
<td>6</td>
<td>7</td>
</tr>
<tr>
<td>5000 and over</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>6</strong></td>
<td><strong>33</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaires
Quantity of the Work  | Accuracy
---|---
Quality of the Work  | Cooperation
Reliability  | Appearance
Adaptability  | Personal Adjustment
Dependability  | Safety
Ability to Make Decisions  | Initiative
Communication  | Attendance

5. From the study of traits in appraisal blanks and personal contacts, it was found that the choice of traits in terms of type and number depends on three factors; class of employee, rater's opinion, and purpose of plan. This was derived on the premises that

a - The traits for supervisory class were different from non-supervisory.

b - There was some variation in number and type of the traits for the same class of employees with the same purpose in different plans.

c - Two different forms for the same class of employee with different purposes (e.g. - Promotion and performance appraisal) seemed to concentrate on different traits which serves the end purpose best.

6. There exists a confusion in the use of titles for rating forms.
The following represent a sample obtained from the forms under study:

Titles of Forms

1. Performance Appraisal
2. Non-Supervisory Appraisal Guide 22
3. Employee Review Card 23
4. Ten Day Review for Sales Associates
5. Ten Day Review for Sales Supporting Associates 24
6. Employee Performance Report
7. One-Year Follow-up Report for New Employees 25
8. Evaluation of Performance
9. Candidate for Personnel Assessment Program 26
10. Employee Performance Review Report
11. Probationary Employee Review Report 27
12. Employee Performance Report - For Hourly Employees
13. Performance Appraisal Guide 28
15. Employee Appraisal Report 30

22 The Rapid-Standard Company, Inc., Grand Rapids, Michigan
23 Sears-Roebuck & Company, Kalamazoo, Michigan
24 J. C. Penny Company, Kalamazoo, Michigan
25 The Upjohn Company, Kalamazoo, Michigan
26 Michigan Bell Telephone Company, Kalamazoo, Michigan
27 National Water Lift Company, Kalamazoo, Michigan
28 Farm Bureau Service, Inc., Kalamazoo, Michigan
29 The Budd Company, Automotive Division, Kalamazoo, Michigan
30 Industrial State Bank, Kalamazoo, Michigan
7. The appraisal forms place a strong emphasis on personality traits and character rather than those factors which are mostly related to job performance. In the words of Dale and Smith, "So strongly is the emphasis on personality that the job knowledge and job performance may have only a minor place in the over-all rating." 31

8. A paragraph explaining the instructions to the raters or supervisors - some of the instructions most common and worthwhile were as follows:

I. Evaluate your management personnel on one factor at a time by classification. After completing your evaluations, forward them to your superintendent or department head who will review, countersign, and return them to you for interviewing. After completing your interviews, return your evaluation again to your superintendent who will forward them to wage and salary. This program requires your conscientious and prompt attention. 32

II. a. Be liberal with your comments. Explanation should be written of all appraisals made with little evidence indicated.

b. Omit all questions and/or factors that do not apply.

c. Report any pertinent statistical evidence (e.g. - production costs, sales, vs. schedules.


quotas, or budgets, etc.) if no such data indicate the type and amount of evidence upon which ratings are based. 33

III. a. Rate each one against what you consider to be satisfactory performance at this stage.
   b. Ratings must be objective and factual.
   c. Do not rate hurriedly. Give each rating separate and complete consideration. 34
   d. Do not compare associates with each other.

IV. a. Concentrate your attention on only one trait at a time. Do not allow your judgment on one trait to influence your thinking on another trait. 35

V. a. When making the appraisal, call to mind instances that are typical of employee’s work and personal characteristics. Do not be influenced by exceptional or uncommon circumstances.
   b. Give thought and careful consideration to your appraisals. Be sure they represent your best judgment. Do not allow personal feelings to influence your appraisals. 36


9. The claim for standardizing of appraisal blanks is opposed and rejected practically due to the nature of the problem which calls for certain specific traits and attributes, characteristic of each plan, and remains so as long as the appraisal plans are in operation.

The conclusion derived from this phase of the study is that designing of appraisal blanks is correlated to rating results and evaluations could be achieved more accurately and with less effort if the design form is simple, to the point, provides proper instruction, and has the rater's careful consideration.
LIST OF TRAITS

1. Productivity
2. Customer Relations
3. Knowledge of Merchandise
4. Stockwork and Housekeeping
5. Accuracy
6. Cooperation
7. Relationship with other associates
8. Appearance
9. Penny Charge Accounts
10. Job Knowledge
11. Neatness and Legibility
12. Punctuality
13. Service
14. Cost
15. Development of subordinates
16. Personnel
17. Union management relations
18. Safety and health
19. Public and community relations
20. Inter-company relations
21. Planning
22. Organizing
23. Controlling
24. Communication
25. Delegation
26. Acceptance of responsibility

37 "Ten-Day Review for Sales Supporting Associates", (1-9)
38 "Ten-Day Review for Sales Supporting Associates, (10-12)
39 "Evaluation of Performance", op. cit., (13-26)
27. Completeness
28. Amount
29. Comprehension
30. Attendance
31. Attitude toward others 40
32. Reliability
33. Dependability
34. Ability to make decisions
35. Adjustment to follow workers
36. Working characteristics when under pressure
37. Adaptability
38. Attitude toward supervisor
39. Quality of work
40. Industriousness 41
41. Conduct
42. Initiative
43. Mental drive
44. Physical drive
45. Creative Ability
46. Leadership 42
47. Versatility
48. Loyal to company and job 43
49. Motivate his subordinates
50. Build and maintain morale

40 “Employee Appraisal Report”, op. cit., (27-31)
41 “Employee Performance Review Report”, op. cit., (32-40)
42 “Management Performance and Progress Evaluation Plan” op. cit. (41-46)
43 “Employee Performance Report for Hourly Employees”, op. cit. (47-48)
51. Resolve grievances and complaints and correct mistakes
52. Provide assistance as needed
53. Practice sound principles of human relations in his mind.
54. Obtain group participation
55. Plan and staff his unit
56. Provide physical need of his unit
57. Administer company personnel policies
58. Appraise and develop his subordinates
59. Establish and maintain contacts internally and entirely
60. Make available his special knowledge to others
61. Persuade others sell ideas and influence points of view
62. Express himself orally and in writing
63. Analyze cause and effect relationship from available information.
64. Maintain an objective viewpoint, open-mindedness and broad perspective
65. Recognize and identify needs for study and research
66. Keep up to date in his required field of study
67. Provide information that is sound and reliable
68. Utilize available research and information facilities
69. Know-how
70. Reasoning
71. Recalling
72. Selectivity
73. Analysis critical judgment
74. Familiarity with other fields
75. Freedom to act.

