EXAMINING THE MANAGERIAL SKILLS/COMPETENCIES NEEDED TO TRANSITION FROM A TRADITIONAL PERFORMANCE APPRAISAL TO A DEVELOPMENTAL PERFORMANCE APPRAISAL

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EXAMINING THE MANAGERIAL SKILLS/COMPETENCIES NEEDED TO
TRANSITION FROM A TRADITIONAL PERFORMANCE APPRAISAL
TO A DEVELOPMENTAL PERFORMANCE APPRAISAL

by

JAMES ALLER

A dissertation submitted in partial fulfillment
of the requirements for the degree of
Doctor of Philosophy
Department of Human Resource Development and Technology

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College of Business and Technology

The University of Texas at Tyler
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The University of Texas at Tyler

Tyler, Texas

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For the Doctor of Philosophy Degree

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Dedication

I dedicate this work to my wife, Christine Aller, who supported and tolerated me through the endless days and nights. Your encouragement will forever be remembered. Many thanks for your continuous support and for motivating me through the process.

You have been my inspiration since we met. In addition, to my Mom and Dad, Jim and Debbie Aller, who are both with the Lord, but supported me while teaching me the values of hard work. As teenage parents, the odds were against them, but they raised three boys to be productive citizens that strive to make them proud, even today. My memories of my brothers keep me grounded and focused. Finally, to the memory of my father in law, Mr. David Espinosa, and my surviving mother in law, Nora Espinosa, your words of encouragement and prayers gave me the drive and strength to achieve my life-long dream.
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Abstract

EXAMINING THE MANAGERIAL SKILLS/COMPETENCIES NEEDED TO TRANSITION FROM A TRADITIONAL PERFORMANCE APPRAISAL TO A DEVELOPMENTAL PERFORMANCE APPRAISAL

Jim Aller
Dissertation Co-Chairs: Dr. Jerry Gilley and Dr. Judy Sun
The University of Texas at Tyler
October 2017

The purpose of this qualitative methods case study was to examine the differences and difficulties of delivering a performance appraisal that was developmental in nature from that of a traditional appraisal, as well as to identify the skills/competencies required of store managers and developmental activities needed to make a transition from a traditional performance appraisal to a performance appraisal system that was developmental in nature. Such a change should not be taken lightly by organizations, given that the task of delivering an evaluation varies. Four research questions guided the study. First, what are the differences between a performance appraisal that is developmental in nature and a traditional one? Second, what are the difficulties in utilizing a performance appraisal as a means to developing talent? Third, what competencies/skills are needed by managers to develop successfully a developmental performance appraisal? Fourth, how can the organization for which you work, prepare a manager to deliver a meaningful evaluation that is part of a developmental program?

Qualitative data included subject matter expert interviews to collect their perceptions of the performance evaluation process. Face-to-face interviews were conducted with the store managers to determine their perceptions about ways in which performance
evaluation should be carried out to ensure proper feedback and continuous improvement. Statistical and content analysis were conducted on the collection information to answer the study's research questions.

The findings of this study did contribute to the literature by pointing to the specific skills that managers need when dealing with developmental appraisal. Furthermore, the time and resource implications to the organization were highlighted, which called for in-depth research on ways in which to either automate or streamline the process, as it could erode organizations’ bottom line. Pertaining to the appraisal tool itself, this study contributed to identifying the need for specific questions and going full circle with timely follow-up discussions with employees in determining the progress made by ensuring their personal and organizational success.

This research aided companies in aligning the talent management process with policies and practices. By investing in a performance appraisal process that was developmental and empowering management to conduct appraisals, feedback, and development of employees, retail companies could achieve even more success as an organization can only be as successful as its employees and managers.
Chapter One Introduction

Chapter Summary and Organization of Dissertation

Chapter One provides the introduction to the research problem, background of the study, statement of the problem, purpose of the study, research questions, significant of the study, definition terms, and the summary. In Chapter Two, the review of the previous studies about performance appraisals when removing compensation from the performance evaluation process will be presented. I will synthesize the findings of previous studies in order to provide a context for the need of the study. Chapter Three, will contain the method for the current study. This includes a restatement of the research questions and the purpose of the study. Furthermore, a discussion of the chosen research design and the justification thereof will be included. The data collection and data analysis procedures for the study are presented. Chapter Four, represents the results of the data collection and data analysis. This includes the demographic profile of the participants. Moreover, the results are presented according to each research question. Finally, Chapter Five, includes a discussion and the interpretation of the results, implications for practice, recommendations for future studies, and conclusion.

Introduction

Organizations’ leaders develop performance evaluation processes and compensation programs because they attempt to promote productivity and efficiency among employees. According to Gupta and Shaw (2014), compensation has an impact on the perceptions and performance of the employees. Recent researchers have concluded that a combination of performance evaluation processes and compensation programs have an adverse influence on the engagement of the employees that could result in a lower
performance (Alshamsan, Majeed, Ashworth, Car, & Millett, 2010; Chien, Lawler, & Uen, 2010; Fang & Gerhart, 2012). The existence of these two seemingly connected methods paved the way for organizations to pay for good performance (Bernacki et al., 2012). However, there was limited knowledge about the impact of decoupling compensation from the evaluation process on organizational commitment the manager has to the organization (Mowday, Steers, & Porter, 1979).

**Background to the Problem**

The effectiveness of the performance appraisal processes and compensation programs both have a significant influence on the subjective views of workers and managers alike. Combining the two methods is a formula that fuels frustration on the part of employees that manifests itself in lower engagement (Allen & Grisaffe, 2001). Lower engagement eventually shows in performance. An evaluation process is often tied to other terms and conditions of employment, which do at times, end up being challenged from a legal perspective (Nelson, 2000). Nelson (2000) revealed that the traditional process alone failed to motivate employees. The combination of a poor performance review process, combined with a lackluster compensation process, provides a significant challenge for human resource practitioners. Gupta and Shaw (2014) reinforced the fact that compensation did have effects on employee performance. Gilley, Boughton, and Maycunich (1999) affirmed adjusting a performance appraisal was unsuccessful in isolation. Therefore, it is relevant to understand that compensation serves as the primary motivating factor for employees to push themselves continuously to strive for greater heights, which may help to reduce the turnover rate of an organization (Nelson, 2000).
The increases in employment discrimination claims with the Equal Employment
Commission, unionization, and the disengagement of workers can be paralyzing for an
organization. Poor compensation plans will demotivate employees, thereby causing them
to be inefficient and ineffective at their work, while posing adverse challenges to the
organization. The noted change of decoupling compensation from the performance
evaluation process highlights the evolution of the generational differences in the
workplace (Reda, Reifler, & Stevens, 2014; Thaief, Baharuddin, & Idrus, 2015). As part
of that generational evolution, there are fundamental belief changes that (a) growth is
through personal accomplishments; (b) long term employment is unlikely; and (c)
workers define their own worth and identity in an organization (Rousseau, 1995). In
Rousseau’s (1995) research, the potential impact of decoupling compensation from the
performance evaluation process would more positively impact a worker’s psychosocial
contract with an organization. Managers, accustomed to exercising control over an
evaluation process coupled with compensation decisions, may experience a loss of that
control when being asked to provide a different evaluation that intended to develop a
workforce with some possibilities of better work engagement instead of pay increase only

Muema (2012) acknowledged that pervasive communication challenges caused
workers to seek answers and information concerning the terms and conditions of their
employment. Organizations’ leaders who failed to fill that void would spend time that
could be dedicated to work production to fill that time. Zingheim and Schuster (2002)
established that workers would work for more than just pay. According to Zingheim and
Schuster (2002), perspectives on pay has involved perceptions of entitlement, while
organizations’ leaders have narrowly focused their compensation programs on that of internal relationships versus aligning a comprehensive plan that markets pay, job skills, and business objectives. Communication challenges may lead to poor performance. Performance over time erodes the performance of the organization.

Mulvaney, McKinney, and Grodsky (2012) identified the significance of developmental intent of performance evaluations systems, and yet there was suspicion involving the performance evaluation process of being incomplete or unfair. According to Nelson (2000), the activity of providing continuous, timely feedback in an environment that was non-threatening was the most effective way to motivate employees.

Fang and Gerhart (2012) asserted that conflict avoidance was one of the reasons that managers failed to address performance. Resolving workplace conflict requires honesty, strategic planning, and interaction with the concerned parties. Given the huge effort to make and possibilities of ruining employee relationships through the conflict resolution process, managers then tend to stay away to resolve conflicts among their employees. In return, such conflict avoidance will often lead to lower morale, higher turnover, and lower performance among employees, as their workplace becomes more unconducive for positive relationships and good outcomes. Allen and Grisaffe (2001) suggested that the performance review cycle alone had inherent flaws, and combining that flawed process with compensation added a dimension of scrutiny that undermined the intent of evaluating performance and providing developmental feedback.

Waite and Stites-Doe (2000) examined removing compensation from the evaluation process in a banking setting. According to this research, “replacing a traditional performance appraisal with a concerted performance feedback and coaching
effort, and merit pay with a blanket pay increase enhanced employees’ perceptions of pay fairness, pay satisfaction and job satisfaction” (Waite & Stites-Doe, 2000, p. 187). The removal of compensation from the performance evaluation process provides a platform where managers and workers can participate in a more collaborative process about performance and developmental needs. However, this research focused on the perceptions of the lower level workers. More research was needed specifically around the area of preparing managers to conduct those conversations and involved asking the long- and short-term effects on actual performance. Renn, van Scotter, and Barksdale (2001) identified that compensation plans that were below market by design but provided incentive opportunity might drive higher turnover rates and recruiting difficulties. Summers (2013) recommended that compensation and performance management operated more effectively when managed separately.

Even though decoupling compensation from the performance evaluation process was proved as an effective approach (Taras, Rowney, & Steel, 2013), it was necessary for managers to have desired competencies in performance evaluation and performance management. The next logical step in research was to examine the competencies that such a manager would need to deliver in an evaluation that was developmental in nature. There was a gap in the literature, as it related to the effect of removing the compensation from the evaluation process and the change in competencies needed by managers to deliver an evaluation that was developmental. Researchers suggested that workers worked for more than just monetary contribution (Taras et al., 2013). The tendency for managers to avoid giving negative feedback or accurately identifying performance issues
was a costly process for organizations that often undermined the intent of performance feedback and efforts of pay for performance process.

**Statement of the Problem**

Extensive preparation was put into the performance evaluation process that required a significant investment of resources that competed with other managerial responsibilities (Ishizaka & Pereira, 2016; Xu & Yeh, 2014). The significance of the fact that such a large portion of the population receives increased was a burden to the organization that challenged a competitive advantage in the marketplace (van Reenen, 2011). Organizations failed to embrace employees and secure a level of commitment that would benefit the organization and the employee (Gilley et al., 1999). Gilley (1998) identified a style of management that excused managers from the responsibility of development: “An indifferent attitude such as this kills employee morale and severely limits loyalty and commitment” (p. 2). When compensation was decoupled from the performance appraisal process, “employees approach performance appraisals as developmental opportunities” (Gilley et al., 1999, p. 48). There was often a historical perception that evaluations were poorly planned, inaccurate, or even confrontational (Gilley et al., 1999). Studying ways in which to best utilizing the performance appraisal, as a part of developmental culture, was a significant opportunity for the human resource development field.

Pay for performance could be leveraged to reward and motivate, but the alignment of performance management and compensation philosophy had to be aligned carefully. In organizations that have been in existence for significant periods, average wages continued to increase with each passing performance evaluation cycle. In business
environments that dictated cost as a significant advantage in the operating model, those rising average wages provided a business challenge that would need to be handled, or an organization would run the risk of increasing prices and potentially losing their advantage.

Compensation was a critical factor to associate engagement, but as Zingheim and Schuster (2002) identified, it might not be the most significant force influencing engagement. While Rousseau (1995) reinforced the psychological contract, which was formed with a worker, it was important to recognize that history was relevant. Consequently, the high cost of implementing a good performance evaluation process and intricacy of having appropriate compensation plans for all employees’ caused the need to decouple the two methods. Decoupling the two would provide opportunities for organizations’ leaders to give enough focus to identify and improve each method by determining ways in which these methods affected employee engagement and performance.

**Purpose of the Study**

The purpose of this qualitative case study was to examine the differences and difficulties of delivering a performance appraisal that was developmental in nature from that of a traditional appraisal, as well as to identify the skills/competencies required of managers and developmental activities needed to make a transition from a traditional appraisal to a performance appraisal system that was developmental in nature.

**Conceptual Framework Guiding the Study**

Gilley et al. (1999) developed a conceptual model that served as the framework for this study. Gilley et al. (1999) created the framework through a variety of
examinations that focused on improving the performance model for (a) individual impacts of job design that centered around strategic business goals and objectives; (b) the traditional performance process, which narrowly reviewed the job, task, activities and outcomes; (c) the evolution of the performance management process, which included performance standards and performance feedback and reinforcement; and (d) the conceptual framework used (Figure 1) that combined the need for developmental evaluations, as well as the linking of compensation, rewards, and performance coaching to developing a robust and effective performance alignment process to the individual performer, while examining the evolution of improving job performance through job/organizational design. This model was utilized as a point of reference for the study, but it was not empirically tested. While I gathered the data on individual manager skills, attributes, and developmental experiences, this study addressed certain research questions.

Figure 1. Performance alignment applied to the performer level. Adapted from Gilley et al. (1999, p. 49).
Research Questions

This research was conducted with the intention of identifying the managerial competencies that were needed specifically in an execution-based environment that had shifted to a developmental one for the workforce. The following included the research questions:

RQ1. What are the differences between a performance appraisal that is developmental in nature and a traditional one?

RQ2. What are the difficulties in utilizing a performance appraisal that is developmental in nature as a means to developing talent?

RQ3. What competencies/skills are needed by managers to successfully conduct a performance appraisal that is developmental in nature?

RQ4. How can the organization for which you work, prepare a manager to deliver a performance appraisal that is part of a developmental program?

Significance of the Study

The managerial ability to observe and communicate accurate performance is critical to any business. Proper feedback about the employees’ performance is important to ensure continuous improvement within the organization. However, such a daunting task gets harder as the number of employees the managers need to observe increases.

This study aided companies in properly aligning the talent management process with policies and practices, while evaluating large-scale impacts to massive retail companies. The current process of performance evaluation took into account compensation, which previous researchers found created negative influences on employees’ performances (Alshamsan et al., 2010; Chien et al., 2010; Fang & Gerhart,
This study added to research knowledge on concepts in change management, open systems theory, and agency theory in mass retail. Specifically, the results of this study provided insights whether compensation was closely linked to any performance evaluation process, challenges, and barriers managers faced in conducting performance evaluation, and ways in which to prepare managers for delivering performance evaluation, while decoupling compensation from the process. Lastly, this study aided researchers to identify better the perceptions of managers and the obstacles to providing quality feedback that was developmental in nature.

**Definition of Terms**

*Compensation* - Compensation is the total of all rewards provided employees in return for their services (Mony, 2008).

*Developmental evaluation* - “Developmental evaluations should be used to determine whether employees are demonstrating acceptable performance activities” (Gilley, 1998, p. 20) and generating outputs that meet or exceed performance standards. Developmental evaluations should also be used to determine whether the needs and expectations of internal and external clients have been satisfied; assess employees’ strengths and weaknesses by comparing their competencies against job requirements; examine how employee performance is helping the organization achieve its strategic business goals and objectives; and design acceptable performance activities. (Gilley, 1998, p. 20)

*Employee engagement* - Employee engagement is one being psychologically present when occupying and performing an organizational role (Khan, 1990).

*Organizational commitment* - Organizational commitment is the psychological attachment one has to the organization (Khan, 1990).

*Pay for performance* - Pay for performance refers to the performance of an employee who is rewarded with pay that has an influence on increasing the skill set of the
individuals, empowering the employees, and improving the motivation and engagement of the employees (Chien et al., 2010; Dur, Non, & Roelfsema, 2010).

*Performance evaluation* - Performance evaluation involves identification of factors that influence the quality of performance (Walker, Damanpour, & Devece, 2011).

*Procedural justice* - Procedural justice refers to the idea that ways in which individuals regard the justice system is tied more to the perceived fairness of the process and how they were treated, rather than to the perceived fairness of the outcome (Gold & Bradley, 2013).

**Design of the Study**

For this qualitative study, a case study approach was utilized. A case study approach was appropriate because the study was focused on a certain case within a bounded system that regarded the competencies of managers, including ways in which performance evaluation should be carried out, to ensure proper feedback and continuous improvement (Barratt, Choi, & Li, 2011).

Specifically, semi-structured interviews, and observations are used as the primary approaches to collecting data. A retail company in the United States was chosen that had decoupled compensation from the performance appraisal process in the past two years. Eighteen store managers were self-selected to participate in the study and asked to participate in an in-depth, semi-structured interview based on their perceptions of the performance appraisal process, as well as their recommendations.

**Chapter Summary**

This chapter introduced the study and explored the differences and difficulties of delivering a performance appraisal that was developmental, as well as identified the
skills/competencies required of store managers. The chapter also contained a discussion of the developmental activities needed to make a transition from a traditional appraisal to a performance appraisal that was developmental in nature. The chapter focused on the lack of empirical studies in the HRD and management literature base, specifically concerning transitioning from a traditional performance appraisal to a developmental performance appraisal, including the guidance and recommendations of managers in a retail setting. This case study approach addressed this gap in the research. The significance of this study to the field of HRD and management aided companies in aligning the talent management process with appropriate policies and practices.
Chapter Two - Literature Review

Chapter Two presents a review of the previous studies about performance impact when removing compensation from the performance evaluation process. The chapter is divided into several parts to present a systematic and logical narrative to the readers. This was helpful in providing a clear image of the context of the research problem of the current study.

The initial keywords, terms, and phrases used to search for related studies included compensation, decoupling compensation, pay reward, feedback, importance of feedback, compensation as motivator, non-monetary motivators, psychological contract, leader-member feedback exchange, performance evaluation, procedural justice, individual and organizational performance, role of procedural justice, performance appraisal, alternative perspectives of performance appraisal, peer rating, group appraisals and systems orientations, total quality management approach, performance distribution assessment, individual program in TPM, and due process appraisals. I conducted a mix and match of these keywords to produce filtered peer-reviewed journal articles that were relevant and useful to the literature review. I also reviewed relevant journal regarding performance evaluation, compensation, motivation, and engagement of employees to have a grasp of the context of the research problem fully. Furthermore, I also reviewed the references and bibliographies of the peer-reviewed journal articles that were considered relevant and useful in the literature review.

The searches were conducted online and in actual libraries. In the libraries, I also found additional materials, such as unpublished dissertations and thesis helpful in providing additional information regarding the research problem. Most of the information
presented in the literature review was from peer-reviewed journal articles. If necessary, I included data from credible websites, as well as data from studies spearheaded by the government. Apart from important work, all materials and data that were included in the literature review were published from 2010 to 2015.

**Introduction**

Performance evaluation processes and compensation programs are developed by organizations’ leaders to promote productivity and efficiency among their employees. Compensation has an impact on employee perceptions (Gupta & Shaw, 2014). However, researchers have revealed that the combination of these two processes led to frustration among employees that result in lower engagement (Chien et al., 2010; Fang & Gerhart, 2012). Lower engagement of employees has a negative impact on their performance (Alshamsan et al., 2010).

Rousseau (1995) asserted that employees developed a psychological contract with their employer. The psychological contract is different from the written contract that the employee signs before he or she begins to work (Eckerd, Hill, Boyer, Donohue, & Ward, 2013). The terms of the psychological contract are not written; rather, it is embedded in the culture and past practices of the organizations (Conway, Kiefer, Hartley, & Briner, 2014). The psychological contract is relevant especially to the development of the organizational culture (Conway et al., 2014). As such, changes in the evaluation process and compensation have an influence on the engagement level of the workers, the trust of employees in the organization, and the overall performance of the employees (Conway et al., 2014).
The work environment and organizational culture also has an influence on the performance of the employees (O’Reilly, Caldwell, Chatman, & Doerr, 2014). There must be mutual trust and respect in the work environment, so that the employees feel that the organization is inclusive (Kim, Wang, & Chen, 2014). This kind of environment will also lead to a decrease in behaviors that disrupt the work atmosphere (Kim et al., 2014). The organization’s leader has the responsibility of managing this relationship perceived by all employees as fair and transparent (Salleh, Amin, Muda, & Halim, 2013). The managers have the responsibility to ensure that the terms and conditions of the contract of the employees are met and ways in which those duties lead to strengthening the psychological contract among the organization and the employee (Salleh et al., 2013).

In the retail sector, retailers have conducted compensation increases, as well as annual performance reviews. However, this practice has evolved into a blanket increase versus pay for good performance (Bernacki et al., 2012). Pressures from different institutions require a closer examination of the practice (Bernacki et al., 2012).

