CHAPTER 13
Supervision, Performance Appraisal, Rewards, and Termination

CHAPTER OUTLINE
- Encouraging Optimum Employee Performance
- Supervision
- The Corrective Action Process
- Appraisal Techniques
- Tying Performance Appraisal to Rewards
- Terminating Employees: Voluntary and Involuntary Terminations

CHAPTER OBJECTIVES
Upon completion of this chapter, the reader will be able to:
- Identify and discuss the managerial aspects of supervision.
- Describe the corrective action process.
- Explain the criteria to be used in constructing a performance appraisal system.
- List and give examples of eight approaches to performance appraisal.
- Discuss ways to tie performance to rewards.
- Identify and define four types of terminations.

Assumptions
- That employee performance should be monitored and performance appraisal taken seriously and carried out conscientiously.
- That nonperforming employees should receive special attention and changes in their performance should be monitored.
- That a performance appraisal system should be designed in a way that it is economical, easy to administer, useful for improving employee performance, trusted by employees, valid, and reliable.
- That performance appraisal instruments should be designed with extensive staff input and support.
- That good performance should receive tangible rewards.
- That consistent nonperformers should be terminated.
- That a termination process should be specified in policy, and steps should be followed diligently.
Encouraging Optimum Employee Performance

In the previous chapters we have focused on a number of human resource functions—recruitment, selection, hiring, orientation, staff training, and development. The ways in which these functions are planned and implemented can influence the extent to which employees find a niche within the organization and become valued contributors.

The functions to be discussed in this chapter cover the vast majority of day-to-day supervisory activities, ongoing supervision of staff, performance appraisal, allocation of rewards, and, if necessary, termination from the agency. Because these functions are directly tied to daily activities and performance of staff, they can have a profound effect on overall organizational performance and, ultimately, on organizational culture. The following example will illustrate.

Michelle was an ambitious young woman who had recently received her MSW degree and was employed by Family Dynamics, Inc., a large private, nonprofit agency that provided counseling services to families and children, including a number of contracts with corporations for employee assistance services (counseling for employees of contracted businesses who have personal problems). Her plan was to work for three or four years as a caseworker and then to move into supervision and administration. After about a year and a half on the job, Michelle was beginning to gain recognition as a highly skilled practitioner and was invited to serve on a number of planning committees for the agency. Because of her success with families, some of the most difficult cases were assigned to her. Two of the corporations for which the agency provided employee assistance services specifically mentioned Michelle when they renewed their contracts. It was clear that she was on the fast track to success. Her performance appraisals were glowing.

As each year passed, however, she was finding that essentially all employees were treated the same when it came to performance appraisal and rewards. When coworkers shared with her their evaluation scores and the size of their merit raises, she realized that her exemplary work was valued with words only. Family Dynamics, Inc. was an organization that believed that, in order to reduce turnover, it was necessary to keep employees happy. This philosophy translated into giving high performance appraisal ratings and equal merit raises regardless of performance.

In her third year, a supervisory position became vacant, and Michelle applied for it. Three employees who had seniority over her were short-listed. She knew that the quality of their work was not at a high level, but all of the available documentation indicated that they were superior employees. Michelle decided that loyalty and longevity were the qualities that counted at Family Dynamics, Inc. It was not the type of system in which she felt she could achieve her career goals, and she soon moved on to another job.

This scenario is repeated many times every year. When the culture of an organization values loyalty and longevity over performance, many messages (both direct and subtle) are sent to new and talented employees that the organization is not open to new ideas and change. Nonproductive employees thrive in this type of an environment. The long-range
future for such an agency, however, is dismal. Good employees are the lifeblood of a human service agency. A good deal of planning and effort needs to be devoted to designing a system that will keep those who are highly productive and will weed out those who are not.

**Supervision**

Good supervision is intimately intertwined with performance appraisal. In spite of an agency’s best efforts in recruitment, selection, and hiring, the true test of an employee’s abilities comes in day-to-day performance. When planned and implemented conscientiously, supervision provides an opportunity to help workers continuously improve, to perform at their optimum levels, and to prepare them to move on in their careers to greater responsibilities. Done in a negligent manner, supervision can encourage low levels of performance and can lead to legal problems. Montana and Charnov (1993), in discussing future demands on managers and supervisors, make the following observation:

> There will be a premium placed upon managers with good people skills. *People skills* is a popular term used to describe a group of interpersonal relationship skills (as opposed to mechanical or technical skills, which describe a relationship to machinery) generally assumed to relate to managerial success. These include communications skills, knowledge and application of motivational concepts, goal-setting abilities, and performance appraisal skills. (p. 443)

Good supervision, however, comes with a price. It is time-consuming and requires good planning, teaching, and evaluative skills. Patience, tenacity, and an ability to deal directly and honestly with problems are important supervisory qualities. High ethical standards are expected from those who supervise employees at any level. Lewis (1977) emphasized the importance of ethical behavior:

> One can fail in almost any aspect of administrative judgment and yet retain self-respect. But failure to engage in ethical behavior is to yield to unprincipled practice, and unprincipled practice erodes an administrator’s core of personal dignity. (p. 121)

The Code of Ethics of the National Association of Social Workers identifies integrity as a core value. Professionals are expected to be aware of the profession’s mission, values, and ethical principles and are expected to act responsibly to promote ethical practices on the part of the organizations with which they are affiliated. Ethical dilemmas are often faced when a supervisor must choose between what appears to be two “right” answers. Thorough study, compliance with existing policies and practices, and elimination of personal bias will contribute to sound and ethical decisions.

Much of good supervision is attitude and experience. The supervisor who is overly concerned with being liked will inevitably run into difficulty. The focus needs to be on establishing work standards, doing whatever can reasonably be done to enable workers to meet the standards, and then rewarding them (or withholding rewards) as performance merits.

In some ways performance appraisal systems operate like grades in a university. When an instructor gives every student an A, the grade loses its meaning. When a supervisor gives every worker a rating of superior, the rating no longer is valued. Honest ratings, backed up by specific examples of performance, and rewards allocated in accordance with level of performance can get an agency on track toward optimum levels of productivity.
Policy on Supervision and Performance Appraisal

The supervisory relationship is a complex one that carries mutual rights and responsibilities. Weinbach (1998) points out that a common perception of supervision is that its function is to provide consultation on cases for the direct service practitioner. This, however, is only one area of supervision. “There exists,” he says, “another whole group of supervisory activities that more closely resembles . . . management. It includes the use of management functions as applied to subordinates to shape, support, and enhance the individual’s job performance” (p. 153). These management functions of supervision include responsibilities in the areas of (1) accountability, (2) consultation, (3) protection from discriminatory practices, (4) establishing the appraisal format, timing, and process, (5) providing an avenue for appeals, and (6) establishing a relationship between performance appraisal and salary increases or other rewards. Each of these areas should be established in policy that is then used to guide supervisory practices.

Accountability  
Schmidt, Riggar, Crimando, and Bordieri (1992) point out that supervisors are responsible for the ways in which those under their supervision carry out their jobs. “The legal doctrine of respondeat superior holds that a supervisor is responsible for the acts of his or her subordinates undertaken within the realm of employment” (p. 102). The extent of accountability and the responsibilities of both parties will be better understood if they are stated as part of agency expectations in a policy manual. A policy on accountability might read as follows:

Section 13.1 Supervisory Roles and Responsibilities  
13.1.1 Accountability. All employees of the organization who have responsibility for immediate supervision of subordinates shall be responsible for the acts of their subordinates undertaken within the realm of employment. These acts shall include, but not be limited to, behavior in relation to clients, coworkers, management, and administration, and public comments made about the organization.

Consultation  
Regularly scheduled consultation forms the basis of supervisor/worker communication. Some of these sessions need to be formalized, with discussions documented, when important policy and procedure issues are covered. This practice will also help to address the issue of accountability. Policy guidelines will help clarify expectations for consultation and case conferences. The following example illustrates possible wording for a policy on regularly scheduled conferences.

Section 13.2 Regularly Scheduled Conferences  
The primary source of information about agency policy and practice resides with an employee’s immediate supervisor. In order to ensure that lines of communication are kept open to all staff, and in order to ensure that accurate information is disseminated throughout the organization, it shall be the policy of this organization to establish a requirement that each supervisor meet with his or her subordinates on a weekly basis. No length of time shall be specified. Supervisory conferences shall focus primarily on the information and consultation needs of the subordinate.
Protection from Discriminatory Practices  Discrimination and harassment in the workplace are illegal, and supervisors can be held accountable for the behavior of their subordinates. Decisions about employees based on such factors as age, gender, race, religion, or other factors not related to the job are considered discriminatory. It is the job of the supervisor to ensure that decisions are made solely on work-related criteria, and to deal with employees who engage in discriminatory practices (Daughtrey & Ricks, 1989). Employees are also entitled to a work environment in which they feel safe and free from language, displays, or behaviors that can be considered sexually harassing. Employees have a responsibility to report such behavior to a supervisor, and supervisors have a responsibility to intervene and to deal with offending personnel. All of these issues should also be codified into a set of policies and procedures that will define what is meant by discrimination and harassment, make clear that they are not tolerated in the organization, and spell out procedures to be followed should inappropriate behaviors be demonstrated by agency personnel. For example, in its brochure on sexual harassment, Arizona State University provides the following definition, examples, and recourse.