44 "Performance Appraisal Guide", op. cit. (49-68)
76. Structuring
77. Reviewing
78. Conceptual leadership
79. Personal contact
80. Health and physical condition
81. Emotional stability

45 "Performance Appraisal", op. cit. pp. 69-79
46 "One Year Follow Up for New Employees", op. cit. (80-81)
PRIMARY OBJECTIVES OF THE PLANS

In development of a merit rating program, specific purposes should be set up, on which formal plans be established, in order to serve primarily those objectives. This section deals with question number 16 which asked the primary objectives of rating plans. The purpose of the question was to obtain the participants opinion in respect to what purposes a merit rating program is used. The result of responses is tabulated in Tables VII-A and VII-B. The data in Tables VII-A and VII-B show the frequency distribution of primary objectives of the formal plans in regard to the size of company.

An examination of responses obtained through participants reveal that in general appraisal programs are used in business for the following purposes.

1. To improve employee worth and work standards.
2. To evaluate possibilities for promotion.
3. Wage increases and salary adjustment.
4. Employee counselling and guidance.
5. To discover workers' weakness as a basis for establishing a training program.
6. To find out exceptional talents.
7. To furnish a basis for demotion, transfer or discharge of totally unfit employees.
8. To help in assigning work in accordance with workers ability.
9. As a check on employment procedure.

10. As a record of employee progress.

11. As a guide in making lists for bonus.

12. Improving supervisory-employee relations.

To give a better and clearer picture in regard to how appraisal objectives are expressed, the following are quoted from some of the participating companies' plans:

"The aim of this plan is to maintain a close-knit high caliber management group properly placed, performing well, and properly paid. Key objectives of the plan include: informing management personnel of demonstrated performance providing an opportunity for them to express their views. Determining need for self-improvement and/or training, or providing reliable data for making status and salary changes." 47

Another form had expressed:

"This form is to be used to evaluate the man's performance on the controlling aspects of his current job, and to appraise his potential for other jobs and to establish a specific program for capitalizing strength and overcoming weaknesses." 48

It was expressed elsewhere: The main objectives

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### TABLE VII-A
FREQUENCY DISTRIBUTION OF COMPANIES BY PURPOSES AND SIZE OF COMPANY

<table>
<thead>
<tr>
<th>Employment Range</th>
<th>Wage increase and salary adjustment</th>
<th>To evaluate possibilities for promotion</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 100</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>101-500</td>
<td>4</td>
<td>4</td>
<td>8</td>
</tr>
<tr>
<td>501-1000</td>
<td>2</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>1001-2000</td>
<td>1</td>
<td>1</td>
<td>2</td>
</tr>
<tr>
<td>2001-5000</td>
<td>1</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>5000 and over</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>10</strong></td>
<td><strong>7</strong></td>
<td><strong>17</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaires
### TABLE VII-B
FREQUENCY DISTRIBUTION OF COMPANIES BY PURPOSES AND SIZE OF COMPANY

<table>
<thead>
<tr>
<th>Employment Range</th>
<th>Counselling and Guidance</th>
<th>Detect weaknesses - Development prog.</th>
<th>Improve Employee worth &amp; work std.</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 100</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>101-500</td>
<td>1</td>
<td>-</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>501-1000</td>
<td>2</td>
<td>1</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>1001-2000</td>
<td>1</td>
<td>1</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>2001-5000</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>5000 and over</td>
<td>1</td>
<td>2</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>7</strong></td>
<td><strong>4</strong></td>
<td><strong>11</strong></td>
<td><strong>22</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaires
of this review program are:

1. To give each employee a regular and easy opportunity to present questions, and to tell management how he feels about his jobs, supervisors and the company.

2. To give each employee a chance to learn definitely how management values him as an employee.

It is observed from the above, that the purposes of the evaluation programs are various and numerous. These differences and lack of agreement among the appraisal plans on a common, definite objective or objectives has led to confusion of purposes and is considered to be one of its weaknesses. Kelly, in the article "Reappraisal of Appraisal" says,

"The confusion of purposes has led to confusion in the methodology and manner in which appraisal approaches have been formulated. As a result many appraisal systems represent an eclectic hodgepodge of the various historical segment."50

Although the purposes mentioned earlier exaggerate the extent of differences among the evaluation plans, still there exist some basic differences in primary objectives of the plans.

These differences are to some extent related to organizational situations in terms of company size, industrial relations, company status that is union or non-union. The data in the

50Kelly, op. cit.
Tables VII-A and VII-B show the relationship between the size of the company and some uses of merit rating results. The large size companies use rating results primarily for employee performance development, promotion, improving supervisory-employee relations, and employee counseling while, as the size of the company decreases, end uses of appraisal forms are limited to wage increases and salary adjustment. The most significant things this phase of the study revealed are that appraisal programs serve multiple objectives, and the purposes assigned to the evaluation plans make it quite clear that participating managements are divided into two categories: one tries to evaluate individuals, the other makes efforts to develop the individual.
WHO MAKES THE EVALUATION

The position relationship of the rater to the ratee and the number of raters in evaluation process is a matter of conjuncture in business firms. Referring to Davis and Scott:

"Since that point in history when western civilization largely abandoned the practice of appealing to the infinite, through the priesthood or the king, for an appraisal of the activities of men, it has been necessary to evolve some way for men to appraise men. Two different techniques have become institutionalized. One, characteristic of hierarchial organizations is the evaluation of man by another in authority over him. The other consonant with the creeds of individualism and democracy is the evaluation of man by many others standing largely in a peer relationship to him. It is the method characteristic of the professions and is the essence of the economic market. In a society valuing achievement rather than status, the individual is presumably evaluated under either system in terms of what he contributes rather than who he is."51

It was in the light of the above theory that of 39 participants, 21 (54 per cent) mentioned "Employee superior," 11 (28 per cent) mentioned "only those who are well acquainted with employees" could have any relationship, vertical or horizontal, that is, could be superior, subordinate, or of the same rank. An examination of participants answers, and the data in Table VIII revealed that,

TABLE VIII
FREQUENCY DISTRIBUTION OF COMPANIES BY RATERS' POSITION AND SIZE OF COMPANY

<table>
<thead>
<tr>
<th>Raters' Titles</th>
<th>Under 100</th>
<th>101 - 500</th>
<th>501 - 1000</th>
<th>1001 - 2000</th>
<th>2001 - 5000</th>
<th>5001 - over</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Only those who are well acquainted with employee</td>
<td>-</td>
<td>3</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>11</td>
</tr>
<tr>
<td>Employee, Supervisor &amp; member of personnel</td>
<td>-</td>
<td>7</td>
<td>7</td>
<td>2</td>
<td>3</td>
<td>2</td>
<td>21</td>
</tr>
<tr>
<td>Rating committee composed of supervisors</td>
<td>-</td>
<td>2</td>
<td>-</td>
<td>1</td>
<td>2</td>
<td>-</td>
<td>5</td>
</tr>
<tr>
<td>Manager</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>TOTAL</td>
<td>2</td>
<td>12</td>
<td>9</td>
<td>5</td>
<td>7</td>
<td>4</td>
<td>39</td>
</tr>
</tbody>
</table>

Source: Questionnaires
regardless of the size of company, the person who is delegated the administrative duty of rating is ordinarily the immediate superior or the person who is well acquainted with the rates.

