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Solution-Focused Rating (SFR©): New Ways in Performance Appraisal

Introduction

Performance appraisal is the ongoing process of evaluating and managing both behaviour and outcome in the workplace (Carrell et al. 1995: 348). Many decisions like staffing, defining training needs, direction for future performance, feedback, etc., are based on the evaluation of job performance. It is one of the most important fields of human resource management and leadership and is used in almost all companies with professional human resource systems.

It is somewhat surprising that this critical field is still a muddy area of personnel management. Findings show that a lot of companies report dissatisfaction with their performance appraisal systems (Bernardin et al. 1995).

This article will show that many existing problems are caused by a problem-centred view in appraisal systems and appraisal interviews. One of the most critical problems can be found in the rating instrument and the classic rating scales. It will be demonstrated that classic rating instruments make change of behavior and performance more difficult and lead to conflicts in interviews.

This article presents a new solution-oriented rating instrument (SFR) and alternative attitudes for raters which allow a solution-focused process in performance appraisal and appraisal interviews.

Reasons for dissatisfaction with performance appraisal

The evaluation of performance appraisal systems is not very widespread in human resource management but it is important for the effectiveness of such systems (Coens and Jenkins 2002). Managers in companies very often assume that performance appraisal is a good way of achieving objectives and leads to change of behaviour and acceptance of ratings by the ratee.

But surveys conducted to shed light on the satisfaction of raters, ratees and administrators of performance appraisal systems show different results (Bernardin et al 1995:464):
- The majority of people who are rated less than the highest value on a rating scale disagree with the rating more than they agree.
- The majority of the people who disagree with the rating are less motivated and less satisfied with their jobs after the appraisal.
- The majority of these people have little or no idea how to improve their performance.

Thus, the goals of performance appraisal are not achieved especially in those cases in which there is a need for change concerning behaviour or work output. Employees who do not agree with their ratings show little or no willingness to change their behaviour (Murphy 1996).

Very good ratings are well accepted by the employees, but in those cases change is not a priority, anyway.

This lack of acceptance is caused by the way in which the appraisal interviews are carried out as well as by the rating instruments themselves. The interviews tend to focus too much on deficits, weaknesses, and unattained goals – all problems of the past. Instead, as shown below, the interview should concentrate on the employee's resources and questions concerning how to shape the future. Traditional rating instruments are problematic, leading to resistance of change, mainly because they are unlikely take into account the employee's actual performance. This aspect is covered below.

Traditional rating instruments lead to the assumption of stability

The most widely used rating instrument is rating scales (see Figure 1). When raters evaluate performance based on rating scales, they are bound by the instrument to decide on one specific value on the rating scale for the period under review. If, for example, the criterion of 'customer orientation' is rated, the ratee has to choose one answer from the scale's alternatives (e.g., 'good', which is then checked). This represents a decision: the employee's customer orientation is 'good', i.e., not 'very good' nor 'average'.

Figure 1: Traditional rating of a criterion such as customer orientation

Please rate the performance of the ratee (example of one criterion)					
	-- very poor	**-** poor	**o** average	**+** good	**++** very good
Customer Orientation				X	

The requirement for a specific answer creates a specific 'construction of reality' for the rater, as it induces the rater to assume that the employee's performance is actually the way stated ('good'). As a result, the rater accepts as a fact that the performance under review is CONSTANT over time (see solid line in Figure 2).

Figure 2: Performance seen as constant (line) or as varying (curve) through time

Customer Orientation
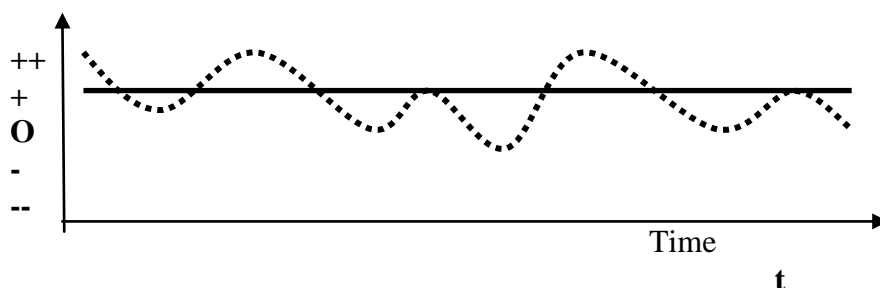
It is exactly this issue which lies at the root of acceptance problems an employee may have: an employee's performance and behaviour are NEVER constant over time but vary constantly (there is always change!). At some times, for example, the employee's customer orientation is worse than 'good', while at others it is better, maybe even 'very good' (the curve in Figure 2). Thus, the problem is that the rating instrument does not enable the rater or the ratee himself or herself in case of self-rating) to reflect actual performance over time

These problems result in two significant consequences:

1. Conflicts become more probable: if employees are rated 'good', they will tend to quote examples of past performance in their appraisal interview that were better than 'good'; this will – with a high probability – lead the superior to use examples which show less than good performance on the part of the employee. This process will result in a conflict which is difficult to handle and, more importantly, in a situation in which the interview will be confined to past issues (what really happened?). Raters and ratees argue about reality and do not realise that they themselves are falling victim to the rating system, which simply fails to take into account important variations.

