

UNIT 4

Employee Development

This unit will explain the rationale for employee development and its fundamental stages and processes.

Introduction

Why expend energy and money developing staff when the organisation can recruit staff with the appropriate skills and knowledge? Well this is, of course, one approach, provided that:

- those skills do actually exist in sufficient numbers in the labour market
- the organisation is able to offer the most attractive reward systems, job prospects and/or profile and kudos
- the motive is a short-term business opportunity to exploit a lucrative, niche market.

Even then, there is the danger of the recruitment process turning into an expensive auction with the ultimate likelihood that the 'prized recruit' will be attracted by even better prospects elsewhere. Also, as the technological revolution has led to a decrease in the demand for unskilled labour and a need for more highly specialised and current abilities, skills shortages are becoming more the reality.

Pettinger (1997: 118) writes that "all organisations should recognise that their staff require development in each of four areas in order to strike the balance between motivation, flexibility, opportunity and organisation purpose and investment". These four areas are:

- **Corporate:** development for the future stability and prosperity of the organisation
- **Professional:** the need (and increasingly, the obligation) to continually update and improve skills and expertise
- **Individual:** in which the organisation has regard for the personal aspirations of the person concerned
- **General:** the creation of a broad pool of skills and knowledge to facilitate flexibility and dynamic attitudes.

These four aims of employee development fit very well with the lessons learnt in all three previous units regarding organisational development, staff motivation, effective group and inter-group working and the need for continual development within the context of global markets and increased competition. Whilst staff development in each of Pettinger's four areas would appear to be a matter of commercial necessity, for the small company surviving on small profit margins and without a training budget, this simply may not be possible. Given the substantial proportion of most countries' workforces employed in small to medium-sized companies, this should cause any government interested in the longer-term viability of the national economy, some concern.

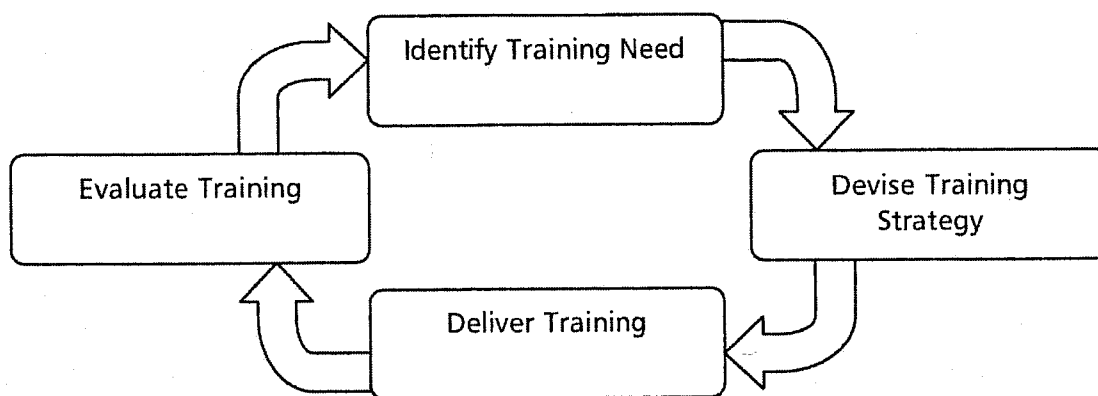
Linking Employee and Organisational Development

Employee development should occur within the constraints of organisation goals and priorities. This does not, however, mean that staff training is exploitation in the sense that there is little by way of

personal value within the process. This critical view of 'training' is still current amongst education circles where the view of the workplace is still that of the dehumanised, production-line labour of Taylorism and where vocational training is seen as the production of 'factory fodder'. Indeed, Jessup (1991) has argued that the broad aims of education, namely self-development, cultural development and intellectual development, normally associated with formal education, are generally not realised by the majority of young people at school. The goal oriented and motivated context of the modern workplace can, however provide both encouragement and opportunity for the achievement of these 'liberal' aims of education. In practice, harnessing employee development in the achievement of organisational goals enhances job security and potential reward levels and provides the employee with opportunities for achievement within the social environment of work.

So, how is staff development planned and delivered in order to achieve strategic goals? There is a general model of training and development that has evolved over several decades, known as the Systematic Training Cycle. This model is best summarised in diagram form as in Figure 2.10, below.

Figure 2.10: The Systematic Training Cycle



(adapted from Reid and Barrington, 2001: 183, Figure 6.1)

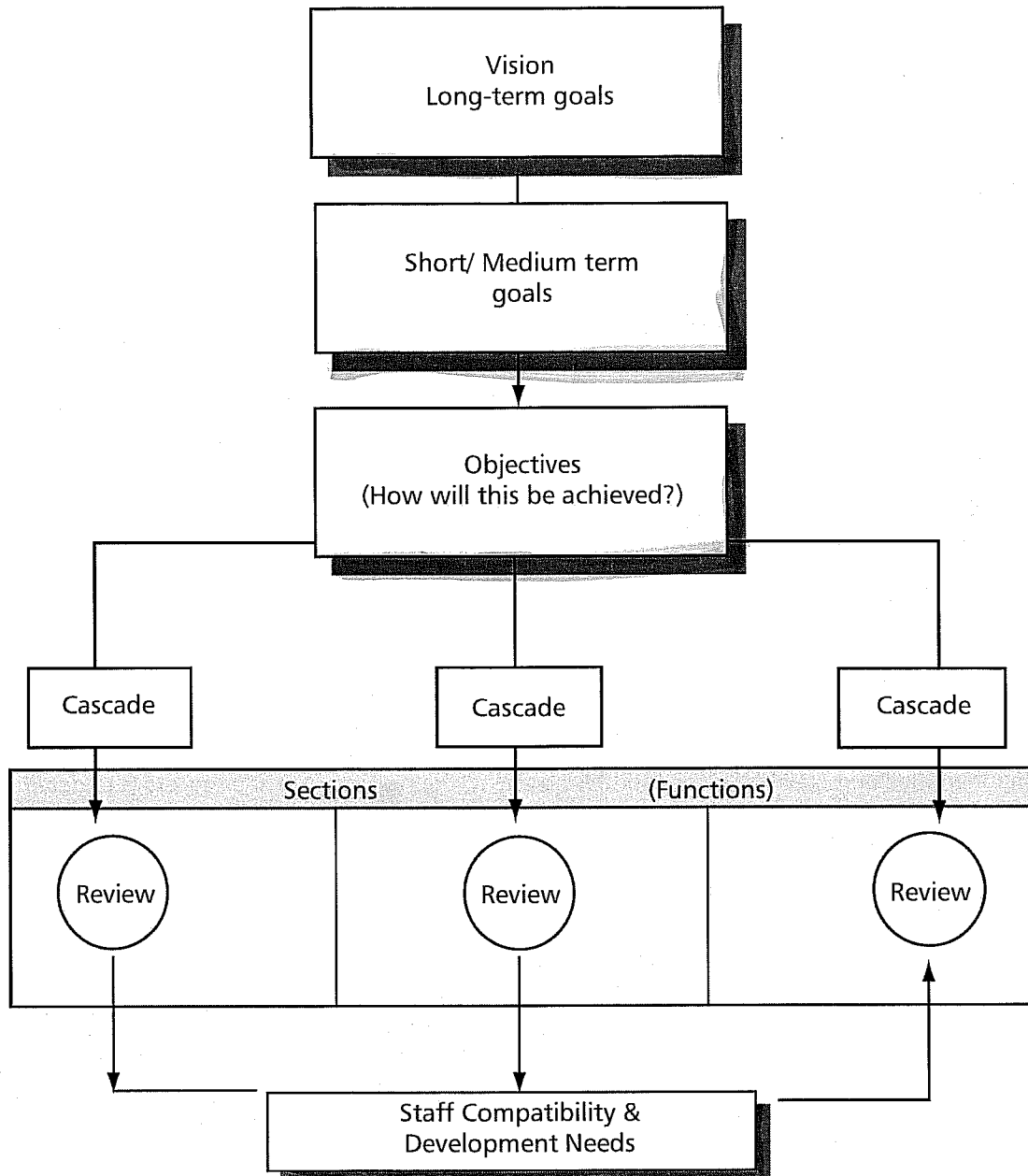
The 'training cycle' shows us that the employee development should be a far broader process than the occasional attendance on training course. Unfortunately even today, it is not uncommon for an organisation to promote a static repertoire of short courses to which line-managers assign staff on the basis of "it must be their turn" and without regard to the value of training or the learning needs of the individual. The training cycle is quite clear in that the training process starts with an *identified need* arising either from organisational development strategy and/or an audit of individual ability, in relation to current performance requirements.