The size and organization of the company is related to the titles (foreman, supervisor, department head, etc.) of individuals who do the rating. Interviewee (c) in this regard said, "Our foremen rate all employees responsible to them, our supervisors rate foremen, department heads rate the supervisors, and top management rate department heads." This method of rating subordinate by superior, known in personnel literature as "vertical rating" which this author prefers to call "sequential rating" is the most common practice among the companies with evaluation plans. This process of sequential rating insures the practice of managerial principles, that is, the need for a chain of direct authority relationships from superior to subordinate throughout the organization. (scalar principle)
Interviewee (e) who employs group rating explained:

"We evaluate our employees through a committee composed of his immediate superior and several supervisors who may or may not have contact with the ratee."

He added that:

"I believe this method is superior to other methods of rating, because of the fact that it carries group judgment and deliberation."

It should be pointed out that this method is superior only when the group is composed of individualists and lacks the existence of meek personalities.

Bass and Berg have something to say on this point:

"The picture is complicated further by the observation that members of a group when stating their own opinions tend to compromise what they privately "sense" and what they perceive to be the group opinion on the matter." 52

Mencius (372 B.C. - 289 B.C.) recognized the difficulties of depending on judgments of leader behavior by their immediate superiors alone. In paraphrase, his advice to heads of state was:

"When all those about you, the ruler, say that a man is talented, do not immediately rush to promote him. Only after his subordinates say so also, should you examine him more carefully.

as a candidate for promotion. In the same way, do not rush to demote a man on the evaluation of his superiors alone."

Referring to views of Davis and Scotts, who explain:

"Peer evaluation, as in the professions, frees a man from the whims and biases of a superior. But it tends to be cold, hard, competitive process. From the verdict rendered, there is not appeal to another authority. The system is more impersonal and objective than is evaluation by the superior. It provides no mechanism of consolation, no satisfactory excuse for failure. Since it squares with the ideals of a pragmatic and democratic society, it provides those who succeed with the highest degree of fame. The man who chooses to take his chances in this system and succeeds is regarded as independent, competent, and a most useful citizen."53

They further proceed:

"Evaluation by superiors retains many of the features of the rejected religious authoritarian system. It is a highly personalized agreement. And, unfortunately, when man was substituted for God in the evaluation process doubt was built in. Man is fallible - the evaluations are open to questions. Further, the evaluation process does not fit the general social ethics. Questions of relation of man to boss, of man to

---

*See footnote no. 52.

53 Davis and Scotts, op. cit.
organization, arise. What are the limits to which the authority (boss and organization) can go in peering into men's soul? 54

Here this author has something to say:

Recently I was attending a class in a professional school. The instructor had divided the class into different groups. It was his policy that each group carried a project for the course and each project would be presented in the class. All students would be given an evaluation sheet for appraisal of each group's performance. The result of these evaluations would be presented in the next class period. At the next session the result of a previous group was presented to the class. Unfortunately, they came with a low score. As I witnessed, the fur began to fly.

Jim: "I prefer to be rated by you (instructor) rather than the class..."

The discussion went on between the appraised group, class, and instructor. The last sentence I remember from a member of the appraised group: "OK, I am going to grade every group low to protect myself..." Then he calmed down. The next time I saw one of my friends, I said, "Hello, Bill. I graded you excellent on your project last week; we are presenting ours this week. Will you be there, please?"

54 Davis and Scotts, op. cit.
Referring to Rowland who explains: "Men on the same level are apt to be rivals or personal friends, and hence biased one way or the other. In any case if George appraises Bill and Bill appraises George, logrolling is likely to ensue and vitiate the whole process... Finally and most important of all, people are not hired to judge the qualifications of their equals or their superiors, doing so is not part of their job."55

In view of the above facts it seems that whether management uses group judgment, peer evaluation, or sequential rating, each method has some certain weaknesses which make the "evaluation" practically ineffective.

The necessity for reviewing of appraisal with the appraised person is one of the necessary phases of an appraisal program and, without doubt, if handled properly and skillfully, will contribute to the success of the program. Table IX discloses that from 39 participating companies, 22 (56 per cent) make a practice of discussion of rating results with employees by supervisors, 15 (36 per cent) indicated that they don't discuss unless it is necessary, and only 3 (8 per cent) answered that employees are not informed of evaluation results.

The above percentages show the general acceptance of appraisal interviews as a part of evaluation programs, and the following quotation taken from the plan of one of the participating companies reveals the genuine interest of personnel men in this part of the program:

"The interview is the most important part of the evaluation plan. Subordinates must be fully aware of their obligation and the extent to which they have effectively met them in relation to the established performance standards. Therefore, it is imperative that interviews be planned and conducted to insure presentation of evaluation in a clear, honest, and helpful manner."\(^{56}\)

\(^{56}\)The Budd Company, Automotive Division, \textit{op. cit.}\
However, it should be pointed out that these percentages only represent the theoretical view of appraisal interviews, because in practice it seems that supervisors are reluctant to discuss evaluations with employees because of the opposition and resistance which may arise from appraisal interviews. Referring to Likert who says:

"The aim of reviewing the subordinates' performance is to increase his effectiveness not to punish him. But apart from those few employees who receive the highest possible ratings, performance review interviews are seriously deflating to the employee's sense of importance and personal worth. The relationship between the employee and his superior is damaged which in turn affects adversely the quality and often quantity of work. It is virtually impossible to tell an employee either that he is not as good as another employee or he does not measure up to a desirable level of performance, without having him feel threatened, rejected, and discouraged."\(^{57}\)

McGregor says:

"Personnel administrators are aware that appraisal programs tend to run into resistance from the managers who are expected to administer them. Even managers who admit the necessity for such programs frequently balk at the process, especially the interview part. As a result, some companies do not communicate appraisal results to the individual, despite the general conviction that sub-

ordinate has a right to know his supervisor's opinion so he can correct his weakness.  

He further explains:

"Perhaps this intuitive managerial reaction to conventional performance appraisal plans shows a deep but unrecognized wisdom. In my view, it does not reflect anything so simple as resistance to change, or dislike for personnel technique, or lack of skill, or mistrust for rating scales. Rather, managers seem to be expressing very real misgivings, which they find difficult to put into words. This could be the underlying cause: 'The conventional approach, unless handled with consummate skill and delicacy, constitutes something dangerously close to a violation of the integrity of the personality. Managers are uncomfortable when they are put in the position of "playing God". The respect we hold for the inherent value of the individual leaves us distressed when we must take responsibility for judging the personal worth of a fellow man. Yet the conventional approach to the performance appraisal forces us not only to make such judgment and to see them acted upon, but also to communicate them to those we have judged. Small wonder we resist!"  