**Sexual harassment:** unwelcome behavior of a sexual nature that unreasonably interferes with the working/learning environment and creates a hostile, intimidating, or offensive environment, or takes the form of seeking sexual favors in exchange for a promise of a benefit or a threat of a penalty.

*You may be the harasser if you* assume people are not offended by your behavior of a sexual nature because they neglect to tell you; touch or hug people without their express permission; treat individuals differently based on their gender in professional/educational situations; make personal comments about someone in the middle of a professional/educational discussion; don’t think about the impact of your behavior on others.

*If you are being harassed,* tell the harasser the behavior is unwelcome, say it firmly without smiling or apologizing; keep a log of what happened, when, where, any witnesses or patterns of behavior; seek others who may have received or are receiving similar treatment from the harasser; tell someone about the harassment, talk to a friend or any of the people listed on the following page (Arizona State University, n.d., p. 3).

Establishing the Appraisal Format, Timing, and Process  The format, timing, and process for performance appraisals are very important to the integrity of the performance appraisal system and should be established in policy in a way that ensures that appraisals will be handled in a consistent manner throughout the organization. There is a variety of formats including essay, standardized scales, use of critical incidents, management by objectives, and others. The pros and cons of each format will be discussed in a subsequent section. The timing of performance appraisals can vary. A common approach is to complete the appraisal on the anniversary date of hiring for each employee. This has the advantage of spreading the process over the year and individualizing each employee. Other organizations may prefer that all appraisals be done during the same period of time so that
the ratings can be used in decisions about merit increases and other rewards. Brody (1993) suggests that appraisals be conducted throughout the year and that the end-of-the-year appraisal be used as an opportunity to review previous discussions. He further proposes that formal performance appraisal conferences be held semiannually or even quarterly so that corrective action can occur in a more timely manner than if the formal conference is held only once a year.

Processes may also vary. Some prefer a one-way assessment that includes feedback from supervisor to supervisee. Others prefer an interactive process in which both parties complete the appraisal form and then come together to identify points of agreement and disagreement about the employee’s performance. Some systems allow for input from peers, some even from subordinates. A recent innovation, called the 360-degree evaluation, is designed to solicit feedback from multiple sources including superiors, coworkers, subordinates, customers, and the person being evaluated (Jarman, 1998). Although single-source evaluations can be dismissed by the employee being evaluated, participants report that multiple-source evaluations have much more credibility.

Whatever practices are selected by an organization, they should be established in policy to minimize differences in the ways that the process is carried out throughout the organization. If flexibility is desired, this can also be made clear with a policy statement. The following example illustrates a policy statement on format, timing, and process of performance appraisal.

**Section 13.3 Performance Appraisals**

13.3.1 **Format.** All employees shall have a performance appraisal completed by their immediate supervisor each year using the job duties checklist in combination with an essay format on the forms provided by the agency for each level of staff.

13.3.2 **Timing.** All performance appraisals shall be completed between June 1 and June 30 of each year.

13.3.3 **Process.** Both employee and supervisor shall complete the appraisal form prior to the scheduled conference. A single document, signed by both employee and supervisor, shall be produced and signed following the conference.

**Providing an Avenue for Appeals** Every system also needs to establish a policy about appeals. When assessments are done with conscientious attention to accuracy and detail, it is inevitable that there will be some differences of opinion about performance. Employees may claim that they didn’t receive proper instructions, that they were not properly trained, or that their performance was superior to a coworker who received a higher rating. Sometimes these disputes can be resolved through dialog and discussion. Sometimes both parties believe so firmly in their positions that the dispute must be taken to another level. The right of review is fundamental to a fair system.

The process and the makeup of appeals committees should be spelled out in policy. Edwards and Sproull (1985) advise that members of the appeals committee or review board include representatives of protected groups and that they include representatives of peers
as well as supervision, so that all parties will feel that their perspectives are reflected in the
appeals process. The following example illustrates a policy statement on appeals.

Section 13.4 Appeals on Performance Appraisal

When there are disagreements on matters associated with
performance appraisal, they shall be referred to the appeals
committee. The committee shall be composed of two persons
representing the rank of the employee who filed the appeal, two
persons representing the rank of the person who completed the
performance appraisal, and one person representing management.
Demographic characteristics shall be representative of the
organization. The committee shall make a recommendation
to the executive director, whose decision shall be final.

Establishing a Relationship between Performance and Rewards

Finally, it is useful to include a policy on the relationship of the performance appraisal to merit increases
and other rewards. This is an area that can be difficult to address in a fair and objective manner. There may be budgetary constraints in any given year that may prohibit merit increases.

Some supervisors may try to manipulate the system to ensure that their workers get an inordinate share of the benefits regardless of performance. These issues will be discussed further in a subsequent section. The point is that if rewards are not in some way formally tied to appraisal, then one must logically ask two questions: (1) What is the function of the appraisal, and (2) on what basis are the rewards allocated? These factors are absolutely critical to system integrity and have implications far beyond budgetary considerations.

Rapp and Poertner (1992) make the following observation about what happens when
rewards are used to reinforce positive behaviors in organizations:

Positively reinforced behavior slowly comes to occupy a larger and larger share of time and
attention and less desirable behavior begins to be dropped. Yet, most managers appear not to
understand the power of this concept. The reward structure in many organizations is inade-
quate. (p. 173)

When an organization can design a system that is successful in rewarding the most
productive employees and withholding rewards from the least productive, it will also be
successful in shaping its culture in a way that recognizes, values, and respects good per-
formance. That type of organization is well on its way to achieving excellence.

The Corrective Action Process

Monitoring and evaluating employee performance and ensuring that communication is
clear and well documented are challenging and require careful planning. When conceptu-
alizing the performance appraisal process, it may be useful to think in terms of a worst-
case scenario—dealing with the problem employee. The same procedures recommended
for the low-performing employee are applicable to the high performer. The difference is
that the high performer will understand what needs to be done at an early point in the pro-
cess and will act on that understanding. The low performer may need to be taken through
the full process, perhaps even to the point of termination.
The corrective action process consists of a series of up to five interviews during which the employee receives increasingly detailed instructions about performance, resulting in written agreements about performance targets, time lines, and interim monitoring by the supervisor. For descriptive purposes, the five interviews will be referred to as: (1) the hiring/orientation interview, (2) the “we’ve got a problem” interview, (3) the “you’ve got a problem” interview, (4) the probationary interview, and (5) the termination interview (Umlah, 1976).

The assumption is that, following each interview, the employee knows exactly what performance improvements are expected and when each task or activity is due. During the time frame established, the employee either improves performance and achieves objectives or fails to achieve them. If performance is deemed satisfactory, the series of interviews ends at that point. If it does not improve, the interviews continue, possibly to the point of termination. The performance improvement process is illustrated in Figure 13.1.
The Hiring/Orientation Interviews

At some point during either the hiring interview, the orientation interview, or both, the supervisor will have an opportunity to meet with the new employee and discuss the position in some detail. This valuable time should not be spent merely getting acquainted, although that is certainly a part of the purpose of the interview. A supervisor should do some advance planning for these meetings and should come prepared with an agenda, a copy of the job analysis, some notes, and perhaps some sample case records, if the new employee will be carrying a caseload. The new employee’s résumé should have been reviewed prior to the interview so that the supervisor is in a position to ask informed questions.

When the supervisor describes the responsibilities of the unit and the position, he or she should highlight the major duties and tasks covered in the job analysis, with special emphasis on those functions that are critical to success. Some discussion of the performance appraisal system and accountability is also appropriate. For example, if the agency evaluates its programs and uses client success as a measure of employee effectiveness, it is important that the new employee understand the significance of these evaluation data. This is also the time to ensure that all necessary training has been scheduled. Other topics to be covered would include management or supervisory style, expectations relative to teamwork, requirements for data collection, and other important job-related issues. The interview should end with an understanding that there will be follow-up sessions, and the new employee should be informed about where he or she may go in the event that questions arise. A list of all documents provided, training scheduled, and other relevant orientation materials provided should be placed in the new employee’s personnel/training record. On reflection, the supervisor should feel that the new employee has been given every opportunity to start off on the right foot and progress toward an optimum level of productivity.