Having identified a development need, it is then important to consider the options available for development. What is the most cost effective method for achieving the desired learning outcomes? What is the most effective method for the individual concerned? Having satisfactorily answered these questions we can then, and only then, deliver a learning programme that is likely to meet both organisational and individual needs in a way that is effective for the person or people concerned. We will not, however, know for certain how successful our training intervention has been in meeting the identified need until it has been applied and evaluated. Evaluation is therefore seen as the final stage of the training and development process.

The following sections of this unit will examine these stages of the training process in greater detail. Before doing this however, we will briefly consider how *performance appraisal* systems can form the linchpin in this training cycle in ensuring an integrated staff development process linking employee and organisational development.

Performance appraisal systems (see figure 2.11, opposite), if implemented correctly, enable the organisation to cascade specific organisational development objectives and a common sense of purpose throughout the organisation.

Figure 2.11: Performance Appraisal



In the UK, the government promotes a set of national standards that illustrate and define this process in some detail. Organisations that can demonstrate that they achieve this standard receive national recognition as an *Investor in People*. The standards define an 'Investor in People' as any organisation that:

- makes a public commitment from the top to develop all employees to achieve its business objectives
- regularly reviews the training and development needs of all employees
- takes action to train and develop individuals, on recruitment and throughout their employment
- evaluates the investment in training and development to assess achievement and improve future effectiveness.

You have probably noticed that this process closely resembles the stages of the systematic training cycle and that organisational development, and employee development and performance appraisal in the wider context, are all just different views of the same process.

Employee Development Processes

Identifying Training Need

As the training cycle indicates, employee development starts with an analysis of training need. Traditionally, this would involve the trainer taking the responsibility for initiating an audit of the employee's existing abilities, defining the skills and knowledge outcomes required and thereby arriving at some indication of development need.

This is a logical and, for the most part, acceptable process. Jones (1988), however, points out that this form of identifying training need may actually be harmful. His reason being that the trainer-centred emphasis of this approach can result in the separation of training needs and training solutions from the context of the employee's work and the work group's organisationally determined goals. Instead, Jones argues that the skills required of the trainer in this context should be more about enabling managers and staff to collect, consider and interpret valid data for themselves. The trainer's role should therefore be catalytic and advisory.

Trainers should also, in identifying and agreeing development needs, take full responsibility for their pivotal role in aligning organisational and individual learning requirements.

Having identified and qualified a need for development, the next stage of the process is to determine how best to address it. Here again, the trainer may in practice take responsibility for determining the most suitable training solution. Considering again Jones' concerns (1988), the trainer may be more effective in using their expertise in offering a range of viable solutions with a decision regarding 'best fit' being left to relevant staff and managers. Why should this be so?

We will address this question by examining some generic principles that underpin the creation of training strategies. You should note, the emphasis on underlying principles rather than pre-defined training strategies because the intention here is to move away from the stereotypical concept of training as being either 'production line-based' or 'classroom-based'. These principles are not therefore mutually exclusive and can be combined in various permutations to maximise flexibility in meeting a broad range of circumstances.

Devising Training Strategy

The following list is the author's own way of making sense of the broad diversity of principles that can be applied in devising development strategy. They are presented in the form of dimensions (opposites) as this seems to best convey the degrees of variation possible.

'Off-the-job'-versus-'on-the-job': Often accepted in the sense of distinguishing classroom-based learning from work-based learning. Although this is largely the case you may wish, however, to consider whether 'off-the-job' necessarily implies the 'classroom'. On-the-job learning is carried out in the workplace with the support of a supervisor, line manager or experienced colleague. It can also have a more structured approach through the planned use of shadowing (i.e. of experienced practitioners), job rotation and secondment. Other work-based methodologies are described below.

Work driven-versus-work related: This is a subtle but important difference in that learning can be driven by naturally occurring situations within the work itself or, alternatively, it can be related to the general context of work but on the basis of hypothetical situations. The former is usually associated with on-the-job learning, but does not have to be restricted to it. Making critical events and naturally

occurring problems in the workplace the basis of classroom-based learning (i.e. action-based) can greatly enhance the perceived relevance of the topic in the minds of both the trainee and the employer. In a similar way work-related learning in the form of work-based projects and simulations can be effectively deployed within the real work environment and benefit from the realism factor.

Trainee centred-versus-trainer centred: Most traditional forms of education and training are very trainer or teacher-centred in that learning is delivered to the learner. Trainee-centred learning creates a learning environment or situation in which the trainee can - working from their own base of skills, knowledge and confidence - discover learning with the support of the trainer, mentor or coach. You should consider the relative merits of these two approaches, from your own experience.

Academic (knowledge)-versus-applied (skills): This depends partly on the learning outcomes required. Compare, for example, the need to understand aspects of employment law with the need to improve interviewing technique. The difference between knowledge and performance outcomes is not, however, always that obvious. For example 'report writing' is a performance or skills-based activity and may be evaluated as such but it is nevertheless likely to be taught in terms of a 'knowledge of the process'. You may wish to consider whether it automatically follows that knowledge-based learning is mainly delivered, or should occur, off-the-job and skills-based learning on-the-job.

Individual-versus-group learning: Individual learning may be facilitated on- or off-the-job. Group learning usually, but not necessarily, occurs in an off-the-job training environment. Individual learning is more suited to on-the-job learning and can be self-paced; group learning usually follows a fixed and timetabled programme, though in the case of learning through work-based activities and group problem-solving, timescales can be more flexible. Certain learning outcomes, such as interpersonal skills-need the environment of the group and cannot be acquired easily through individual learning.

(Job) specific skills -versus- generic skills: Is the learning outcome highly specific to a particular occupational area (e.g. 'double-entry bookkeeping') or of a general or generic nature in that it can equally apply across occupations and disciplines (e.g. interpersonal skills or management development)? Generic skills lend themselves more readily to group training and can benefit from the fertilisation of ideas in multi-discipline groups.

Paper based-versus-information technology based-versus-tutor based: The information necessary for learning can be delivered in several ways. Paper-based materials (including books, articles and work books) are useful in not only supporting taught programmes but as the main method for self-paced, individual learning. Information technology-based approaches (such as computer-based training and interactive video) achieve much the same ends and may suit some individuals more than others. Paper or technology-based approaches are undoubtedly more effective when supported by a mentor who can support and guide in a more 'human' way.

Internal facilitation-versus-external trainer consultant: Internal facilitation exploits expertise within the organisation and is therefore likely to be more closely integrated with local practice and organisational values and culture. The value of such learning may however suffer where the facilitator lacks training or coaching skills. The use of an external provider can be useful where very specialist expertise is required that cannot be found internally or the need is short-term and therefore not worth the cost, time and effort of development in-house. External consultants can be expensive. They can however be more influential simply because they are an outsider.