McGregor's argument that placing the superior in the position of "playing God" is the cause of resistance, is challenged by Mayfield, who says:

"At this point as has been noted by others, resistance often develops - principally from managers who

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59 Ibid., p. 90.
# TABLE IX

**EXPLANATION OF RESULTS TO THE EMPLOYEE**

<table>
<thead>
<tr>
<th>Employee Range (No. of employees)</th>
<th>Discussion With Supervisor</th>
<th>Not informed of Results</th>
<th>Out of Necessity</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 100</td>
<td>2</td>
<td>-</td>
<td>-</td>
<td>2</td>
</tr>
<tr>
<td>101-500</td>
<td>5</td>
<td>2</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>501-1000</td>
<td>6</td>
<td>-</td>
<td>3</td>
<td>9</td>
</tr>
<tr>
<td>1001-2000</td>
<td>3</td>
<td>1</td>
<td>2</td>
<td>6</td>
</tr>
<tr>
<td>2001-5000</td>
<td>3</td>
<td>-</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>5001-and over</td>
<td>3</td>
<td>-</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>22</strong></td>
<td><strong>3</strong></td>
<td><strong>14</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

**Source:** Questionnaires
have never conducted progress interviews. McGregor charitably suggests that resistors may be moved by a "deep but unrecognized wisdom" arising from an intuitive sense of delicacy in their relations with subordinates. Perhaps this is true, but there are two other factors that I am sure are more potent with the managers I know - (1) fear of opening a situation they cannot cope with and (2) lack of urgency."60

McGregor suggests that we must find a new plan which avoids the weaknesses of current appraisal programs. He proposes the replacement of appraisal by analysis, personality by performance and finally emphasizes placing the responsibility on subordinates. He further recommends that management should approach the issue with a new philosophy, in his words:

"A number of writers are beginning to approach the whole subject of management from the point of view of basic social values. Peter Drucker's concept of 'management by objectives' offers an unusually promising framework within which we can seek a solution. Several companies notably General Mills, Incorporated, and General Electric Company, have been exploring different methods of appraisal which rest upon assumptions consistent with Drucker's philosophy."61


61 Douglas McGregor, op. cit.
To substantiate Mayfield, the following case is quoted from Davis:

"One young supervisor reported, 'I had 14 girls to rate in my department, and by the time I got through discussing their ratings with them, I thought the place was going to be torn apart. Not one was satisfied. They started to compare each others rating, and then the fur began to fly. I don't want any more of this. Next time the rating will be secret.'

Before his next rating date, this supervisor was given a series of training sessions on how to rate and how to interview. He reported that his next rating took place without serious conflict and was one of his most satisfying supervisory accomplishments. Had he continued to evaluate his subordinates in secret and without realizing his need for training, he would have exercised unfair practices, hidden and immune under his title and therefore violating one of the most respected divined principles, that is justice. Therefore the problem of resistance, either from manager or rank or file could be reduced if supervisors approach the issue with common sense and armed with some possible typical employee reactions.

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"Employee Relations Bulletin" refers to the typical employee reactions as follows:

1. **The employee who just won't agree.**
2. **The employee agrees too quickly.**
3. **The employee who is too eager for a promotion or a raise.**
4. **The employee who wants to quit.**
5. **The employee who loses his temper.**
6. **The employee who is completely passive.**
7. **The employee who is very nervous.**
8. **The employee who can't be improved.**
9. **The employee who accepts your evaluation of his performance and indicates a willingness to improve.**

Some of the above situations may occur simultaneously, that is, a subordinate may become nervous, lose his temper, and just not agree with the impressions that his superior has from him. This situation makes the supervisor's task more difficult and, unless handled intelligently and skillfully, will result in poor morale.

The above situation is a condition in which the force of resistance is at its maximum and, unless handled intelligently and

---

skillfully by the competent administrator or supervisor, is powerful enough to break the relationship and bring undesirable consequences.

As it is conceded from the above argument, one of the most important parts of appraisal program is the explanation of evaluations to the employee.

This explanation of appraisal to the appraised person automatically brings up some problem which intensifies the managers' resistance to put the appraisal plans into action.
FREQUENCY OF RATING

As it seems from Table X-A semi-annual and annual rating is a common practice in companies for personnel evaluation. This personnel evaluation of once or twice a year is generally used for permanent employees or those who have passed the probationary period. Tables X-B and X-C show the relationship between the interval, type, and purpose of plan.

An examination of Tables X-B and X-C and participants' responses obtained from questionnaires revealed the following:

1. Probationary new employees and trainees frequently are evaluated at shorter intervals than permanent employees.

2. Some companies rate their employees at a specific date or on the length of employment (e.g., six months after the date of hiring) which in either case is determined by company policy.

3. The class and status of employees affect the frequency of rating, and in general the higher the class of personnel, the longer is the period between consecutive evaluations.

4. The purpose, size, and type of plan is also related to the frequency of rating. The fact that the nature of the plan sometimes specifies the interval of rating. For example those companies who use the critical incidents methods usually require shorter intervals.

5. The extent of intervals between evaluations varies from a few days up to a year and this variation depends upon the situation and need of the company.
6. The longer intervals tend to weight the "Halo" effect, because once the rater had either a good or bad impression, it will be reflected in his rating, and shortened intervals over a period of time would influence the rater for the recent favorable or unfavorable behavior.

The above factors are only a few considerations which are considered in frequency of rating. Other factors such as pressure of work, cost, and time involved in evaluation are also determining factors in the establishment of proper intervals between evaluation.

Therefore, what constitutes the proper interval between evaluations is a matter of conjecture and proper balancing of the determining factors in such a way that gives the optimum results in least cost.
TABLE X-A

INTERVALS AT WHICH EVALUATIONS ARE MADE

<table>
<thead>
<tr>
<th>Employment Range</th>
<th>Once a Year</th>
<th>Twice a Year</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 100</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>100-500</td>
<td>7</td>
<td>5</td>
<td>12</td>
</tr>
<tr>
<td>501-1000</td>
<td>4</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>1001-2000</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>2001-5000</td>
<td>4</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>5001 and over</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>20</td>
<td>19</td>
<td>39</td>
</tr>
</tbody>
</table>

Source: Questionnaires
### TABLE X-B
INTERVAL - METHOD RELATIONSHIP

<table>
<thead>
<tr>
<th>Method</th>
<th>Once a Year</th>
<th>Twice a Year</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check List</td>
<td>14</td>
<td>11</td>
<td>25</td>
</tr>
<tr>
<td>Graphic Scales</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Ranking</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>Combination</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>TOTAL</td>
<td>20</td>
<td>19</td>
<td>39</td>
</tr>
</tbody>
</table>

*Source: Questionnaires*
TABLE X-C

INTerval - Purposes Relationship

<table>
<thead>
<tr>
<th>Purposes</th>
<th>Once a Year</th>
<th>Twice Yearly</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage and salary adjustment</td>
<td>6</td>
<td>4</td>
<td>10</td>
</tr>
<tr>
<td>To evaluate possibilities for promotion</td>
<td>5</td>
<td>2</td>
<td>7</td>
</tr>
<tr>
<td>Employee counselling and guidance</td>
<td>2</td>
<td>5</td>
<td>7</td>
</tr>
<tr>
<td>Detect weaknesses, institute program development</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>To improve employees' worth and work standard</td>
<td>6</td>
<td>5</td>
<td>11</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>20</strong></td>
<td><strong>19</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaires
TRAINING OF Raters AND LENGTH OF TRAINING

One of the vital phases of appraisal programs which contributes to the success of the plan and makes the evaluation more valid and reliable is formal training of raters.