The “We’ve Got a Problem” Interview

Very likely the majority of employees will adapt to agency expectations as they become comfortable in their positions and will perform at acceptable or perhaps even superior levels. If no performance problems are identified, employees begin the regular cycle of performance appraisal as described in the policy manual. For those few who have difficulty, it may be necessary to go on to the next structured interview.

The reason for framing the second interview as the “we’ve got a problem” interview is that it is important that the supervisor not make assumptions early in the process about the nature of the problem. This interview should be approached honestly and openly from the perspective that perhaps there were components of the job that were not made clear; perhaps all the necessary training was not completed; perhaps the importance of deadlines for completing data collection and maintaining case records was not fully grasped. By sharing the responsibility, the supervisor creates a supportive environment for the employee and provides an opportunity to share concerns about the orientation, the training, or the nature of the job. This is a good time to discuss the new employee’s strengths and to identify the areas in which improvement is needed.

All discussion of performance deficiencies should be based on agency-approved performance standards and specific, documented examples of the employee’s failure to meet standards. For example, it is not acceptable to inform an employee that his or her case notes
need improvement. Instead, the employee should be handed a copy of the format for case
notes, a sample that meets standards, and an example of his or her own work that does not
meet standards. A work plan can then be established that explicates how many case records
will be brought up to expectations and by what date. The supervisor attempts to remove
barriers to successful completion of the work plan, to schedule necessary training, and to
help with time management if needed. The work plan is put into writing, signed by both
supervisor and worker, and is then used as a monitoring document to ensure that defi-
cencies are being corrected. Interim sessions may be planned and a follow-up inter-
view scheduled on or after the date when the work plan is to be completed. A performance
improvement plan may include some of the components in the following example.

Name: Roger Caulfield  
Supervisor: Mary Tremaine

Problem Area: Keeping up-to-date on the completion of data collection and doc-
dumentation on all cases; sixteen of twenty-five case records do not
have the necessary documentation.

Performance Objectives: Incomplete records will be brought up-to-date at the rate of two
records per week for the next eight weeks.

- Agency format and standards (copies attached) will be used to determine completeness.
- Sample work that meets standards has been provided.
- Interim reviews on the two records brought up-to-date will be held at the end of each
  week. Barriers to progress will also be discussed.

The “You’ve Got a Problem” Interview

If the employee’s performance improves after the first problem-focused interview, it is not
necessary to continue with the series of corrective sessions. Ideally the performance stan-
dards were made clear, the employee understood his or her deficiencies, took the neces-
sary remedial steps, and as a result is performing at an acceptable level. At this point the
employee moves into the regular cycle of performance appraisal as described in the policy
manual. Some, however, may not have satisfactorily corrected their performance deficien-
cies as of the due date for completion of the work plan. For those employees, the time has
come to place the responsibility for the problem on their shoulders.

A performance improvement plan was clearly spelled out and put in writing during the
“we’ve got a problem” phase of the corrective action process. A time line for correcting
deficiencies was established. The employee was provided with all the supports needed to
successfully achieve work plan objectives, but he or she failed to achieve them. It is now
incumbent on the employee to search for answers within himself or herself as to why he
or she has been unable to correct the performance problem.

In this interview the supervisor should begin by reviewing the expectations from the
last interview to make sure there is agreement on expectations. The supervisor should
indicate that there has been insufficient improvement and give the employee an oppor-
tunity to present any valid reasons for failure to achieve work plan objectives. Perhaps a
bit more time needs to be spent in this interview on analysis and understanding of the
causes of the problem. The employee may disagree with agency expectations and, there-
fore, may not be highly motivated to correct the identified deficiency. Some workers, for example, pride themselves in being strong advocates for their clients and, as such, spend as much time as possible in face-to-face contact with clients or working on their behalf rather than attending to the required record-keeping responsibilities. These workers may resent data collection and case recording as infringements on their time. It may be that values, priorities, and disagreements with agency expectations are appropriate subjects for this interview.

In any case, it is once again incumbent upon the supervisor and worker to come up with a plan for corrective action and a timetable. The supervisor should make clear that failure to meet the objectives of this work plan will result in the worker being placed on probation. Follow-up sessions are scheduled to monitor progress. Supportive services or training needs are addressed. A meeting is scheduled on or after the date when the work plan is to be completed. Following the session, the work plan is put in writing, with copies made available to both worker and supervisor.

The Probationary Interview

If an employee gets to the point in the series of corrective action interviews at which probation is necessary, it is very likely that there are some serious problems with his or her performance. She or he may not be suited for this kind of work, may not have some of the necessary personal qualities such as patience or initiative, or may simply have a profound disagreement with some of the agency’s priorities, policies, or practices.

This is an appropriate time to raise for consideration the fit between agency mission and purpose, on the one hand, and the employee’s interests and commitments on the other. It is unlikely that the employee, by this time, is not aware of or does not understand the performance deficiencies. Agency expectations and performance standards have been explained at three different points in time. Work plans have twice been developed, specifying precise activities to be completed and due dates. A significant amount of supervisory time has been invested in helping this employee to correct the deficiency. So it is appropriate to consider both the best interests of the worker and the best interests of the agency. If the employee has not already realized the poor fit by this time, a frank discussion may help the employee to rethink his or her position and to look for work elsewhere.

It is always possible, of course, that there is an employee who, in spite of extensive supervision and training, has not been successful in performing up to expectations, yet is strongly committed to keeping the job. When the corrective action interviews have progressed to this point, it is necessary to repeat the discussion of the “you’ve got a problem” interview. During that session there was a search for an understanding of the causes of performance deficiencies. Perhaps the analysis was incorrect and the working hypothesis for corrective action needs to be adjusted. Once again, the supervisor should have on hand examples that illustrate the performance problem. If more examples of exemplary work will be helpful at this point, these, too, should be made available. A probationary contract should be prepared, again with time lines for completion of each activity. The employee should clearly understand that this is the last opportunity to correct the performance problem. The next interview will focus on termination from the agency. All agreements are documented, signed, dated, and placed in the record.
The Termination Interview

The final interview in the corrective action process, the termination interview, is qualitatively different from the previous four sessions. A decision has been made to terminate. The decision is not up for discussion. The purpose of the interview is to inform the employee of plans to terminate in as direct and straightforward a manner as possible, to make sure that the employee understands all his or her rights as an employee, and to lay out the formal separation process. Applicable employee rights, laws, and regulations will establish the parameters for the termination interview and the process.

Like the other interviews, this one requires a good deal of preplanning. It is important that the supervisor consult with higher-level management personnel to ensure that they are willing to back the decision to terminate. Meetings with human resource personnel and consulting attorneys may also be in order to ensure that all aspects of applicable laws and regulations have been followed. A checklist should be prepared for the employee to ensure that all agency materials such as case records, keys, computer software, and other items are safely returned and the returns are documented with signatures and dates. Documentation of performance discrepancies and work plans should be readily available for reference purposes, but a review of performance problems is not part of the discussion at this point.

The interview itself should be brief. Jensen (1981) suggests that it is best to schedule it late in the afternoon, preferably on Friday. This timing, he says, will help to limit the amount of time the terminated employee remains in the office when emotions are running high. It also provides the opportunity to use the weekend as a cooling-off period, with further discussion to continue the following week if needed. The notice of termination should be given in the first ten minutes; the whole interview should last no longer than thirty minutes. This is not a time for reflection or review of the past. The focus should be on the termination decision and the process. The employee should be assured that all personnel policies and procedures are being followed and that adequate documentation exists to support the decision. Any mention of the performance problems should be completely consistent with the previous discussions and work plans. No advice should be given. No new items should be introduced for discussion. The supervisor should not let himself or herself get baited into any discussion of age, sex, race, disability, or other protected class characteristic, nor should there be discussion of performance in relation to other employees.

It is important that the supervisor listen to what the terminated employee has to say. Allow for ventilation of feelings, within reasonable time limits. Encourage the employee to check with human resources personnel or attorneys if he or she has any questions about violation of his or her rights or due process. Encourage the employee to leave the premises directly following the completion of the interview. Agree to a follow-up meeting. Many questions will occur to the employee over the weekend and there should be assurances that these questions or concerns will be addressed. Remind the employee that there is a checklist that is to be used for verifying that all separation activities have been completed and that this list will be discussed in the follow-up meeting.

Although it is never possible to guarantee that a termination will not be contested, when it is handled in the manner just described, with complete documentation of failure to perform job-related functions, challenges are less likely. Encouraging employees to follow up with their own sources to ensure that they have been dealt with fairly can help them to
understand that the agency feels confident in its decision and has nothing to hide. The more thorough the corrective action process and preplanning for the termination interview, the less likely that the employee will contest the termination.