Customised package-versus-standard (off-the-shelf) programme: Customised learning packages have been closely tailored to meet the needs of both the individual and the organisation. This requires more time spent in planning, for all concerned and can be costly when an external provider is involved. Standard, off-the-shelf programmes are easier to administrate and can degenerate into the 'sheep-dip' approach whereby every employee attends a particular programme at some time, regardless of actual need. Customised training is not necessarily the dearer option if it leads to training solutions that are highly integrated with the natural work of the work group and proves in the long-term to be more effective.



Review Exercise

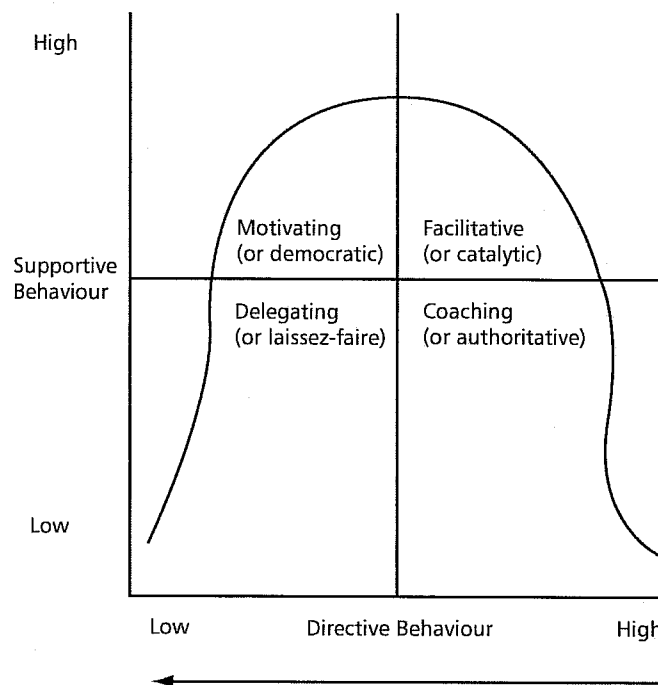
Evaluate the principles of training strategy, listed above, with regard to the following implications:

- cost (including that of the time spent not doing the job)
- individual learning style (as discussed in Unit 1)
- staff motivation (as discussed in Unit 1)
- relevance to organisational development (as discussed in Unit 3)
- general effectiveness.

Delivering Training

In considering the training delivery stage of the training cycle we will examine the fundamentals of the trainer's style. Hersey and Blanchard's model of situational leadership (1982) has been also used by them and others to describe the four types of teacher/trainer style. The model is shown in Figure 2.12, below.

Figure 2.12: Learner Maturity



(Adapted from Hersey and Blanchard, 1982).

This model is particularly useful because it allows us to link trainer style to the characteristics of the learner. According to this model, a trainer's style may vary in two respects:

- **Directive behaviour:** the degree to which the trainer directs the learning and the learners
- **Supportive behaviour:** the degree to which the trainer provides support to learners.

These two dimensions give rise to four distinct styles, none of which are, in an absolute sense, better or worse than the other. However, Hersey and Blanchard do suggest that these different styles are best adopted according to the maturity of the learner. Maturity, in this sense, is not a reference to the age

of the learner or a value judgement about their behaviour. Rather it represents a continuum of learner autonomy or the degree to which the learner needs a high degree of support and direction, at one extreme through to the learner who values self-direction and independence. In figure 2.12, the curved line traces the preferred learning style according to the level of learner maturity.

The names for these particular training styles vary according to the particular application. The bracketed terms in this diagram are more frequently used within the context of group work whilst the term outside of the brackets is more frequently associated with individual coaching and leadership situations.

Evaluating Training



Information Point

Goldstein (1980) offers us the following definition of **evaluation**:

Evaluation is the systematic collection of descriptive and judgmental information necessary to make effective training decisions related to the selection, adoption, value and modification of various instructional activities.

Goldstein (1980: 237)

This definition is broad enough to encompass models of evaluation discussed below. A slightly more modern version of this definition might however replace the word 'instructional' with either 'learning' or 'developmental'.

We have seen how evaluation has become an integral part of the systematic training cycle. The reasons for this are, in the first place, that staff development costs money and can easily swallow a significant percentage of profit or budgets. Secondly, it is therefore essential that the effectiveness of any training intervention is monitored to ensure that the intended benefits are achieved and that its cost is justifiable in relation to the potential cost of not training or in relation to alternative strategies.



Review Exercise

It is worth focusing on the potential cost of not training? Though obviously hard to predict with certainty it can nevertheless be estimated to some degree.

Try to identify a particular operation that could be improved by staff development. Assuming that development does not occur, what are the likely consequences for:

- loss of output
- loss of time
- loss of quality
- increased costs (i.e. in remedial action).

Would it be Possible to Quantify these Costs?

Hamblin (1974) has proposed a model for evaluating training interventions at levels of outcome ranging from individual satisfaction to the achievement of strategic organisational objectives. Hamblin's approach therefore fits very well into the broader models of strategic organisational development and performance appraisal, discussed earlier. The model suggests that the outcomes of any successful training programme can be conveniently divided into four levels.

1) The Reaction Level: This is a measure of the trainee's reaction to the programme itself and is usually evaluated by the completion of an end of course questionnaire (often known as a 'happy sheet'). Precise forms of questionnaire vary but most will seek to determine levels of satisfaction with the trainer, training materials and training venue as well as the perceived usefulness of the subject-matter and the degree of the trainee's engagement with it.

2) The Learning Level: Evaluation at this level determines the amount of knowledge, skills or attitude change that has occurred as a result of the training programme. At this level we are not concerned with the transfer of learning to work situations, it is simply the evaluation of learning acquired as a result of training.

Knowledge outcomes can be evaluated by tests and oral questioning which may be relatively informal or validated by an external examining body. Skill attainment, however, is most practically evaluated by a performance test. Again this may occur informally or formally assessed within an accredited, competence-based framework.

A trainee's view of the subject matter can be measured both before and after training to measure the degree of attitude change caused by the training intervention and therefore the likelihood that the learning will be embraced. Semantic differential scales provide a simple way of doing this by getting trainees to rate the subject matter on five or seven-point scales describing pairs of adjectives with opposite meanings. For example, the trainee's attitude to interpersonal skills training could be evaluated by rating against scales such as 'relevant to my work - not relevant', 'easy to implement - difficult to implement' or 'need to improve - currently competent'.

3) Job Behaviour Level: The purpose of evaluation at this level is to determine whether learning acquired through training is being applied consistently in the work place. This is normally achieved through periodic assessment of the outcomes and processes of performance at work. Trainees might also record relevant processes in a self-maintained diary which can then form the focus of discussion with the trainer, mentor or line-manager.

4) Organisational Level: Evaluation at this level involves an attempt to attribute changes in the performance of the work group, department or whole organisation to a programme of training. It follows that we can only meaningfully evaluate at this level where training is driven by organisational development initiatives and involves groups of people rather than individuals. The difficulty here is, of course, being certain about the real causes of any observed changes and really requires comparison with a control group, which is rarely practical.

These four levels can be seen as a chain of cause and effect which can be broken at any point. Therefore, a trainee may react well to a programme of training but fail to retain the information or skill much beyond the event itself. Alternatively, the trainee may acquire new knowledge and skills but fail to be able to apply them on the job.

Before leaving this subject, it is worth noting that evaluation of learning at the job behaviour level and above, through the process of performance appraisal, actually encourages the transfer of learning to work. The knowledge that learning will be evaluated at this level signals to the employee that there is an organisational commitment to the learning outcome and a successful appraisal outcome may be, in part, dependant on a serious attempt to apply the skills and knowledge acquired.