Tables XI-A and XI-B refer to companies who have training programs for raters and length of training for raters respectively. From 39 participants 22 (56 percent) indicated that their raters had training and of 22 companies who answered "yes," 9 (41 percent) have a training period less than a week and 13 (51 percent) stated that their raters have training for more than a week on the job. It should be pointed out that those companies which classified under "over a week on the job" did not express clearly whether the rating is a part of the training program or daily task.

However, most of the companies in this category had indicated several years of experience on the job as training for raters. Therefore, this study includes only those companies classified under "less than a week." Nine (41 percent) of respondents administer preliminary training for raters.

It should be pointed out that the nature and degree of training program differs for different plans and includes such factors as size of organization, type of system, and ability of raters.
TABLE XI-A

DISTRIBUTION OF COMPANIES
BY TRAINING IN RATING, BY SIZE OF COMPANY

<table>
<thead>
<tr>
<th>Employment Range</th>
<th>Training in Rating</th>
<th>No training in rating</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 100</td>
<td>-</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>100-300</td>
<td>8</td>
<td>4</td>
<td>12</td>
</tr>
<tr>
<td>301-1000</td>
<td>4</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>1001-2000</td>
<td>4</td>
<td>1</td>
<td>5</td>
</tr>
<tr>
<td>2001-5000</td>
<td>3</td>
<td>4</td>
<td>7</td>
</tr>
<tr>
<td>5000 and over</td>
<td>3</td>
<td>1</td>
<td>4</td>
</tr>
</tbody>
</table>

**TOTAL** 22 17 39

Source: Questionnaires
<table>
<thead>
<tr>
<th>Employment Range</th>
<th>Less than a Week on Job</th>
<th>More than a Week on Job</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 100</td>
<td>-</td>
<td>4</td>
<td>4</td>
</tr>
<tr>
<td>100-500</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>501-1000</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>1001-2000</td>
<td>1</td>
<td>3</td>
<td>4</td>
</tr>
<tr>
<td>2001-5000</td>
<td>3</td>
<td>-</td>
<td>3</td>
</tr>
<tr>
<td>5000 and over</td>
<td>2</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>9</strong></td>
<td><strong>13</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaires
USE OF TESTS

The use of tests in personnel programs as a means of personnel selection is a common practice, and is also used in the process of personnel evaluation.

In the words of Mee:

"Personnel tests are significantly designed instruments for asuring those factors of aptitude, proficiency, interest, and personality which are of importance in the selection, placement, training, transfer, or promotion of business and industrial personnel." ⁶⁴

As a measure of substantiation of Mee's view, more than 43 percent of the respondents made reference to the use of tests as a guide to their personnel evaluation. See Table XII. It is assumed that the above companies use the test results only as supplementary information in their appraisal program and do not rely mainly on test scores. Referring to Woody and Sangren:

"Neither a test nor a test score has any value in itself. No existing measure, physical or mental is perfectly valid or reliable. Probably it is not within the limits of human possibility to secure a perfectly valid and reliable measure of any kind. This seems particularly true when one considers mental and intelligence tests. No psychological test measures that which is intended to measure with absolute accuracy in each individual case. A reading test measures only certain limited phases of reading ability, and the score obtained by an individual is usually influenced by factors other than mere ability. Therefore, the

⁶⁴ Mee, op. cit., p. 353.
# TABLE XII-A

**TESTS AS A GUIDE TO EVALUATION**

<table>
<thead>
<tr>
<th>Employment Range</th>
<th>Companies using tests as a guide evaluation</th>
<th>Companies using tests in evaluation</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>to 100</td>
<td></td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>100-500</td>
<td>4</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>500-1000</td>
<td>4</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>1000-2000</td>
<td>3</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>2000-5000</td>
<td>4</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>5000-over</td>
<td>2</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>17</strong></td>
<td><strong>22</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

*Source: Questionnaires*
validity and reliability of a test are factors which would be considered in the claim made for test results. "65

To get participants' opinions regarding how they use tests as a guide in personnel evaluation, interviewee (C) explained:

"We don't rely on test results 100 per cent. We use it primarily as a guide to evaluation. We feel that testing procedures substantiate our impressions of the individual, and think as far as reliability and validity is concerned, the testing procedure comes as close as good measure I can think of. He further explained, "The nature of our tests are so broad and general that man traps himself and discloses the real nature and cannot disguise himself."

For example:

"Recently we were looking for a girl secretary with stable position. A particular person was sent to us by the Michigan Employment Office, who in all areas of qualification, such as experience, training, and so on, was the type of applicant that we were looking for. But the test revealed what I would call 'startling area of emotional instability.' I might add, this instability was dramatized within four days after we interviewed her to the extent that she had abandoned her children and went away without advising her family."

Interviewee (D) explained thus, when confronted with the same question:

"We frequently use tests for shop employees and clerical jobs. Our tests are mainly objective and preclude the entry of personality in evaluation of employees' qualification. The testing is on the job. For instance, we take 100 addresses. These are placed on small cards. On the back of these cards are a key to show correct distribution of mail.

---

He is given six minutes to throw with a 97 per cent accuracy. Our criterion is that any applicant who successfully throws 97 per cent of cards correctly is a qualified person. John is such a man, therefore he is qualified. It is just an exercise of logic. Once the premises are conceded, the conclusion follows inevitably."

In reply to the query as to which specific tests were used, the respondents indicated quite a wide variety. Some identified fully the name of tests and their component parts, while others referred to them descriptively. The following table shows the names of tests and number of occurrences.