The purpose of the study was to examine the performance influence when removing compensation from the performance evaluation process. Moreover, the study examined the individual unit performance. One of the goals of the study was to contribute to the literature, as there was limited research on the manager’s responsibility, the influence of decoupling compensation from the evaluation process on psychological contract the organization had with the manager, and the influence on organizational performance. The research aided companies in properly aligning the talent management process with policies and practices, while specifically evaluating large-scale impacts to large-scale retail companies.
The first subsection includes a discussion of decoupling compensation. The researcher provides a historical background of decoupling compensation. Thereafter follows a discussion of reward and practices as well as the effectiveness of pay rewards. This subsection ends with a discussion of current trends in decoupling compensation and a transition to the next subsection. The second subsection includes a discussion of the importance of feedback. The third subsection is a discussion of the role of compensation as a motivator. The fourth subsection is a discussion of the psychological contract. The fifth subsection is a discussion about leader-member feedback exchange theory. The sixth subsection is about procedural justice. The seventh subsection is about individual and organizational performance. The last subsection involves a discussion about alternative perspectives on performance appraisal.

The researcher aimed to examine the performance impact when removing compensation from the performance evaluation process. The theoretical underpinning for this study was the conceptual model: performance alignment applied to the performer level (Gilley et al., 1999). Previous researchers have studied the effects of compensation in different organizations (Kim, 2015; Larkin, Pierce, & Gino, 2012; Weick, 1976). However, there were only a few studies in the areas of performance evaluations, distributive just, procedural justice, and feedback exchange, as these related to pay satisfaction, job satisfaction, and facet satisfaction. A majority of studies focused on the employees (Barnes, Reb, & Ang, 2012; Davenport, Thomas, & Cantrell, 2012; Grote, 2011; Spence & Keeping, 2011). Limited research could be found on the manager’s responsibility and the influence of decoupling compensation from the evaluation process.
on the transition to a developmental process with the manager’s perspective and that impact on organizational performance.

**Decoupling Compensation**

In this subsection, arguments for the decoupling compensation from the performance evaluation process are discussed. The historical approach is discussed first, followed by a review of reward and practices in organizations, then a discussion about the effectiveness of pay rewards. The subsection ends with a discussion about the current trends in decoupling compensation and a transition to the next subsection.

**Historical Approach**

Decoupling is defined as “situation where compliance with external expectations is merely symbolic rather than substantive, leaving the original relations or practices within an organization largely intact and unchanged” (Kim, 2015, p. 51). Decoupling is an important consequence of processes in the organization that is less recognized and studied in comparison to proliferation of studies in other areas. Kim (2015) provided a theoretical discussion of decoupling in Korea. However, a lack of empirical studies was found.

Weick (1976) was the first individual to focus on decoupling and loose coupling among the formal policies of the organization and the actual practices, particularly in educational organizations. Observations were made that organizations would develop and approve rules and regulations but did not implement these in the workplace. As such, the organizations were technically adhering to the external environment but without changing the internal environment of the workplace (Weick, 1976).
Some authors associated hypocrisy with decoupling because such authors viewed decoupling as the response of the organization to contradictory burdens in the external environment by providing conflicting statements and actions (Kim, 2015; Tenhiälä & Vuori, 2012). In other words, the organizations would issue a statement, but the action would remain the same (Kim, 2015). In the early development of decoupling, it was prevalent to established organizations (Kim, 2015).

According to previous studies about decoupling, it was more likely to happen when organizations were placed a situation where there were conflicting perspectives from the external environment and the internal environment of the organization (Grote, 2011). Oliver (1991) understood decoupling as “one of strategic responses by organizations to contested environmental pressure” (p. 155). Oliver (1991) asserted that actors in the organization were not submissive to pressure; rather, actors had a wide variety of reactions with pressures from the external or internal environment. Decoupling also commonly occurred when organizations’ leaders faced regulatory demands (Oliver, 1991).

Criticisms on performance management programs continue to persist. Several researchers suggested the elimination of performance appraisals, arguing that it hindered individual performance (Barnes et al., 2012; Spence & Keeping, 2011). Conversely, several authors emphasized that performance appraisals could be an effective means in improving organizational performance if they are executed properly (Davenport et al., 2012; Grote, 2011). Numerous scholars provided adjustments in current performance appraisal programs (Davenport et al., 2012; Grote, 2011). Decoupling performance
appraisal from compensation was one of the ways to fix performance management programs (Cordeiro, He, Conyon, & Shaw, 2013).

There were two main reasons why organizations adopted compensation systems: “internal, effectiveness-related reasons and external, legitimacy-related reasons” (Sadikoglu & Zehir, 2010, p. 13). The majority of studies about compensation systems showed empirical evidence that pay-for-performance was the best practice in the industry because it had positive influences on the performances of the employees and would lead to retention of high-quality employees (Balch & Springer, 2015; Chung, Sensoy, Stern, & Weisbach, 2012). However, some management practices aim to strengthen the external legitimacy of the organization (Guang Shi, Lenny Koh, Baldwin, & Cucchiella, 2012). The compensation system is one way to promote a specific image to the organization. However, compensation systems sometimes fail in improving employee performance (Larkin et al., 2012). There was limited knowledge on ways in which decoupling compensation might have affected the failure of compensation packages in the improvement of employee performance.

Several researchers explored the influence of decoupling strategy on the organization. Tenhiälä and Vuori (2012) conducted an empirical test in companies located in Finland with 137 HR managers. The authors found evidence to support that decoupling had no harmful effects on the internal effectiveness of compensation. However, there were mixed results when it came to the decoupling’s effect on the reputation of the companies. The authors concluded that decoupling should be examined further, especially in compensation development. Boivie, Lange, McDonald, and Westphal (2011) focused on the CEO’s pay. The authors explained why a CEO with high
levels of identification with the organization might not pursue personal gains, while he or she led the organization, as he or she was thinking of the company image. Moreover, the psychological factor of CEO organizational identification could reduce the agency costs especially when it was high.

**Traditional Appraisal Practices**

Performance appraisals consist of different interlinking steps that make up the complete process. The basic assumption is that employees’ behavior will be positively influenced by receiving a reward based on the performance appraisal outcomes. The overarching goal of performance appraisal is to use the program to improve employee motivation and engagement, together with developing employees’ skills and abilities (Walker et al., 2011). The steps followed during the appraisal process differ somewhat according to the system that the workplace adopted but roughly follows a circular pathway (Figure 2): (a) employees’ annual appraisal date is associated with their appointment date, (b) evidence of employees’ work performance is gathered and captured throughout the year depending on the system used, (c) during the appraisal interview the performance data together with the employee’s key performance areas (KPAs) and previously agreed goals are used to evaluate performance, (d) often a custom made evaluation sheet (form) is used to document the evaluation, (e) employees get an opportunity to discuss their performance during the previous year, highlighting high or low points, (f) the manager or leader discusses the evaluation, pointing out areas for improvement or excellence, and (g) negotiate or plan the new KPAs and goals for the next year (Kinicki, Jacobsen, Peterson, & Prussia, 2013; Poister, Pasha, & Edwards, 2013). An optional step is the allocation of a percentage or a similar measurement which
is used to determine the monetary compensation or bonus. Performance appraisals are lengthy and stressful for all concerned, especially employees, as it resembles a test situation and have a significant impact on their career paths (Aguinis, 2013; Jacobs, Belschak, & Den Hartog, 2014).

![Performance Appraisal Process Diagram](image)

*Figure 2. Performance appraisal process. Adapted from Kinicki et al. (2013, p. 4).*

Since performance appraisals impact on the employee’s promotion, salary, and overall position at the workplace it has the potential to trigger strong emotional reactions from employees (Jacobs et al., 2014). The outcomes of the performance appraisal impact on the employees’ work satisfaction, commitment, motivation, and organizational behavior including their perception of organizational justice and trust (Jacobs et al., 2014). During the future planning or job design stage, the supervisor and employee decide on to the activities the employees should perform in relation to their jobs (Gruman & Saks, 2011). Increased opportunity for employees to participate in the design of the activities and assignments they have to perform is key to their perception of organizational justice and development of trust (Colquitt, 2001).
Reward Practices

Today, every organization has a performance management system with the aim of improving performance of its employees (Davenport et al., 2012). Human capital management benefits from a performance management system as it aims to motivate employees, help employees to develop their skills and abilities, determine which employees should be promoted, and eliminate individuals with poor performance (Buller & McEvoy, 2012). It promotes a performance culture in the organization (Buller & McEvoy, 2012). There was little uncertainty that performance management systems could contribute to organizational effectiveness (Guest, 2011). However, there was limited knowledge about the practices that made it effective.

Several reasons can be provided in showing that giving rewards for the outcomes of the employee will result in more productive and more motivated employees (Bidwell, Briscoe, Fernandez-Mateo, & Sterling, 2013). However, several authors suggested that reward practices in a performance management system would lead to less effective individuals regarding professional development (Chien et al., 2010; Muralidharan & Sundararaman, 2011). Meyer, Kay, and French (1965) asserted that when rewards tied to performance issues, individuals tended to perceive and focus on the reward system as part of the program. Individuals would not hear useful feedback in their performance that aimed to help them develop and improve skills and performance. This issue was one of the reasons some organizations’ leaders tended to separate the topics of reward and performances.

However, it was also rational to argue that when rewards were tied to the outcome of performance appraisals, then it would lead to an increase in the performance of the
employees (Gruman & Saks, 2011). Managers will be primarily concerned about performing well because the outcome of the performance appraisal will have a significant effect on their capability to distribute rewards based on the individual’s performance (Gruman & Saks, 2011). Managers will need to provide rewards with the aim of motivating these individuals (Gruman & Saks, 2011). In a similar manner, the employees will also know that the result of the performance appraisals will have an influence on the reward they will receive; as such, they will be motivated to do their best (Bol, 2011).

There is also a good possibility that when performance appraisals are used in the allocation of the rewards, organizations’ leaders put pressure on the managers to distinguish which employees are worth promoting, which is one of the major rewards an individual could receive for their good performance (Bol, 2011; Gruman & Saks, 2011).

**Effectiveness of Pay Rewards**

There are abundant studies in the literature that show support for the effectiveness of pay for performance programs (Alshamsan et al., 2010; Balch & Springer, 2015). Scholars suggested that pay for performance programs had many benefits for the employers, especially in the modern serviced based economy (Alshamsan et al., 2010; Chiang & Birtch, 2010). Pay and rewards have an impact on increasing the skill set of the individuals, empowering the employees, and improving the motivation and engagement of the employees (Chien et al., 2010; Dur et al., 2010).

Pay for performance was explored and implemented in different fields. In the education sector, pay for performance was implemented to increase the motivation of the teachers with the aim of increasing student achievement and improving instructional practice. Springer et al. (2011) conducted an experimental pay for performance program
in the Metro Nashville Public Schools (MNPS) district. There were two research questions that the authors aimed to answer: “(1) Does performance-pay alone improve student outcomes? And (2) does the opportunity to earn bonuses alter teachers' instructional practices and attitudes?" (p. 20). The authors concluded that there was no significant difference between the two groups of teachers. In fact, 80% of the teachers who participated in the study stated that the pay for performance program did not affect his or her work. Approximately, less than 25% of the teachers agreed that they had modified their instructional practices because of the pay for performance program.

Some studies have also explored performance-related teacher pay with student achievement. Woessmann (2011) found out countries that implemented performance-related pay among teachers scored 25% higher compared to countries without performance-related pay. Muralidharan and Sundararaman (2011) revealed that teachers in India were aware of their performance, and a pay for performance program would increase teacher support and attract more individuals to enter the profession. Liang and Akiba (2013) concluded that there was a positive relationship among pay for performance programs and improvement in constructivist instructional practices of teachers.

Some authors found mixed results about the implementation of a pay for performance program. Balch and Springer (2015) analyzed the relationship between student performance, teacher performance, and pay for performance programs. During the first year of implementation of the pay for performance program, there was a significant increase in the student test scores. However, there was no significant increase in the student test scores during the second year of implementation.
In the healthcare field, pay for performance has also been implemented but has inconclusive results. Van Herck et al. (2010) conducted a review of studies published from January 1990 to July 2009. One-hundred-twenty-eight studies were included in their study. According to the comprehensive review of the 128 studies, pay for performance programs could either have positive or negative impacts to the organization, depending on the primary goal of the pay for performance programs during the time of its implementation.

Werner, Kolstad, Stuart, and Polsky (2011) stated that pay for performance programs was adopted by most health care institutions with the aim of improvement of the quality of health care service. In 260 hospitals, the authors examined the effect of pay for performance programs and made a comparison with 780 hospitals that did not take part in the pay for performance program. Werner et al.’s (2011) study was consistent with the results of Van Herck et al.’s (2010) study. The 260 hospitals with pay for performance program resulted in high-performance scores compared to the performance scores of the 780 hospitals. However, after 5 years, the performance scores of the two groups were almost identical. The authors concluded that pay-for-performance programs have to be tailored to the specific context of the hospital to have the greatest effect in improving quality of health care service. Alshamsan et al. (2010) concluded that pay for performances could be designed to implement a reduction of inequalities, as well as improving the quality of care for the patients.

In the business sector, several studies have supported the benefits of pay for performance programs (Ederer & Manso, 2011; Chiang & Birtch, 2010). However, some researchers argued that these programs led to a decrease in the development of skills. Pay
for performance programs could lead to innovation in organizations. Previous researchers asserted that performance-based financial incentives did not promote innovation and creativity (Ederer & Manso, 2011; Chiang & Birtch, 2010). However, according to the study of Ederer and Manso (2011), individuals who were under a pay for performance program were more likely to discern novel business strategy compared to individuals who were under a fixed income program. The threat of termination of individuals was found to weaken the effects of incentives on innovation. Conversely, severance agreements were found to have a positive impact on innovative behaviors and ideas in the workplace.

Pay for performance programs also have an impact on the attitudes of the employees. Chiang and Birch (2010) conducted a study in the hotel industry and found that employees who perceived a high pay for performance link tended to show attitudes that are more positive toward the world. Chiang and Birch resolved that pay for performance programs have a vital role in the alignment of the employer-employee quality values. Young, Beckman, and Baker (2012) noted that agency theory and professional control could be used to predict the reaction of professionals regarding pay for performance programs. Chung et al. (2012) investigated the impact of pay for performance programs in private equity general partners. The authors concluded that indirect pay for performance had a stronger impact when managerial capabilities are more accessible.

Pay for performance programs also have psychological costs. Larkin et al. (2012) investigated the psychological costs of pay for performance programs. The authors argued that the performance-based compensation did not only motivate the individual,
but it also had an impact on the peers of the individual and the complementary activities of the organization.

**The Importance of Feedback or Performance Appraisal**

In this subsection, the importance of feedback is discussed. There is a discussion about the advances in theory building and management practices, as well as the evolution of feedback practices in organizations.

**Evolution of Performance Appraisal**

As early as World War I, Scott (as cited in McGregor, 1957) developed the concept performance appraisal. During the latter part of the 1950s, formal performance appraisal systems were established. McGregor (1957) reported that the need for a performance appraisal system was not based on personality but on the participation and performance of the employees. McGregor also included a self-appraisal part to ensure that the employees were evaluating their performances. This type of performance appraisal system looked forward; meaning, it highlighted the potential of the individual to improve his or her participation and performance, rather than looking backward (i.e., looking at the personality that the individual had inherited).

During the 1960s, the impact of valuing objectives by the management meant that performance appraisal should focus on ways in which employees achieve the goals of the team and the organization (Wiese & Buckley, 1998). In the 1970s, performance appraisal systems were at the center of criticism and inspection that led to several legal cases (Wiese & Buckley, 1998). One of the developments in this period was the use of ratings in evaluating the performance of individuals (Wiese & Buckley, 1998).
In the 1970s, psychometrics were used as part of the performance appraisal systems and remained a significant part of the appraisal process for the next two decades (Wiese & Buckley, 1998). The objectivity of the process made performance appraisal systems more acceptable in the work environment (Wiese & Buckley, 1998). An issue emerged that previous performance appraisal systems were too subjective in determining which employees should be promoted and not be promoted (Wiese & Buckley, 1998).

During the 1980s to 1990s, performance management emerged as a concept that promoted a holistic approach in increasing motivation and improving employee performance (Wiese & Buckley, 1998). In the education system, performance management was linked to improvement in instructional practices of teachers and increase of student achievement (Wiese & Buckley, 1998). In the healthcare industry, it was linked to providing quality care to the patients (Wiese & Buckley, 1998).

Performance appraisal is not merely measuring the performance of an employee of an organization (Walker et al., 2011). It also includes the identification of factors that influence the quality of performance, as well as the perceptions of employees regarding the performance appraisal process of their organization (Walker et al., 2011). Moreover, the overall aim of performance appraisal programs is ways in which the program can be utilized to improve employee motivation and engagement, as well as develop the skills and abilities of the employees (Walker et al., 2011).

By tradition, one of the key elements of performance appraisal is the job related task of the employee (Gruman & Saks, 2011; Kehoe & Wright, 2013). However, there are metacompetencies included in the development of employees, such as being aware, feedback seeking, and being open-minded (Gruman & Saks, 2011; Kehoe & Wright,
Communication skills and working in a team have also been a vital part of performance management (Gruman & Saks, 2011; Kehoe & Wright, 2013).

The use of multi-source and multi-rater feedback has increased in the previous years because it provides rich and accurate information about what is the current rating of performance and what can be done to increase the performance of employees (Kassicieh & Yourstone, 1998; Kuhnen & Tymula, 2011). However, there are times that employees are not open to receiving feedback, as some see it as a criticism of their work or performance, and they do not consider the fact that these comments can improve their performance (Kuhnen & Tymula, 2011).

Advances in Theory Building and Management Practices

Feedback information also has an influence on the performance of individuals. Kuhnen and Tymula (2011) examined the relationship of feedback, self-esteem, and performance in organizations. They provided an experimental setting to conduct the study. Results showed that feedback was a helpful tool in promoting productivity, primarily because employees were competitive and wanted to be on top of the rank hierarchy. In a competitive work environment, the authors suggested that organization should change the nature of feedback, such that employees would improve their performance based on the feedback that they had received and not because they would get a higher rank if they improved their performance.

Feedback also has an impact in the creativity levels at work. De Stobbeleir, Ashford, and Buyens (2011) conducted a study with 456 supervisor-employee dyads about feedback seeking and creative performance of the employees. Results showed two patterns of feedback that affected the creative performance of employees, which were the
propensity to inquire for feedback and the propensity to monitor the environment for indirect feedback. The results showed that feedback was a good strategy in achieving creative products in the workplace.

Feedback also has a positive impact on both individual and team performance. Van der Vegt, Jong, Bunderson, and Molleman (2009) examined whether the type of performance feedback had an impact on the individual or collective orientation of the team members. Results showed that individual performance feedback had a negative impact on the power asymmetry on group learning. Moreover, group performance feedback promoted collective orientation and transformed power differences among individuals to a motivation for team learning. Jung, Schneider, and Valacich (2010) asserted that when they put “providing feedback” and “designing for optimal challenge” (p. 20) into a work environment, where there was collaboration, there was a significant increase in the performance.

**The Role of Compensation as a Motivator**

This subsection contains a focus on the discussion about the role of compensation as a motivator. I provide definitions for compensation found in my search for related studies. I also discuss the history approach to compensation. In addition, I discuss whether pay diminishes intrinsic interest. One of the most important discussions in this chapter is included in this subsection, which is about compensation in supporting the psychological contract. The subsection contains a conclusion with a discussion of non-monetary motivators.
Definition

Compensation is “the total of all rewards provided employees in return for their services” (Mondy, 2008, p. 20). Total compensation is the combination of the four major elements: “pay, benefits, financial incentives, and non-financial compensation” (Mondy, 2008, p. 20). According to Kline and Hsieh (2007), pay refers to “base wages or salary for work” (p. 20). The pay of an employee is determined through the job description and the relevance of the job in the organization. Heneman and Schwab (1985) provided a definition of benefits as “indirect pay or payment for time not worked” (p. 129), which included health care management, insurance accounts, and retirement account. Some employees view pay and benefits together.

Financial incentives are the variable pay of the employees. Some financial incentive examples include pay for performances, commissions, gain sharing, and bonuses (Moody, 2008). These financial incentives apply to the managers of the team in an organization. Moody (2008) defined non-financial compensation as “satisfaction that a person receives from the job itself or from the psychological and/or physical environment in which the person works” (p. 277).

Pay and Intrinsic Interest

Scholars argued that pay motivated the employees of an organization (Balch & Springer, 2015; Chiang & Birtch, 2010; Ederer & Manso, 2011). Pay is also classified as an extrinsic motivation, rather than intrinsic motivation. Some scholars argued that there was a tension among intrinsic motivation and extrinsic motivation (Ederer & Manso, 2011). Pay or financial rewards can remove the intrinsic motivation of an individual in the workplace (Ederer & Manso, 2011).
One issue about pay for performance is that it may weaken the intrinsic interest of employees to improve employees’ performances, as they depend greatly on the external motivation of pay. Fang and Gerhart (2012) examined ways in which pay for individual performance affected the intrinsic interest of employees. The authors revealed that they found no evidence of any negative effect of pay for individual performance on the intrinsic interest of the employees. Moreover, the authors concluded that in organizations where there is pay for individual performance plans, employees were more motivated and had positive attitudes toward their work.

**Non-Monetary Motivators and Performance**

Employees appreciate more pay (Chiang & Birtch, 2010). However, non-monetary aspects of the job also inspire and motivate employees in ways that money cannot. Non-monetary motivators are types of rewards that are not measurable by money or not included in the pay of the employee. Non-monetary motivators are most effective for employees who are contended with their pay or have been in the position for a long period (Abdullah & Wan, 2013).