The Manager's Role in Employee Development

The manager is able to perform a pivotal role in employee development, whether the approach to HRD is reactive in identifying skill deficits or proactive in implementing organisational development initiatives. Managers can be expected to know the dynamics of their teams and the constraints and opportunities of the operational environment. They are therefore best placed to: audit staff competence; identify training needs; choose the most appropriate, available training strategy and evaluate the effectiveness of that training intervention (see Jones, 1988). When considering the characteristics of 'learning' and 'quality cultures', addressed in Unit 3, it is hard to avoid the conclusion that employee development must be an intrinsic role of line-management. So where does this leave the training and personnel specialist? It leaves them in the more generic role of training the trainers, mentoring the mentors and advising the organisation on effective and efficient HRD. In other words, it changes the HRD role from direct training to a more strategic one of internal consultant and, potentially, 'change agent'.

Summary

This unit has explored the individual development process using the structure of the systematic training cycle. A commitment to training underpins commercial success in the increasingly competitive and quality obsessed culture of consumerism and the technological age.

Training is, and should, be organisationally driven. In this respect, the manager's role in linking organisational development and individual development needs, through the process of performance appraisal, is growing in importance. In tandem with this shift is the changing role of the trainer who is assuming less of a direct and exclusive provider role and becoming more of an internal consultant, providing expert advice but allowing and encouraging staff and their managers to take a greater degree of 'ownership' in the staff development process.

This final unit had the following learning objectives:

- to consider why training is important
- to explore and reinforce the link between organisational and individual development
- to consider training as systematic process rather than an event
- to examine the key features of the training process.

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Japan is well known for its paternalistic approach to leadership (Hodgetts and Luthans, 1991). Japanese culture promotes a high safety or security need which is present both among home-country-based employees as well as multinational company expatriates. Research has suggested that Japanese managers have much greater belief in the capacity of subordinates for leadership and initiative than do most other countries, with only Anglo-American countries showing stronger feelings in this area. The Japanese also expressed attitudes towards the use of participation to a greater degree than others. In the other two leadership dimensions of sharing information and objectives and using internal control, the Japanese respondents were above average but not distinctive. The research suggested that the Japanese leaders have considerable confidence in the overall ability of their subordinates and use a style that allows subordinates to actively participate in decisions.

Leadership in the Middle East

Although often excluded from international management studies, the Middle East nations have been studied with regard to leadership (Hodgetts and Luthans, 1991: 416–8). In a follow-up study to the Haire et al. study, mid-level managers from Arab countries were surveyed and were found to have higher attitude scores for capacity for leadership and initiative than any other country or cluster studied by Haire et al. This contrasts with other management functions, where the scores are significantly lower. Leadership in the Middle East is described as being of a highly-authoritarian tone, with rigid instructions and too many management decisions. The researcher (M.K. Badawy) concluded that his results were accounted for by the cultural values of the region.

Research (by Al-Jafary and Hollingsworth) suggests that there may be much more similarity between Middle-East leadership styles and those of Western countries, largely due to the pervasive influence of oil companies and other businesses from the West (Hodgetts and Luthans, 1991: 417).

Leadership in the Developing Nations

Hodgetts and Luthans (1991: 418–420) provide details of a number of studies that have focused on leadership styles in developing nations such as India, Peru, Chile and Argentina. These studies have examined leadership in terms of managerial attitudes toward the four dimensions of leadership practice from the study by Haire et al.

For India, the Haire et al. study found some degree of similarity with Anglo-American leadership styles, but it was not as significant as might be expected due to the long association between that country and the UK.

The study found India similar to the Anglo-Americans in terms of managerial attitudes toward capacity for leadership and initiative, participation, and internal control. The difference is in sharing information and objectives. The Indian managers' responses tend to be quite similar to those of managers in other developing countries.

Hodgetts and Luthans (1991: 418–420)

Argentina and Chile were examined as part of the Haire et al study, producing results similar to those for India.

Research by Stephens (in, 1981) compared textile plants in Peru with similar plants in the US (Hodgetts and Luthans, 1991: 419). Using the same four dimensions of leadership practice as the Haire et al study, Stephens found that the leadership profiles of the Peruvian and US managers were similar. US leaders appeared to perceive workers as having more initiative, being more internally motivated, and therefore capable of more meaningful participation. Peruvians appeared to be more inclined to share information and objectives. The results do not suggest that the US leader style is more participative and democratic, nor that Peru has an authoritarian, external control-oriented style.

The South American evidence combined suggests (as does the evidence from the Middle East) that there may be more similarities in international leadership styles than had been previously assumed. Participative styles may well gain in importance throughout the developing world.

Conclusion

The subject of leadership is a popular one for management researchers. Indeed, there is a large body of evidence available on the subject, mainly from Western writers. It is evident that there is no one leadership style that is always correct even at local level – circumstances usually dictate the need for some flexibility of approach. Looking more widely, there is clear evidence for national and cultural approaches to leadership. Wider still, cross-cultural comparisons indicate certain similarities between different cultures in their approach to leadership. Paradoxically, we have a practical need for flexibility of approach and style, operating concurrently with survey evidence of cultural similarities of leadership approaches in different parts of the world.

The survey evidence described above shows clearly that styles of leadership vary with the ambient culture. A particularly relevant feature here is Hofstede's distinction between individualist and collectivist characteristics. In individualist cultures (such as the world-wide Anglo nations and Northern Europe) leaders tend to operate much more on a transactional basis, with one-to-one dealings and a need for great flexibility. This would normally be task-related and participative. By contrast, in collectivist countries (such as the East and most of the developing world) notions of harmony and group interaction favour more fixed styles of leadership. With less likelihood of conflict, a balance between the parties may be possible to sustain without the need for adaptation due to particular circumstances.

The US still has a monopoly on the development of leadership theories and models. These seem to be used readily in the West, and survey evidence suggests that in much of the developing world the styles practised do not differ as much as previously thought from Western ones. Unlike other aspects of HRM, there is little evidence of the adoption of Eastern approaches outside of that area. Perhaps this is due to the belief that these would be unlikely to succeed outside of strongly collectivist cultures.

It is reasonable to assume that the traditional American approach to leadership will be challenged by fresh ideas from elsewhere in the world. It remains to be seen what the nature of this challenge might be.

Now that you have read this section, you should be able to:

- Explain the nature of both management and leadership, and the way that different sources of leader power can be used to encourage subordinate commitment;
- Explain, with examples, the use of models in leadership theory, and suggest the benefits and limitations of such models;
- Describe a range of leadership styles and the practical implications of using these styles in a work setting;
- Compare and contrast examples of international leadership studies, and discuss the implications of these studies for research into international leadership;
- Compare and contrast the approaches to leadership in the USA, Europe, Japan, the Middle East and the developing nations.

Section 6: Performance Appraisal and Culture

The aims of this section are to explain the concept of performance appraisal as a flexible process for improving performance, and to examine the different approaches to appraisal which vary with purpose and culture. This section begins with an explanation of the context for performance appraisal, its different uses, and the ways in which these have altered. Next the appraisal process itself is examined, including the different sources of information and the ways that this information can be collected and used. After comparing appraisal systems around the world, the section concludes with an overview of global practice and some suggestions of possible future developments.

The Role of Performance Management

In a discussion of European HRM, Sparrow and Hiltrop (1994: 551) refer to performance management as an area of HRM which has the potential to make the most significant contribution to organisational effectiveness and growth. If European organisations are going to deliver the improvements to productivity and competitiveness that they seek, they will need to manage their performance accordingly. These authors regard interest in performance management as having been stimulated across Europe because of several issues:

- increased market competition and associated organisational culture changes
- changes in organisational structure associated with a reduction of vertical hierarchies
- a new agenda for industrial relations and a shift towards more flexible labour markets
- increasing devolution of control to managers
- changes in reward and pay policies and an increasing individualisation of reward systems.

Although these are issues confronting European management, they are representative of worldwide trends driven by globalisation that have led to the development of HRM systems. In this section we will be examining performance appraisal, which is the mechanism for processing the evidence of performance.