The findings in Table XII-B reveal that testing programs are used as a part of appraisal programs in the process of personnel evaluation. The intention and views of those who use it are quite different. Some place major reliance on test scores, while others use it as a supplementary technique.
### TABLE XII-B

**Prevalence of Use of Tests**

<table>
<thead>
<tr>
<th>Name of Tests</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Thurstone</td>
<td>3</td>
</tr>
<tr>
<td>2. Aptitude</td>
<td>4</td>
</tr>
<tr>
<td>3. Capability</td>
<td>2</td>
</tr>
<tr>
<td>4. W. Upjohn Institute Clerical test</td>
<td>1</td>
</tr>
<tr>
<td>5. Wonderlic</td>
<td>4</td>
</tr>
<tr>
<td>6. Purdue Mechanical Comprehension test</td>
<td>3</td>
</tr>
<tr>
<td>7. Clerical and check test</td>
<td>3</td>
</tr>
<tr>
<td>8. Clerical typing test</td>
<td>1</td>
</tr>
<tr>
<td>9. Clerical shorthand test</td>
<td>1</td>
</tr>
<tr>
<td>10. Clerical number test</td>
<td>1</td>
</tr>
<tr>
<td>11. Personality</td>
<td>2</td>
</tr>
<tr>
<td>12. Intelligence</td>
<td>2</td>
</tr>
<tr>
<td>13. Mental Ability</td>
<td>2</td>
</tr>
<tr>
<td>14. Stability</td>
<td>1</td>
</tr>
<tr>
<td>15. Personality inventory</td>
<td>1</td>
</tr>
<tr>
<td>16. Temperament</td>
<td>2</td>
</tr>
<tr>
<td>17. Thurstone temperament schedule</td>
<td>2</td>
</tr>
<tr>
<td>18. Reading comprehension</td>
<td>1</td>
</tr>
<tr>
<td>19. Miller analogy test</td>
<td>1</td>
</tr>
<tr>
<td>20. Hand-tool dexterity test</td>
<td>1</td>
</tr>
</tbody>
</table>

Source: Questionnaires
MOVING TOWARD OBJECTIVE RATING

The various traits taken into account in appraisal plans could be classified under two factors: personality and performance.

The participants were invited to indicate which factor they gave more consideration in their evaluations. The responses are set forth in Tables 13-A, 13-B, and 13-C. Table 13-A shows that of 39 participants, 23 (58 percent) referred to both personality and performance, 14 (36 percent) indicated to performance factors and only 2 (5 percent) made reference to personality factors as a measure of evaluation. These figures represent only a theoretical point of view.

The reply to number 17 on the questionnaire had been expressed in different ways. Some had answered only by a check mark, while many others had given the percentage weight that each factor carried in the evaluation. An examination of these data indicated that generally the performance-personality factor carried a ratio of 3 to 1 as a weight of importance... (75 percent for performance vs. 25 percent for personality.) This revealed that although the number of personality traits exceeds the performance characteristics, the weight that they carry in the evaluation process is much lower and should not mislead one to make wrong interpretations.
### TABLE XIII-A

**Distribution of Companies by Factors Used as Criterion of Evaluation, by Size of Company**

<table>
<thead>
<tr>
<th>Employment Range</th>
<th>Performance Factors</th>
<th>Personality Factors</th>
<th>Combination of both</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under 100</td>
<td>----</td>
<td>----</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>101-500</td>
<td>3</td>
<td>1</td>
<td>8</td>
<td>12</td>
</tr>
<tr>
<td>501-1000</td>
<td>4</td>
<td>----</td>
<td>5</td>
<td>9</td>
</tr>
<tr>
<td>1001-2000</td>
<td>2</td>
<td>----</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>2000-5000</td>
<td>3</td>
<td>1</td>
<td>3</td>
<td>7</td>
</tr>
<tr>
<td>5000 and over</td>
<td>2</td>
<td>----</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>14</strong></td>
<td><strong>2</strong></td>
<td><strong>23</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

*Source: Questionnaire*
### TABLE XIII-B

**PERFORMANCE PERSONALITY FACTOR RELATIONSHIP TO RATING PURPOSES**

<table>
<thead>
<tr>
<th>Purposes</th>
<th>Performance Personality</th>
<th>Performance</th>
<th>Personality</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Wage increase and salary adjustment</td>
<td>4</td>
<td>6</td>
<td>-</td>
<td>10</td>
</tr>
<tr>
<td>To evaluate possibilities for promotion</td>
<td>6</td>
<td>1</td>
<td>-</td>
<td>7</td>
</tr>
<tr>
<td>Employee counselling and guidance</td>
<td>4</td>
<td>2</td>
<td>1</td>
<td>7</td>
</tr>
<tr>
<td>Detect weaknesses and institute program for</td>
<td>2</td>
<td>1</td>
<td>1</td>
<td>4</td>
</tr>
<tr>
<td>development</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To improve worth and work standard</td>
<td>7</td>
<td>4</td>
<td>-</td>
<td>11</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>23</strong></td>
<td><strong>14</strong></td>
<td><strong>2</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

**Source:** Questionnaire
## TABLE XIII-C

PERFORMANCE-PERSONALITY FACTORS RELATIONSHIP TO TYPE OF PLAN

<table>
<thead>
<tr>
<th>Method</th>
<th>Personality</th>
<th>Performance</th>
<th>Performance Personality</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Check list</td>
<td>1</td>
<td>10</td>
<td>14</td>
<td>25</td>
</tr>
<tr>
<td>Graphic scale</td>
<td>-</td>
<td>1</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Ranking</td>
<td>-</td>
<td>2</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Combination</td>
<td>1</td>
<td>1</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>2</strong></td>
<td><strong>14</strong></td>
<td><strong>23</strong></td>
<td><strong>39</strong></td>
</tr>
</tbody>
</table>

Source: Questionnaires
Table 13-B and 13-C show the classification of evaluation factors relative to type of plan and purpose of plan. The purpose of this classification was to show the interrelationship that exists if any among these variables (type of plan, purpose, factor considered in evaluations.)

Table 13-B indicates that most companies who indicated performance as a criterion of evaluation had wage increase and salary adjustment as their primary objective. Those who had pointed to personality-performance as a means of judgment either had pointed to improve employee's worth and work standard or promotion as their objectives. And those who had made reference to personality had indicated "Employee Counselling and Guidance" and employees' development.

Table 13-C speaks of the relationship of type of plans and the factors considered as a standard of judgment in appraisal plans. The data set up in this table reveals that of 25 check list plans, 56 per cent referred to performance-personality and 40 per cent pointed to performance and only 4 per cent made reference to personality as a criterion of success.

A further examination of data in Table 13-A accompanied with the following quantitative analysis revealed the tendency of company officers toward objective rating. The following are obtained from responses to question No. 17.
Performance Factor \[ \text{75 per cent} \]

Personality Factor \[ \text{25 per cent} \]

\[
23 \times 0.75 = 17 \\
14 + 17 = 31 \\
23 - 17 = 6 \\
2 + 6 = 8 \\
31 \times 100 = 80\% \\
\]

This tendency toward more objective rating reflects the awareness of managers of the difficulties and complexity of measuring personality factors. Referring to Kelly:

"Listen, talking about appraising a person's personality or character or anything else in such a superficial way is a lot of hogwash. Why, it takes trained psychiatrists several years to help a man pin down the full aspects of personality! And none of the testing experts have come with any full proof approaches either. What kind of sense does it make to try and sit down and have somebody do this in such an offhand manner?"

"The more difficult it is to measure a man's contribution, the more we may have tended to drift over to a personality centered type of appraisal."