Dewhurst, Guthridge, and Mohr (2009) conducted a survey about what motivated an employee in his or her work. Non-monetary motivators were perceived as more effective than monetary incentives. The top three monetary rewards included pay for performance, increase in base pay, and stock options, while the top three non-monetary rewards included being commended by the manager, getting attention from the leaders, and having opportunities for professional development. These three non-monetary rewards were more popular and effective in motivating the employees in their work compared to the three monetary rewards.
There are several types of non-monetary motivators in the workplace. These non-monetary motivators usually fall into four categories: “recognition, reward, opportunity, and flexibility” (Dur et al., 2010, p. 680). Recognition includes being praised or commended by the manager, new office or upgraded office equipment, and a dinner with the team leader or the CEO. Reward includes gift cards, allowance for transportation, prizes, and gift vouchers. Opportunity includes having the change to be the team leader, being promoted, having a mentor in the workplace, receiving paid training, and going to seminars or workshops. Flexibility includes flexible scheduling, paid absences, and having the capability to stop working on a task the employee does not like (Dur et al., 2010).

**Leader Member Feedback Exchange**

In this subsection, leader-member feedback exchange is discussed after the theory was defined, and then discuss its role in performance evaluation, as well as relevant research to the current study.

**Theory Definition**

According to leader-member feedback exchange,

Most leadership situations not every follower is treated the same by the leader. Leaders and followers develop dyadic relationships and leaders treat each follower differently, resulting in two groups of followers—an in-group and an out-group. The in-group consists of a few trusted followers with whom the leader usually establishes a special higher quality exchange relationship. The out-group includes the followers with whom the relationship of the leader remains more formal. (Graen & Uhl-Bien, 1995, p. 220)

LMX is the leadership approach that promotes a dyadic relationship between the leader and the subordinate (Dulebohn, Bommer, Liden, Brouer, & Ferris, 2012). The exchanges between the leader and the follower determine the effectiveness of the organization (Dulebohn et al., 2012). A high LMX relationship can result in increased job
satisfaction, respect, trust, independence, confidence, open communication, and independence (Matta, Scott, Koopman, & Conlon, 2014).

**Role in Performance Evaluations**

LMX theory is also linked to proactive personality and positive work outcomes. Zhang, Wang, and Shi (2012) examined the effect of LMX quality on proactive personality, job satisfaction, and job performance. Based from data of 165 dyads, results indicated that followers with low LMX quality had poorer work outcomes, especially when their proactive personality was lower compared to the proactive personality of their leaders. The findings showed the role of leaders in promoting proactivity in the workplace.

LMX theory is also linked to effective work behaviors. Walumbwa, Cropanzano, and Goldman (2011) asserted that LMX affected the job performance of employees in two ways. Due to high LMX quality in the workplace, managers inspire reciprocal obligations in the workplace. These obligations result from the commitment of the employee to the manager. This commitment and loyalty to the manager can result in improved job performance and increased organizational citizen behaviors. The second process involves the supervisors having high LMX quality with his or her subordinates that translate to high efficacy of the subordinates in their work, thus resulting in an improvement in the performance of the employee.

LMX theory is also associated with higher organizational identification that has a positive effect on the performance of the employee. DeConinck (2011) examined the effect of LMX and job performance of 356 salespeople. DeConinck (2011) found, “LMX, organizational identification, and performance are related indirectly to turnover
through organizational commitment while LMX was related directly to job performance” (p. 29).

**Procedural Justice**

In this subsection, procedural justice is discussed. I first define the theory, and then discuss its role in performance evaluation, as well as relevant research of procedural justice. In addition, I discuss the specific opportunity of procedural justice with performance evaluations.

**Definition**

Procedural justice describes “the idea that how individuals regard the justice system is tied more to the perceived fairness of the process and how they were treated rather than to the perceived fairness of the outcome” (Gold & Bradley, 2013, para. 1). Procedural justice influences how decisions and policies are made (Haas, Van Craen, Skogan, & Fleitas, 2015). It is made on the premise that the most respectful and fairest decision will be made (Roberson & Williamson, 2012). Decisions that one makes on procedural justice must be neutral, unbiased, and based on facts only (Roberson & Williamson, 2012). When the employees believe that conflicts in the workplace will be resolved fairly, then the employees will have more confidence in the management, the decisions, and the policies (Roberson & Williamson, 2012).

One of the greatest challenges of organizations is ensuring that there is equity and fair treatment among all employees regardless of position, experience, socioeconomic status, and perceived worth in the organization (Rai, 2013). If a policy is implemented for a division, then the policy must apply to each employee of the division (Rai, 2013). When
a policy is established to the entire company, then each employee, regardless of rank or years in the company, must adhere to it (Rai, 2013).

**Role in Performance Evaluation**

Procedural justice is linked to an increase in job performance. Chien et al. (2010) examined the relationship among performance-based pay, job performance, and procedural justice, as well as the effectiveness of performance-based pay. Based on a sample of 258 R&D professionals, the authors concluded that performance-based pay was positively correlated to job performance. Moreover, procedural justice had a positive significant link to task performance of the employees and had a positive relationship with the effectiveness of performance-based pay.

Procedural justice also helps in developing mutual trust between employers and employees. Human resource practices and procedural justice have a relationship with the development of trust. Procedural justice in organizations is a significant predictor of trust even when HR practices are less established (Searle et al., 2011). Moreover, procedural justice also has an impact on HRM practices.

In a sample of 1,219 employees, researchers found that HRM practices were linked to improved performance if these practices were perceived by the employees as signs of support and instances of procedural justice (Tremblay, Cloutier, Simard, Chênevert, & Vandenberghe, 2010). Hon and Lu (2010) also examined whether trust mediated the relationship among employer (expatriate individuals) and employee (local individuals) in China’s hotel industry. Hon and Lu (2010) concluded the following:

Cognitive trust mediates the relationship between the procedural justice displayed by expatriate supervisors and job satisfaction and organizational commitment of their employees and, on the other hand, that affective trust mediates the
relationship between the procedural justice displayed by expatriates and the level of employee satisfaction with and altruism toward their supervision. (p. 673)

Procedural justice leads to trust among the members of the organization that translates to lower the turnover rate of the employees. Bal, de Lange, Ybema, Jansen, and van der Velde (2011) explored the roles of trust and age in the relationship of procedural justice and turnover rates of employees in an organization. In a sample of 1,597 Dutch employees, results showed a significant relationship between trust and procedural justice that led to the turnover rate.

Procedural justice improves the attitudes and organizational citizen behavior of the employees. Walumbwa, Hartnell, and Oke (2010) investigated the influence of procedural justice on the employee attitudes and organizational citizen behavior. The researchers revealed that procedural justice had a positive impact on service climate that augmented the positive attitudes of the employees toward their work and increased the commitment of the employee to the supervisor, specifically in terms of organizational citizenship behavior. Karatepe (2011) collected data from full-time frontline employees of hotels in Nigeria and found that procedural justice had a positive influence on affective organizational commitment and increased job performance of employees.

**Individual and Organizational Performance**

In this subsection, individual and organizational performance is discussed. I provide definitions of individual and organizational performance. I discuss what strategies and practices organizations implement to improve individual and organizational performance.
Definition

Employee or individual performance is defined as “the successful completion of tasks by a selected individual or individuals, as set and measured by a supervisor or organization, to pre-defined acceptable standards while efficiently and effectively utilizing available resources within a changing environment” (Tinofirei, 2011, p. 20). Venkatraman and Ramanujam (1986)’s definition of organizational performance was used in this study, which included the financial and non-financial performance of the organization. The authors asserted that the financial performance of an organization was a narrow definition of organizational performance. Financial performance refers to profits and sales growth (Ameer & Othman, 2012). Organizational performance must also include the nonfinancial performance of organizations that refer to the product quality and efficiency of the marketing strategies of the organization (Ameer & Othman, 2012).

Process of Improving

Several researchers explored ways in which individual performance and organizational performance could be improved (Gruman & Saks, 2011; Rich, Lepine, & Crawford, 2010). Job engagement of employees is a strong predictor of the work outcomes of employees (Rich et al., 2010). Moreover, employee engagement is also linked to high levels of job performance in the workplace (Gruman & Saks, 2011). Researchers also state that high-performance work systems contribute to performance outcomes (Gittell, Seidner, & Wimbush, 2009).

Regarding organizational perspective, several scholars explored what factors contributed to organizational performance. Leadership, specifically transformational leadership, was linked to positive organizational performance (García-Morales, Jiménez-
Barrionuevo, & Gutiérrez-Gutiérrez, 2012; Zumitzavan & Udchachone, 2014). Performance management systems also mediate the relationship among management innovations and increased organizational performance (Walker et al., 2011). Researchers suggested a focus on customer relationship management could also result in improvement of organizational performance (Keramati, Mehrabi, & Mojir, 2010).

**Developmental Evaluations**

In this subsection, I present strategies, as these relate to the Gilley et al. (1999) conceptual model of aligning performance, with the performer as the focal point.

**Definition**

Gilley (1998) stated, “Developmental evaluations should be used to determine whether employees are demonstrating acceptable performance activities” (p. 20) and generating outputs that meet or exceed performance standards. Developmental evaluations should also be used to:

- Determine whether the needs and expectations of internal and external clients have been satisfied; assess employees’ strengths and weaknesses by comparing their competencies against job requirements; examine how employee performance is helping the organization achieve its strategic business goals and objectives; and design acceptable performance activities. (Gilley, 1998, p. 20)

**Performance Alignment to Performer**

Rummler and Brache (1995) identified the relationship mapping as an effective manner to improve an organization culture that operated in a silo that was presumed to influence performance of the organization. Gilley et al. (1999) expanded on that methodology in reviewing the traditional performance process and evolving an organization to deliver performance appraisals that were developmental in nature. They identified that organizations operated in three different levels (silo’s), “which include organization, business process, and performer. In understanding the levels the
performance challenge is best addressed by applying the concepts, principles, and ideas of the performance alignment process model” (Gilley et al., 1999, p. 50).

**Alternative Perspectives on Performance Appraisal**

This subsection contains alternative perspectives on Total Quality Management Approach (Kassicieh & Yourstone, 1998), Performance Distribution Assessment (Deadrick & Gardner, 2000), Total Performance Management (Masterson & Taylor, 1996), and Due Process in Performance Appraisals (Taylor, Tracy, Renard, Harrison, & Carroll, 1995).

**Total Quality Management Approach**

Total Quality Management (TQM) has been defined as “a comprehensive, systematic, integrated, consistent, organization-wide effort dedicated to customer satisfaction through continuous improvement” (Kassicieh & Yourstone, 1998, p. 25). Several researchers explored TQM and its relationship to performance. Some researchers concluded that employee performance mediated the relationship among TQM and organizational performance (Sadikoglu & Zehir, 2010; Talib, Rahman, & Qureshi, 2010).

**Performance Distribution Assessment**

The Performance Distribution Assessment (PDA) approach “explicitly considers system versus person sources of performance variation and provides a means for developing ‘targeted’ performance and quality improvement programs” (Deadrick & Gardner, 2000, p. 225). There are three stages in the PDA method: pre-appraisal stage, appraisal stage, and post-appraisal stage (Deadrick & Gardner, 2000, p. 227). Deadrick and Gardner (2000) stated that although there were differences between PDA approach
and TQM approach, the PDA approach could assist the organization in creating and sustaining a TQM work environment.

**Total Performance Management**

Masterson and Taylor (1996) conceptualized the Total Performance Management (TPM). The authors explained ways in which TQM and performance appraisal “serve to complement one another, through providing supplementary perspectives (systems and individual) and interrelated purposes (providing a vision and providing a tool as a means of implementing the vision)” (Masterson & Taylor, 1996, p. 67). The authors also added that the combination of TQM and TPM would increase organizational effectiveness.

**Due Process in Performance Appraisals**

According to the U.S. Constitution, there are three essential features of due process:

1. **Adequate notice**—that individuals be held responsible for obeying laws only when they have been published or otherwise communicated and for satisfying only those charges explicitly presented;
2. **A fair hearing**—that all relevant evidence for a proposed violation be presented and considered and that charged parties be given the opportunity to provide commentary;
3. **Judgment based on evidence**—that judicial decisions be free from external pressures, personal corruption, and more evident sources of bias. (as cited in Taylor et al., 1995, p. 20)

The due process in performance appraisals can be traced to the concept of procedural justice. Employees, who were under the due process system, received lower evaluations but demonstrated more positive attitudes toward their work.

**Chapter Summary**

The purpose of this study was to examine the managerial skills, attributes needed when removing compensation from the performance evaluation process, and using the
performance appraisal as a tool for development. In this chapter, a review of the related literature provided information about the research problem.

The first subsection included a discussion of decoupling compensation. Tenhiälä and Vuori (2012) found no evidence that decoupling had harmful effects on the internal effectiveness of compensation. Kim (2015) provided a theoretical discussion of decoupling in Korea. However, a lack of empirical studies was found.

The second subsection included a discussion of the importance of feedback. Kuhnen and Tymula (2011) noted that feedback was a helpful tool in promoting productivity, primarily because employees were competitive and wanted to be on top of the rank hierarchy. Feedback also had a positive impact on both individual and team performance.

The third subsection is a discussion of the role of compensation as a motivator. Scholars have argued that pay motivates the employees of an organization. Fang and Gerhart (2012) found no evidence of any negative effect of pay for individual performance on the intrinsic interest of the employees.

The fourth subsection contained a discussion of psychological contract. Rousseau (1995) defined psychological contract as “individual’s beliefs concerning the mutual obligations that exist between him/herself and the employer” (p. 20). These beliefs arose on a promise that was made either clearly or implicitly. As such, the psychological contract was about the employee’s perception of the mutual obligations in the exchange with his or her employer and would be sustained with reciprocity.

The fifth subsection contained a discussion about leader-member feedback exchange theory. LMX theory was linked to proactive personality and positive work
outcomes (Graen & Uhl-Bien, 1995). LMX theory is also linked to effective work behaviors. LMX theory is also associated with higher organizational identification that has a positive effect on the performance of the employee (DeConinck, 2011).

The sixth subsection was about procedural justice. Procedural justice was linked to an increase in job performance (DeConinck, 2011). Moreover, procedural justice had a positive significant link to task performance of the employees and had a positive relationship with the effectiveness of performance-based pay. Procedural justice also helped in developing mutual trust among employers and employees (Hon & Lu, 2010). Procedural justice improved the attitudes and organizational citizen behavior of the employees.

The seventh subsection was about utilizing the performance appraisal as a developmental tool. A review of the existing literature showed that several factors influenced individual performance, which included job engagement of employees (Rich et al., 2010) and high-performance work systems (Gittell et al., 2009). Regarding organizational performance, several factors were identified that contributed to improved organizational performance such as leadership (García-Morales et al., 2012; Zumitzavan & Udchachone, 2014), performance management systems (Walker et al., 2011), and customer relationship management (Keramati et al., 2010). Performance management was not narrowly focused on any one area of an organization, the manager, or worker. Improving the job design was a critical step toward improving or achieving a desired outcome through performance management (Gilley et al., 1999).

The last subsection involves a discussion about alternative perspectives on performance appraisal. The alternative perspectives on performance appraisal also
showed empirical support in improving individual and organizational performance (Kassicieh & Yourstone, 1998). As such, organizations’ leaders could choose which form of performance appraisal would be most appropriate in their context (Sadikoglu & Zehir, 2010; Talib et al., 2010).
Chapter Three - Methodology

The purpose of this study was to identify the managerial skills/competencies needed to deliver a quality developmental performance evaluation, while simultaneously identifying the developmental activities needed for managers themselves. The participants for this study were managers in retail companies who had the responsibility of delivering performance evaluations. Face-to-face interviews were conducted with the store managers to determine their perceptions about ways in which performance evaluation should be carried out to ensure proper feedback and continuous improvement of employees’ performance. The statistical and content analysis was conducted on the collection information to answer the study's research questions.

The specific details of the chosen methodology are discussed in this chapter. The discussion starts with a restatement of the research questions, followed by the rationale of the chosen research design and its appropriateness. The target research population and sampling procedures, instrumentation, data collection procedures, and analysis are discussed. Lastly, ethical considerations and a summary of the methodology conclude this chapter.

Restatement of Research Questions

The following were the research questions that guided the current study:

RQ1. What are the differences between a performance appraisal that is developmental in nature and a traditional one?

RQ2. What are the difficulties in utilizing a performance appraisal that is developmental in nature as a means to developing talent?
RQ3. What competencies/skills are needed by managers to successfully conduct a performance appraisal that is developmental in nature?

RQ4. How can the organization for which you work, prepare a manager to deliver a performance appraisal that is part of a developmental program?

**Rationale of Research Design**

For this qualitative study, a case study approach was utilized. A case study approach was appropriate because the study was focused on a certain case within a bounded system that was the perceptions of managers on what competencies were needed to deliver a quality developmental performance evaluation, while simultaneously decoupling from the compensation process (Barratt et al., 2011). Furthermore, Maxwell (2012) asserted that case study research design was appropriate whenever the researcher aimed to understand a bounded case or a set of cases over time through a comprehensive data collection involving various sources of information, such as interviews, reports, and database among others. This study aimed to know better what the perceptions of the managers were, regarding what competencies were needed to deliver a quality developmental performance evaluation. In a case study, content analysis is usually carried out to summarize and make sense of the data gathered from the multiple sources of information (Krippendorff, 2013).

Qualitative approaches, such as case studies, offer more richness of data, as compared to quantitative approaches, especially if data are collected through interviews that allow the participants to use their words to express their perceptions (Creswell, 2013). Furthermore, this is the reason why researchers who want to answer what and how
questions often choose a qualitative approach, as it allows researchers to form valid inferences from events in the natural settings and not in a controlled environment.

The research design should be chosen well to achieve the goals of a study. According to Leedy and Ormond (2010), a case study research design is chosen by researchers with objectives of determining unique attributes of events, activities, or individuals. An exploratory case study design was chosen because this type of a case study was less defined and more open-ended, which allowed the researcher to study an instance or case through a bounded system. This type of case study is most appropriate for cases that have not undergone extensive empirical research (Stake, 2013).

**Population and Sample**

The target research participants for this study were the store manager of a retailer who had transitioned from a traditional appraisal to a developmental appraisal in the past two years in the United States. Purposive sampling was used to recruit participants for the interviews, as suggested by researchers (Leedy & Ormond, 2010). In purposive sampling, people are chosen according to the objective of the research by developing inclusion criteria. The inclusion criteria for volunteer participants in this study stipulated amongst others that the participants should be store managers with five or more years’ experience. Using this sampling method provided purposeful selection. Purposeful selection is viewed as effective because it allows the researcher to select participants intentionally who can present a more robust and vibrant description of the experiences that this study wanted to investigate (Maxwell, 2012).

Only a small sample size of subjects is usually involved. Creswell (2013) recommended a sample size of between 1 and 25 participants. Leedy and Ormrod (2010)
supported a sample size of between 5 and 25 participants. Since no explicit rule for the sample size of a qualitative study exists (Kvale, 1996), the decision is typically dependent on the aims of the researcher, the reason for doing the research, and the availability of resources, including time and data saturation point (Maxwell, 2012). For this study, the researcher gathered 18 store managers the number could be added and reduced into a smaller number if data saturation was not reached (Creswell, 2013).

**Instrumentation**

To evaluate the issue on hand at the local level required that the researcher had skills for the case study. An initial meeting with the store managers was scheduled to explain the research, as well as the role of the researcher. This way the researcher got to deal with some personal biases that may exist about the study, such as personal judgment and experience in the field of retailing and performance evaluation. These biases were handled by way of making sure that the information gathered was valid and reliable, and the quality of data was improved by triangulation and member checking, as discussed in detail in the following section. The researcher informed the participants that any information that would be obtained would be given to them to ensure that the data were valid and reliable.

The semi-structured interviews were conducted using an interview guide which was prepared by the researcher. The researcher developed an interview guide, based on the literature study and focused to address the research questions (see Appendix), that generally consisted of open-ended questions and a limited number of closed-ended questions to encourage subjects to give detailed and in-depth answers. Specifically, the interview guide was geared toward eliciting information about the perceptions of
managers regarding ways in which the performance evaluation was carried out to ensure proper feedback and continuous improvement. Semi-structured interviews give subjects the chance to express their views and emotions openly, while not limited by a set of choices (Kvale, 1996). Using a pre-developed set of interview questions allowed each key topic to be dealt with sufficiently. The researcher led the interview based on the set research questions. The questions for the focus group discussion were not pre-prepared and followed from the discussion that ensued after the researcher introduced the aim of the discussion.

**Validity and Reliability**

The researcher validated the qualitative instruments (interview guide) by using a group of five experts, who would field-test prior to data collection (Wiles, Crow, & Pain, 2011). Field-testing provides the opportunity for the researcher to establish that the interview questions are effective in eliciting detailed descriptions of the experiences and perceptions of the participants because such detailed descriptions give evidence of the advantages of qualitative interviews (Beverland & Lindgreen, 2010; Wiles et al., 2011).