### Appraisal Techniques

One important purpose of performance appraisal is to provide feedback to the employee. Feedback is highly sought after by employees, and the ways in which it is provided by a supervisor can affect the ways in which it is received and used by the employee. Jensen (1980) suggests that a positive tone be set by observing the following principles:

- Avoid surprises in the interview by providing daily feedback. Saving problems for an annual discussion is apt to overwhelm the employee and trigger a defensive response.
- Show evidence of having listened carefully by repeating what the appraised employee has said about the review.
- Show a flexibility and willingness to change conclusions in the course of the interview after hearing reasonable evidence that such changes are appropriate.
- Assure the confidentiality of what is said and recorded. Revealing the substance of a confidential conversation with others can be a source of embarrassment for everyone concerned.
- Stress an interest in helping the individual’s career progress, but not to the point of pushing if the person is not interested. (p. 6)

### Designing the Appraisal System

A number of different methods can be used for performance appraisal. Each method has advantages and disadvantages. Carroll and Schneier (1982) surveyed a group of human resource experts on eight different performance appraisal methods. Each method was rated in terms of the following criteria:

**Economic Criteria:** Cost of development and administration, speed in filling out, ease of use by raters.

**Personnel Criteria:** Usefulness for research, for allocating merit pay, for providing documentation, for promotion, for identifying training needs, for counseling and development.

**Counseling Criteria:** Provide job-related feedback, communicate performance expectations and standards, provide guidance on how to improve performance.

**Acceptance Criteria:** Acceptance to raters and ratees, psychometric soundness.

**Usefulness in Different Types of Organizations:** Useful in dynamic, loosely structured organizations; useful in formalized, bureaucratic organizations.

Edwards and Sproull (1985) also identify a number of important appraisal system features in their proposal, which they refer to as the *Ten Commandments of Performance Appraisal*. The ten factors include the following:

- **Multiple Raters.** Ensure that performance will be reviewed from a number of perspectives.
- **Rater Feedback.** Provide feedback to raters about their rating skills.
Rater Training Based on Feedback. Provide training for raters.

Objective, Observable, and Job-Related Performance Dimensions, Jointly Developed by Management and Employees. Agreement on performance dimensions is critical to system credibility.

Comparability. Ratings for similar jobs should use similar measures.

Professional Procedures. Be systematic in implementation and guided by policy.

Fair Employment Posture. Keep decisions free from bias.

Documentation. Provide an audit trail that may be used to defend decisions.

Systematic Communication of Rating Results to Ratees. Give every ratee a confidential personal performance profile.

Appeals. Give ratees the option of appealing appraisal results to a higher authority.

All of the foregoing factors may be used as criteria for evaluating appropriateness and comprehensiveness when designing a performance appraisal system.

Appraisal Instruments

Although various authors present their own mix of performance appraisal methods, most include the following options: (1) the essay, (2) the critical incident technique, (3) the trait/behavior checklist, (4) the job duties checklist, (5) behaviorally anchored rating scales (BARS), (6) forced-distribution ranking, and (7) management by objectives (Brody, 1993; Dessler, 1997; Rapp & Poertner, 1992; Schmidt et al., 1992).

Essay  The essay method requires that the supervisor develop from scratch an overall assessment of the employee’s strengths, need for improvement, and development needs. This format provides virtually no structure for the supervisor and requires good professional writing skills. It has the advantage of being highly individualized to the person being evaluated. No standardized performance criteria are imposed on the appraisal. Two beginning workers might receive very different types of reviews using the essay method, each raising completely different concerns, because each review would be tailored to each employee’s unique profile of strengths and needs. Individualization, however, also has the disadvantage of reducing or eliminating the possibility of comparing employee performances. Comparability is an important feature of a well-designed appraisal system, especially when salary, promotion, or other personnel decisions are involved. The essay format is probably the most time-consuming method and is probably best used in a modified format or in combination with one or more of the other appraisal options. Figure 13.2 illustrates a modified format that uses the essay method.

The Critical Incident Technique  The critical incident technique is one in which the supervisor keeps an ongoing log or record of examples of exemplary and below standard performances for the purpose of providing highly specific feedback to the employee that can be used to take corrective action. This approach has several advantages. It provides the supervisor with actual examples from the employee’s work experiences that make a particular point about performance and avoids focusing only on the employee’s most recent performance. The supervisor who attempts to recall examples at the time of performance appraisal will be much less likely to come up with good illustrations. Second, the critical incident technique causes the supervisor to be conscious of performance during the entire
year, not just at appraisal time. It lends itself well to providing ongoing feedback to the employee. As Dessler (1997) points out, the critical incident method provides hard facts for explaining the appraisal. Disadvantages are similar to those highlighted for the essay method. The critical incident technique is time-consuming and requires good writing skills and the ability to frame an example in a way that maximizes learning. Used alone, it does not allow comparison to other employees and, therefore, is less useful for making decisions about such issues as salary increases, promotions, or transfers. Critical incidents are most valuable when used in conjunction with an additional appraisal technique. Figure 13.3 illustrates how critical incidents can be used in performance appraisal.

The Trait/Behavior Checklist The trait/behavior checklist requires that a list of desirable work-related characteristics be developed and used in each appraisal. Characteristics used are those that are generally accepted by the organization and its employees as reflecting positively on performance, regardless of the position held by the ratee. Examples might include such items as “consistently high productivity,” “works well under pressure,” or “gets along well with others.” The scale might use the following values:

1 = Not at all descriptive of this person
2 = Slightly descriptive of this person
3 = Somewhat descriptive of this person
4 = Usually descriptive of this person
5 = Consistently descriptive of this person
The trait/behavior checklist has a number of advantages. It is the same for all employees, so it can be used for comparative analysis when making decisions about salary, promotions, or other competitive factors. It produces scores, thereby providing useful data for a number of purposes. It is relatively easy to complete because the checklist presents the supervisor with a structure that can be used as prompts to generate thoughts about the employee’s performance. It is somewhat more objective than essay or critical incident techniques and, therefore, may tend to eliminate a bit more bias than those approaches. There are also a few disadvantages. Trait/behavior checklists are not necessarily tailored to reflect job standards and expectations. They reflect personal qualities and can be influenced by personality. A low-producing but cooperative worker may be evaluated more highly than a high-producing but difficult worker. The scores produced by checklists are only as valid as the criteria and the judgments behind them.

Another disadvantage is that employees rarely know how other employees were rated. In the absence of an employee being able to compare his or her rating to an

---

**Critical Incident Log**

<table>
<thead>
<tr>
<th>Employee</th>
<th>Maria Rivera</th>
<th>Position</th>
<th>Child Abuse Investigator 1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date</td>
<td>Description of Incident</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7/24/XX</td>
<td>Maria returned from a child neglect investigation quite shaken about the condition of the home and the child. Anger at parents tended to cloud her judgment about planning for the children. We discussed the case at length and will follow up on this subject in the future.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8/16/XX</td>
<td>Maria was assigned a high-profile case that involved the death of a child and removal of siblings. She did an excellent job of taking charge and making some critical decisions independently and handled herself in a highly professional manner, including the way she dealt with the media.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>10/3/XX</td>
<td>Maria experienced conflict with a colleague over the placement of a child. Differences had to be resolved at the supervisory level. She was commended for the strong advocacy position she took on behalf of her client, but her working relationship with the other worker has been severely damaged. We need to be alert to this issue. Indications are that she may need to focus on developing and maintaining collaborative relationships with colleague and other professionals in supervisory conferences and perhaps a workshop.</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Etc.
overall mean, it may be difficult to interpret and to understand where one stands in the eyes of management. Like other approaches, trait/behavior checklists are often used in conjunction with other appraisal instruments. Figure 13.4 illustrates a trait/behavior checklist.

**The Job Duties Checklist**  The job duties checklist is in some ways similar to the trait/behavior checklist. Using a scaling approach, some organizations specify a list of duties and tasks drawn from the job analysis or job description and provide an opportunity

---

**Figure 13.4**

Trait/Behavior Checklist Format for a Performance Appraisal

<table>
<thead>
<tr>
<th>Employee Performance Appraisal</th>
</tr>
</thead>
<tbody>
<tr>
<td>Name ________________________</td>
</tr>
<tr>
<td>Supervisor __________________</td>
</tr>
<tr>
<td>Period Covered ________________</td>
</tr>
</tbody>
</table>

Please circle the number that best describes this employee’s performance in the areas indicated.