Patton comments:

"Unfortunately, the executive characteristics appraised in development programs, leadership initiative, dependability, judgment, getting along with people, ambition and so on, do not necessarily measure a man's effectiveness on the job. Indeed, all too often, judgments of performance under such plans reflect what is thought of the man rather than what he does. The great weakness in this approach has proved to be the lack of performance criteria that are

*Effort to reduce subjectivity and an attempt to be more objective.

66 Philip R. Kelly, op. cit.
related to job possibilities. Such concentration on personality traits ignores the more objective measures of on the job performance that are developed from budgets and accounting reports. The highly subjective approach has made it difficult for management to communicate its judgment of an executive performance to the man who has been evaluated. The advantage of operating qualitative and quantitative tasks lies in the very human tendency among executives to "let the numbers decide." It appears to be much easier for a superior to point out shortcomings to a subordinate when he can blame such an unpleasant conclusion on the results of quantitative evaluation.

Explaining weaknesses that must be judged impressionistically, while frequently more important to the training process, causes greater discomfort to the superior. The separation of the two induces a deeper awareness of the importance of both elements."67

Therefore, to communicate the judgment quantitatively, management should rely on the language of the numbers. It should be pointed out that the use of "performance" factors as an approach to appraisal does not necessarily mean the exclusion of subjectivity because, after all, performance itself is open to interpretation of human judgment."

Referring to Bass and Berg who say:

"Blood pressure records are numerical and X-Ray photographs are objective, but both are open to subjectivity of interpretation."68

Moreover, the same participants made reference to the use of psychological

68Bass and Berg, op. cit., 15
tests as a means of evaluation. How objective are these tests and means of evaluation and how one interprets them are factors which influence the entire process of evaluation and individual performance.

In framing this question, the purpose was to see whether respondents take into consideration any situation factors or not.

The final part of this section will present the concept of "organizational influence," the third dimension which should be considered in performance measurement, the other two having been performance and personality. The approach of conventional appraisal that believes that the individual is the sole determinant of his performance is opposed by many authorities in this field. Referring to Kelly who says:

"I believe we must accept the principle that it is not within the power of the man being appraised to control all of the many factors that really influence his ability to work effectively. Experienced observers of management know this to be true. No individual operates in a vacuum. His ability to perform is always influenced by a total situation. He does control, and is directly responsible for certain other important aspects, as the general business environment is responsible for still others." 69

Peter Drucker has something to say on this point:

"Where and how a man is placed at any given time decides whether he will be a productive employee or not, whether he'll

* A state in which an individual is placed within the organizational environment.

69 Ibid., p. 64.
find himself in his work or not. It decides to a large extent how well he is being managed by the enterprise.”

Agyris comments:

“The individual’s behavior is so interlocked with the organization (formal and informal aspects) that executive development must focus on development of human personality in a particular organizational context. This means the proper development of an executive requires consideration of both the nature of personality and the nature of situation in which the executive behaves.”

William H. Whyte Jr., The Organization Man, states:

“No matter how staunch an individualist you might be, if you have to live in such close union with others, the sheer instinct of survival, let alone good sense, is likely, at the time, to make you emphasize the extroverted side of your nature. The subordinates' group-mindedness, it could be argued, is merely a passing phase, an expedient dictated by necessity and not by any inner impulse.”

From the above argument, it follows that individuals' performances and abilities exist not only as a function of individual personality, but is also related to the organizational situation in which the individual is interlocked.

---


SUMMARY AND CONCLUSION

The purpose of this study was to determine how merit rating as a personnel technique is used in appraisal and evaluation of employees in business and industry in the Mid-west. The information for the study was obtained through personal interviews and questionnaires submitted to different companies. The response rate was 38 per cent of 150 requests.

Of 57 submitted replies, 18 (32 percent) stated that they did not have merit rating programs. Thirty-nine (68 percent) stated they have formal plans in operation. Of these 39 responses the following are the results:

I. Primary objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Number of companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Wage increase and salary adjustment</td>
<td>10</td>
</tr>
<tr>
<td>2. To evaluate possibilities for promotion</td>
<td>7</td>
</tr>
<tr>
<td>3. Employee counselling and guidance</td>
<td>7</td>
</tr>
<tr>
<td>4. Detect weakness and institute program for development</td>
<td>4</td>
</tr>
<tr>
<td>5. To improve employee worth and work standard</td>
<td>11</td>
</tr>
</tbody>
</table>

II. Explanation of results to employees

<table>
<thead>
<tr>
<th>Method</th>
<th>Number of companies</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. By discussion with supervisors</td>
<td>22</td>
</tr>
<tr>
<td>2. Unless it is necessary</td>
<td>14</td>
</tr>
<tr>
<td>3. Not being informed of the results</td>
<td>3</td>
</tr>
</tbody>
</table>

39
III. Who makes the evaluation

1. Employee supervisor 21
2. A rating committee composed of superiors 5
3. Only those who are well acquainted with the employee 11
4. Manager 2

IV. Frequency of rating

1. Once a year 19
2. Twice a year 20

V. Training in rating

1. Companies with training in rating 22
2. Companies without training in rating 17

VI. Length of training

1. Less than a week 9
2. Over a week 13

VII. Use of tests

1. Companies using tests as a guide in evaluation 17
2. Companies not using tests as a guide in evaluation 22
VIII. Factors used as criterion in evaluation

1. Performance-personality 23
2. Performance 14
3. Personality 39

IX. Forms for classes of employees

1. Companies using different forms for different classes of employees 33
2. Companies using the same form for different classes of employees 6 39

X. Methods used

1. Check list 25
2. Graphic scales 5
3. Ranking 5
4. Combination 4 39

The conclusion derived from personal interviews could be summed up thus:

1. Most employers and company officers indicated the necessity of programs for better supervision, while others indicated they do not need any formal plan.

2. Most personnel directors, managers, and supervisors did not have any information about effectiveness and validity of their plans, and it seemed once they put the plan into practice, they did not bother themselves with accuracy and consistency of rating results. On
the other hand, many others measured the effectiveness of their program in terms of result and factual data.

3. The formal plans, like everything else, have some faults and shortcomings and could be misinterpreted and misused.

4. It is conceded from the above that although the employers, personnel directors, and managers are fully aware of the faults and shortcomings of their programs, they believe that it is the best tool and device they have developed for employee appraisal and evaluation.

To sum up the information and formulate the conclusion, the first thing observed was that the experiences which companies have had with appraisal plans are varied. Some have found them useful, others have been disappointed, but are still keeping the program. And many others have abandoned their programs. But a survey of the literature on merit rating and attitude and opinion of employers tended to support the practice and operation of merit rating.

Secondly, although appraisal plans are moving toward more objective rating, they can never be successfully squeezed into a framework of objective procedure, and exact rules. This lack of objectivity and absence of a common set of standards among the appraisal plans was found to be the crucial point of all problems.
Thirdly, the source of shortcomings and weaknesses of appraisal plans are varied, and could be due to rater’s attitude, ability, personal philosophy, organizational climate, and nature of appraisal program.