2. Change becomes more difficult: the assumption of stability causes little hope for change. If, for example, the employee is rated 'good', but should show 'very good' behaviour, the following inherent messages are sent to the employee and negatively affect his or her behaviour:
- The employee has a 'problem', he or she ought to be 'very good' (language creates reality).
- The employee, not the context, needs to change. This is exactly the opposite of an important principle of the solution-focused approach which says that "you have to change something, not someone." This problem is exacerbated by the fact that many rating instruments feature traits (flexibility, attendance, etc.) as criteria, which focuses the observation in the appraisal even more strongly on the employee at the expense of the context - other factors within the organization which influence the employee's behaviour (e.g., advertising, ambiguous guidelines for dealing with customers, etc.).
- The employee needs to do something he or she has not done before (doing something new is always difficult with a view to possible changes).

The problem of "the best" in traditional rating instruments

All scales contain distinct values, with a best value ('excellent', 'outstanding', etc.) describing the positive end of the scale. There is an inherent assumption that this best value is to be achieved. However, this assumption often proves to be illusory and elusive in many cases. Customer orientation, for example, will be possible only to a limited extent with difficult customers. Similarly, the criterion of 'knowledge' will not always have to be 100% in 100% of cases - while in certain areas extensive knowledge is certainly important, in other areas less detailed knowledge will probably be sufficient. The usually implicit assumption of the need to achieve the best rating value in all fields of work is thus a 'Guide to Unhappiness'. It does not reflect the real work conditions, as there are always situational constraints that make it impossible to fully and completely achieve the best value.

Since this is hardly ever discussed, however, these rating instruments create a "deficit trance". A large probability of failure is generated by the appraisal itself (superiors often perceive this difficulty intuitively and rate their employees at the top end of the scale although they know

this to be not completely true). Appraisal interviews thus often result in demotivation due to the fact that the rating does not show the best value theoretically possible, although the best value may not be necessary or even be achievable.

Solution-focused rating (SFR©): Considering differences that make a difference

One very practice-oriented and easily implementable solution to the problems discussed above is a rating which takes into account variations in performance over the period reviewed. Traditional rating instruments can be modified by asking the rater to distribute 100 points across the scale. Figure 3 shows an example of rating, with 10, 70, and 30 points being assigned to 'average', 'good', and 'very good', respectively.

Figure 3: Example criteria Solution-Focused Rating

Please distribute 100 points and use 'units of 10'	**--** very poor	**-** poor	**o** average	**+** good	**++** very good
Customer Orientation			10	70	20

This modification can easily be applied to existing rating procedures. There is no need for a change of the rating scales, and the rater only needs to be trained in distributing the points.

The most immediate advantage is the higher probability that the ratee will accept the rating. The ratee is able to see that the rater takes into account differences in performance, and in most cases, includes the top end of the scale in the appraisal.

Above all, however, this makes working out modifications and improvements considerably easier, as we now have information which is of greater relevance than is the case with classic instruments. A rating based on SFR makes it easier to focus on what has to be changed, as the it recognizes both aspects which need to be changed and desirable behaviour. We focus on "the difference that make a difference" (de Shazer 1997). The appraisal interview can discuss what works or what does not work. It is evident that the application of a solution-focused approach would cause the interview to concentrate on the former (the understanding of the cause of the problems is not necessary to find solutions – it is a potential pitfall!). In most instances, the solution is not simply the opposite of the problem, i.e., what the ratee does to be 'very good' is not the opposite of 'poor', but something completely different.

A further advantage of SFR is that even small successes on the part of the ratee are recognised; even if these account for only small percentages at the top or upper end of the scale, they do at least reflect some success. This signals confidence that change is possible and also implies that the ratee does have the potential and the resources to handle tasks even better. The fact that small successes become visible has one particular effect: the motivation to start a change process.

The appraisal interview will focus on those periods in which the performance was better than in others. Here, tried and tested questions of the solution-oriented approach (DeJong and Berg 2002) can be applied. A few examples include the following:

- What would tell you/us that the percentage of 'very good' is increasing?
- A score of '70' idicates good consistency. How do you manage that?
- What would be different if the occurrence of 'very good' went up?
- How confident are you about increasing the percentage of 'very good'?
- ....