The researcher maintained reliability through the conduct of member checking. The researcher conducted member checking through allowing the participant to verify the accuracy of the interview transcripts developed from each of the interviews with the participants, as suggested by researchers (Sinkovics & Alfoldi, 2012; Thomas & Magilvy, 2011). The researcher shared the insights and conclusions, developed from the data analysis, to seek participants’ feedback throughout data collection and analysis process, especially in ensuring that the transcripts are accurate. The researcher validated the findings of this study with the store managers who participated in the interviews.
through member checking. The researcher showed the interview transcripts to the participants to ensure the accuracy of interview data. The preliminary results were showed to the participants to get their opinions whether data were properly analyzed and did justice to the thoughts that they conveyed during the interviews. The researcher had the responsibility to represent the multiple realities revealed by the store managers, regarding their experiences and perceptions in delivering performance evaluations. Moreover, the researcher conducted data analysis in a timely manner after data collection to mitigate the threats to data becoming irrelevant.

The researcher also ensured reliability by audiotaping interviews and later transcribing these verbatim. By using member checking, showing the transcripts to the participants, accuracy was ensured. The researcher demonstrated diligence through participant agreement, regarding the accuracy of the documentation. To accomplish this accuracy, the process must be consistent and the product carefully examined (Houghton, Casey, Shaw, & Murphy, 2013; Thomas & Magilvy, 2011). The concept of reliability is related to transferability, which refers to the ability to transfer the study findings to another population different from the one used by the researcher of the original study (Thomas & Magilvy, 2011). This transferability will allow comparison for researchers to address whether the findings are transferable to other educational institutions in other states from other locations (Sinkovics & Alfoldi, 2012). The researcher collected and presented detailed descriptive data and quotes from interviews of participants. The researcher kept all the data collected, audiotapes, field notes, and interview transcripts in their original form.
Data Collection

The first step for the data collection was to obtain an IRB approval letter from the University of Texas at Tyler. Once IRB approval was secured, the researcher then prepared all materials needed for data collection including posters and online eligibility surveys. The researcher made an announcement about the study through a poster and email blast. The poster and email contained a brief description of the research and the inclusion criteria for interested participants. Contact information of the researcher was indicated on the posters and emails. Interested participants were directed to respond to the researcher specifically via the email address.

An informed consent form was the first page that an interested participant saw on the survey link hosted in the company website. The consent form contained the description of the study, its purpose, risks, benefits of the study, and contact information for the researcher. Only those participants who agreed to answer the consent form proceeded to the interviews affirmatively. All interviews were scheduled in accordance to the availability of the participants. The interviews were conducted inside the premises of the retail stores.

Data were collected using semi-structured interviews. The researcher audiotaped the interviews upon obtaining informed consent from the participants. The researcher provided the interviewee with a copy of the questions before the interview so that they might have the opportunity to think them over and be prepared. The researcher started the interview with a set of initial questions that allowed them to tell their personal perceptions about ways in which performance evaluation process must be conducted within an organization, after which subsequent questions were more specific and guided
by the participant's initial responses. The researcher used an interview guide to ensure that all items were covered. The interview lasted approximately 30 to 45 minutes. The interview allowed the researcher to gain an understanding of the perceptions from the study participants’ point of views. All interviews were audio-recorded to aid in the transcribing process for data analysis. Permission to audio-record the interviews was sought from the participants before each interview commenced.

In addition to individual interviews, the researcher conducted a town hall style focus group discussion. The researcher began by introducing the aims of the discussion that allowed the group to give insights on their personal perceptions, as well as recommendations that managers would need to make a transition from decoupling compensation and changing the performance evaluation process to be developmental in nature. Data saturation was achieved at research interview 10.

**Data Analysis**

To address Research Questions 1 to 4, the content analysis was used to analyze the data gathered from the interviews. The content analysis provided a thorough description of the essence of the perception of the managers through the determination of emerging themes. The content analysis searched for the emerging themes through a careful analysis of the underlying patterns and themes on the qualitative responses of the participants.

A computer assisted qualitative data analysis tool, called NVivo 10, was used for the content analysis. NVivo 10 sorts, provides access to code the data, and offers access to recurring words or text to locate emerging categories and themes to be considered. Once the codes were established, overarching and recurring codes were identified and
reduced to major themes. Once the themes emerged and categories were provided, then this information was interpreted to provide insight into the objective of the qualitative part of the study, which was the perceptions of managers on ways in which performance appraisals should be carried out to ensure proper feedback and continuous improvement.

**Summary**

This chapter provided a detailed discussion of the methodology that was undertaken to determine the managerial competencies needed to transition from a traditional performance appraisal to a developmental performance appraisal process. The participants for this study were store managers of a retailer in the United States. This study was conducted using a qualitative case study research design. Semi-structured interviews with the participants and a focus group discussion with a group of managers were the primary sources of the qualitative information. Content analysis was conducted using NVivo to analyze the data. Results of the data analysis are presented in Chapter 4.
Chapter Four - Results

The purpose of this study was to identify the managerial skills or attributes needed to deliver a quality developmental performance evaluation, while simultaneously decoupling from the compensation process. The participants for this study were managers in retail companies that have the responsibility of delivering performance evaluations. The researcher conducted 18 interviews with the store managers to determine their perceptions about ways in which performance evaluation should be carried out to ensure proper feedback and continuous improvement of employees’ performance. Statistical and content analysis was conducted on the collection information to answer the study's research questions.

The results of the data collection and analysis are discussed in this chapter. The chapter begins with a restatement of the research questions, followed by a summary of the data analysis and results, and a summary concludes this chapter.

Restatement of Research Questions

The following were the research questions that guided the current study:

RQ1. What are the differences between a performance appraisal that is developmental in nature and a traditional one?

RQ2. What are the difficulties in utilizing a performance appraisal that is developmental in nature as a means to developing talent?

RQ3. What competencies/skills are needed by managers to successfully conduct a performance appraisal that is developmental in nature?

RQ4. How can the organization for which you work, prepare a manager to deliver a performance appraisal that is part of a developmental program?
Population and Sample

The target research participants for this study were store managers of a large box retailer in the United States. Purposive sampling was used to recruit participants for the interviews, as suggested by researchers (Leedy & Ormond, 2010). In purposive sampling, people were chosen according to the objective of the research as such, this choice provided purposeful selection, which was viewed as effective because it allowed the researcher to intentionally select participants who could present a more robust and vibrant description of the experiences that this study wanted to investigate (Maxwell, 2012).

For this study, the researcher gathered 18 store managers, who provided enough data to reach saturation, according to Creswell (2013). The researcher developed further codes from the responses from each individual research question. Table 1 summarizes these codes, including the sources and number of references made to each code from the interviews.

Table 1

Second Stage of Coding Including Sources and References

<table>
<thead>
<tr>
<th>Research Questions and Themes</th>
<th>Sources</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research Question 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>A. How would you describe the current evaluation tool</td>
<td>18</td>
<td>19</td>
</tr>
<tr>
<td>Annual and developmental</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Competency and performance based</td>
<td>13</td>
<td>14</td>
</tr>
<tr>
<td>Vague and unhelpful</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>B. How would you characterize the current appraisal tool as a task or a development tool</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Factual and specific</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Future oriented and developmental</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Metrics and performance based</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>No changes</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Non performance based</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Simplified</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>D. If an evaluation were to be a developmental tool what would that evaluation consist of</td>
<td>18</td>
<td>18</td>
</tr>
<tr>
<td>Conduct assessment and evaluation</td>
<td>5</td>
<td>5</td>
</tr>
<tr>
<td>Ongoing annual and quarterly evaluation</td>
<td>2</td>
<td>3</td>
</tr>
<tr>
<td>Personal and developmental improvement plan</td>
<td>10</td>
<td>10</td>
</tr>
</tbody>
</table>
Specific and targeted to performance 4 4
E. In your opinion, is the performance appraisal a representation of past performance or future potential 18 18
Combination of past performance and future potential 12 12
Future potential 3 3
Past performance 3 3

**Research Question 2**

A. Explain your personal experiences with the performance appraisal process. 18 18
Lack of appropriate and personalized feedback exchange 11 14
Two-way communication and personalized approach to improvement 10 10
B. How do you use the current performance appraisal as a part of the overall development program 17 17
Does not use it 1 1
Incorporate leader and member feedback exchange 8 8
Provide specific feedback and improvement activities 9 10
C. What items reside with the current tool that hinders or support your efforts to develop talent 18 18
Any recommended changes to make the performance appraisal to make it more effective for you to use 18 18
Improve scoring system and timeline 7 8
Need specific questions and space to elaborate 4 4
Program improvement plan 11 11
Scoring system and format issues 9 9
Self-evaluation and feedback exchange 3 3

**Research Question 3**

A. What are the most critical competencies-skill to the manager position regarding developing talent 18 19
Communication, planning, and follow up 13 19
Consistency and trust 3 3
Measurement of competency 1 2
People skills and leadership 6 7
Understand their audience 1 1
Willingness to put in time and effort 5 5
B. How does a manager develop those competencies over time 18 18
Ability and willingness to communicate 2 2
Assessment and planning 5 6
Mentoring 4 4
Practicing the process 2 3
Willingness to take the time and build relationships 7 7
C. What would you recommend the organization provide those competencies-skill 18 18
Classes and training 11 11
Guidance on conducting evaluations 2 2
Learn the culture 1 1
Mentorship and relationship building 4 4
Planning and consistency 3 3
D. What other tools does a manager need to develop talent that is representative in the performance evaluation process 17 17
A development tool with strategies for improvement 3 4
Benchmark tool 2 2
Classes and training 3 3
Direct evaluation 2 2
Transparency and planning 2 2
Willingness and time to conduct evaluations 4 4
Thematic analysis is a method of data analysis where the researcher strives to “identify, analyze, and report patterns” (Braun & Clarke, 2006, p. 79) from the data. Several subthemes emerged which ranged from high sources and references up to being mentioned only once. To ensure comprehensive representation of the responses the codes included responses that received three on the reference and response data. The researcher reduced overarching and recurring codes to 10 major themes corresponding to each specific research question. Table 2 summarizes these 10 themes and subthemes.

Table 2

**Final Themes and Subthemes**

<table>
<thead>
<tr>
<th>Research Questions and Themes</th>
<th>Sources</th>
<th>References</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Research Question 1</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Theme 1</strong>: Current evaluation tools are developmental in nature but with</td>
<td></td>
<td></td>
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<tr>
<td>elements of traditional performance appraisals</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Combined traditional and evaluation aspects</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Tools became targeted focusing on performance</td>
<td>18</td>
<td>28</td>
</tr>
</tbody>
</table>
| **Theme 2**: Developmental evaluations assess expectations, performance, and provide guidance for improvement
  Developmental appraisals should focus on past performance and future potential               |         |            |
| Combination of past performance and future potential                                          | 12      | 12         |
| Future potential                                                                             | 3       | 3          |
| Past performance                                                                             | 3       | 3          |
| Leader and member feedback exchange linked to targeted planning                               | 10      | 10         |
| Ongoing specific performance assessment geared toward improvement                            | 9       | 11         |

**Research Question 2**
Theme 3: Developmental appraisals require time and personalized improvement plans
Create a program or personal improvement plan 11 11
Improve scoring system and timeline 7 8
Need specific questions and space to elaborate 4 4
Provide specific feedback and improvement activities 9 10
Scoring system and format issues 9 9

Theme 4: Sharing targeted feedback and open communication shape developmental appraisals
Incorporate leader and member feedback exchange 11 11
Lack of appropriate and personalized feedback exchange 11 14
Two-way communication and personalized approach to improvement 10 10

Research Question 3
Theme 5: Communication, planning, dedication, and leadership skills are required for developing talent
Communication, planning, and follow up 13 19
Develop leadership capability and demonstrate dedication
Consistency and trust 3 3
People skills and leadership 6 8
Willingness to put in time and effort 5 5

Theme 6: Managers build critical skills through mentorship, practice, and assessment
Assessment, planning, and practice 7 9
Mentoring 4 4
Willingness to take the time and build relationships through communication 9 9

Theme 7: Organizations support the development of critical skills by providing training, guidance, and mentorship
Classes and training on performing appraisals 13 14
Guidance on and tools for conducting developmental evaluations 9 10
Planning and consistency 5 5
Providing mentorship and supporting relationship building 5 5

Research Question 4
Theme 8: Mentorship, learning by experience, and evaluation training supported developmental evaluations
Learning by experience, mentoring, and process training 9 10
Training on conducting evaluations and assessment 10 10
Theme 9: Organizations must dedicate time, resources, and training for developmental evaluations to be successful
Allow more time for evaluations 3 3
Guidance and tools on conducting developmental evaluations 10 10
Provide people skills training and invest in people 6 6
Theme 10: Training in critical skill areas demonstrated the value of feedback and the need for an ongoing evaluation process
Learn the value of delivering and receiving feedback 5 6
Take more time to conduct thorough evaluations and methods for improvement 5 5

After these 10 themes emerged and the researcher developed subcategories for each one, by interpreting this information to provide answers to the research questions in the following results section. The researcher organized the results into a coherent
narrative by research question, theme, and sub theme to give solid answers to each research question.

**Results**

**Research Question 1**

The first research question explored the differences between developmental and traditional performance appraisals. Responses from the participants resulted in two themes in this section. The first theme showed ways in which current evaluation tools were developmental in nature but how these have aspects of traditional performance appraisals within. The second theme showed a developmental appraisal. Developmental appraisals should assess expectations, performance, and provide guidance for improvement in the future.

**Theme 1: Current evaluation tools are developmental in nature but with elements of traditional performance appraisals.** The first theme provided background on the current appraisal and evaluation tools used by the company. Responses revealed existing tools became mostly developmental in nature. However, participants described some elements of traditional performance appraisals. The subthemes in this section showed the combined traditional and development aspects of evaluation and the way current evaluation tools were competency and performance based.

**Combined traditional and developmental aspects.** Existing tools combined traditional and developmental elements. The previous tools focused on traditional elements of performance appraisal without the focus on development. SM18 noted the following,

The old performance was very evaluational. It was very broad. It did not address specific performance, where I think ... I still feel that way about our A and B level
associates. It's very broad and doesn't address what their specific jobs are for them.

However, the focus shifted. Participants described existing evaluation tools as annually based with developmental aspects included: “We do annual evaluations once a year. We do a developmental-type evaluation for associates” (SM19). These descriptions pointed to a mix of developmental and traditional elements. Traditional evaluations typically occurred on an annual basis using a scale type rating system. SM13 stated, “Annual process, yes. And we do it all at one time.” SM17 noted a similar style of system:

And then we have the annual evaluation where we sit down, we give them ... we pretty much grade them from solid performer, exceeds, development needed, on each subject, and then what we do is at the end we teach them their strengths, their weaknesses, and that's pretty much how we evaluate them.

This description showed some of those developmental elements, including if these met expectations and assessing strengths and weaknesses. SM20 also pointed to an annual but developmental style of evaluation that evolved over time:

Sure. I would say that the current evaluation tool is an ongoing process throughout the year. It's really developed over the last five to ten years. I've seen it grow so much and it's developed into a process where it's an ongoing event and there's a lot of communication to keep those individuals on task with where they're trending for each one of their metrics. (SM20)

This passage described further developmental elements in the evaluation. These included ongoing communication and performance based assessment occurring periodically throughout the year. SM7 also described a developmental focus:

Currently the evaluation process basically is a yearly evaluation on performance and metrics that we evaluate hourlies to their job duties and their functions, and let them know what they're doing right, and what we can do to correct anything that maybe they are not doing correctly.
The descriptions included the discussion of whether the employee met the needs and expectations of their role. They also discussed performance related evaluations and performance enhancing activities.

Participants pointed some negative aspects of the current tool. These negative responses related to the traditional parts of the tool. These related to problems with clarity and targeting the range of performance activities for each individual evaluated. SM12 noted the following:

We currently use a tool here that is very vague. It's pretty much three questions. It's based primarily on customer service. It doesn't really give a good assessment of where an associate is going, or even where they've been. (SM12)

While SM7 stated an untailored evaluation, “I would believe that it's not fair to the individual. I don't think that it measures the actual performance of the individuals correctly.” Traditional evaluations focused more on a set performance standard and scale ratings, rather than specific and targeted evaluations. While some of these traditional elements remained, existing evaluation tools seemed to lean more toward development in particular performance and competency.

Tools became targeted, focusing on competency and performance. The tools became inherently developmental, as the organization’s leaders simplified the tools and made them targeted to individual needs. The leadership moved away from more traditional style tools. Some tools moved to an electronic version, further simplifying the process, as stated by SM13. The tools also incorporated more questions and provided space to elaborate by focusing on the employee’s specific job area, as stated by SM11. This incorporation of tools was an important change, as the traditional form was less personable and too generic for a proper evaluation of the individual. The old version also focused more solely on competency and performance improvement to a lesser extent:
And then you just wrote down some arbitrary things about that. So with the competency based, I think it's more structured, number one. Number two, it gives you a little bit more to compartmentalize each piece of the business on that. But I think the new structure is good, better than, like I said, the four or five boxes that you just wrote in. (SM5)

SM15 noted the following:

The older one, it was not personable. I didn't feel it was very personable. It didn't really give a whole lot of information to the individual, as far as how they can grow and how they can develop. As far as a manager or as far as even as a person, as far as the professional. And the new one will allow them, and that opens it up for discussion so that we can have those discussions.

This process further simplified the tool aided in determining if the employee demonstrated competency in their performance. They examined if the individual met their performance standards and focused on whether or not they met expectations. SM10 noted the following:

Currently right now, we have an evaluation tool that starts with … it gives us sales and it gives us all of the numbers, which I think is something that's very easy to evaluate. That's the good thing. Then you have the list of questions, the competencies underneath that. We try to answer each competency based on that associate and how long we've worked with that associate and then I usually try to get my assistant managers and co-managers' opinion and their information on that to those competencies. That's usually, that's the tool that we use right now.

In addition, managers assessed strengths and weaknesses by conducting a comparison of their performance with expected competencies for their position and the company. SM11 noted this comparison:

When you're doing a performance and using the tools, I look by area, if they're in operational production, or receiving and shipping, each part has their own nugget, so each nugget is different per say for the performances, for the individual and or the company. So I take them and put them in the middle of the box, and when I get them in the middle of the box then I start figuring out there their strong suits are and where their weaknesses are. And as I look at their tools, then I start to gauge where I wanna give them their evaluation.

These evaluations identified areas of improvement for the individual and added activities to strengthen those same areas. SM1 also described the following:
The evaluations are normally will go from development needed to all the way up to a role model. Our role models are folks that really exceeds throughout our processes of the store of the company with the company. The ones that's on the lower end tend to be our non performers, and we really try to make sure we work with those folks and try to come back and give them a follow up evaluation.

In the past, the evaluation focused on the past and less so on the areas in need of improvement:

Yeah. I think that the original appraisal was more based on what the associate had done in the past and not what their expectations are for the future. Where a developmental appraisal kind of gives them an idea on where we would like to see them go, or even ask them the question of where they would want to go. And then you can work with that associate to reach their goals better with a developmental appraisal. (SM12)

Having this developmental tool in place over the purely traditional one meant it was a resource for both those acting as role models and those in need of improvement. The manager could determine individual strengths and weaknesses. Identifying those areas meant gaining the ability to carry out activities to improve them.

**Theme 2: Developmental evaluations assess expectations, performance, and provide guidance for improvement.** In contrast to traditional evaluations, participants pointed out they saw developmental evaluations as focused on both past performance and the potential of the employee. These evaluations focused on leader and member feedback exchange that linked to targeted planning efforts. Developmental evaluations also included ongoing specific performance assessment. These subthemes connected to the previous descriptions about existing evaluation tools.

**Developmental appraisals should focus on past performance and potential.** The majority of responses pointed to having developmental appraisals focus on a combination of past performance and potential. While a few responses showed either future potential or past performance should be the focus of the evaluations. The combined approach
matched the previous points made about the differences between traditional appraisals and developmental ones. In the past, the focus was on how the individual performed either good or bad. SM11 noted an evaluation could not be developmental without examining where the employee is and where they need to go for improvement:

I think past performance is gonna be an indication of where they're gonna be on future. Again, if you tie that in with the developmental portions of your appraisal to tell an individual or show an individual what they're doing wrong without telling them in a negative fashion. Take what they have done good, take what they've done bad, couple of those two together, to get them to get the next level in the future, you have to give them a pathway. I think on appraisals, a lot of managers don't spend the quality time to truly break down the portions of the appraisals. There's no way that you can get them to go to the next level, or to get them to the future if you have not give them an idea of what they have done wrong, what they have done right, and whatever they've done wrong, how you get into the good box in order to get into the future.

Having the combined approach allowed for a better examination of what occurred throughout the year. It allows for the creation of a roadmap for the future. SM3 noted the following:

Well, hmm. Definitely both. I think doing that performance rating, at the end of that rating they need to know that there's a road that they can go down. It's not about, "Hey, well, you done this last year. You done this. This was good, this was bad." At some point we've got to figure out what their opportunities were and just try to cover that in that evaluation, and then really, for me, I really like to praise them on their strengths and challenge them to make their opportunities their strengths and give them that roadmap of how they can do it.

In contrast, those in support of either past or future as the focus for the evaluation emphasized one over the other. However, the responses still pointed out the necessity of including the other side in the evaluation. For those in favor of a mainly future oriented approach, they noted the difficulty in changing the past. There was a sense the evaluation needed to spend the time examining where the employee could find himself or herself in the future. SM16 stated the following:
Well because here's the thing. Everything's built off of hope in my opinion. I need to be able to hope that I can work with you to achieve a goal and personally for me I need to hope that I can make it to the next level. Hope that I can sustain my job. I've gotta have hope. So if I can't provide you with hope then I'm gonna lose you anyway. So to bring the question in on what we're talking about here I have to be able to keep each individual positive about their future, not focused on their past. Because their past will be okay no matter what it is what it is. But if they can get focused on their future and feel like I have a good shot of achieving the goals I've set for myself or most of the time you find people don't have goals. And I can help them establish goals and then have hope to reach those.