<table>
<thead>
<tr>
<th>Area</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Work quality</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Work quantity</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Attendance</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Meeting deadlines</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Relationships with coworkers</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Relationships with subordinates</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Relationship with supervisor</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Initiative in improving</td>
<td>1</td>
<td>2</td>
<td>3</td>
<td>4</td>
<td>5</td>
</tr>
</tbody>
</table>

Comments

Signatures
for a supervisor to rate each duty according to the performance of the employee. A scale might reflect the following range:

1 = Nonperformance
2 = Below acceptable standards
3 = Meets standards
4 = Above standards
5 = Exemplary performance

Duties for a caseworker might include categories such as Intake and Assessment, Client Contracting, Implementation and Monitoring, Case Closure, and Evaluation. A number of tasks listed under each category would be rated using the preceding scale. A cumulative score for performance on tasks may be used to give an overall impression of how competently the employee is able to perform the duty. Like the trait/behavior checklist, the job duties checklist produces scores and can be used for informing personnel decisions. It also has the advantage of being job related, because the duties are drawn from the job analysis and job description. However, quantifying performance is accurate only to the degree that duties listed reflect what is actually expected on the job. Frequent revisions of the job duties checklist (and perhaps the job analysis) may be necessary.

Checklists also may suffer from a halo effect or its opposite, an unwarranted negative overall impression. The halo effect sometimes causes a supervisor, for an employee who is perceived positively, to check the columns representing the highest ratings, without studying each item and giving it independent consideration. The job duties checklist is designed with an expectation that each item will be evaluated individually. The halo effect or negative overall impressions may result in a supervisor’s biases entering into the appraisal. When used in combination with the critical incident technique, some of these tendencies can be moderated. Figure 13.5 illustrates a job duties checklist.

The Behaviorally Anchored Rating Scale (BARS) is yet another technique that can be used to help bring more objectivity to the performance appraisal process. Like the two foregoing checklists, BARS uses scaling techniques to produce a performance profile on each employee. A major difference is that a single scale (such as those used in the trait/behavior or job duties checklists) is not specified. Instead, an individualized scale is defined for each item on the checklist. For example, if a caseworker were to be evaluated on the task of intake and screening, the following behaviorally anchored rating scale might be used:

1 = When the client is not forthcoming with important information, the caseworker does not pursue information and leaves the record blank. Gets information only when it is volunteered by the client.
2 = The caseworker attempts to draw out clients by explaining the purpose of the program and by sharing brochures and printed materials. May give up on the most resistant clients.
3 = The caseworker is able to get information by explaining how the benefits will affect the client and fit into the plan. Gets complete and accurate information on most clients.
4 = The caseworker is able to pick up on cues and follow them at the client’s pace in order to get the information needed for screening and assessment. Shows patience with resistant clients and usually gets at least basic information.
5 = The caseworker is highly skilled in drawing out even the most resistant clients and consistently turns in files with all necessary information and complete documentation.
### Employee Performance Appraisal

<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
</tr>
</thead>
<tbody>
<tr>
<td>Supervisor</td>
<td>Department</td>
</tr>
</tbody>
</table>

Please circle the number that best describes this employee's performance in the areas indicated.

<table>
<thead>
<tr>
<th>Area</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Thorough and accurate completion of intake</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thorough and accurate completion of assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Culturally appropriate assessment of problems, strengths, support system</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Thorough and accurate documentation of assessment</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Establishment and maintenance of a professional relationship with clients</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Use of professional knowledge and skills in developing treatment plan</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effective use of community resources</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Comments**

**Signatures**
As is evident from this example, developing instruments for the BARS approach can be very time consuming and requires great attention to detail. Recommended steps to producing good instruments include (1) interviewing jobholders and their supervisors, (2) specifying the behaviors to be included on the instrument, (3) categorizing or clustering the behaviors into a small number of performance dimensions, (4) use jobholders and supervisors to help develop the descriptors to be used in the scales for each item, (5) circulate among staff for review and comment, and (6) develop the final instrument.

Although this approach offers the advantage of a more accurate and valid appraisal of performance, it suffers from the disadvantages of high cost and a significant investment of time and other resources. BARS is more likely to produce an accurate profile because each item must be studied and rated individually. Thus, it is less likely that a supervisor will be affected by the halo effect (going down one column and using the same rating for every item). Another advantage is that the standards for performance are clear to the employee. Desired behaviors are spelled out and, with effort and the necessary training and development, they can be achieved. Feedback is also more precise. Instead of learning that performance is “average” or “below average,” an employee will know exactly how her or his performance is perceived on each dimension of the job.

The Forced-Distribution Ranking  The forced-distribution ranking is not an instrument. It is a technique for comparing employee ratings. Forced-distribution ranking requires that supervisors impose some version of a bell-shaped or normal curve to the ratings awarded their employees. The percentage of each category on the rating scale that can be awarded is prescribed before the performance appraisal process begins. It is built on the assumption that ratings can be reduced to a single indicator that reflects level of performance (e.g., 1 = highest performers, 2 = next level, etc.). In adopting a forced-distribution ranking, the following percentages might be established by an organization:

<table>
<thead>
<tr>
<th>Overall Grade</th>
<th>Interpretation</th>
<th>Percentage Allocated</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>highest-level performers</td>
<td>15</td>
</tr>
<tr>
<td>2</td>
<td>above average performers</td>
<td>20</td>
</tr>
<tr>
<td>3</td>
<td>average performers</td>
<td>30</td>
</tr>
<tr>
<td>4</td>
<td>below average performers</td>
<td>20</td>
</tr>
<tr>
<td>5</td>
<td>lowest-level performers</td>
<td>15</td>
</tr>
</tbody>
</table>

Typically the grade represents a summary of a more detailed appraisal in which employees are rated on job duties, work-related behaviors, or other factors. Ratings of each subsection of the appraisal are totaled, and the totals are translated into an overall grade for the review period. It is also common to use descriptors in connection with each of the grades. For Grade 1 a descriptor might read: “Achieves all objectives and exceeds some. Performance in some way has a measurable impact on the organization.” For Grade 5 a descriptor might be worded as follows: “Achieves less than half of objectives. Needs considerable supervision to accomplish job expectations.”

The strength of forced distribution is that it demands that supervisors deal with the grade inflation problem. Forced distribution takes away the option of giving every worker
a rating of superior or above average. It requires that the rater make finer distinctions between employee performances. The issue of inflated ratings can take on increased importance when the organization commits itself to tie salary increases to performance appraisal scores. If all employees get superior or above average ratings, the budget may not be able to cover the promised salary increases.

The major disadvantage of forced distribution is that it may force raters to give some overall ratings that they believe are not fair or do not accurately reflect the employee’s performance. When this happens, it tends to generate bad will among both raters and ratees, and they may develop adversarial attitudes toward management. When performance is rated against standards, employees are more likely to accept feedback about discrepancies. When they are rated against each other, they inevitably feel that subjectivity and personal feelings influence ratings. Employees subjected to forced distribution may feel that every year at appraisal time some staff members must become the designated victims, because the system requires that at least 15 percent be given the lowest rating. Within a high-performing unit, giving mandatory low ratings can have a negative effect on morale and productivity. In order for the system to work effectively, the concept of forced distribution cannot be imposed on small units. If units consist of six to eight workers or less, some of the ratings will be artificial. In smaller organizations, the concept can be applied to the organization as a whole, but this will require a great deal of deliberation and negotiation among managers and supervisors to be sure that standards are applied fairly across all job classifications. Mereck and Company, for example, allows supervisors to argue for two of five employees receiving a superior rating prior to final decision making about ratings, when combining several small departments (Dessler, 1997).

Management by Objectives The final performance appraisal method to be discussed here is management by objectives (MBO). This method is one that has evolved from Drucker’s (1954) framework in which he proposed that organizations plan and specify their expected accomplishments at the beginning of the year and that these specifications be used to establish priorities, allocate resources, and measure success. When used in performance appraisal, the concepts of goals, objectives, and activities are carried down to the employee level. Each employee, in consultation with a supervisor, establishes goals and objectives for the coming year. Rapp and Poertner (1992) point out that critical features of an MBO system include:

• The goals are consistent with the person’s performance-based task analysis.
• The goals are outcome oriented, positive, realistic, and measurable.
• The goals are established with the person.
• A plan is necessary for how a goal is to be attained.
• A periodic review of the progress toward the goal is required.
• Feedback and rewards are necessary for goal attainment. (p. 163)

An advantage of the MBO approach to performance appraisal is that it tends to ensure that individual employee objectives and performance will be compatible with organizational, departmental, and program goals and objectives. When examined collectively, employee accomplishments relative to their goals and objectives can provide a useful measurement tool for evaluating organizational and program success as well. Another advantage is that an MBO format lends itself to identification of training and development needs. Employees agree at the beginning of the year that they will pursue certain performance objectives. If it
happens that they are unable to achieve some of their objectives, a brief analysis should reveal areas in which more training or development activities may be needed.