Of course, the variability and the distribution of the values on the scale are not always identical but are subject to significant variations. In most cases, the values on a five-part scale will be distributed among two or three values (as in our example); in rare cases, the distribution may cover all values available. It goes without saying that different criteria will show different distributions for an employee. Thus, the sales generated by a sales assistant may show little variation, while the assistant's co-operation with colleagues may be subject to considerably more variation. Starkly differing results can also be found among employees as regards the distribution of values for the individual criteria.

Small differences are just as valuable as big ones in working out solutions and so focusing on variations provides a wealth of useful information.

Appraisal Interview: Solution-focused interviewing

Appraisal interviews represent very challenging and demanding situations for managers and employees and thus require extensive preparation by the rater as well as the ratee. Most appraisal interviews in companies are based on rating instruments, which therefore have a great impact on what can and cannot be discussed in those interviews and thus heavily influence the construction of realities of raters and ratees. Traditional problem-focused questionnaires and rating instruments make it very difficult to avoid using problem talk. Hence – as was shown above – appraisal interviews often result in demotivation on the part of the ratee.

From a solution-oriented perspective, it is clear why difficulties arise in appraisal interviews:

- The share of problem talk is far too high in most interviews: the interview focuses on problems of past performance, on deficits on the employee's part, and on a detailed analysis of the reasons for inadequate performance.
- Many superiors and raters are 'problem screeners' rather than 'solution screeners' and have learned to concentrate on problems (rather than solutions) in the course of interviews.
- The steps for change are described only in vague or fuzzy language.
- The problem is put in terms of what is not wanted.
- The objectives of the interview are not fully clear to the parties, in particular the ratee.

A solution-oriented approach can contribute much to appraisal interviews: doing without a detailed discussion of the employee's deficits and weaknesses, using the areas in which the employee performs well to define clear objectives, and applying the tried and tested interview techniques of the solution-focused approach.

Traditional approach in appraisal interviews	Solution-oriented approach in appraisal interviews
Brief description, if any, of the interview's objectives	Extensive discussion of the objectives for rater and ratee
Standardised interview	Considering the relationship between rater and ratee (customer, complainant or visitor-relationship)
Concentration on the employee's deficits and weaknesses	Discussion of strengths and small successes and starting points for improvements
Reduction of the employee's weaknesses by means of personnel development measures	Making use of strengths by changing work context and job design or staffing
Tendency to adapt the employee to the work situation	The work place is also adapted to the employee, and finding solutions is not restricted to unilateral changes but also asks, 'how does it fit?'
Discussion of problematic details that have occurred in the period under review (usually one year)	Future and goal-orientation. Above all, objectives are defined specifically and precisely and focus on the presence of things, not their absence.
Definition of vague goals for the upcoming performance period to avoid conflicts	Above all, objectives are defined specifically and precisely and focus on the presence of things, not their absence.
Superiors and raters make suggestions as to what the ratee should do (which causes the latter to feel unappreciated in his or her capacity to solve problems).	Superior and ratee work out changes together.
Assessment training: Focuses on how to use system as intended by the developers of the system.	Assessment training: Focuses on solution-orientation and adaptation of the system.
High expectations of appraisal interviews: ideally, all problems will be solved and major progress is made.	Concentration on small and feasible steps that encourage change
Appreciation – if present at all – is a tool and not an attitude.	Appreciation as an attitude is palpable also in the discussion of common, everyday successes.

Training

Rater training represents an essential success factor for appraisal interviews (as well as rating systems). In the course of rater training, however, raters should be taught not only interview techniques (e.g., exceptions) but also attitudes (goal orientation, amplifying solution talk, ratee as expert, etc.) which help find solutions and useful approaches in the course of appraisal interviews. Training the rater, however, is a part of performance appraisal systems which is often neglected for cost reasons, but this training – as my experience has shown – is one of the most essential elements. Raters tend to rate performance in a manner they have themselves experienced and observed for many years – and this is deficit as well as problem-oriented. Therefore, raters who do not receive training are likely to resort to these language patterns, which, however, can be changed by means of adequate training. If a company is unable to invest large amounts of money in an appraisal system (or its overhaul), it is usually

more important to invest in training rather than in the development of appraisal forms and instruments.

Conclusion

Performance appraisal is a field well suited to deploy the basic principles and tools of the solution-oriented approach to companies in general and managers in particular. The learning effects of a solution-oriented approach can be used not only in appraisal interviews but in day-to-day management tasks.

The example of Solution-focused Rating has also been used to show that the classic management instruments can be designed from a solution-oriented perspective. Offering different management instruments appears to me to be one of the central challenges of solution management in the near future. These management tools (e.g., employee surveys, portfolios, balanced scorecard, etc.) are important "possibility machines" (Jackson and McKergow 2002: 70) and are still very problem-oriented. I believe that a major step towards further implementing the solution-focused approach in companies will have been taken if it is possible to develop new and modified tools in this field within the next few years.

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