Appraisal can take many forms and be undertaken for a variety of different purposes. Before we examine the subject, therefore, we need to be clear precisely what is meant as the term can be used to mean quite different things.

Defining Performance Appraisal

A useful and comprehensive definition of the Western view of appraisal has been provided by Bartol and Martin (1991):

Performance appraisal is the process of defining expectations for employee performance; measuring, evaluating, and recording employee performance relative to those expectations; and providing feedback to the employee.

Whilst the overriding purpose of any performance appraisal system is to maximise the performance of all employees (and hence the organisation), this definition identifies three elements that are required for any structured system. Firstly, agreed objectives and performance standards, against which an employee's performance can be assessed (These can include volumes to be produced or processed, indicators of the quality of the performance with reference to accuracy, numbers of rejects or complaints, or improvements over the last appraisal period. Secondly, a system for measuring the employee's performance relative to the agreed objectives and standards, and recording the results (This can be done through the collection and study of records of achievement and behaviour during the period). Thirdly, and finally, the provision of a mechanism for providing feedback on the results, which can form the basis of performance improvement and future objectives (This will normally be undertaken through either formal appraisal interviews or through regular performance review meetings on a less formal basis. Written reports can also be provided).

Remember that this definition is a Western one. We shall now begin to consider the alternative views of appraisal.

The International Context for Performance Appraisal

In the book *Global Perspectives of Human Resource Management*, Cascio and Bailey (1995: 27-8) provide a useful introduction to the international context of performance appraisal:

"Where do I stand?" "What does my boss think of my work?" These are common questions from almost all employees and managers. The answers, however, are likely to be communicated (if at all) in very different ways in different parts of the world. As we shall see, the process of performance appraisal varies considerably across countries and cultures: in its objectives, in the characteristics and style of the appraiser, in the frequency of the process, in assumptions made about the process, in how criticism and praise are communicated, in opportunities for the employee to respond, and in the kinds of factors used to motivate subsequent performance...

In Western cultures, we tend to focus on outcomes or results. This tends to imbue the process with a short-term focus. In the Middle East and Far East (to the extent that they can be generalized), however, the process or ways that results are accomplished are just as, if not more, important. Hence, these cultures tend to take a longer-term view of the performance appraisal process. Indeed, Korean middle-level managers often do not really know exactly how their performance is viewed until roughly five years after joining their companies. At that point, some are promoted from entry-level positions, and others are not.

Stressing the importance of culture as a key characteristic of the environment for performance appraisal, the authors also distinguish the likely variance in practices between expatriate managers and host-country nationals. In an attempt to define the factors which must be understood within the international context, they identify the three key variables as the task, the environment and the process itself. We now consider the origins of performance appraisal systems in Western nations.

The Development of Performance Appraisal Systems

There is nothing new in the ideas behind performance appraisal – as long as people have been employed, there have been employers anxious to improve their performance. Performance appraisal really begins with the first attempts to formalise the systems. In discussing the development of appraisal systems, Randell (1994) has drawn attention to the pioneering work of Robert Owen, at his textile mills in Scotland in the early 1800s. Above the employees' machines was hung a multicoloured block of wood, indicating by the front colour the superintendent's assessment of the previous day's performance. (A similar system is used today in China – see below in *International Comparisons*). Yearly assessments were also recorded in a 'book of character'. As one of the earliest social reformers, Owen believed that improved living and working conditions, together with a focus on performance, would bring about general improvements in performance and hence better productivity.

Although Owen shared concerns for both satisfaction and performance, later writers generally did not. Around the turn of the century, F.W. Taylor and others in the USA founded the 'scientific management' movement, concerned with the nature of work and how this could be improved to increase productivity (Bartol and Martin, 1991: 45ff). Scientific management was an important development which led to many improvements in management and working practices, but the focus on productivity meant that its concern with employees themselves was limited mainly to output targets and rewards linked to these. This output- or objective-based approach has characterised much of the American thinking on performance management up to the present. Interest in appraisal techniques received a boost during each of the two world wars and has gained pace since the 1940s, partly as a result of the transfer of military experience to civilian work practices by former servicemen. US thinking, with its emphasis on the output of the employees rather than their development and welfare, was disseminated worldwide through publications and the influence of multinational corporations.

With the development of HRM systems, performance appraisal has broadened in scope, particularly with regard to its developmental possibilities for employees. We shall now consider the different objectives that can influence appraisal.

The Objectives of Appraisal

There are a number of possible objectives of an appraisal system. Sparrow and Hiltrop (1994: 573-574) discuss the need to clarify the objectives, in order to avoid a clash of purpose, for the system must satisfy the combined needs of individual subordinates, the manager and the organisation. They identify three main groups of appraisal systems as follows.

- **Performance Reviews:** These assess work performance, in order to bring about improvements and maintain standards. They are concerned with the motivation and development of staff and can include identifying training needs, planning developmental activities or evaluating the effectiveness of training.
- **Potential Reviews:** These relate to succession planning and are concerned with an assessment of past attainments, current performance and personal aspirations in order to assist career planning.
- **Reward Reviews:** These are procedures that relate to the allocation of rewards and benefits to individuals. This includes not only salaries and compensation but also power, status, self-fulfilment and freedom. Appraisal can also assist the general management functions of communication, culture change, counselling and the agreement of objectives and other work plans. Job descriptions can also be reviewed where appropriate.

There are different views about the objectives to which appraisal should be targeted; these are partly the result of cultural differences, but are also due to disagreements amongst the management experts. Whilst appraisal, if correctly implemented, is generally accepted as an essential feature of efficient management, one notable dissenter was the American W. Edwards Deming. Deming had pioneered statistical quality control for a largely unappreciative American audience, and was invited to Japan in 1950 (Whitehill, 1991: 209–10, Schuler, 1995). The seminal work of Deming in Japan not only paved the way for that country's miraculous economic development following World War Two, but had impact far beyond those shores. With regard to our subject, Deming insisted until his death (at 93) in 1993 that performance appraisal is wrong because it focuses on short-term results, and can destroy teamwork and create despondency amongst the workforce. The true value of appraisal, Deming believed, is as a development tool for individuals.

Some different approaches to appraisal are examined in the section below on international comparisons. Before attempting to study and compare these approaches we first need to examine the appraisal process and the methods that are commonly used.

The Appraisal Process

There is no one right way of implementing an appraisal process, but the following stages indicate the broad framework of process and activities.

Define Performance Expectations

This is the key phase of the cycle, where the desired performance for the period is agreed and defined. This may include objectives, quality measures, behaviour and so on. Clarity at this stage will assist everyone in the later stages of the process and minimise the risk of disagreements over the requirements or the processes used.

Undertake the Work

When the expectations are known, work can proceed in the full knowledge of the performance expectations. Informal appraisal processes and the collection and recording of data which are relevant may take place on a regular basis.

Collect the Information

Towards the end of the formal appraisal period, the relevant information needs to be collected from the various sources which can be used (see next sub section). This information will form the basis of the appraisal interview which will examine the performance for the period.

Review the Performance for the Period

The appraisal interview will normally be a thorough exercise, where each party involved has a case to present. The aim of the interview is to seek agreement, where possible, on the actual performance achieved. This should form a good basis for the establishment of objectives and plans for the next appraisal period which will follow. It is customary to record the outcomes to avoid confusion.

Formal and Informal Appraisal

The use of the term 'appraisal' commonly creates an image of a formalised structure with written records and periodic appraisal interviews. These interviews are often annual, but can be more or less frequent. However, appraisal can also be conducted on an informal basis, with less-structured systems and more regular contact such as the 'job performance check up' described by Artise (1995: 99). These are weekly meetings of perhaps 15–20 minutes, designed to allow the manager and the employee to review what has transpired since the previous coaching session.