For those focused on experience as the focus of the evaluation, SM10 stated the following:

I think it's past performance in the moment. I think it's how they did. I think you have to leave them with future goals and future plans in moving forward, but I think their performance evaluation is truly how they did in the past.

This statement pointed to the importance of past performance but again noted the necessity for including plans for the person’s development in the future. Essentially, all the responses agreed that developmental appraisals required the inclusion of the employee’s previous actions and plans for development.

**Leader and member feedback exchange linked to planning.** Descriptions also pointed to the key components of communication and feedback exchanges between managers and employees. These actions supported the developmental process during an appraisal, as they linked to the planning of activities for enhancing future performance. The leader member feedback exchange aided in reducing potential negative responses to evaluation concerns. SM11 noted the following:

It's not negative, 'cause I think that word developmental they automatically think that, "Well, what am I doing wrong?" So, the appraisal can be, it's a good avenue to give them a stepping stone without making them feel it's a negative conversation, if that makes sense.

The feedback exchange also spurred the development of a plan for performance improvement. SM12 noted the following:
I would like to see a basic gauge on the performance they had done for the year, but I would also like to see some interactive conversation with the associate. I would like the associate to have to do a plan of their own prior to the evaluation on where they would like to go. Maybe a readiness assessment should be added to see where their job knowledge is as far as ... And where their growth wants to be. And even something that would show what their interests are.

Having that interactive conversation aided in developing an evaluation plan. The plan would include an assessment of their present skills and those they needed to develop. Suggestions for part of that plan included a development plan template to help facilitate those feedback exchanges:

I would like to see more of a … kind of a development plan. Maybe a template that we might be able to use that will assist us, because we have those career conversations and as far as they're for the development, but there's not like a formal template or a formal plan on how we can help that person create. It's kind of on our own discretion, and if we're gonna invest in our people, I think we can really go after creating a development plan. It will help them. (SM15)

Having those tools assisted in the communication process and demonstrated support in the investment in the employee’s future. The feedback exchange also facilitated the development of important timing considerations throughout the years. SM20 noted, “I would say goals and timelines. You've got to have specific objectives that are identified, targets that are both agreed upon from the senior leadership and the individuals receiving the appraisals.”

Timelines and goals linked to successful outcomes for an organization. These developed successfully when planned and executed between leadership and employees. Having the leader and member feedback exchange supported important developments in communication. Developmental evaluations were only possible when both parties closely examined strengths and weaknesses, as well as developed clear plans for continued and enhanced performance.
**Ongoing specific performance assessment.** In addition to the feedback exchange mechanism, responses showed that developmental appraisals should include continual and specifically directed performance assessment. Traditional appraisals tended to occur annually, and this continued occurring. However, organizations’ leaders started to incorporate assessments at different points throughout the year. SM10 stated,

Right. I think it's got to be the whole year. The problem with doing evaluation I think that you do at the end of the year, you tend to remember the things that happened as of late rather than the synopsis of the whole year. Really, I think if we could do things more quarterly and then maybe put that whole quarter together, at the end of the year I think it would be better for that individual and really to get a true sample of what the whole … especially if you have somebody new because you could watch them grow.

As noted in the previous passage, having the evaluation take place throughout the year means that any problems are addressed early. Addressing evaluations throughout the year provided a better picture of progress or areas in need of improvement. In addition, doing it throughout the year also allows adequate time to conduct a proper appraisal of an employee’s work. SM13 pointed out:

We'd like to sit there and kind of draw up a developmental plan of where we establish the high-level stuff, the priorities, where we're at, kind of make it more meaningful, and have some time to actually review it with the associate, not just do it one time a year.

During the year, the manager and the employee have the time to create and adjust a developmental plan that addresses issues as they arise. Responses also pointed out that taking time to regularly meet and discuss development also demonstrated respect supporting their movement to a higher level of performance. SM6 stated the following:

I think it's important when you're looking at developing somebody, whether that's development for somebody who's wanting to go to the next level or developing somebody just so they can just get up to the current role and responsibilities. I think it's important to give that person the respect and the opportunity and then show that you have involvement and you care about where they're going so that you, in return, provide them feedback as they go along and not just wait until the
end of the year and say we talked about this last year, but here's where we're at now.

Having ongoing assessment supported a developmental appraisal because it revealed points of strengths and weaknesses in performance. Only having an annual appraisal perhaps allowed for areas to be overlooked or forgotten if they occurred to early in the previous year. This meant that development was hindered. Ongoing assessment supported planning and pointed out if an employee improved their performances or continued to make the same mistakes.

**Summary.** These two themes provided an answer to Research Question 1, regarding the differences between a developmental appraisal and a traditional appraisal. Existing evaluation tools incorporated elements of both types of appraisals. Developmental appraisal focused more closely on examining past and future performance for individuals. The appraisal pointed out strengths and weaknesses, as well as if the person achieved their goals. However, unlike a traditional appraisal that focused only on past and present performance, developmental ones included plans for improvement and growth. Traditional appraisals also typically occurred annually, which continued to occur with existing evaluations. Ideally, developmental evaluations should include leader and member feedback exchanges that occurred on a regular basis to address issues as they occur. These steps also presented the potential for creating developmental plans supporting employee growth.

**Research Question 2**

The second research question examined the difficulties in using a performance appraisal as a method for developing talent. Responses pointed to three main themes about using performance appraisals with employees. The third theme from the data
pointed out developmental appraisals required time and personalized improvement plans for success. The fourth theme discussed the importance of sharing targeted feedback and having open communication because these two habits shaped the success or failure of a developmental appraisal.

**Theme 3. Developmental appraisals require time and personalized improvement plans.** Some of the responses pointed to past appraisals and some current appraisals, which were short and too generic for supporting any real future improvement. Some of the subthemes pointed to the necessity for creating specific improvement plans for improving the scoring system, establishing timelines, allowing space to elaborate on the evaluation, and giving specific feedback to employees to enhance performance.

*Create a program or personal improvement plan.* Without a personal improvement plan in place, this issue made it difficult to create a realistic performance plan for the employee to follow. SM15 said to “have more of a piece around the development and the coaching for success as far as what they want to get or what they want to see or what they can improve on this next year.” Providing these specifics acted as a guide for employees and managers to follow. The plan was not developmental without the space for discussing and developing specific competencies. SM17 pointed out,

That we have more ... we need like a comment section for each competency. I really believe, to give our developmental piece of it. You know, where you're at and where you need to be. Or have you improved, have you not improved since the last evaluation, and what are you going to do to improve it?

A specific development showed a person their specific strengths and weaknesses over the course of time. They then have the ability to see how well they have done and
what needs further work. Specific plans also allowed managers to tailor plans to a
person’s particular job. SM19 suggested the following as a helpful method:

If we could, when it comes to … I like to link the CFF pieces of it back to it. If I
could find, if there are ways to be able to link that specific areas to the individual's
area that they're responsible for so that they know where they measure at in that.

Performance plans required personalization because these incorporated complex
information in an environment where performance, competencies, and ability were
individually based. SM20 noted the following:

Yeah I would say on our environment, if we had the ability to focus it more on the
individual, and I think our environment's a little bit unique, but performance
appraisals are a balance of total box performance and then those competencies for
each individual that are individual-specific. But sometimes you feel like that
section where it's total box may not be a thorough representation for every
individual, because it's the one-to-many approach.

Creating a personalized or program specific improvement plan alleviated some of
these problems during an appraisal. These would have the space and ability to tailor plans
and elaborate where necessary.

*Improve scoring system and timeline.* Another issue, touched on by the
participants, involved improving the existing scoring system and including a more
realistic timeline. SM6 discussed some of the measurement issues with scoring systems
and the ways they measured certain metrics:

I think many times, I think when I look at it now versus where it was, I know
there's metrics, there's certain things that need to be measured, and I get that, but
sometimes you can measure so much that it doesn't allow them any latitude. I
think one of the call outs would be, maybe we balance it, so that it's not so much
metrics driven, that it's a balance of both. What are the key call outs for the
organization that we ultimately want to achieve? Yes, we want to measure those,
but I think we also need to allow the opportunity for that manager to kind of put
in their lap so they have the opportunity if they want to, to do other things outside
of that, so I guess in short it would be really about balancing out the overall
performance and not being so much metrics driven.
In this case, the point was to use metrics but allow more flexibility in the evaluation so the manager has the ability to focus on developing overall performance and competencies. These were tied to development. Other responses pointed to having a longer timeline for evaluations and better scoring. SM10 pointed out the importance of both numbers, planning, and competency:

Quarterly. A little bit more parameters in the four scoring I think we'd do more. Maybe even more from the company as far as planning and numbers because we are a retail business. The numbers mean everything. It's not just about the competencies too that's a big part of being a good leader, but we have the numbered piece of it, too. Yes, I get plan on sales and stuff like that, but I think they could break more down to us in regards to our figures to help us with a more of a quarterly review of people.

Having quarterly reviews and emphasizing the weight of each of these pieces to the allowed for a better developmental evaluation. Several responses showed that having a quarterly review timeline might be the best solution for allowing management the necessary time for determining employees’ strengths and weaknesses:

But you gotta have a starting point so I'm saying quarterly initially and then as we go through the process we may figure that it needs to be shorter or longer but I don't think it would be. I think it'd maybe shorter if anything. But if we make it a quarterly process that we can check off the list because if you ask all of these store managers that are here today what does each of their management team need? And if we took the same format and made it about developing managers now. Because right now we're doing okay, let's get better talents in the store and let's have them ready. (SM16)

An extended timeline and emphasis placed on different measures of evaluation contributed to the actual development of employees. Management also then had the ability to determine if they had the right talent in the organization.

*Need specific questions and space to elaborate.* Part of the personalized evaluation plan included having space for specific questions and the ability to elaborate
where necessary. SM11 noted the specific questions in their appraisals aided in the
development process:

The questions now on our appraisals are really straightforward. It's all about what
you interpret. If you interpret it one way and you try to blanketly give it, then it's
gonna hinder you. And like I said, again you have to digest what you're reading.
The questions are very specific, and they're area specific, which is good for each
evaluation. And I like that, because in the past they used to be very generic.

Having the specific questions supported their ability to understand, interpret, and
digest the information. In the past, evaluations used vague questions that made the
evaluation less worthwhile to the employee. SM15 noted some tools retained vague
questions:

Sometimes, I would like to be able to add more specifics as far as inputs into the
competencies portion. We can use that drop down tool, but sometimes it's vague. Sometimes it needs to be more specific to our business, because I've had
managers that only want us to use those as a template. And then sometimes we
cannot use those and kinda put our own.

The vague questions and lack of space to elaborate on specific notes, regarding
competencies, seemed to limit their ability to point out areas in need of improvement.
Managers needed space to provide specifics about strengths and weaknesses to guide
development.

*Provide specific feedback and improvement activities.* The points about having a
personalized improvement plan and space to elaborate on an evaluation emphasized the
necessity for evaluators to provide employees with specific feedback and activities
geared toward improvement. SM11 noted that just pointing what an individual has done
wrong does not facilitate improvement:

Most people have a tendency to just read the sentence and say, "Okay, you're
doing this wrong, you're doing that wrong, you can do this better." But, you're not
giving them a stepping stone in order to get to the level where they need to be. If
we're gonna groom, then we have to spend the time to groom, and we as the
managers if we're reading and doing the appraisals, well you need to understand and digest it before you can give it to them.

The individual requires the time and specific information to understand the weaknesses. They also need information on the way to improve those weaknesses. SM14 discussed a way to use the evaluation to explain a problem and methods for overcoming it:

Like for instance, an overnight manager, I'll break down what his is and I can talk to him about what his score is, and we try to come up with a plan on how can we as a group, or him, overnight, how can you change this perspective? What do we have to do? I do use different parts of it.

SM19 noted ways in which a personalized plan with specific details and activities supports development for an employee:

For me, I try to pull some metrics from an area of where an individual works at and if they're responsible. It it's an hourly associate, if it's a department, pull their numbers from their areas and how they performed over the last year and try to link that in with the evaluation so that they can see real time what their efforts are performing or how they're producing and a result and linking it back to what they need to do to improve that result.

SM7 pointed out another example of how they could use the evaluation process to examine specific incidents and see if anything went wrong and the way to improve it:

At a salary level I take the process and once again I recognize but then I try to make sure that I have documentation on each managers' performance, and that I can speak to specific occurrences or instances to where it's in their mind, they know what they've done wrong and where we can develop because I think a lot of times we make it too generic, and we're not being very detailed in the documentation. So I try to be very specific with them so they understand that I'm giving them an honest feedback, first off, I'm taking that time that 20-30 minute time, sometimes longer than that, to give them honest but true feedback so they can be more … Better managers in the future.

If the evaluation was too generic then the employee or manager does not have the necessary information to understand the problem. Having the available information supported better development.
Scoring system and format issues. The scoring system and formatting issues again caused some difficulties for developmental appraisals. SM10 noted that the way a scoring system focused only on four scores did not allow for elaboration on areas in need of improvement:

I think sometimes just the fact that you have four scores. Sometimes when somebody is on the edge of Exceed but they're not quite there, you tend to drop them back. I think that could be hard. It's almost like you want a Meets Requirement plus or something. How do I make the scale a little more broader? Maybe each category has a one through eight in it, so you're a Meets, but you're an eight in Meets. You're high in Meets Requirements.

SM12 stated the difficulty in attempting to rate people on a small scale. SM12 stated that simply stating a person exceeded or did meet expectations did not provide the necessary detail on what needed development:

The part of the process that's not really good is I have a hard time rating people on a scale and grouping everybody into a grid and saying this person does this. We can only have so many exceeds and so many meets expectations and so many below expectation, and it all has to be in this formulated grid, and that doesn't work real well for me.

The format of the evaluation also presented problems because these scales appeared in a grid that was hard to navigate. Some of the information was not readily available when discussing the evaluation. SM19 noted this difficulty:

If we could get some of the information is tough to get when you try to break it down by an area, to be able to get that put into where you could have that accessible to you more easily, to be able to relate it back to the individual.

Accessible and specific information facilitated a better review process. SM7 reiterated the need for specific questions and clarified scoring:

No, no I mean, other than it just … I think it's really been a simple … I know we tried to simplify it for specific reasons and I don't know if time management was in there but … 'Cause I like to ask more questions than what's on those evaluations because once again sometimes it can be pretty generic on the metrics piece of it, and some things I think we just look at and say well, you know, you only hit 90% of your sales plan, so we're done with that we'll move on, and I think
where there's more to those type of evaluation questions then what we really put into it.

Having a well-defined scoring system and navigable evaluation tool facilitated a better developmental appraisal. Anything too generic or unspecific left little room for managers and employees to determine areas needing improvement and the activities required to solve those problems.

**Theme 4. Sharing targeted feedback and open communication shapes developmental appraisals.** The fourth theme showed the importance of targeted feedback and open communication, as well as ways in which those two areas shaped developmental appraisals. The subthemes in this section included the necessity of incorporating leader and member feedback exchange. However, the results showed there was a lack of appropriate and personalized feedback exchange. Another important factor that supported successful developmental appraisals was two-way communication and a personalized approach to improvement.

**Incorporate leader and member feedback exchange.** Incorporating leader and member feedback exchange supported the developmental aspects of an appraisal. SM1 pointed out the benefits in generating a feedback exchange between employees:

I look at how their performing and how and where they need to perform and my goal is to get all my assistants, I don't have any Co's, but get all my assistants to be Co's, and get them thinking on the level of being a Co so I try to take them through the things that a co-manager is gonna see and a co-manager's gonna need to know. So when we look at, when we sit down and we talk about it, you know, that's what I try to do is give them the feedback as if, you know, I'm training you and teaching you for the next job, your next job and you know, that's what I try to do. And hopefully.

This statement described how a manager shared knowledge with an assistant and the way they could use that feedback to move to a higher level of learning in the future. SM10 also noted that feedback might be used to help discuss expectations:
I do. I do feel like you got to let people know where they're at and know how they're doing and then where you want them to perform at. I do talk about, "Hey, this is where you scored on your performance evaluation" and why, so we talked about that and then, "Here's where you want to go. You want to be above. You want to exceed where you were before, so here's the things and the steps that you need to do it." Then we can come back in a month and talk about, "Did you follow these steps? Did you make yourself better? Did you communicate better?" or whatever point we were trying to change with you to make you a better manager.

This statement pointed out that using the feedback provided the individual with the steps to follow to improve their performance. This feedback exchange process might then be used as a gauge to determine if the steps taken helped fix the issue. SM12 noted another example of a leader and member feedback exchange during an evaluation:

In the salaried review, the grid tool or the potential list, rating their potential, that is helpful. Doing their self-evaluation is helpful, because a lot of times in their self-evaluations, I can see where there may be a big disconnect, or there may be something that maybe I'm not making clear to them that they don't understand. So, that part of the process is really good.

They noted having the employee complete a self-evaluation, and then comparing evaluations aided the manager and employee in determining any disconnects in information. Having that feedback process supported the actual development of the employee. The process might be used as a way to set goals and to share ideas about expectations from management and the things the employee would like to accomplish. SM15 noted the following:

Again, for the development, I always like to ask them what kind of goals do they have, where do they wanna see themselves, and what do they want to do out of this evaluation process. What do they want first? I do invest a lot of time in the ones that I wrote, because I think they are of an importance. And then I also want to get their input. I have them do a self-eval prior to covering the eval, and that gives me an idea of where they see themselves. And then we have their self-eval and eval that I cover, together, so.
They reiterated the importance of the feedback exchange during the evaluation process. Having the self-evaluation completed and then discussing both perspectives provided a valuable method of development for the personal receiving the evaluation.

**Lack of appropriate and personalized feedback exchange.** While the participants described the importance of a feedback exchange, they noted that this appeared lacking in some evaluations. SM1 noted,

Sometimes I think sometimes we miss out on a few things, I think we tend to go by how the market is or how other people are performing better than, I think how the market's performing. I think we looked at some individuals, some are doing good in certain aspects and some are doing, not doing good in some aspects. You know, sometimes I think that, you know, we miss some things.

This response pointed to a potential lack of information exchange between individuals. Not having shared personalized information presented the potential for vital information to be missed. SM10 also discussed the absence of strong communication during some evaluations:

Right. I guess at that point in time, there's not a lot of two-way communication. It's pretty much your boss reading this to you and going through and hitting bullet points and saying boom, boom, boom, boom. I don't feel like it's really a discussion. It's not a two-way communication discussion, if I will. It's more of them reading their thoughts to me and not really asking my input on what I thought about each individual question until I get to the end. So just not a lot of way for two-way communication as they ask each question or go over each question.

That missing feedback exchange meant that only the manager’s perspective was given during the discussion. This issue left little room for the employee to provide input and receive clarification regarding the steps needed to build on strengths and weaknesses. SM8 noted the feedback exchange was always challenging:

Okay. Yeah, so receiving has always been kind of a challenge. The how it's given is largely dependent on who's giving it. I've had many supervisors over the years and some of them, it's just a task to check off and so there's not really much good content that comes out of it that I see that I can use to help improve myself.
Some managers took the necessary time to discuss feedback with the employee and personalize the exchange. Without this personalized feedback exchange, pointing out what requires further development, changes could not take place as part of the appraisal.

*Two-way communication and personalized approach to improvement.*

Communication, feedback exchange, and a personalized approach to an appraisal were important components of a developmental appraisal. Responses pointed to these sometimes taking place during evaluations, but they also presented challenges. SM5 noted that in their case, they were aware of their weaknesses, but the benefit came during the feedback exchange with their supervisor:

It's as far as from my standpoint of having an evaluation given to me ... I know what my deficiencies are and those are, from my standpoint, I talk through those deficiencies, you know, with my supervisor before that evaluation piece comes up. So, it's really no surprise on that piece. So, for me it's not really used as a developmental tool as it's given to me. Now, on the flip side, when I given an evaluation it truly is ... I utilize as long as it takes to get through to that associate the points that we've been talking about for the last year. And maybe I'm kidding myself but I spend 45 minutes to an hour, hour and a half, depending on the manager, on describing what they need to do to get to that next level and how it works.

Discussing those deficiencies and exchanging their perspectives on these acted as a developmental aspect of the evaluation. In their case as the evaluator, they found the value in personalizing the evaluation for their employee. Taking that time and communicating each point with the employee ensured that the employee would know the steps to improve their work. SM8 reiterated that the discussion and feedback exchange were central to a developmental evaluation:

I did some studying myself not too long ago and did some classes that really helped in my eyes up to the importance of a good eval, and now it's nothing for me to spend an hour giving an eval and a lot of the discussion is off the paper stuff. We really don't even get to the paper until the latter end of it because we're having a truthful discussion back and forth about performance and what they feel,
how they feel their performance is, how that matches up with how I feel and how that ranks for the company and largely where they want to go.