Fourth, the extent of the appraisal program and its related phases of activities are related to the size of company as well as company status, by union, and type of employees.

Finally, the tendency of moving away from conventional concepts toward the new approach which is evidenced in a few leading companies reflected a proper resolution of differences and conflicts among practitioners in the technique and mechanic of ratings. The most significant differences of opinion exist between the proponents of the conventional approach and new contemporary approach. The conventionalists hold that a goal should be established for employees to work toward; his work should be appraised periodically by his superior and following this procedure, the evaluation result should be discussed with the subordinate regarding his strength and weaknesses, in order to improve himself. To phrase it differently, they support principles of paternalism and authoritarianism. As opposed to this, the followers of the new school of appraisal suggest that the major responsibility for establishing performance goals and progress toward the goals should be placed on the subordinate. McGregor and
Kelly believes in a new philosophy of management, that is consultative and participative management. Therefore, it follows that although both sides look at the concept of employee appraisal from the point of view of efficiency, their approach is directed at different aspects of management, i.e., one sees everything from the point of view of employees' efficiency while the other also wants the employee and worker to be satisfied. Accordingly, it is concluded that a new mature philosophy of management in regard to employee evaluation is on the way.

RECOMMENDATIONS

The most significant recommendations with respect to the area of rating programs evolved from this study are as follows:

1. Management's effort should be directed in establishment of a set of objective standards for each class of employee.

2. Each appraisal program should be set up for specific company and purpose to serve it.

3. Formal training program should be established for raters.

4. Keep it simple.

5. Further research, in the years ahead, should be conducted for the attainment of more scientific, reliable and valid employee evaluation system.
6. Finally it is also recommended that the future researcher be thoroughly familiar with the proper methods and techniques of research, particularly stressing the interview technique.
APPENDIX
TO WHOM IT MAY CONCERN:

This will introduce Mr. N. K. Nahavandi who is a foreign student enrolled at Western Michigan University on the Master of Business Administration program.

Mr. Nahavandi is working on his master's thesis in the field of "Merit Rating".

Any specific assistance you can give will be appreciated by him.

Sincerely yours,

A. E. Schneider
Dean

AES:sh
Mr. N. K. Nahavandi
424 Pearl Street
Kalamazoo, Michigan

Dear Mr. Nahavandi:

Since we do not have a merit rating system here at Atlas, information for your survey was supplied by our plant in Indiana.

Sincerely,

ATLAS PRESS COMPANY

Hillis J. Steele
Personnel Director

HJS/a
Enc.
July 17, 1961.

N. K. Nahavandi
424 Pearl Street
Kalamazoo, Michigan.

Dear Sir:

We have received your questionnaire on Merit Ratings in Industry.

Would you be so kind as to forward us more information as to what your interest is in this matter and what organization you represent, and also, to what purpose this information would be used.

Thanking you for a prompt reply as to your complete status on this matter, we are,

Sincerely,

FARM BUREAU SERVICES, Inc.

Keith W. Begeman, Office Manager
Plant Food División
Box # 2156 - Kalamazoo, Michigan.

kwb/
January 3, 1962

Nassar Mahavandi
Apartment # 7
315 Woodward Street
Kalamazoo, Michigan

Dear Mr. Mahavandi:

Mr. Vincent has referred your request for assistance, to Farm Bureau Services, Inc, Personnel Division.

I have enclosed samples of the appraisal forms which we use. Exhibit "A" is used in appraising salaried personnel and exhibit "B" for hourly personnel.

We believe the practice of employee appraisal, a very important part of supervision. Having a specified time and a uniform outline makes it very businesslike.

Our supervisory people use the appraisal form as a guide in counselling with employees, as well as making the completed form a permanent record of employee progress.

If we can be of further assistance, write us in detail.

Sincerely,

FARM BUREAU SERVICES, INC.

Eldon T. Smith, Manager
Personnel Division

ETS: bh

enc:  2

cc:  Russell Vincent
<table>
<thead>
<tr>
<th>Title of Individuals Interviewed</th>
<th>Count</th>
</tr>
</thead>
<tbody>
<tr>
<td>Director of Personnel</td>
<td>1</td>
</tr>
<tr>
<td>Industrial Relation's Director</td>
<td>1</td>
</tr>
<tr>
<td>Personnel Director</td>
<td>2</td>
</tr>
<tr>
<td>Chairman of Board of Directors</td>
<td>1</td>
</tr>
<tr>
<td>Personnel Manager</td>
<td>1</td>
</tr>
<tr>
<td>Vice President</td>
<td>1</td>
</tr>
<tr>
<td>Michigan Employment Office Director</td>
<td>2</td>
</tr>
<tr>
<td>Plant Manager</td>
<td>1</td>
</tr>
<tr>
<td>Office Manager</td>
<td>1</td>
</tr>
<tr>
<td>President</td>
<td>1</td>
</tr>
<tr>
<td>Supervisor</td>
<td>1</td>
</tr>
<tr>
<td>Foreman</td>
<td>1</td>
</tr>
<tr>
<td>Assistant to Personnel Director</td>
<td>1</td>
</tr>
</tbody>
</table>
A SURVEY OF MERIT RATING IN INDUSTRY

PURPOSE: To determine how merit rating is used in industry.

1. Do you have a formal program for appraisal and evaluation of company's personnel? Yes No

2. Do you use the same form for rating all classes of employees? Yes No

3. Do you review your appraisal program? Yes No

4. Is your rating program supported by management? Yes No

5. Do you use aptitude, capability, or personality tests in the appraisal of your employees? Yes No

6. If so, which one? ____________________________

7. Do you use merit rating results with other personnel technique for research? Yes No

8. If so, which one? ____________________________

9. Did your rater groups have any training? Yes No

10. If so, for how long? ____________________________

11. Who makes the evaluation?
   a. Only those raters who are well acquainted with employees
   b. Employees' supervisor and a member of personnel department who is best acquainted with employees.
   c. A rating committee composed of a member of each of the several echelons of supervision.
   d. Others ____________________________

12. How often do you rate? ____________________________
13. How is the ratee informed of the results?
   a. By discussion with supervisors
   b. With communications
   c. By posting the results
   d. He is not informed of results

14. What per cent of your employees when rated over all will be:
   a. Above average
   b. Average
   c. Below average

15. What method of rating do you use?
   a. Graphic scales
   b. Check list
   c. Ranking
   d. Others

16. What are the primary objectives of your rating plan?

17. In evaluation of employees, we give more weight to:
   a. Performance factors
   b. Personality factors
   c. A combination of both

18. Which class of employee do you evaluate?
   a. All classes of employees
   b. Supervisory
   c. Technical
   d. Clerical
   e. Name others

19. Please send me a copy of your merit rating forms.

20. Comment:
BIBLIOGRAPHY