Unlike many Asian countries, where appraisal is seen to be an ongoing process, there is a tendency in many Western countries for appraisal to be seen as a once-a-year event, largely divorced from the regular world of work. This lack of integration of appraisal with strategy is a common cause of failure of appraisal systems. Even where the appraisal system is structured around a formal process with annual interviews, there should be an informal dimension which deals with minor issues as they occur. The informal dimension provides valuable information for the formal interview, which can then take a better and more-informed overview of events.

Different Approaches to Appraisal

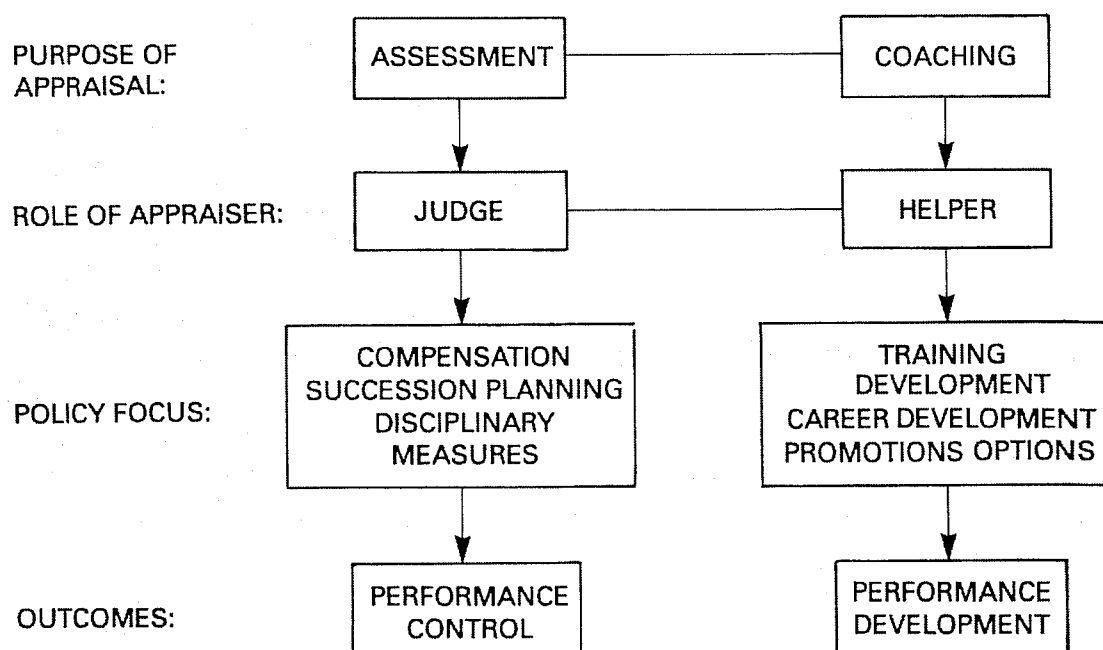
The process of appraisal is heavily influenced by the objectives of the appraisal system, and clarity of purpose is essential if the design of the system is to be effective. As Vickerstaff (1992) has pointed out:

...an appraisal scheme which tries to combine development and control objectives may put the appraiser in the difficult role of being both a judge and a helper. The appraisee in such a situation is unlikely to view the appraisal situation as an opportunity for free and fair discussion of his or her work performance and development needs.

(Vickerstaff, 1992: 133)

Perhaps the clearest example of this concerns performance-related pay. In this instance an employee is unlikely to volunteer evidence of weakness when this might affect the level of reward. This is the reverse of a development-focused appraisal, the main purpose of which is to identify areas for personal improvement. The following illustration contrasts some of the key features of performance-based and development-based appraisals.

Figure 5.12: Different Approaches to Staff Appraisal



(Vickerstaff, 1992: 132, Figure P4.1)

Collecting the Information

The collection of appraisal information is subject to two major variables: the people who are asked to supply the information; and, the methods used for collecting, judging and recording the information.

Sources of Information

The type of appraisal is dominated by the source of information supply. Traditionally this was handled by line managers, part of whose job is to oversee the performance of their subordinates. There is also a growing trend of increasing the number of sources used and the people involved in the appraisal process. These sources can be summarised as follows:

Downward Appraisal: This is the standard component of appraisal systems, where the manager produces an objective assessment of the employee's performance in preparation for the appraisal interview.

Self-Appraisal: A growing feature in which the appraisee is required to produce their own assessment of their performance over the period, which can then be compared with the manager's and any other assessments.

Upward Appraisal: This provides a view of managers or other superiors by their subordinates as a means of improving upon the traditional systems, and is used mainly in large organisations. Sparrow and Hiltrop (1994: 581-3) describe upward appraisals as part of a trend towards 'multi-rater' systems which is most marked in the US and the UK, but has also been documented in Canada, South Africa and the former Soviet Union. Upward appraisal also encourages employee involvement and provides another channel of communication.

Peer Appraisal: This can be a useful method of assessing performance, particularly when superiors lack access to some aspects of a subordinate's performance. They are particularly useful when teamwork and participation are key aspects of the employee's performance (Sparrow and Hiltrop, 1994: 583).

Customer Appraisal: The issues of quality and customer satisfaction have become central features of corporate strategy for many large organisations. As a result of this, some organisations (notably Anglo-Saxon ones) have placed service quality and customer satisfaction at the top of a list of performance criteria for assessing individual and corporate performance (Sparrow and Hiltrop, 1994: 584-5). British Airways, for example, routinely has clients rate the quality of its products and services relative to those of competitors, and uses this information to determine salary increases of its employees.

360-degree Appraisal: This newest form of appraisal involves a combination of the sources already described, in order to provide as comprehensive a view as possible. The focus is on achievement and the fulfilment of the organisation's strategy rather than individual objectives.

Whichever sources of information are used, there will always be a choice of methods for actually collecting and recording the information. We look next at the main options that are available.



Review Exercise

Which of these methods of appraisal is most commonly used in a) your organisation, and b) your country? Are these methods effective within these contexts?

Methods of Collecting Information

Schuler (1995: 317ff) classifies three ways in which information about an employee's performance can be recorded:

- Norm-referenced appraisals, where the overall performance of each employee is compared to the rest of the group, giving a result rather like the position of a schoolchild within the class.
- Behavioural appraisals, where each employee's job behaviour and processes are considered on their own merits, independent of the other employees.
- Output-based appraisals, where the focus is on the job products which result from the employee's work.

Each of these approaches will be examined in the following sub-sections.

Norm-Referenced Appraisals

Rankings: The purpose of ranking is to obtain a list which orders people according to performance level, either as an overall assessment, or for the performance of specific duties. Clearly this can only be done for a small organisation or a limited number of employees.

Paired Comparisons: This method involves comparing each individual to every other employee, two at a time, on a single standard to determine who is 'better'. A rank order is obtained by counting the number of times each individual is selected as being the better of a pair. This method provides a much fuller comparison than ranking. Again, this is a method which can only be used for a limited number of employees, and comparisons are not always easy to make.

Forced Distribution: This method was designed to overcome the problem of differentiating between individuals, by assuming a regular pattern of performance levels across the sample. Supposing 50 employees were distributed where 40% were in the average category, 10% in the highest and lowest categories and 20% in each of the intervening categories, the pattern of performance level would look like a normal distribution curve. This method does have the advantage of assisting with the distribution, but it has to assume a normal distribution curve for the sample of employees and this is rarely the case in practice.

Behavioural Appraisals

Unlike norm-referenced appraisals, which are conducted relative to other employees, behavioural appraisals are produced independently of other employees but relative to agreed behavioural criteria.

Graphic Rating Scales: This simple method requires the person conducting the appraisal to rate the employee for defined behavioural characteristics. In the simplest form, this can be a bar scale which requires a tick along the line.

Accuracy of Work			
	Low	Average	High

An alternative method requires the selection of one of a number of alternative ratings.