Those discussions created an atmosphere geared toward supporting development and improved performance. SM11 pointed out setting up a personalized evaluation with feedback woven into it set a positive tone to the appraisal:

And I'll tell you why, and the reason why is the individual gave me my appraisal, took time to, she broke down each and every box, my strong suits and my shortcomings, but there was never a negative in there. She just tied it all together as one, but I knew and I understood that she was giving me the appraisal before I even got my overall appraisal, that I felt very comfortable on what she did and how she did it.

Communication, feedback, and personalization made the difference in the potential success or failure of an evaluation. Having these set into place improved the responsiveness of the employee. They would be able to create realistic and stable goals to achieve higher performance levels.

**Summary.** The second research question examined the problems inherent in using a performance appraisal as a method for developing talent. Developmental appraisals required time and personalized improvement plans for the appraisal to be successful. However, while those were essential to the appraisal, in some cases, evaluations continued to lack feedback exchanges and communication. Having that open communication and targeted feedback determined if an evaluation provided the employee with solid information about their strengths and weaknesses and an appropriate plan to develop those skills.

**Research Question 3**

The third research question asked what skills and competencies managers needed to conduct successful developmental appraisals. Three themes provided answers to this question. The fifth theme showed that communication, planning, dedication, and
leadership skills were necessary for conducting a successful appraisal. The sixth revealed that managers did successful appraisals and built critical skills through mentorship, practice, and assessment. Finally, organizations supported the development of critical skills by providing training, guidance, and mentorship to employees.

**Theme 5: Communication, planning, dedication, and leadership skills are required for development.** The fifth theme focused on communication, planning, and follow-ups as part of the appraisal process. A successful evaluation focused on building a person’s leadership capability. The evaluator also needed to demonstrate dedication to the developmental process.

*Communication, planning, and follow up.* Communication and planning played central roles in the success of evaluations. SM10 noted,

> Definitely communication and planning I think are probably two of the biggest for developing talent. I have to be able to see it, I guess. I have to be able to identify talent to even see that I see potential in somebody. Once I see that potential, it's really about communicating to that individual, challenging that individual. So being able to communicate and then being able to plan for them to give them steps on what they can do to become better leaders.

Communication and planning were reiterated as key skills needed for evaluations. These allowed the manager to identify strengths and weaknesses, as well as to use the evaluation as a guide for improving future performance. SM16 noted the importance of communication:

> So, you gotta master communication. You gotta be able to be an effective communicator so that when you hear the … situation it's really serious. Because if he can't communicate, he's gonna fail. It's not because he couldn't do it himself, it's cause that okay, in one group of people if you run a cap two, you could have five different personalities. And you can't deal with each personality the same.

The important note from this passage was the realization that each individual was different. An effective communicator was a person who learned to understand
personalities and individual needs. SM1 pointed out having those communication skills supported better planning and the ability to provide valuable feedback to an individual:

Yeah, I think it is because, I mean sometimes, I mean we gotta be honest to em and we gotta be able to let them know the ... Give em a real honest evaluation, and I think people will understand their evaluation better if we give it a good clear understanding of what the evaluation process is all about, and why we're doing it and I think that communication is the best piece. I've always, like, you know, even if I've felt that the evaluation didn't go the way I wanted it to go, that if the person, you know embraced me and talked to me and told me the reason why and, you know said, "Hey you know, this is what we're gonna work on, I'm gonna work with you, I'm gonna help develop you," it gives you a sense of you know encouragement and wanting to do better.

During an evaluation, those strong communication skills aided a manager in sharing sensitive information with an employee in a way they will accept and learn from it. SM7 also pointed out that in addition to communication and planning, follow up was required:

I think it is probably one of the biggest things that we need to work on. I think there's just a lot ... There's follow up that I think a lot of our management team, and myself included, is still missing on because there's just so many pieces of the puzzle that continue to be put into place. And whether it slows down, which I don't think it's going to in the next couple years, I think we're going to continue to progress as a company, and so we got a lot coming to us at all times. And so at some point though we've gotta be able to take the time, do time management, get out on the floor and then follow up with our associates to make sure that first off they're doing it correctly and second off that they feel comfortable that they can deliver the message onto their associates as well.

Follow up was the final piece of the communication and planning portion of the evaluation. First, the manager needed the ability to openly discuss the employee’s current situation and help them develop and achieve future goals. The final part was to follow up with them and ensure they understood the evaluation, made progress, and could share that knowledge with others.

*Develop leadership capability and demonstrate dedication.* Another part of a successful developmental evaluation included two important abilities. The first was the
ability to help an individual to cultivate leadership capability. The second was to demonstrate dedication, which included spending the requisite amount of time needed on an evaluation and care regarding the employee’s development.

**Consistency and trust.** Evaluators demonstrated dedication through consistency and trust. SM13 pointed out,

So, in regards to that competency and there are competencies where there's black or white, there's no gray, so it's a yes or no. And then to have the consistency ... There should be a consistency on the measure of that, because that can sit there and sway the overall in one direction or another just because you've elevated that one to a next level.

Consistency was necessary for evaluation because an individual needed a solid direction to take to be able to expand their skills and solve problems. SM19 noted that trust was the second part required:

I think that it has the most critical for me, I think it's going to come down to with the ethics and compliance and being able to know that you can trust the individual and that they can understand that we have to follow guidelines and policies with the efforts that we have with One Best Way and for people to buy into that and to understand it and understand that's the way we're going to operate off of.

Demonstrating consistency and the ability to trust ensured that development actually took place. They also set the foundation for a solid evaluation.

**People skills and leadership.** A manager needed people skills and leadership abilities to cultivate those skills in others. A successful evaluation stemmed from the manager’s ability to set a comfortable tone with the employee and to determine individual strengths and weaknesses. SM12 provided the following example:

You have to have people skills. You have to be able to talk to people. You have to be able to understand what motivates them. You have to be able to figure out that money might motivate one person, where taking care of their family motivates the other. And a good example is my back room supervisor. If you walk through and tell her how great looking her bins are, she'll take you through the rest of her back room and show you everything she's done. But, that's what motivates her is the end picture. And so, you have to know what people's strengths are, what people's
weaknesses are. And, you have to develop a weakness without defeating them and use their strengths for whatever is best in your store.

A manager with excellent people skills and leadership qualities recognized the ways to uncover and cultivate those skills in others. SM15 also noted that leadership aided in transforming other employees: “Leading. Being a leader. A transformational leader. Developing associates, encouraging associates. Versus ... just kinda giving direction and ... rather than spending the time to explain the why versus just giving notes, per se.”

For SM3, leadership skills also meant having common sense and the ability to make sound decisions:

For me, it's going to be thought leadership. You've got to make good judgment. You've got to have some good common sense. We work in a multimillion dollar business, billion dollar company, and your thought leadership is big to me. Again, the discipline is the biggest thing with common sense. I usually, when people make a mistake they're either going too fast or they're not looking into ... They're just making a decision based on what somebody told them without digging into the SOPs or actually what the process is. So, thought leadership is huge to me.

Leadership and people skills aided in creating a successful appraisal because the manager understood the way to speak to a person and uncover their potential.

**Willingness to put in time and effort.** The last major aspect of this theme was touched on previously, which was the manager’s willingness to put in the necessary time and effort to conduct a thorough evaluation. SM11 noted,

For me personally, it's the caring, the willingness to put the time in. The willingness to listen, understand their feedback, and then how to constructively turn that feedback into processes for them to go out and execute. I think where we as managers sometimes have a tendency to create these block walls, and we're the dictator on top of the wall, "I'm the boss, you know, this is what I need you to do." Instead of just being at ground level with them, they know that they have an open door to you, so I have to be willing to give up certain things in order to get certain things.
Demonstrating that willingness lowered barriers among employees and managers. A developmental appraisal required managers and employees to have the ability to speak and discuss their current capabilities and future needs. SM14 noted that engagement improved the feedback process:

I would say the mid-year I can tell, I can see ... That was an improvement, when we started doing the mid-years, because I can sit down and I can actually talk to a person and tell them where I think they are, and then it's just the engagement of me and that person going back and forth, so by the time when we sit down and we do the yearly, there's not a surprise. If I'm telling you what I'm seeing, and you should be working on that part of the business, so come yearly eval, it's not a shock to you.

The willingness to communicate and to take the time for a thorough evaluation set the tone for a successful evaluation. For the employee to develop their skills truly, they needed an open evaluation of their status and the expectations to be met in the future.

**Theme 6: Managers build critical skills through mentorship, practice, and assessment.** In the sixth theme, the same skills required to carry out successful evaluations overlapped with the way managers built critical skills. Responses showed managers built critical skills through regular assessment, planning, and practice. They also practiced and participated in mentoring. Managers also had the willingness to take the time and build relationships with others through careful communication.

**Assessment, planning, and practice.** Assessment, planning, and practice were recurring subthemes throughout the data. Assessment revealed any problems facing managers and employees. SM13 noted,

Well, again, it's just one of those things that you have to see what's causing roadblocks for that piece of plan organization, and then assist that person to sit there and remove the barriers and obstacles for doing that, and for, if that was an opportunity on that, we'd set up a ... You'd go into a 30, 60, 90 day plan of how we're going to sit there and do that and develop more time for planning.
Assessment connected to planning and determining the best methods for overcoming problems identified during the assessment. These were also the steps connected to the creation of a development plan. SM15 stated,

That's where I think we can have something in there where we can create a development plan. And, maybe we can kinda set goals in there, and go back every quarter to monitor those goals to see where we are with that individual. And, maybe make some changes if they have kinda ... So with one competency per se, we focus on this one, and once we get done with that one, we can focus on the next one. Just like a plan, a development plan throughout the year that we can see and we can build upon.

Having these steps in place supported practice capabilities because managers and employees could continually reference the plan and develop different areas. The practice aspect supported the development of routines that facilitated further development. SM7 noted,

One thing that I'm really digging into ... And this is why I just had a meeting with the cap and top stock process ... I think if we develop a solid routine for our management and our hourly associates, I think we can develop that time management for them to be successful and to even grow. But, we don't have those routines yet, instilled in the associates in order for that to happen. And, I think that would be the biggest win that we could have going forward to develop our associates.

Assessment, planning, and practice worked together to facilitate growth and development with employees.

**Mentoring.** Responses also noted the importance of mentoring in developing relationships and communication necessary for development. SM20 stated, “I think peer-to-peer mentorship, utilizing your peers, because everybody's gonna have individual strengths and weaknesses, and when you use that team to help balance that out I think it helps everybody win.”
Mentoring supported the development or enhancement of communication skills between managers and employees. Managers also taught employees the ways to identify strengths and areas needed for improvement. SM6 provided an example of mentorship:

Getting with a mentor and talk about laying it out on the table, being very transparent, saying, "This is where I'm at, this is where I want to be, this is where my leadership sees me and this is where I see myself. What do I need to do to close these gaps?" I think this is in life in general, is that the more transparent you are with yourself, the more you're going to be open to grow yourself as well.

Developing that relationship aided them in developing self-awareness and understanding what areas of themselves required improvement. SM12 also pointed out that mentorship experiences taught them ways in which to lead by example and the best way to treat people:

I think they have to have a supervisor over them that teaches them and walks them through the process and talks to them about ... And leads by example. That's the biggest thing. You have to lead by example. You cannot talk to somebody about how to treat somebody fairly and decently and with dignity and respect if you don't.

The mentorship experiences provided a foundation for individuals to build the critical skills needed to carry out developmental evaluations.

*Willingness to take the time and build relationships through communication.*

Demonstrating the will to spend time and develop relationships through communication were required skills for facilitating a successful evaluation. SM1 pointed out the following:

I guess just being a person, just be the person to go to. I mean, when it comes to, if these people got an issue, you gotta be that person willing to sit down with them, and tell em, and talk to them, and let them know the real issues, the real things that's going on. I mean if it comes to, you know, you got a manager that's not understanding the sales piece, not understanding, you know, where to get the numbers from then we have to be able to communicate with them, we gotta be able to go though it with them, and let them see it, and let them know it.
Building these skills were the keys to facilitating an appraisal. The manager had to explain issues to an employee in a way that made sense but also in a way, they would accept. SM10 pointed out that during the appraisal was the time a manager needed the ability to point out problems with a person’s performance, while giving them the tools to fix those problems:

I really think that that time that you spend together during and you're one-on-one and you're talking to someone and you're talking to them about their performance, it's the time to be honest, brutally honest. It's also the time to give hope, to give people a plan of "Hey, if you're not there, how do I get there?" You can show them a lighted pathway, if you will.

The ability to communicate clearly and to take the time to communicate well served to build those critical skills in others. SM8 also noted that having those discussions created trust among managers and employees that carried over into other conversations:

The other benefit of that is if you're doing that with your associates, there's no surprises when it comes to the development discussion. They know very clearly from other discussions that you've had where you've been very honest with them and you've listened to them and you've incorporated their feedback and you've talked about developmental opportunities and what they need to do and then you're sitting down and you're basically just having a recap during that actual evaluation discussion.

Having the will to spend time building relationships and communicating information clearly created an environment where feedback was shared openly and honestly. These steps contributed to regular and successful developmental evaluations. Managers practicing these skills also taught them to their employees during these interactions.

**Theme 7: Organizations support the development of critical skills by providing training, guidance, and mentorship.** Responses also revealed the ways in which organizations could support the development of those critical skills in managers.
These steps included providing classes and training on performing appraisals. Organizations’ leaders needed to develop and give guidance on and tools for conducting developmental evaluations. They needed to encourage planning and consistency and finally provide access to mentoring and support relationship building.

**Classes and training on performing appraisals.** A recurring response for the support organizations should provide included offering classes and training options to managers on giving appraisals. SM10 stated managers needed the following:

More classes on it. In my past jobs and stuff like that, we used to actually have classes that taught people how to give somebody a good, honest feedback session for an evaluation. I think that's something that you could actually do because it's a taught process. We don't automatically know it as a leader how to utilize that tool and how to make people better. I think if you get taught on little idiosyncrasies, things that can make you better and teach those people better, I think that would be something good. I don't know that since I've been at my organization that I have been taught on how to give somebody an evaluation using your parameters.

Having those classes and options available provided managers with the necessary skills and training to understand the way the evaluation process worked in their company. SM18 noted that a particular course provided them with valuable skills related to giving evaluations:

Probably the one thing that helped me more than anything else was a Dale Carnegie course that I went through that helped me understand how to delegate, when to delegate, and what to delegate. There's some things that you have to take care of yourself. There's some things that are easily delegated. And then, there's some things that we choose, that we delegate the wrong things and we should have choose to delegate something else. So just something, maybe not be a Dale Carnegie, but something along that.

The course they attended taught them the best methods for delegating tasks and learning discernment. SM8 also reiterated the value in formal training:

Well, I think that a lot of managers probably need some type of formal training to help them get those skills. We've got a very diverse set of managers in our buildings and we have a lot of very long-term managers. We have a lot of very short-term managers. We have managers from more backgrounds than really
anybody probably out there, so there needs to be some sort of level setting, which would probably have some sort of training, but then, it's really allowing managers to have that time to do that as well. It's senior managers modeling it, and then it's store managers being able to get back to managing.

Responses reiterated the necessity of training managers because they each come from different backgrounds and offer different skill sets to the organization. Developing guidance and training for the way evaluations needed to be conducted within the organization would be valuable. Seeing the way other managers conduct these trainings within the organization introduced and reinforced the necessary critical skills.

**Guidance on and tools for conducting developmental evaluations.** In addition to providing classes and training to managers, responses showed organizations’ leaders should create guidance on and specific tools for the way to conduct developmental evaluations. SM10 noted that training new managers early on started the process on teaching them critical skills, such as leadership:

> Bench strength is kind of mentioned in there, but I think you need to know the people that are coming up that are becoming your next managers. Figure out how to get them in that same evaluation process so that they start getting a taste of it and start getting that leadership skills, if you will, and so you can start giving them their plan as well. They don't get it once they become a manager, but they get it on how to become a better manager.

This statement pointed out that giving an employee his or her own development plan in the beginning showed him or her the evaluation process and the way to develop these skills in others later. In conjunction with the guidance, managers needed to have the tools to conduct evaluations. These tools included resources. SM11 provided the example of a reference guide:

> I think that we need to have more of a reference guide. I think that there needs to be, within what I have to look at as far as looking up tools and reports, there needs to be a performance appraisal guide. Everything that you look at, you pull up, they the help app.
The reference guide would include the tools and processes necessary for doing a developmental appraisal. SM4 noted that such tools supported the developmental appraisal process because a manager could easily determine an employee’s weak areas and offer suggestions for solutions:

I made the suggestion that I saw, but what we have now, you can make it a tool to develop people. You really can. When I point out weaknesses on there, I’m pointing out the weakness but I’m also giving a solution to the weakness, so it can be used as a tool.

The guidance and tools acted as alignment guides for managers to provide consistent evaluations, which were part of helping individuals meet organizational goals and expectations. SM8 noted,

We would need evaluations and competencies that are aligned with where the company wants us to go, which I'll note, I think that our current tools generally align that way. We would need a clearer understanding of how to apply that, which is largely part of the discussion and then we need to get a better way to drive consistency.

This statement supported the point that tools and guidance help managers conduct developmental evaluations. This evaluation was because managers could use these to help an individual determine his or her strengths and weaknesses, while also determining steps to enhance those strengths and solving problems. A consistent set of guidance and tools aligned with company policies ensure that employees developed their skills to meet organizational goals.

**Planning and consistency.** Having that guidance and tools gave support to both planning and consistency. These were two critical needs expressed repeatedly in the responses from participants. SM13 noted the importance of planning to success:

Yeah. That's it. Let's set a plan, and of course plans have to be re-evaluated. They have to in order for us to be successful and then stay ahead of the game. But once we have a plan let's stick to it and don't change the benchmark halfway down the thing, okay, we're going to move it to 110% when it should be 100 or the
company averages should be 90% but we're going to make it 92 as a, say, division and 94 for a region, and marketing wants a 96 and you have so many stretched goals that it's unrealistic to achieve that. Make one plan and stick to it.

This statement pointed out that a plan was important for employees to reach company goals. However, those plans needed to remain consistent for them to help employees actually reach set goals. Responses also noted that part of planning and consistency included transparency. SM6 gave an example of these concerns:

I think the biggest thing is just being very transparent and then being very transparent about what are the goals. Here are the goals, here's how you performed, and then I think really providing feedback around being very transparent about opportunities, because sometimes those conversations during evals can be, for some people, can be a surprise, so I think being very transparent and up front with them and telling them where they're currently at and where you see them growing through the organization, or if there's true gaps, being very honest and open about those things, and I think sometimes the truth hurts, but I think when I talked earlier about during the evaluation process, evaluations are not about a surprise. It's just about pulling everything together that's been covered during the year, and then putting it all on a document to discuss.

The described example reinforced the opinion that planning and consistency supported managers and employees in creating evaluations plans that were in alignment with individual and company goals. However, the organization needed consistency and transparency in creating those goals, so that managers and employees developed their plans appropriately to ensure the right measure of performance to meet those goals.

Providing mentorship and supporting relationship building. Responses repeatedly referred to the necessity of developing mentoring and relationship building skills to conduct developmental evaluations. Organizations also needed to support those critical skill developments by offering mentoring and support to relationship building. SM20 gave an example of the way their environment provided that support: “Well, in our environment we have a culture that's very symbiotic and I think that that's what helps us
throughout, and that's what I would suggest to any organization.” The symbiotic nature of their organization showed a culture geared toward relationship development because people needed to work together to be symbiotic. SM14 noted that at their organization, “We have a mentorship. That actually could be a really good thing for us if we all just put the right amount of time into it, because that's what's going to help you with that skill set.” The statement supported the point that mentoring aided in sharing knowledge and developing other critical skills in employees within the organization. Mentoring was also the way in which both existing and new employees learned the existing process and culture within an organization. SM3 noted the following:

But, I feel like there needs to be a person out there that's mentoring or showing as a peer to teach these other store managers, “Hey, this is a good process, this is a good routine. It's not a suggestion. This is what you're going to need to do to pass an audit once the audit process rolls out to all the stores in the company eventually.”

These statements demonstrated the way that mentoring and relationship building skills assisted employees in learning the expectations of an organization. They might also learn from one another what worked and did not work for their organization to succeed. This knowledge was critical for a successful developmental evaluation because a manager needed to know what an employee should be doing to meet organizational goals and if they were not doing so the way to improve that performance.

**Summary.** The themes in this section provided an answer to the third research question that asked what skills and competencies managers needed to conduct successful developmental appraisals. These skills and competencies stemmed from skills learned and developed by individual managers and by support from the organization. The critical skills necessary for managers to conduct developmental evaluations included communication, planning, dedication, and leadership skills. Managers built these skills
through mentoring, practice, and regular assessment of these skills. Organizations’ leaders needed to be responsible for helping managers reinforce or achieve the necessary skills by offering training, guidance on conducting appraisals, the right tools for encouraging development, specific goals and expectations, and encouraging mentorship among managers and employees.

**Research Question 4**

The fourth research question asked the way an organization could prepare a manager to deliver an evaluation as part of a developmental program. Some of the themes discussed in these responses overlapped with the other themes. The eighth theme reiterated the importance of mentorship, learning by experience, and evaluation training. The ninth theme reinforced that organizations must dedicate time, resources, and training to create evaluations linked to a successful developmental program. Finally, the tenth theme emphasized the way that training in critical skill areas demonstrated the value of feedback and the need for an ongoing evaluation process as part of a developmental program.