The major disadvantages cited for MBO are that objectives are difficult to write, and compiling a complete plan for all employees is extremely labor intensive. For example, if a supervisor and worker agree and state as an objective that the worker “will improve skills in case management and referral,” it is unlikely that there is a clear mutual understanding about what is meant by “improve.” This misunderstanding will inevitably lead to disagreements at performance appraisal time, and much of the value of the MBO system is undermined. A more specific objective, such as “will identify at least ten new referral resources for employment and training, and will meet with a representative from each,” is more easily documented. Writing objectives in this precise manner is challenging and time-consuming and is often seen as a disincentive to using the system. MBO also has the limitation that the system may not provide adequate comparability between and among employees to make important personnel decisions.

Table 13.1 summarizes the advantages and disadvantages of each of the approaches to performance appraisal discussed in the foregoing section.

Mixing the Methods Most organizations find that if they hope to accomplish the multiple purposes intended by performance appraisal, mixing the methods is necessary. Considerations in constructing a system include possible expectations that it will (1) reinforce performance standards, (2) provide accurate and individualized feedback to employees about their performances, (3) be useful in making personnel decisions, (4) be tied to rewards but allow for cost containment, (5) be useful in identifying training and development needs, (6) be efficient from the rater’s perspective, (7) be fair from the ratee’s perspective, and (8) minimize costs of development and administration.

If the system and the instruments are to reinforce performance standards, some structure must be provided; instruments used cannot be completely open-ended. Some type of checklist (or combination of trait/behavior, job duties, and/or BARS) will be necessary. In addressing the issues of accurate and individualized feedback to employees, management by objectives and the critical incident technique are the methods that are most useful (Carroll & Schneier, 1982).

If performance appraisal data are to be used for personnel decisions, it is necessary that comparable data be produced in a quantified format. This will require some type of scaling in combination with a checklist. If the rating system is tied to rewards, it is important to build in some cost containment features. The forced-choice method will ensure that limits are established for the number of employees who may receive the highest ratings.

In order to help in identifying training needs, a system must be able to reflect performance in relation to standards and to allow employees to recognize their performance discrepancies. Some combination of MBO, the critical incident technique, and checklists will best meet these needs (Carroll & Schneier, 1982). To be considered efficient from the rater’s perspective, the instrument must be easy to use. A format that helps to frame the rater’s thinking and asks questions that can be rated is generally considered the most user friendly. Space can then be allowed for more elaborate individualized comments.

To be considered fair from the ratee’s perspective, the instrument needs to be individualized as much as possible. Incorporation of some of the features of the essay, management by objectives, and the critical incident technique can help to achieve this purpose. Finally,
## Table 13.1

Advantages and Disadvantages of Selected Performance Appraisal Methods

<table>
<thead>
<tr>
<th>Appraisal Method</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
</table>
| Essay                   | Highly individualized
                       Few or no predesigned criteria are imposed                                    | Little or no structure provided
                       Does not permit comparison to other employees
                       Time-consuming to complete
                       Requires good professional writing skills                                   |
| Critical Incident Technique | Provides highly specific feedback to the employee
                       Uses actual examples of the employee’s work
                       Encourages supervisory attention to performance all year                     | Time-consuming to maintain
                       Does not permit comparison to other employees
                       Requires good professional writing skills                                   |
| The Trait/ Behavior Checklist | Defines desirable behaviors
                       Easy to complete
                       Produces scores that can be used for comparative purposes                   | Time-consuming to develop
                       Must be regularly updated
                       May require sharing mean scores to be meaningful
                       Depends on supervisor objectivity and fairness                               |
| The Job Duties Checklist  | Defines desirable job performance
                       Easy to complete
                       Produces scores that can be used for comparative purposes                   | Time-consuming to develop
                       Does not reflect job duties and tasks
                       May require sharing mean scores to be meaningful
                       Depends on supervisor objectivity and fairness                               |
| The Behaviorally Anchored Rating Scale | Provides a highly detailed profile of job performance and professional behavior
                       Standards are clear to the employee
                       Feedback is precise
                       Produces scores that can be used for comparative purposes
                       Relatively easy to complete                                                 | Time-consuming to develop
                       May need periodic updating                                                   |
| Forced-Distribution Ranking | Prevents arbitrary awarding of high ratings regardless of performance
                       Can keep reward system within budget if tied to performance ratings           | All ratings may not be fair or accurate, because some will be influenced by forced distribution
                       May force comparison of employees to each other rather than to performance against job standards |
| Management by Objectives | Requires employees to think about their performance objectives at the beginning of the year and throughout
                       Provides mutually agreed upon standards for appraisal
                       Ensures compatibility with organizational and program objectives               | Time-consuming to develop
                       and maintain
                       Objectives are difficult to write
                       Comparisons among employees are limited                                      |
Tying Performance Appraisal to Rewards

One of the most demoralizing factors of organizational life is salary decisions that appear to be arbitrary. Conversely, employees can become highly motivated and increase productivity if they believe that salary decisions are related to job performance. A number of well-designed performance appraisal and reward systems in business and industry include a series of steps, designed to capture some of the features needed to keep an organization on track to excellence. These steps include:

- Identification of employee objectives at the beginning of each performance appraisal cycle. These objectives must be compatible with organizational and program objectives and delineate the contribution the employee expects to make toward their achievement during the coming year. The relationship between employee objectives and organizational/program objectives is depicted in Figure 13.6.

![Figure 13.6: Developing an Employee Performance Plan within the Context of Organizational and Program Objectives](image-url)
Establishment of a rating system that translates level of achievement of employee objectives into scores that are comparable across all employees in a given classification.

Rank order employees in each classification from highest to lowest using ratings similar to the following, based on a more detailed performance appraisal:

1 = Achievements clearly surpass performance objectives and affect program results
2 = Achievements surpass expectations for all major performance objectives
3 = All performance objectives were met
4 = Major performance objectives were met; some secondary objectives were not met
5 = Some major performance objectives and some secondary objectives were not met

Apply a forced distribution ranking that will divide each classification into five groupings, with the largest percentage falling in the middle group and the smallest percentages falling at the extremes.

Construct a table that specifies the size of salary increase for each employee classification. The table must take into consideration performance assessment ratings.

Some systems also take the employee’s current salary into consideration. This is a controversial practice. When it is done, the practice is based on the following principles:

1. If a high-performing person is at the low end of the salary continuum for his or her classification, there is more room to reward performance and encourage the high-performing employee to stay.
2. If a high performer is already at the high end of the continuum, there is a limit to how high the salary can go, and rewards may increasingly need to be nonmonetary.
3. Low performers, regardless of their current salary, should not be encouraged by salary increases.

Following these principles related to achieving objectives, forced-distribution ranking, current salary, and cost containment, a table may be constructed that can be used in determining the size of merit increase awards, while also taking into consideration job performance, existing salaries, and budget limitations. Such a table is illustrated in Table 13.2.

<table>
<thead>
<tr>
<th>Performance Appraisal Overall Rating</th>
<th>Low End of Salary Range</th>
<th>Step 2 of Salary Range</th>
<th>Midpoint of Salary Range</th>
<th>Step 4 of Salary Range</th>
<th>High End of Salary Range</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>8%</td>
<td>7%</td>
<td>6%</td>
<td>5%</td>
<td>4%</td>
</tr>
<tr>
<td>2</td>
<td>6</td>
<td>5</td>
<td>4</td>
<td>3</td>
<td>—</td>
</tr>
<tr>
<td>3</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>4</td>
<td>2</td>
<td>1</td>
<td>—</td>
<td>—</td>
<td>—</td>
</tr>
<tr>
<td>5</td>
<td></td>
<td></td>
<td></td>
<td>No movement in range until performance improves</td>
<td></td>
</tr>
</tbody>
</table>

TABLE 13.2
Formula for Calculating Salary Increases That Takes into Consideration Individual Performance Objectives, Performance Appraisal Rating, Forced Distribution, and Current Salary
A system that includes these features has several advantages. It is uniform and applied to all employees in the same way. It takes job performance into consideration. It rewards talented new employees and sends a message that they are valued. Because salary increases are planned with budget personnel, there can be assurances that total costs will fall within the budget. The forced-choice ranking feature ensures that raters must be careful and conscientious in their appraisals. Disadvantages are that rewards to high-performing, high-salaried personnel may not be commensurate with what they feel they should receive. As always, such a system will be effective and respected only to the extent that the instruments are valid and reliable and are administered fairly and with integrity by raters.