Oral Communication	1	2	3	4	5	6
	Low					High

Another method defines more clearly the categories into which the employee may be placed.

Rarely contributes any ideas to team meetings	Contributes ideas only when requested to do so	Occasionally contributes useful ideas	Regularly contributes good ideas
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Numerical rating can also be done in such a way that scores can be added to provide an overall score. This is particularly appropriate where rewards are based upon the ratings of performance level. For example:

	Score (1-5)
Time Keeping	4
Attendance	5
Team Relationships	3

All forms of rating scale are imperfect instruments, which rely upon the individual judgement of the appraiser. This makes the results volatile, inconsistent, and open to human error and bias. There are several features to this bias including the tendency to mark centrally to avoid conflict, the tendency to mark according to recent events rather than overall performance and the halo effect, where a person who has a popular image receives unfairly high markings.

Apart from this potential for error, rating scales fail to tell the employee how to improve and do not directly contribute to the developmental aspects of the appraisal. Despite this they remain a common feature of appraisal systems.

Critical Incidents: This very different method focuses on the systematic study of specific incidents rather than on general and ambiguous ratings. In its simplest form, the critical incident method requires the line manager to observe and record the employee's behaviour in specific situations. For example,

someone working in sales may deal directly with customers and their performance will depend directly upon how they interact with these customers. It should be possible to observe the employee in general work situations, and particularly in unusual circumstances such as customer complaints. There are a number of ways that the employee could react to the complaint, and their behaviour and the outcome will indicate how successfully each situation has been handled. Such 'critical incidents' can be recorded and filed, either as independent reports on the personnel file, or as a form of diary of events. Such detailed and specific records can provide invaluable evidence for use in an appraisal interview, indicating strengths and potential as well as areas for improvement. The method relies upon the time-consuming collection of evidence which may not always be possible for the required behavioural characteristics. Fair comparison is also difficult in view of the erratic nature of the evidence collection for many jobs.

Output-Based Appraisals

Unlike the previous methods, these types of appraisal deal mainly with the products of the employee's work rather than their behaviour. They are based on harder evidence than other methods, and avoid much of the potential bias inherent in other methods.

Management by Objectives: This most common type of results assessment requires the setting of specific objectives which provide targets for the employee to achieve. They normally relate to outcomes which can be quantified but can also deal with qualitative aspects of the outcome and processes by which the outcome was achieved.

The important feature here is that the objectives are previously set, normally in full agreement between the employee and the line manager. With the development of HRM systems, it is now common for these objectives to be in congruence with the organisation's objectives and to include both long and short-term outcomes. In a formal appraisal process, these objectives are often set at the end of an appraisal interview, where the degree of fulfilment of the previous objectives has just been examined.

A problem with this approach is that changing external factors can easily prevent the fulfilment of the objectives, through no fault of the employee concerned. Another potential problem is that the appraiser may focus too heavily on the results rather than the person being appraised (Anderson, 1993: 40). Additional problems can also relate to the cultural aspects of the relationship between the appraiser and the appraisee. We return once again to Hofstede's concept of power distance. In countries with large power distance (often in the East or the developing world) there is considerable dependence of subordinates on bosses and with such a traditional 'inequality' in the relationships it may be very difficult to agree objectives on an equal basis as is normally the case with management by objectives.

Performance Standards Appraisal: This method, which is similar to management by objectives, uses more direct standards of performance which need to be attained. Each standard is closely defined, rated separately, and multiplied by an importance weighting. In this way, employees are appraised tightly against a set of performance outcomes which are identifiable. The method has the disadvantage of being complex to operate and selective in terms of the criteria which are suitable.

Appraisal Reports: A more open form of appraisal is the appraisal report, that requires the line manager to complete a form, often with regard to set questions. This method forces a careful and considered appraisal, though the system does not always produce evidence which can be equated between employees. These reports often form the basis of an appraisal interview. Typical questions include the following:

- How far have the agreed objectives been achieved?
- What particular strengths and skills have contributed to performance during the period?
- What aspects of performance could be improved?
- How might such improvement be best brought about?

Self-appraisal: So far, we have only considered appraisal methods where the employee is assessed by others. Self-appraisal, where it is used, gives the employee a chance to consider and record their own performance for the period in question. Self-appraisal can be undertaken informally, but it often forms a major part of a formal system, as preparation for an appraisal interview. Typically, the personnel department will issue a self-appraisal form to the employee and perhaps an appraisal report form to the line manager, some time before the formal interview is due. These documents will normally be returned to the personnel department for filing, with copies exchanged to the people involved. In this way, each person is in possession of the other's assessment for some period before the interview, and can plan for the interview in the light of this information. Self-appraisal is a very useful mechanism for encouraging employees to consider their own performance and to monitor and record the results. A common problem with this is the ability to produce a realistic self-assessment, and training is often required for this, as with most aspects of formal appraisal. Countries with large power distance scores may find that subordinates have difficulty with this 'equality' of relationship, for the same reasons we discussed with management by objectives (above). Some typical self-appraisal questions include the following:

- What major changes to the job description (if any) have occurred since the last appraisal?
- What parts of the job do you feel you do well?
- What were the specific work-related objectives agreed for the period?
- Were there any obstacles, either within your control or beyond it, which hindered your work performance and/or the achievement of agreed objectives?
- What steps could be taken to overcome these obstacles?
- What skills/knowledge/aptitude/interests do you have which are not fully used in your job?
- What training or support would help to improve your performance or development?

Appraisal Records: Most formal appraisal systems have some kind of structured recording system. Typically these are printed forms for both the appraiser and the appraisee to fill in prior to an appraisal interview. There will also be a record of the interview which summarises discussion and details the future action which is to be taken. In an 'open system', where the employee is fully involved and informed, there will be two sets of this documentation - one for the personnel record and one for the employee's own use. Appraisal records, like most other personnel records relating to an individual, should be confidential and held in a secure place where they are not accessible by unauthorised people. Confidentiality is a particular concern where the appraisal records are kept on computer, because the potential for unauthorised access is greater. In the US, a number of major legal cases in recent years have caused companies to rethink both the nature of records held, the format for storage and the quality of the security. In particular, these cases relate to recorded personal judgements which were filed, and unauthorised access to personnel information (Schuler, 1995).

A further issue related to access concerns their availability to the person conducting the appraisal. With a typical appraisal period of perhaps one year, some organisations believe that records prior to that time should not be allowed to influence decisions about the individual's performance. Others might regard the longer-term view as important, particularly where the appraisal forms part of a long-term development process for the employee.

The purpose of records is largely related to analysis and action, and we now consider the important features of the appraisal interview.