**Theme 8: Mentorship, learning by experience, and evaluation training supported developmental evaluations.** Participants repeatedly described the way mentoring experiences taught them to learn through experience. Having evaluation training also contributed to them learning their company’s processes and creating evaluation plans geared toward developing critical skills. Individuals developed skills by learning from others’ experiences and through their own assessment and evaluation.

**Learning by experience, mentoring, and process training.** Participants pointed to learning from experience as one of the main ways they developed their skill sets. This
learning occurred during training on the job and mentoring. SM14 shared that experience:

“When they're giving it to me, I'm paying attention to what they're covering that's important to them. Over the years, that's just how I got my skill set on evaluations.”

SM17 noted that not having training or evaluations meant not getting the necessary development for their position:

Really, I haven't had a lot of training. So, I remember when I first became a store manager, it was like "okay here's evaluations,” I'm like, "Okay, well here we go," We'll just do the evaluation, not a lot of developmental training. I really haven't got a lot of that to tell you the truth.

Training and learning from experience were critical to development, especially as managers and employees moved within the company. SM11 pointed out the way in which training and mentoring provided an individual with important knowledge and skills about expectations and communication:

And then, it became, again, coming up through the ranks from hourly to salary, you learn along the way. You see the good, you see the bad and the ugly. And then, you have to figure out which path you're gonna be on, you know. Personally, I can tell you this, I need more training. I think that, going back to what I said about having the resources, I would love to be able to spend some more time with somebody who has the knowledge that can make you even better when it comes to doing appraisals. 'Cause after the appraisal is said and done, the individual's walking out of your office, and it could be, they're gonna make or break your day, 'cause they can take what you just gave them as a positive thing and walk out happy, or are they gonna take it as a negative thing and walk out negative, and it's gonna spill onto the floor.

The points emphasized here, were that training from those with experience taught employees the way to see the value in feedback. They learned ways in which to give and receive it. Without the training and knowledge no development occurred. SM10 pointed out ways in which learning from someone experienced showed him or her the way something should be done within the organization:
And, learning from them and how they write it and do it and give it to me I assume is the right way. I do imitate that to a degree, but then I add my slant on it, my way I want to train people and teach people.

Once they learned the expected way to complete something they could adapt that to their own skills set. Having the right set of knowledge and leadership skills to work with others in the company was seen as an important asset. SM3 noted,

I think the biggest thing for me is reading and reading leadership books and learning how to say the words the right way with the associates so that they walk away with the knowledge of, “Hey, he understands where I'm at, he understands what my opportunities are, but he also understands what my good points are and he wants me to develop.”

Managers attained these skills through that mentoring and experience process. Each of these steps contributed to the creation of a developmental program.

**Training on conducting evaluations and assessment.** Embedded in the learning process were the ideas of training on the ways to conduct evaluations and assessment.

Participants expressed the value in training and the problems occurring without it. SM12 discussed the importance of the training they received:

I took the Dale Carnegie course. To be honest with you, before I took that course, I couldn't get up in front of a crowd. I would not have had group meetings. I wouldn't have been able to do any of that. So, that course was invaluable to me. It's also been extremely helpful, I've taken 80 hours in human resources in what I can say, what I can't say specifically. And, I've gone outside the company to do that because I have a tendency to be excruciatingly blunt, and I've had to really learn what not to say, okay? So, those are skills I’ve had to work on.

The training they received supported their ability to communicate with others.

Communication remained central to a developmental appraisal. SM13 shared the training that supported their growth and development:

I’ve had some formal training, well, let’s say military training and some evaluations there being a former HR specialist in the military. In another organization, I’ve had several session on delivering and giving, receiving feedback. In store, we've had some development sessions, too. One of the ones that I like to use is 360 feedback, stop start continues, LCS, those little things
right there that in this different organization that was very helpful and made me successful. Especially the 360 feedback and the stop start continues, that giving those to direct reports and people that don't necessarily work with you either, getting that feedback to a third party, say that if you work for me or if you were my supervisor, I work for you, and I had 15 people that work for me, I'd pass out all these sheets, they'd give them to you and you'd give me that feedback and that helped me develop me and I'm a better person and more successful today by hearing that feedback.

In particular, this passage reiterated the importance of learning to give and receive feedback as part of the development process. Learning the feedback process was integral to a development program because individuals learned to listen to their strengths and weaknesses. However, they also learned ways in which to develop themselves beyond their existing performance.

**Theme 9: Organizations must dedicate time, resources, and training for developmental evaluations.** Given the importance of training and guidance, participants noted that organizations should devote enough time, resources, and training to ensure these skills are expanded. In particular, participants noted the need for having more time to conduct evaluations. Again, managers needed specific guidance and training on doing developmental evaluations. Finally, organizations needed to focus on providing people skills training and investing in people

*Allow more time for evaluations.* The discussion surrounding evaluations repeatedly pointed back to not having or taking enough time to conduct evaluations. “Again, like we talked about, just a little bit more of a timeline instead of it being rushed. I mean” (SM13). Without enough time dedicated to evaluations, managers seemed to fall back into generic evaluations. They only shared basic information during the appraisal without providing information to develop skills. SM14 noted that tools existed to support development. However,
We sit around and we talk about this all the time, and now I'm sitting here … No, I think we have a lot of the tools we need, it's just taking the time to use them. Yeah, it's just taking the time to use the tools we have, because we have them. You have development to lead, you have mentorship, we have developmental, we have mid-years. Then we have different competencies broken down into, what, three major categories? You want to develop others and you've got to use the tools you have to develop them. (SM14)

These points reiterated that tools and guidance were important for successful developmental evaluations. However, managers needed the time to use them to their full potential to help employees develop properly.

**Guidance and tools on conducting developmental evaluations.** They also continued to emphasize the necessity of those tools and guidance for using them when conducting developmental evaluations. SM11 noted that evaluations were supposedly developmental:

That are developmental in nature. Well, again there's gotta be more tools readily available, and developmental in nature is always a negative, everybody just assumes it is. But, I just don't think we as a company, have enough tools to be able to speak clearly enough on the developmental part.

However, they required better tools and guidance on the way to conduct a developmental appraisal. SM19 stated, “I actually would like to see some type of training to help us to be able to get focused, to get leaned into that direction so that we are on the same page, and how to develop people.” The guidance in conjunction with the tools seemed to be the key to actually creating a developmental program.

**Provide people skills training and invest in people.** Having people skills and investing in people were also central to an organization creating a developmental program as part of the evaluation process. The people skills were important to teach because they facilitated communication. SM12 noted problems when managers displayed poor people skills:
I would like to see the company … And I know this is going to sound very odd ... Teach store managers to be a little bit more humble. Because there are a lot of store managers out there who walk around thinking, "I'm the store manager. Rarr." If you want an open door, you have to make an appointment. I don't have time to talk to you right now. They keep that door closed 90% of the time, and some of them even keep the little conference thing up on the window. And, that to me makes you … You're not accessible to your associates.

Teaching managers the best way to associate with their employees seemed to make a difference in employee responses. That was important because open communication and the feedback process were part of a developmental evaluation. SM3 noted that training in leadership needed to include how to interact with one another:

Other than just, again, leadership classes, I'll tell you … we actually had a lot of leadership training on how to do it, how to say it, what not to do, versus the CBL where there's no one-on-one interaction and no role-playing, no off-the-cuff real life situations. Learning to interact with one another and communicate respectfully seemed to make the difference in a person’s responsiveness. Having people skills and investing in others provided a foundation for creating a developmental program.

**Theme 10: Training in critical skill areas demonstrated the value of feedback and the need for an ongoing evaluation process.** Another area participants repeatedly touched on involved the value of feedback and having an ongoing evaluation process. Managers and employees needed to learn the value in giving and receiving feedback. Managers again needed to learn to take additional time to conduct thorough evaluations and share methods for improvement with employees.

*Learn the value of delivering and receiving feedback.* Feedback was acknowledged as a requirement in a developmental appraisal. Without delivering and receiving feedback, an individual would not learn their strengths and weaknesses or the
way to improve their performance. SM10 pointed out the inherent value in the feedback process:

I think there, it's that being brutally honest. I receive that. It doesn't feel good in the moment when somebody's talking about things that you need to do better and they're being brutally honest about the things that you need to improve on. It doesn't feel good in the moment, but you need to hear that because you need to know what you're not doing very well at. I think once you leave that right into the path of "Hey, if you do this, this, and this, I think you can get there." I think that was one of the things that I learned from my prior [experiences].

Essentially, hearing what needs to change and learning the way to fix those issues was the way an employee developed. SM14 noted the strength of a strong evaluator was their ability to appropriately discuss negatives and simultaneously offer ways to improve them: “Yeah. I will tell you, though, over the years, you come across people who are very good at giving evaluations, giving you your negatives and at the same time talking to you about how you can overcome those negatives.” Giving and receiving feedback was more than just telling someone how they were rated on performance. SM8 noted the value was in the discussion of those ratings and having a conversation to clarify those comments:

I had moved from delivering them by putting a piece of paper down in front of somebody and saying, “Here's how I rated you on stuff. Here's what it means to, how it equates to a dollar sign, sign it and let's move on,” to a truly detailed discussion that that paper is still on the table but it's upside down for the first half hour or 45 minutes of the discussion. It's having a very engaged conversation with them. Listening, asking probing questions, listening to stuff that they say, and then fitting that back in to points that will be covered on that paper, but really steering that conversation to being a two-way, two-sided conversation versus me just delivering talking points off of an evaluation form.

The value in giving and receiving feedback rested in the person’s ability to communicate effectively and clearly with the person receiving the evaluation. Without the feedback mechanism, no development took place. Therefore, it was critical to the creation of a developmental program.
Take more time to conduct thorough evaluations and methods for improvement.

Participants again reiterated the necessity of having enough time to conduct careful evaluations to determine appropriate improvement activities for an individual. SM1 pointed out that training aided employees in learning the value of time:

Yes, it has, yes. I, it, I mean since that class it made me, I try to put the work into it, I just don't try to just give someone an evaluation and let em move on. I want to try to make sure I give them a legitimate appraisal and just try to make sure it's right.

Participants found that taking time during an evaluation was the way they could help a person understand their performance and the best methods for improving it. SM12 found that taking more time improved the feedback response and taught them better understanding:

I take them a lot more seriously than I used to. I give those people ample time, and I have a thorough discussion with them. I don't just throw an evaluation out there and say, “Here, sign this; this is where you stand.” I ask them for their feedback. I also ask them for feedback on what I could do better, because nobody's perfect.

SM20 noted that having in-depth evaluations also improved their skill sets.

Managers had the time to discuss each competency and develop a strategy to address it. SM20 stated, “I would say the depth. It really has polished my skillset to be able to go into much broader depth on each competency, each individual, see things from different points of view and make better decisions.” This point also emphasized that taking the time during the developmental appraisal improved individual levels of understanding and decision-making capabilities.

Summary. In summary, the fourth research question investigated ways in which an organization could prepare a manager to deliver an evaluation as part of a developmental program. The themes in this section supported and overlapped with the
other themes. Organizations could prepare managers to deliver evaluations by providing mentorship to them, allowing them opportunities to learn by experience, and offering them evaluation training. In addition, organizations needed to dedicate time, proper resources, and evaluation training managers. Lastly, perhaps the most important aspect pointed out that learning the value in feedback and the ongoing evaluation process was critical to a developmental appraisal. Managers learned this value during critical skills training. These steps should lead to the creation of evaluations linked to a successful developmental program.

Chapter Summary

This chapter provided a detailed discussion of the results of the data collection and analysis undertaken to understand the managerial competencies needed when decoupling compensation from the performance evaluation process. Eighteen participants included organizational effectiveness managers, store managers, and various operational leaders of a large box retailer in the United States who provided detailed responses to interview questions. I used content analysis to analyze the data and gave an interpretation of the results. A thorough discussion of the results is presented in Chapter Five.
Chapter Five - Discussion and Conclusion

Chapter Five presents a summary of the results and findings of the data analysis and an examination the strengths and limitations of the methodology used. In addition, the researcher identifies the correlations with previous studies and describe possible implications for performance developmental appraisals and managerial skills needed. Lastly, a review of the possible guidelines and practical uses for future iterations of managerial skills needed in transitioning to developmental performance appraisals follows. Chapter Five starts with an overview of the study and the findings.

Summary of the Study

The conceptual framework that guided this study was the framework created by Gilley et al. (1999) through a variety of examinations aimed at an improving performance model by focusing on various aspect of design. The design elements showed the need for developmental evaluations, the linking of compensation and rewards, and performance coaching. Together, these resulted in the development of a robust and effective performance alignment process aligned to the individual performer, while examining the evolution of improving job performance through job/organizational design.

Discussion of the Findings

The purpose of this qualitative case study was to examine the differences and difficulties of delivering a performance appraisal that was developmental in nature from that of a traditional appraisal, as well as to identify the skills/competencies required of store managers and developmental activities needed to make a transition from a traditional performance appraisal to a performance appraisal system that was developmental in nature. A discussion of the findings for each research question follows.
Research Question 1

The first research question stated the following: What are the differences between a performance appraisal that is developmental in nature and a traditional one? In exploring the differences between traditional and developmental performance appraisal processes, two themes emerged.

Theme 1: Current evaluation tools are developmental in nature but with elements of traditional performance appraisals. The respondents explained that developmental tools emerged over time but still had traditional facets. Subthemes in this section showed ways in which the current evaluation combined traditional and development aspects of evaluation and highlight competency and performance based nature of the current tool.

Combined traditional and developmental aspects. Existing tools combined traditional and developmental elements. The previous tools focused on traditional elements of performance appraisal without the focus on development. Although the current tool had a developmental focus, the annual assessment and scaling was retained. Some of the developmental elements that were included in the current system were continuous communication and feedback to employees based on periodical assessment throughout the year. There discussions centered on the key performance areas and the way in which an employee met these criteria.

Tools became targeted, focusing on competency and performance. The evaluation tools were changed to be inherently developmental, focusing on individual needs and allowing employees to elaborate on specific job-related aspects, thus moving away from more traditional style tools. Some tools moved to electronic versions, further
simplifying the process. This movement constituted important movement toward personal and individualized assessment that had a proactive focus, as opposed to the retrospective focus of the traditional tool.

**Theme 2: Developmental evaluations assess expectations, performance, and provide guidance for improvement.** The developmental evaluations contained a future and development or improvement focus while building on past performances of employees. These evaluations focused on leader and member feedback exchange that linked to targeted planning efforts.

**Developmental appraisals should focus on past performance and potential.**
Most participants illuminated the fact that developmental appraisals focus on a combination of past performance and potential of employees. Participants were divided on whether the overall focus of the evaluations should be past or future oriented. They were unanimous in stating that the traditional appraisals focused on how the individual performed either good or bad, thus a once-off decision, whereas the developmental approach provided the opportunity to evaluate employees on an ongoing basis. Although there was some difference in opinion about which focus was more desirable, the participants were united about the fact that both past and future should be included in the evaluations, as the employee’s future development could then better be determined.

**Leader and member feedback exchange linked to planning.** Communication and feedback exchanges among managers and employees received particular attention in the responses of the participants. These communicative interactions sustained the developmental process during an appraisal by linking the planning of activities for enhancing future performance with the feedback communication. Although in some cases
not an easy conversation to conduct, this leader member feedback exchange facilitated a reduction of negative responses to evaluation concerns. During this discussion, time lines and quality assurances could be established. A prerequisite for developmental evaluations was the ability of both parties to examine closely strengths and weaknesses to develop clear plans for continued and enhanced performance.

**Ongoing specific performance assessment.** Respondents noted that developmental appraisals should include continual and specifically directed performance assessment. This assessment was in contrast with traditional appraisals that only occurred annually. In embracing a developmental approach to appraisal, employees were assessed at different points throughout the year, which allowed for ongoing feedback and timely focus on problematic areas. Another aspect of continuous feedback was that mutual respect developed among the involved parties, which made increased job satisfaction and organizational support possible. Through ongoing personalized appraisals, it became possible to create a personalized program or specific improvement plan to alleviate some of the identified problems during an appraisal. The manager and employee were afforded the space and ability to tailor plans and elaborate where necessary.

These findings extended the knowledge by confirming literature on the use of different techniques in determining the needs of employees. According to Voußem, Kramer, and Schäffer (2016), determining which employees were performing well, required using benchmarking as an effective approach. Benchmarking should be linked with a wide spectrum of policy areas, as no single aspect was dominant in determining performance or training needs (Voußem et al., 2016). Voußem et al. (2016) further asserted that disordered ratings and insufficient clarity of goals eroded trust in the
performance assessment and manager that was not good for the overall health of the organization. It was necessary to pay attention to the current perceptions of fairness in an organization’s management control, as opinions of procedural and distributive fairness are predictors of employees’ attitudes and behaviors at work (Voußem et al., 2016). In transitioning to a developmental approach in performance, appraisal managers should pay attention to the employees’ perception of procedural justice and fairness by engaging in open communication and joint decision-making.

Research Question 2

The second research question stated the following: What are the difficulties in utilizing a performance appraisal as a means to developing talent? The interviews were used as sources to identify difficulties in using a performance appraisal as a method for developing talent.

Theme 3. Developmental appraisals require time and personalized improvement plans. Respondents focused on both past appraisals and current appraisals, responses were short and too generic for supporting any real future improvement.

Improve scoring system and timeline. Another issue, touched on by the participants, involved improving the existing scoring system and including a more realistic timeline. The respondents were united in suggesting quarterly assessments and using a longer period for assessments to address thoroughly the employee’s strengths and weaknesses.

Need specific questions and space to elaborate. Part of the personalized evaluation plan included having space for specific questions and the ability to elaborate where necessary. Such questions allowed the supervisor to understand better the
employee’s situation and performance. Regarding a developmental approach, the
questions should be tailor-made to specific jobs or employees and afford them enough
time to elaborate on the answers.

*Provide specific feedback and improvement activities.* The opportunity for a
personalized improvement plan and space to elaborate on an evaluation emphasized the
necessity for evaluators to provide employees with specific feedback and activities
geared toward improvement. This feedback necessitated enough time and space to
discuss weaknesses and specific needs, as well as finding ways to overcome these.
Generic evaluations did not allow for this in-depth discussion and development of tailor-
made development programs.

*Scoring system and format issues.* The scoring system and formatting issues
caused some difficulties for developmental appraisals. This area needed ongoing
refinement, as it should allow for detail regarding what kind and degree of development
is needed.

The findings, contained in Theme 3, showed a strong indication that adequate
time should be allocated to conduct the developmental performance appraisals. In
studying the literature, the allocation of time to perform appraisals did not feature
prominently, apart from the findings by Deloitte (as cited in Buckingham & Goodall,
2015), who determined the time spent on the traditional appraisal system—2 million
hours per annum—the time allocation for conducting appraisals did not feature strongly.
The findings of this research served to extend the current knowledge on conducting
developmentally based performance appraisals. Addressing the time needed for
developmental appraisals, overlapping of information in group projects, and the need for
communication and trust building, Ahmed, Sultana, and Azeem (2013) applied fuzzy logic to develop a new model of performance appraisal. The middle calculation of fuzzy logic was completed entirely by MATLAB software, which made it a user-friendly model, as managers did not need complex technical skill to manage the system. The findings of this current study confirmed that computer software could be successfully included in performance appraisal. This area warranted further research.

Another trend in Theme 3 was the practicalities surrounding designing and conducting developmental performance appraisals—specific questions, developing personalized improvement plans. Both Barratt et al. (2011) and Wiese and Buckley (1998) commented on continuous improvement of employees as an outcome of performance appraisal. In traditional performance appraisals, this aspect did not receive as much attention as it did in the developmental performance appraisal systems. Future research should pay attention to the particular line of questioning during the appraisal interview and ways in which it could be linked to the development of personalized development programs.

**Theme 4. Sharing targeted feedback and open communication shapes developmental appraisals.** Targeted feedback and open communication was vital in the developmental appraisal approach. Although the respondents emphasized the necessity of incorporating leader and member feedback exchange, there was a lack of appropriate and personalized feedback exchange. The importance of two-way communication and a personalized approach to improvement also received special attention from the respondents.
**Incorporate leader and member feedback exchange.** Leader and member feedback dyad maintained the developmental aspects of an appraisal. Through this didactic exchange, the leader and employee addressed the identified needs and development opportunities that could propel the employee to a higher level of functioning in the company. Managers should ensure that they collaboratively developed steps for the employee to follow that would facilitate a higher level of functioning and that could be used as feedback points to determine whether the development plan achieved what it set out to do. Self-evaluations by employees were valuable, as these highlighted areas of different perceptions about the employee, which served as discussion and learning points.

**Lack of appropriate and personalized feedback exchange.** Despite the importance of the feedback meeting, participants noted that this appeared lacking in some evaluations that results in missed opportunities to address growth areas, as well as strengthening areas of expertise. Only the manager’s opinion was then noted for the appraisal, as the employee was not afforded the opportunity to contribute. Managers must take time to discuss feedback with the employee and personalize the exchange, as this was vital to the further development and changes that should follow as part of the appraisal.