Terminating Employees: Voluntary and Involuntary Terminations

Decisions to terminate have been described as being among the most legally complex of all personnel decisions (Schmidt et al., 1992, p. 156). A growing list of court cases for what is perceived to be wrongful termination illustrates its complexity. The law requires that personnel-related decisions such as those affecting salary, promotion, or termination be based on qualifications and specific data about performance. Title VII of the Civil Rights Act of 1964 prohibits discrimination in hiring, discharge, compensation, or the provision of any benefit on the basis of race, color, gender, religion, ethnicity, or national origin (Hart, 1984). Subsequent acts prohibit discrimination (in addition to the foregoing) based on age, disability, or selected diseases such as AIDS, when risk to others is negligible (the Civil Rights Restoration Act of 1987, the Age Discrimination in Employment Act of 1987, the Rehabilitation Act of 1973, the Americans with Disabilities Act of 1990, and the Civil Rights Act of 1991).

In addition to considerations of possible discrimination, all employees are entitled to due process. Due process “implies that persons accused of wrongdoing will be treated fairly throughout the investigation and decision making related to their alleged wrongdoing” (Schmidt et al., 1992, p. 103). The disciplinary process should be progressive and should include opportunities to correct performance as described earlier in this chapter. Documentation of the entire process is critical. Documents may need to hold up to review at higher levels in the organization, to the agency’s grievance procedures, to review by the U.S. Equal Employment Opportunity Commission, and to the scrutiny of a court of law.

For all these reasons it is critical that every organization have a complete set of policies and procedures that cover termination. These policies should include (1) a definition of the different types of termination, (2) a description of the process for voluntary terminations, (3) a description of the process for involuntary terminations, and (4) a termination checklist.

Types of Termination

Not all terminations are the same. The first order of business in dealing with a termination is to determine what type it is and then to follow policies and procedures indicated for that type. Terminations fall into four basic categories: voluntary, involuntary, administrative or fiscal necessity, and mutual agreement.
Voluntary terminations include:
- retirement
- resignation

Involuntary terminations include:
- unsatisfactory performance
- misconduct

Terminations for administrative or fiscal necessity include:
- reduction in force
- termination of contract

Mutual agreement involves:
- negotiated terms of separation between employer and employee

Voluntary Terminations Retirement is defined as “that point when an employee begins to draw income benefits from a retirement plan provided by the agency” (Jensen, 1981, p. 39). Agencies with retirement plans are expected to establish retirement policies. By law there is no mandatory retirement age. Continuation, as for all employees, depends on meeting performance requirements. Retirement policies should include statements about notification, how pensions are calculated, how accrued benefits are to be handled, and retiree rights, if any, to participate in agency benefit programs. General guidelines for notification are two weeks for support staff and one month for professional staff. Calculation of pension amounts are typically based on salary over a period of years prior to retirement and years of service. Accrued vacation time is usually paid in a lump sum at the time of retirement. Some organizations also pay for sick time not used. If retirees are allowed to continue in the agency’s health plan at their own expense, that opportunity should also be made clear in a policy statement.

Resignation is a voluntary termination decision that can be made for any reason. Some employees may have plans to move on to another job. Others may choose to stay home and raise their children. Employees are not under any obligation to provide a reason but are usually asked why they are leaving. If a reason for termination is provided, it becomes part of the record of their employment. Accrued benefits are, once again, an issue. Policies should make clear whether or not resigning employees are entitled to be paid for accrued vacation time and/or sick time. Accrued retirement benefits may remain with the agency and be drawn when the resigning employee retires, or they may be portable and eligible for carryover to a new job.

Involuntary Terminations Unsatisfactory performance involves failure of an employee to meet performance standards (Jensen, 1981, p. 39). A case manager, for example, may regularly fall below the expected number of interviews with clients, may consistently miss case conferences, or may have a long history of complaints from clients. Some form of a corrective action process such as the one described earlier in this chapter must be followed in the case of unsatisfactory performance. The agency must be able to demonstrate that a
reasonable effort was made to enable the employee to meet performance standards. Clear notification of performance deficiencies must be documented. Written plans must be on file to document efforts toward improvement. Policies should make clear the rights of the employee and the steps that constitute due process. A statement should also make clear how accrued benefits are to be handled when an employee is terminated under involuntary conditions.

Misconduct can be defined as willful and deliberate violation of the employer’s rules (Dessler, 1997, p. 601). Termination for misconduct requires no prior notice or severance pay. There are two types of misconduct: misfeasance and malfeasance. Misfeasance refers to performing a legal act in an illegal or improper manner. For example, if a worker were to consistently prepare the necessary documents for a court hearing in a way that they are incomplete and inaccurate, he or she would be guilty of misfeasance. The act does not involve a crime, but it does involve willful and deliberate violation of the employer’s rules. Malfeasance involves deliberate and intentional wrongdoing and may include involvement in illegal acts. A business manager that used agency funds or an agency contractor to make improvements on his or her home at agency expense would be guilty of malfeasance. Documentation is critical when an employee is to be terminated for misconduct. Due process is a right of employees and implies that persons accused of wrongdoing will be treated fairly. Just cause for the accusation must be established. The employee must be given the right to be heard and the opportunity for appeal (Sartain & Baker, 1978).

Terminations for Administrative or Fiscal Necessity Reduction in force (RIF) involves a separation of employees who have met performance standards but nevertheless are being asked to leave the organization because of budget constraints. Technically a reduction in force may not be a termination because it may include plans for an employee to return to the agency. Separations may be temporary or permanent. Typically there are no guarantees for future employment, but the employer may grant employees in this category rights of first refusal when new positions open up in the future. It is important that agencies have in place a plan for handling a reduction in force that addresses the issues of fairness, avoiding discrimination, and maintaining the ability to continue to provide services with those retained. Jensen (1981) proposes that the following criteria be used in planning for a reduction in force:

- The nature of the job relative to overall success and survival of the organization.
- Relative performance of the individual, as documented in the record.
- Long-range outlook for continued or renewed funding of specified agency activities.
- Seniority of employment with the agency. (p. 42)

The issue of fairness can be addressed through some type of formula that uses such factors as seniority, performance appraisal, and the employee’s contribution to critical programs and services. The plan must avoid discrimination by ensuring that reductions will be across the board and that those in protected classes will have equal opportunity to be retained. Selected positions may be designated as critical to agency functioning and may be made exempt. All of these factors must be clearly spelled out in policy, so that it does not become necessary to make reduction-in-force decisions only at the time the actual terminations must take effect.
Termination of contract is, in many ways, similar to a reduction in force. Social service agencies provide many programs and services that are funded through contracts with federal, state, or local governments. Frequently this funding is only for one year with no assurances that the contract will be renewed. Employees hired under these contracts are informed at the time they are hired that their employment will last for the length of the contract. If the contract is renewed, employment may be extended for another year. If it is terminated, the term of employment is over. None of these events should come as surprises to the employee whose position is funded by a specific contract. Rights and benefits of the employee as well as responsibilities of the agency should be spelled out in policy.

**Mutual Agreement**  The final type of termination is mutual agreement. This happens when both the individual and the organization agree that the employment relationship should be ended for their mutual benefit (Jensen, 1981). If the employee recognizes that his or her talents and skills are not particularly well matched to the job requirements and initiates termination procedures, that is a resignation. However, it may also happen that during the corrective action process described earlier in this chapter, both the supervisor and the employee reach the conclusion that performance in this position is unlikely to improve. Both want the separation to be amicable and mutually agree to terms of a termination, including a reasonable amount of time for the employee to seek other work. Accumulated vacation time and/or compensatory time may be incorporated into a plan that leads to the final separation.

Mutual agreement may also be used when a termination is planned for unsatisfactory performance. Rather than have a termination for cause on the permanent record, an employee may agree to a voluntary resignation. Under these circumstances, it is usually agreed that future employers seeking a reference will simply be provided with basic information, including dates of employment and position held, but will not be informed of the nature of the separation. Allocation of accumulated benefits may become part of the negotiation for termination.

**The Voluntary Termination Process**

Voluntary terminations usually involve a series of events including formal letters, interviews, and separation procedures. These events should be established in a policy manual. The process may begin with an informal discussion with the immediate supervisor. Plans for resignation or retirement are discussed and the employee is made aware of termination policies and procedures. The employee then writes a formal letter of resignation or intent to retire and addresses it to the person designated in the policy statement, usually the agency director or chief executive officer. A plan is drafted with the supervisor to transfer work responsibilities to other staff. A session is set up with the human resources person to ensure that all forms are completed and processed. For the person who is submitting a resignation, an exit interview may be scheduled with a representative of the management team.