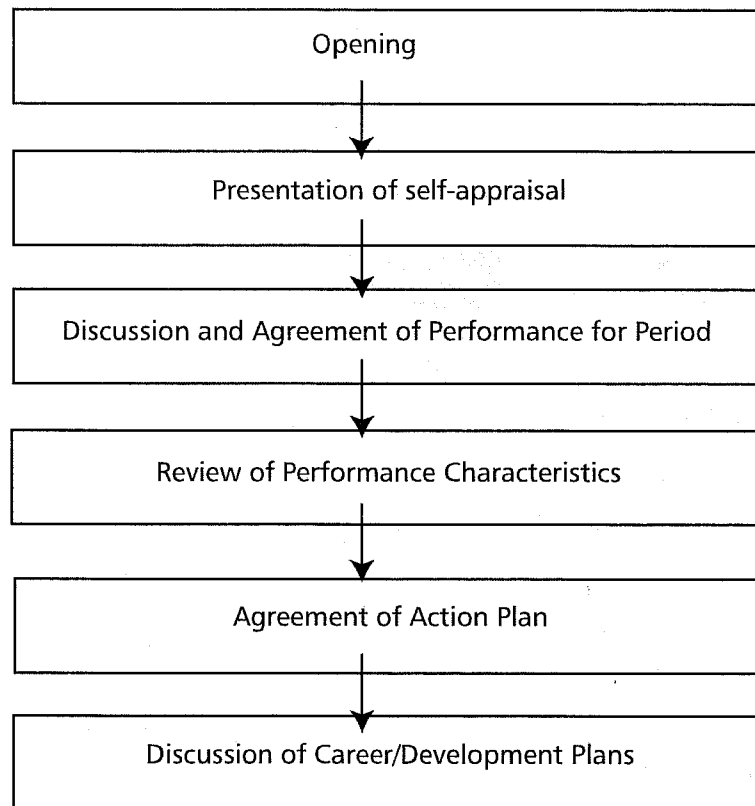
The Appraisal Interview

Most appraisal systems involve interviews between the appraiser (who will normally be the immediate supervisor or line manager) and the employee, whether this is a formal event occurring once every year or so, or a less-formal event on a frequent basis. In formal interviews, the basis of discussion will normally be the documentation produced for this purpose. Where self-appraisal is involved, both parties will usually be in possession of each other's assessment. Where there is no self-appraisal the employee will be unable to prepare for the interview in the same way.

The Structure of Appraisal Interviews

This can vary considerably, but a typical formal interview might correspond to the following pattern:

Figure 5.13: An Example of the Structure of an Appraisal Interview



Styles of Interview

The style of interviewing adopted is an important factor in the degree of success of each interview. This is important due to the particular personal characteristics of each employee, and because there are significant cultural differences in the way that interviews need to be handled. A well-known classification by the American industrial psychologist Norman Mailer proposed three main styles in 1958 (Anderson, 1993: 102–103).

- The Tell and Sell Approach: This authoritarian method concentrates on telling the employee how their performance has been judged and then 'selling' (gaining acceptance of) the evaluation and improvement plan. As a one-way method of communication, this style can evoke defensive responses from the employee and a reluctance to embrace the follow-up action which is being imposed.

- The Tell and Listen Approach: In this method the appraiser still tells the employee how their performance has been assessed, but invites a response to this. If handled correctly this is an improvement on the tell and sell approach, but the employee could still feel that they are being put on the defensive. It also implies that an improvement in performance can only come about through changes with the employee, although there may in fact be other relevant issues.
- The Problem-Solving Approach: Here the appraiser becomes a counsellor or helper, rather than a critic, and the employee is encouraged to play an active part in identifying problems and suggesting solutions. This method is less concerned with past performance than future development opportunities, and therefore has the potential to motivate the employee more than the other methods would.

Artise (1995: 99–108) discusses the manager's role in 'development coaching' as part of the process of performance appraisal. He distinguishes a 'tell' role from a 'helper' role and contrasts how these coaching sessions should work in the different cultures of Japan, Korea and France. According to Artise (1995: 100):

It is well known that the Japanese tend to work well in teams, but each team partner has a dislike for being singled out to take on new tasks or responsibilities, since he does not want to appear to the others as "breaking the harmony (wa) of the team." If for example, a Japanese worker is suddenly given supervisory responsibility over his peers in the team having to tackle a crisis or emergency, he will accept the responsibility but will be slow to take action and even may meet with each peer separately to give them the reason for his new post and to assure them that he will be fair. He may even go as far as to apologize to his peers for his sudden "move up" in the team and display his discomfort for having discomforted them. That is why the manager must try to gain the confidence of the Japanese worker during the "Tell" role phase of the engagement.

This can be done by explaining clearly what is required, giving concrete examples, summarising what has been said, asking for feedback from the worker, offering guidance throughout the event, and by scheduling a follow-up engagement. Although the Japanese listen very attentively to a manager, they process the information in separate mental boxes (kata) and may not be integrating the information into a big picture. The eyes looking down and longer-than-usual silences may also indicate communication difficulties.

To counter these types of problems, details should always be given in a logical and sequential fashion, in a relaxed way without maintaining steady eye contact. The worker will usually prefer to take notes in Japanese, and will benefit from the chance to summarise what has been explained. Self-appraisal can also be useful, but care must be taken not to press the worker beyond their 'comfort zone' as this could be very distressing. Where there is a need for corrective action by an employee, it is common to use a vague statement, offering sympathy and suggesting that the matter be discussed later. This gives the employee an opportunity to mention what is causing the difficulty in making the adjustment. Such expressions will prove to be very motivating, because more direct and coercive expressions may alienate the worker immediately and trust on their part may disappear quickly.

Unlike the Japanese, the Koreans expect a more direct approach to be taken in performance coaching, whether they be in the manager's role or in the role of the employee. Therefore the 'tell' role is of paramount importance when coaching Koreans, and the manager must be clear and emphatic in the statements made. Because Koreans tend to keep fairly direct eye contact (unlike the Japanese), the manager should face the employee directly when communicating. The Korean will not feel uncomfortable, provided that the manager has determined the employee's positive attitudinal state of mind (kibun), a cultural characteristic related to 'good feeling' that is a strong motivating factor in Korean society.

High levels of kibun will get the most out of the coaching session. In the absence of kibun, corrective coaching should be avoided as this would lead to serious de-motivation. Praise to Korean workers elevates their kibun, spurring greater achievement, and regular coaching sessions assist this as well as displaying the important concern of the manager for their employees' performance.

By contrast, the French tend to be difficult to coach because of their tendency to take charge and run things their way (Artise, 1995: 106-8). It is good practice when coaching French employees to engage in small talk first, as direct criticism of performance can cause a defensive reaction and this should only be introduced gradually. During conversation, the French tend to adopt a relaxed sitting posture in one-to-one meetings and leaning forward in the chair conveys the message that the particular matter is serious.

Care must also be taken not to prescribe improvement that is expected. Plans for corrective action should be presented in small doses so that the employee will feel more comfortable with the process and is able to 'negotiate' behavioural changes rather than having them imposed. In general, coaching sessions should be informal, with positive feedback and opportunities for the employee to volunteer feedback of their own.

The manager must reinforce any positive behaviour the employee is responsible for. The French tend to see themselves as perfectionists who pay attention to detail in their work. They consider their work more an art form than an obligation or a series of mechanical score points. Hence, the manager must reinforce the employee with positive comments early in the engagement.

(Artise, 1995: 107)

These examples are not meant to be indicative of world styles of appraisal interviewing/coaching, but have been included to illustrate the contrasting styles which are needed to respond to people from different cultures.

Remember that the information gathering and the interviews are only means to an end. The critical part of the appraisal process is what happens after the interview. Systems that identify the required action but fail to implement it will quickly lose credibility with everyone concerned.

Having completed our examination of the processes of appraisal, we next turn to a review of appraisals across the world. The different approaches to appraisal have already been highlighted. To this we should add the availability of published information on world practices – currently an erratic and inconsistent picture produced mainly by western authors. These things said, the following details should give you an good idea of the contrasting approaches and methods of appraisal that can be found, and the cultural implications of these differences.

International Comparisons

Examples of performance appraisal can be found across the world, although there are major differences regarding the purposes, the systems employed and their effectiveness. American systems have been widely copied, as a result of publications and the influence of multinational corporations. In an attempt to identify cultural aspects that underlie the US system of management, Schuler (1995: 369) reports the results of a survey of non-US international managers. There was strong agreement that a distinctive American value is meritocracy, which emphasises fairness in evaluating people on their work-related contributions. On this he makes the following comments:

The managers also noted the short-term orientation in America as emphasised by annual appraisals based solely on current performance.

In other cultures, meritocracy is not so firmly established as a guiding principle. In its place one finds more concern for status, family ties, and loyalty to one's supervisor or organisation. In other cultures, recent performance is not always the most important criteria. Behavior over time, loyalty, and the potential for the future are emphasized much more.

(Schuler, 1995: 369)

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