**Two-way communication and personalized approach to improvement.** Communicative interaction, feedback exchange, and an individualized style to an appraisal were important components of a developmental appraisal. Respondents asserted that this was not always part of the evaluations, and these elements presented challenges. Even though employees were aware of their challenges, the discussion with a supervisor was important to enlighten the employee on other aspects or bring a new perspective. A
personalized approach to feedback and open communication enhanced the developmental aspect of an appraisal that could bring about success or failure of an evaluation. Communication was key to developing employee responsiveness and the ability to create realistic and stable goals to achieve higher performance levels.

The theme of communicative skills and giving feedback surfaced throughout the interviews. The emphasis of the importance of communication and building interpersonal relationships among the manager (performance evaluator) and employee was discussed in the extant literature (Kuhnen & Tymula, 2011; Jung et al., 2010). The findings of this research showed confirmation for previous findings of the important role of communication and feedback in developmental performance appraisals. Large successful companies, such as Microsoft, General Electric, and Netflix, did not only embrace developmental appraisals and regular communication with employees, but have also developed a way of online tracking and communication pertaining to task completion and achievement (Ewenstein, Hancock, & Komm, 2016).

**Research Question 3**

The third research question stated the following: What competencies/skills are needed by managers to successfully conduct a developmental performance appraisal? Regarding the skills and competencies managers needed to conduct successful developmental appraisals three themes were identified. The now familiar theme of communication was highlighted together with planning, dedication, and leadership skills. The importance of mentorship, practice, and assessment to successful appraisals and building of critical skills were emphasized. Development would not be possible without
the provision of training, guidance, and mentorship to employees, which were needed to complete an appraisal program.

Theme 5: Communication, planning, dedication, and leadership skills are required for development. Part of a successful appraisal process was its focus on building a person’s leadership capability. Furthermore, it was essential that the evaluator demonstrate dedication to the developmental process.

Communication, planning, and follow up. Communication and planning played central roles in the success of evaluations. Embedded in the communication process was its ability to uncover the employee’s strengths and weaknesses, as well as to use the evaluation as a guide for improving future performance. Important to all interpersonal interaction was the realization that each individual was unique, and effective communicators understood that people have different personalities and individual needs that needed communicative flexibility. The feedback communication came full circle with the follow-up discussion. After an open discussion of the employee’s current situation, helping them develop and achieve future goals, the manager should conclude the process by following up with them and ensure they understood the evaluation, made progress, and could share that knowledge with others.

Develop leadership capability and demonstrate dedication. Apart from helping an individual to cultivate leadership capability, successful developmental appraisal should include the time needed to evaluate and care for the employee’s development. This included consistency and trust, which demonstrated the employer’s dedication. Furthermore, people skills and leadership were needed, as managers should cultivate these skills in others. A successful evaluation stemmed from their ability to set a
comfortable tone with the employee and to determine individual strengths and weaknesses. Managers must display the willingness to put in time and effort. This aspect was a major point of this theme the willingness of the manager to put in the necessary time and effort to conduct a thorough evaluation.

Ewenstein et al. (2016) pointed to the importance of ongoing flexible communication, together with the need to curb subjectivity in performance appraisal and the online communication of achievements, provided a way to store and calculate employee achievements objectively. This calculation made the appraisals increasingly fair, and developmental goals could be formulated by the press of a button thus streamlining the process. The findings of this current research showed the need for communication, time, and planning, which confirmed those findings of Ewenstein et al. (2016). By stressing the importance of dedicated managers, this study emphasized the personal element of communication and feedback meetings. In an increasingly automated society, relationship building and communicative skills could not be over-emphasized.

**Theme 6: Managers build critical skills through mentorship, practice, and assessment.** Managers need the same skills identified to carry out successful appraisals to build critical skills in employees. Building critical skills was brought about by regular appraisals, planning, and practice and to conduct mentoring. To accomplish this aspect, managers needed the willingness to make the time and build relationships by communicating carefully with employees.

*Assessment, planning, and practice.* Assessment, planning, and practice were recurring subthemes throughout the data. The assessment revealed any problems facing managers and employees, and it linked to planning and the determination of the best
methods for overcoming problems identified during the assessment. Putting plans into practice allows the manager and employee to determine the success of the plans and to make timely adjustments. The combination of assessment, planning, and practice facilitated growth and development with employees, which was accomplished by mentoring and was identified as an important aspect of development.

**Willingness to take the time and build relationships through communication.**

Key to successful evaluation was the will to spend time and develop relationships through communication. A critical communication skill was to communicate clearly, which took time to prepare, rehearse, and build corresponding skills in others.

**Theme 7: Organizations support the development of critical skills by providing training, guidance, and mentorship.** Managers’ skills in these critical areas should be developed, which implied that organizations’ leaders should support the development of these critical skills in managers. This support could take the form of providing classes and training on performing appraisals. The developers of the appraisal tools should develop and give guidance on the tools for conducting developmental evaluations. Managers needed encouragement, planning, consistency, and access to mentoring skills and support relationship building.

**Classes and training on performing appraisals.** A recurring response for the support organizations should provide included offering classes and training options to managers on giving appraisals. Although this offer might seem time consuming and costly, the end-result promised to be worthwhile, as it built toward dedicated and expert employees who were satisfied with their jobs and dedicated to the organization.
Guidance on and tools for conducting developmental evaluations. Apart from providing classes and training to managers in interpersonal skills for appraisals and feedback, respondents suggested that organizations should create guidance on and specific tools to conduct developmental evaluations. Determining strengths and weaknesses in employees was not an easy task, and specific training and manuals on the implementation of the tools would facilitate successful appraisals.

Planning and consistency. These were two critical needs expressed repeatedly in the responses from participants. Plans were needed guides to achieve specific outcomes that were aligned to company goals, and monitoring of the implementation thereof was essential to ensure that the outcomes were achieved.

Providing mentorship and supporting relationship building. Respondents repeatedly pointed to the necessity of developing mentoring and relationship building skills to conduct developmental evaluations. Development of these skills in managers could only be completed with the support of the organization. An organizational culture geared toward the development of relationships is needed to work together and to be symbiotic. Mentoring and relationship building activities of managers assist employees in learning the expectations of an organization.

In their article, Van Woerkom and Meyers (2016) discussed the benefits of a developmental appraisal system. The traditional appraisal system is often focused on correcting employees’ shortcomings and eliminating weaknesses which may not result in the outcomes desired and leave employees dissatisfied and disempowered, eroding self-efficacy. The question is not whether human resource managers use performance appraisals, but rather on which philosophy these appraisals and the processes are built.
One viewpoint is that organizations can only flourish when employees are able to play to their strengths and therefore the performance appraisal focuses on collaborating with the employee in planning to use their strengths at work (Van Woerkom & Meyers, 2016). The authors’ beliefs were that appreciating employees’ strengths far outweighed the benefits of focusing and correcting weaknesses, as the former affirmed successes of the person and their potential (Van Woerkom & Meyers, 2016). The findings of this current research confirmed the beliefs of Van Woerkom and Meyers (2016) and extended the body of knowledge by focusing on the training needs of the managers to make this approach successful and effective.

**Research Question 4**

The fourth research question stated the following: How can the organization for which you work, prepare a manager to deliver a meaningful evaluation that is part of a developmental program? The importance of mentorship, learning by experience, and evaluation training was prominent in this theme, including that organizations must dedicate time, resources, and training to create evaluations linked to a successful developmental program. Training in critical skill areas demonstrate the value of feedback and the need for an ongoing evaluation process as part of a developmental program.

**Theme 8: Mentorship, learning by experience, and evaluation training supported developmental evaluations.** Mentoring experiences teach mentees to learn through experience. Training on evaluation contributes toward learning the company’s processes and creating evaluation plans geared toward developing critical skills. Mentoring allows individual skills development by learning from others’ experiences and through their own assessment and evaluation.
**Learning by experience, mentoring, and process training.** Participants pointed to learning from experience as one of the main ways they developed their skill sets. This development occurred during training on the job and mentoring. Learning from more experienced managers brought insights about the value of feedback and ways in which to give and receive feedback.

**Training on conducting evaluations and assessment.** Participants indicated an appreciation for the expertise that training brought on the ways to conduct evaluations and assessment, as well as ways in which to deal with problems. Communication skills and dealing with feedback situations were found of particular importance.

Brody et al. (2016) discussed the importance of mentorship through a nursing setting. The authors suggested that mentoring was essential to developing new skills and competence in a fairly short time span and building the self-efficacy of the learner (nurse educator and manager alike). The findings of this current study served to confirm extant literature on the importance and success of mentoring.

**Theme 9: Organizations must dedicate time, resources, and training for developmental evaluations.** The respondents emphasized the importance of training and guidance, and indicated that enough time and resources must be devoted to ensure that these skills are mastered. Time allocated to perform evaluations was important, and it should be long enough to perform this important task effectively.

**Allow more time for evaluations.** Allocating enough time to perform evaluations was discussed by most of the participants. The general idea was that there was not enough time allocated to this activity. This was a contentious situation, as Deloitte calculated that they spent a total of 2 million hours per annum on performance
management (as cited in Buckingham & Goodall, 2015). Even though this was an important and time-consuming practice, it was essential to keep the cumulative time spent on this activity in mind.

**Guidance and tools on conducting developmental evaluations.** The participants repeatedly emphasized the need for assessment tools and guidance for using these when conducting developmental evaluations.

**Provide people skills training and invest in people.** Similarly, the participants indicated that developing people skills and investing in people were central to creating and sustaining a developmental program as part of the evaluation process. Improved interpersonal interaction was identified, as a particular need, as communication was an integral part of the developmental appraisal system.

That people differed and that they harbored different perceptions and expectations was an undisputed fact. Managers who were involved in performance appraisals also differed in their appraising of employees (Bou-Llusar, Beltrán-Martín, Roca-Puig, & Escrig-Tena, 2016). These authors added their voices to previous scholars by suggesting extensive training in the skill of performance appraisal to those responsible for this important activity. The findings of this current study served to confirm the importance of and the need for such skill training and experience building of managers involved in performance appraisal and the ensuing feedback communication.

**Theme 10: Training in critical skill areas demonstrated the value of feedback and the need for an ongoing evaluation process.** Throughout the interviews, the participants stressed the importance of ongoing evaluation and feedback. Managers and employees alike must realize successful giving and receiving of feedback. This function
went hand-in-hand with allocating time and resources to conduct thorough evaluations and to collaborate with colleagues in sharing ways to improve this process.

**Learn the value of delivering and receiving feedback.** Feedback was repeatedly acknowledged as a vital aspect of a developmental appraisal system. Individual employees would not develop in-depth insight into their strengths and weaknesses or the ways to improve their performance is the feedback is not effective. Giving and receiving feedback was more than just telling someone how they were rated on performance, it was the ensuing discussion of those ratings and a conversation to clarify those comments that were essential for development.

**Take more time to conduct thorough evaluations and methods for improvement.** The question of having enough time to conduct careful evaluations surfaced throughout the interviews. To determine appropriate improvement activities for an individual was time-consuming, and this need should be weighed up against the number of hours spent on this activity to make it both meaningful and productive to the company (Buckingham & Goodall, 2015).

The themes, identified in the data, supported and overlapped with one another. The consensus was that organizations’ leaders needed to develop appraisal systems that would facilitate development of their employees. The mangers have to be prepared to deliver evaluations by means of mentoring, opportunities to learn by experience, and training in evaluation. Allocation of time, resources, and evaluation training of managers was emphasized as a necessity throughout the interviews. Critical to successful a developmental appraisal system was the ability to establish interpersonal relationships and communication skills. Together with ongoing evaluation was that ongoing feedback
and discussions of employees’ strengths and weaknesses combined with a view to
determine steps for improvement. Managers needed to learn this valuable skill and an
appreciation of its value through critical skills training.

The results of this study were used to extend the model of Gilley et al. (1999) by
adding the identified need for truly reciprocal communication where both partners
equally participate in an open communicative process that focuses on need identification
and development of the employee (Figure 2). This process includes not only feedback to
the employee but embraces the complete cycle of feedback, discussion, and follow-up
before the next assessment opportunity to ensure employee growth. This necessitates
training of managers to improve their interpersonal communication as well as giving and
receiving feedback as open communication rests on the principle that both partners
should equally participate and provide feedback on their perceptions and experiences.
In the center is a small cycle of performance standards, which is linked to individual
performance activities and outcomes and informed by the developmental evaluation
process, culminates in mentoring and coaching that ultimately impacts on the expected
quality of activities which are linked to outcomes which are evaluated on an ongoing
basis. This cycle is similar to that of Gilley et al. (1999) although mentoring was added to
performance coaching, as there was an identified need for mentoring of both managers
learning to perform developmental assessments and employees as part of their individual
development (Figure 3).

The guidance provided to improve the individual employee’s performance should
be focused on identified individual needs and followed through with training, coaching
and mentoring. Here it is reiterated that open reciprocal communication should occur and
that notes of the meeting reflect both parties’ contributions, especially since the managers identified a lack of open reciprocal communication focused on problem solving and a satisfactory solution for both parties. Guidance that is individualized focuses on both the needs of an individual employee and the expected standards associated with the job. The outcome of such guidance is the individual growth and development plan, which must be implemented and will serve as a basis for future evaluations. The outcomes of such a plan are linked to compensation, as it should lead to more effective work behaviors, employee commitment, better job performance, and organizational citizen behaviors. It is essential that the quality of feedback be monitored since this process essentially rests on the manager’s ability to provide specific, targeted feedback in an open and non-threatening manner. Although such a process is time consuming it should result in an employee who is better equipped for the task as well as increased motivation and loyalty towards the company.

In conclusion, the developmental evaluation process should be planned and structured by the manager as proactive behavior and timely feedback serve the development of a trust relationship, which culminates in higher levels of commitment and job performance. As has been emphasized by the manager participants, time should be allocated to perform these activities. Resources regarding time allocated, training and mentoring to managers, and scheduling of assessments are needed to execute the developmental evaluation effectively. Although the resources are spent without any direct gains to the company, the ultimate gains include money saved due to retaining employees, maintaining a loyal staff, and increasing job performance linked with individualized coaching and mentoring.
Figure 3. Modified model based on the Gilley et al. (1999) model.
Limitations of the Study

Many limitations to this study should be accounted for, which could potentially influence the transferability of the findings. These limitations included the nature of the research sample, potential researcher bias, as well as the limited time available to conduct the analysis.

The Sample

The purpose of this study was not to generalize to a large population, instead focusing on results that might be transferable to other populations who identified with the characteristics of the sample for this study. The respondents for this study were drawn from a Fortune 500 retail company. This sample population was somewhat limited in diversity, as it represented a specific aspect of retail companies, yet was common for the state of a large portion of the retail industry. Furthermore, the sample was comprised of store managers with five and more years’ experience who volunteered to participate and seeing that they could be biased by their enthusiasm about the change there is a possibility that the sample could have been biased by outliers. In this study there was not a control for the participants’ motives for responding, or their level of commitment to the new approach. The responses could be biased towards being positive about the change—something that future studies of this nature should control for—in interpreting the results this possibility was kept in mind.

Researcher Bias

The researcher worked actively to identify and minimize the impact of researcher bias on the data collection and data analysis process. However, prior experience,
involvement, and passion for performance appraisal were driving factors in completing the research process.

Unanswered Questions

The identified limitation of sample size prompts additional questions to how the transition to a developmental appraisal system influenced organizations. The research design did not allow for large numbers of people to be interviewed, and the aim of this research was not to generalize findings but rather to create in-depth insight into the experiences of managers who were involved in transitioning from a traditional appraisal system to a development-based system.

The themes that have emerged from the data analysis showed basic principles for understanding the complex nature of the transition to developmental performance appraisal. The themes of communication, enough time, appropriate training, and experiential learning served as a model for understanding the conditions of transition to developmental appraisal systems. The publications of the findings from this study have the potential to provide researchers, business owners, human resource managers, and performance appraisal designers with valuable information to improve the practice of performance appraisal in organizations.

Recommendations

Recommendation for Researchers

The contributions of this dissertation have the potential to provide researchers with important information to improve the methods and procedures used to conduct employee performance appraisals. Both quantitative and qualitative researchers can use the themes that transpired as a basis to explore specific aspects of transitioning from a
traditional to developmental appraisal system and the training needs of managers who execute the appraisals. For example, the qualitative results of this study highlighted the importance of communication and feedback in developmental appraisal systems and the need for skills training of managers. Quantitative researchers may wish to explore this notion by means of an experimental design.

**Recommendations for Performance Appraisal Designers**

The publication of the findings of this study will help performance appraisal designers be cognizant of the specific needs of managers and take advantage of the needs identified by the managers in this study. The process of reporting the findings and results of this dissertation can assist designers to develop a better understanding of the implications of a developmental approach to performance appraisals for the organization, managers, and employees. For example, the participants had emphasized the need for sufficient time and resource allocation. Whereas it was important to spend enough time on evaluating employees and conducting feedback discussions, this aspect should be weighed up against the overall number of hours spent on this activity together with the performance gains made by the organization. The issue of software development to automate some aspects of the appraisal process and determining of development needs was touched on by different researchers and warranted thorough investigation (Summers, 2005.)

**Recommendations for Practitioners**

The publications of these findings have the potential to influence human resource managers and supervisors, by extending their knowledge of the benefits and implications of developmental appraisal practices. Managers in this study commented on the
importance of the development of an appropriate appraisal tool and evaluation scale, as well as the time constraint in executing such a system. These practical implications should be kept in mind when choosing an appraisal system. Another aspect in executing developmental appraisals is the number of managers that must be trained in the system and the availability of mentors to ensure that the mentees are appropriately empowered to conduct appraisals and accompanying feedback discussions.

Lastly, organizational managers may take note of the financial implications of such a system pertaining to the development and training needs of employees that may arise because of the application of this appraisal system. Seeing that employees’ expectations pertaining to training and development will be excited through the system, managers must decide before on what kinds of training are feasible and communicate that to the employees to manage any disappointment that may arise due to cost implications.

**Conclusions**

Compensation and performance appraisal have been linked traditionally. Recent researchers recommended that the two components be dissociated, as it would result in better identification of training and development needs of employees that would influence positively on organizational performance, employee satisfaction, and turnover intent (Deming, 1986; Waite & Stites-Doe, 2000; Renn et al., 2001).

Through this study, the researcher sought to provide practical recommendations for human resource managers and supervisors to transition from traditional to developmental appraisal systems. The objective of the research process was designed to examine the differences and difficulties of delivering a performance appraisal that was developmental in nature from that of a traditional appraisal. A further aim was to identify
the skills/competencies required of store managers and developmental activities needed to make a transition from a traditional performance appraisal to a performance appraisal system that was developmental in nature in a *Fortune 500* retail company that had transitioned from a traditional to a developmental evaluation process in the past two years. The results were shared to provide meaningful opportunities to store managers and human resource managers to transition to developmental appraisal systems. The results were capable of rising awareness of the implications of such a transitioning on the skills/competencies needed by the store managers to successfully transition to a developmental performance appraisal system.

One of the goals of the study was to contribute to the literature, as there was limited research on the manager’s responsibility and the impact of decoupling compensation from the evaluation process on the psychological contract the organization has with the manager and the impact on organizational performance. The findings of this study did contribute to the literature by pointing to the specific skills that managers need when dealing with developmental appraisal. Furthermore, the time and resource implications to the organization were highlighted, which called for in-depth research on ways in which to either automate or streamline the process, as it could erode organizations’ bottom line. Pertaining to the appraisal tool itself, this study contributed to identifying the need for specific questions and going full circle with timely follow-up discussions with employees in determining the progress made by ensuring their personal and organizational success.

This research aided companies in aligning the talent management process with policies and practices. By investing in a performance appraisal process that was
developmental and empowering management to conduct appraisals, feedback, and development of employees, retail companies could achieve even more success as an organization can only be as successful as its employees and managers.
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Appendix: Interview Guide

1. What are the differences between a performance appraisal that is developmental in nature compared to the traditional performance evaluation?

   A. How would you describe the current evaluation tool at your organization?

   B. What specifically are the differences between the prior appraisal and the new developmental appraisal?

   C. If an evaluation were to be a developmental tool at your organization what would that evaluation consist of?

   D. In your opinion, should a performance appraisal focus more on the past performance or the future potential? and why?

2. What are the difficulties one has in utilizing a performance appraisal as a means to developing talent?

   A. Explain your personal experiences with the performance appraisal process at your organization.

   B. How do you use the current performance appraisal as a part of the overall development program in your current position?

   C. What items reside with the current tool that hinders or support your efforts to development talent as a store manager?

   D. What changes would you like to make on the performance appraisal to make it more effective for managers to use?

3. What competencies/skills are needed by managers to successfully conduct develop a developmental performance appraisal?
A. What are the most critical competencies/skills to you as a manager regarding developing talent?

B. In your organization, are those competencies from question 3A, the most relevant to your delivering your current performance evaluations?

C. What are the specific competency differences needed from utilizing the prior appraisal and the current developmental appraisal?

D. In the spirit of utilizing the performance appraisal to develop talent, how does a manager develop those competencies over time?

E. What would you recommend the organization do to equip store managers those competencies/skills?

F. What other tools does a manager need to develop talent that is representative in the performance evaluation process?

4. How can the organization for which you work, prepare a manager to deliver a meaningful evaluation that is part of a developmental program?

   A. What training have you had in developing and delivering performance appraisals?

   B. How has that training changed the manner in which you deliver performance appraisals?

   C. What can the organization do to prepare you to provide performance evaluations that are developmental in nature?