Some employers offer preretirement counseling. The most common practices include:

- Explanation of Social Security benefits,
- Leisure-time counseling,
- Financial and investment counseling,
• Health counseling,
• Psychological counseling,
• Counseling for second careers outside the company, and
• Counseling for second careers inside the company. (Dessler, 1997, p. 612)

In addition to various interviews and counseling sessions, employees who are retiring or resigning will have in their possession a number of items that belong to the agency. Remembering to turn in these items should not be left to chance. The termination checklist will be discussed in a subsequent section.

The Involuntary Termination Process

Because of its complexity and potential legal implications, the involuntary termination process should be broken down into three phases: (1) preplanning, (2) the termination interview, and (3) follow-up. Preplanning involves identifying and defining a clear statement of just cause. Documentation supporting corrective action is compiled during this phase. The plan to terminate for cause is shared with superiors in the organization. The policy manual is reviewed. Human resources personnel and legal counsel may be consulted. Jensen (1981) suggests that the following questions will help to determine whether reasons for termination have been adequately developed:

1. Does any documentation exist that leads to conclusions other than the imminent termination?
2. Who, if anyone, will be surprised by the termination?
3. Was there adequate investigation of alleged misconduct before the action was taken?
4. Is the person’s salary record contrary to that of an unsatisfactory employee?
5. Have other employees been treated differently under similar circumstances?

When all questions have been answered, consensus has been achieved among management personnel, and all policy and legal issues addressed, the termination is ready to move forward.

The Involuntary Termination Interview  The termination interview is scheduled by the supervisor at a time when there will be no interruptions. The supervisor should be perfectly clear that the purpose of this interview is not to negotiate. Dessler (1997) recommends a six-step process for termination, as follows:

1. Plan the interview carefully. Have all materials and documents ready.
2. Get to the point. Inform the employee that the purpose of this interview is to inform him/her of the organization’s intent to terminate employment.
3. Describe the situation. Be specific about performance.
4. Listen. Don’t argue. Restate employee’s comments to provide reassurance that they were heard.
5. Carefully review all elements of the severance package.
6. Identify the next step. Explain where to go and whom to contact. (pp. 605–607)
Copies of termination policies should be made available to the employee. The name and number of the human resources director should be provided if the employee does not already know this person. The employee should be given a brief time to consult with experts of his or her own selection but should be made aware of the date the termination is to take effect and that the date is firm.

Ideally, the follow-up interview will be held under conditions that allow both supervisor and employee to interact in a more rational, less emotionally charged manner. During this phase, plans are made to transfer work responsibilities, to complete necessary forms, and to make final separation arrangements with human resources, including receiving the final paycheck. Termination checklist activities are completed, as specified in the following section.

**The Termination Checklist** During the course of employment, employees may accumulate many items that belong to the agency. These items may include office keys, keys to an agency vehicle, credit cards, computer software, disks, case records, office supplies, and other agency property. Identifying all these items at the point of separation should never be entrusted to the supervisor’s memory. Once an employee has left the agency, whether voluntarily or involuntarily, it may be difficult to retrieve these items. It is, therefore, useful to compile a checklist of items that are to be returned and a list of agency personnel that should be consulted prior to final separation. This checklist should include a place for dates and signatures, verifying that materials have been returned to agency possession, or that appropriate staff have been consulted and agree that all necessary information has been exchanged or forms completed. In preparing the termination checklist, it may be helpful to consult the orientation checklist. A sample termination checklist is illustrated in Figure 13.7.

### Figure 13.7
Sample Termination Checklist

<table>
<thead>
<tr>
<th>Item</th>
<th>Date Completed</th>
<th>Initials</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Turn all case records over to supervisor</td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Turn in all completed dictation</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Turn in all completed or incomplete reports</td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Turn in all building keys</td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Turn in all desk and filing cabinet keys</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Remove all personal property from desk and office</td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Turn in agency identification card</td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Other (please list)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
1. **Encouraging Optimum Employee Performance.** The culture of an organization should support high levels of performance and should demonstrate that support in allocation of rewards.

2. **Supervision.** Effective supervision can have an important impact on performance.

   - **Policy on Supervision and Performance Appraisal.** Policies should include six areas, as follows:
     - **Accountability.** Supervisors are responsible for the acts of their subordinates undertaken within the realm of employment.
     - **Consultation.** Regular supervisory conferences will help keep staff current on practice and organizational issues.
     - **Protection from Discriminatory Practices.** Supervisors are responsible for decisions or actions of subordinates as they relate to bias or harassment.
     - **Establishing the Appraisal Format, Timing, and Process.** Supervisors have a responsibility to ensure that supervisees are aware of all parts of the performance appraisal process.
     - **Providing an Avenue for Appeals.** Employees should have opportunities to present their case to others when there are disagreements with superiors, subordinates, or peers.
     - **Establishing a Relationship between Performance and Rewards.** Clear criteria should be established that will ensure that good performance will be rewarded.

3. **The Corrective Action Process.** A process should be spelled out for dealing with the nonproductive employee.

   - **The Hiring/Orientation Interviews.** The first stage of the process should occur during the early contacts with the new employee in which performance expectations are clearly communicated.
   - **The “We’ve Got a Problem” Interview.** When job-related problem behavior has been identified, the first interview should focus on a sharing of responsibility, assuming that expectations may not have been made clear or explicit. A performance contract is established.
   - **The “You’ve Got a Problem” Interview.** Once the employee fails to keep the terms of the performance contract, the responsibility for failure to perform belongs to the employee. A new performance contract is established.
   - **The Probationary Interview.** If the employee fails to fulfill the second performance contract, he or she is placed on probation, and a third performance contract is established.
   - **The Termination Interview.** If the probationary terms have not been fulfilled, the final step is termination. Terms and conditions of separation are presented to the employee.
4. **Appraisal Techniques.** Performance appraisal should be made as positive and helpful an experience as possible for the employee.

- **Designing the Appraisal System.** Researchers have identified five criteria that are helpful in assessing the efficiency and effectiveness of a performance appraisal system: economic criteria, personnel criteria, counseling criteria, acceptance criteria, and usefulness in different types of organizations.

- **Appraisal Instruments.**
  - **Essay.** Good for individualizing; time-consuming to complete.
  - **The Critical Incident Technique.** Provides specifics from practice; time-consuming to maintain.
  - **The Trait/Behavior Checklist.** Efficient to complete; may not address job functions.
  - **The Job Duties Checklist.** Covers job functions; time-consuming to develop and update.
  - **The Behaviorally Anchored Rating Scale.** Good, precise measures. Time-consuming to develop.
  - **The Forced-Distribution Ranking.** Prevents artificial inflation of ratings. May cause some unfair ratings.
  - **Management by Objectives.** Individualizes expectations. Advance agreement on evaluation criteria.
  - **Mixing the Methods.** Some combination of approaches usually works best.

5. **Tying Performance Appraisal to Rewards.** A systematic approach that establishes objectives at the beginning of the year, translates ratings into comparable scores, applies a forced-distribution ranking, and ties merit increases to existing salaries and incorporates many of the features needed to maintain a fair, objective, and affordable system of rewards.

6. **Terminating Employees: Voluntary and Involuntary Terminations.** The legal complexities involved in involuntary terminations demand a clear set of termination policies and procedures.

- **Types of Terminations.**
  - **Voluntary Terminations.** Include retirement and resignation.
  - **Involuntary Terminations.** Include unsatisfactory performance and misconduct.
  - **Terminations for Administrative or Fiscal Necessity.** Include reduction in force and termination of contract.
  - **Mutual Agreement.** Negotiated terms of a separation.

- **The Voluntary Termination Process.** Steps to termination should be established in policy.

- **The Involuntary Termination Process.** Includes preplanning, the termination interview, and follow-up.

- **The Involuntary Termination Interview.** Should follow a carefully planned agenda.

- **The Termination Checklist.** An aid to ensure that those who leave the agency return all agency property and complete all termination contacts and interviews.
Please complete the following sections of your manual based on the content covered in Chapter 13.

Section 13: Performance Appraisal

13.1 Performance Appraisal Policy. Write a policy statement that makes clear the organization’s expectations for performance appraisal. Address at least the following issues:

13.1.1 Frequency and time frame from beginning to completion.
13.1.2 Description of the process and who initiates it.
13.1.4 Appeals.

Section 13: Termination

13.2 Termination Policy. Write a policy statement that defines the types of termination.

13.3 Termination Procedures. Write a policy statement that spells out the steps to termination for each of the following types of terminations. Attach a copy of a sample Termination Checklist as Document 13.3a.

13.3.1 Voluntary Terminations.
13.3.2 Involuntary Terminations.
13.3.3 Administrative or Fiscal Necessity.
13.3.4 Mutual Agreement.

REFERENCES


