

## Review on middle managers' performance appraisal

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**Abstract.** Literatures on middle managers' performance appraisal are reviewed in this paper. To summarize methods and limitations on evaluating middle managers' performance appraisal, a conceptual framework is developed. Based on the review, improvement of the methods for future research and the scientific appraisal for achieving enterprise's goals are discussed.

### Introduction

With the development of society and global economy, the research of human resources management is getting developed gradually.

Human resource is a company's most important and special resource. Hence, focusing on human resource management is vital of importance. In particular, performance appraisal is a crucial part to achieve enterprise's goals, which is one of core functions of human resource management [1].

Performance appraisal can provide important information and reference to companies' training, promotion, payment, rewards, punishment and so on [2].

Middle managers are mediators and negotiators between organizations' institutional and technical or operational levels and they play an important role in implementing organizational policies and practices [3].

Given their proximity to the operational level, middle managers are critical in enterprise's operation. Within the context of human resource management (HRM), particular attention has been paid to evaluate middle managers' performance. The aim of the current study is to summarize and develop this stream of research by reviewing middle managers' performance appraisal.

### Background

Performance appraisal is an evaluative process whereby managers rate and deliver feedback regarding employees' performance.

Some academicians believe that performance appraisal should be contacted with job responsibilities. Hence, it should based on work analysis and it should be carried out around the characteristics of the job [4].

It's noted that performance criterion should be based on work rather than workers. What's more, middle managers and their superior should reach an agreement on the fairness of the criterion. It is vital of importance to encourage them and appraisal criterion is also the basis of appraisal.

It was proposed the difference of task performance and contextual performance. After that the research of performance appraisal has made a new breakthrough. By using critical incident analysis, Borman and Brush came out 18 dimensions of managers' performance in the process of the work of task survey, interview and observation [5].

Borman, Brush, Van. Scotter and Motowidlo (1996) did a comprehensive study on contextual performance. They studied two dimensions of task performance, which include technology administrator task performance, leadership task performance. And they also studied two dimensions of contextual performance, which include job dedication and interpersonal facilitation.

Many studies explored the performance structural problems. One of the most basic theoretical frames to divide job performance is the three-dimensional classification method, which was

proposed in 1978. They divided the performance into three aspects: joining the organization, staying in the organization and meeting or exceeding the performance standards which was set by the organization. The standards can also organize the employees' activities spontaneously, such as cooperating with other members, protecting the organization from damaging and providing advice for the organization's development [6].

Based on plenty of empirical studies, Organ etc. al proposed the concept of the organizational citizenship, the closely organizational behavior and organizational devotion to describe the spontaneous behavior. Although there are differences in formulation, but they all stressed the behavior of cooperation and helping others in the organization. It's believed that this behavior will influence the results of performance appraisal [7].

Fama (1980) pointed out that in the information economics of agent's reputation model, the market value of managers in the competition depended on its past management performance. So the theory believed that even if there is no dominant stimulation, the agent will still work actively.

Based on the strategic management, the performance appraisal theory mainly researched organization. They think the organization's performance is closely related to the organization's overall business strategy. The key of internal performance appraisal is taking account into the organization's economic interests in its long-term development. In the progress of evaluating performance, Buzzell etc. proposed that both manager s' past business performance and the relative performance of the enterprise performance appraisal should be taken into account.

Robert. S. Kaplan and David. P. Norton researched 12 advanced companies' traditional performance appraisal and proposed a method called Balanced Scorecard [8].

To measure the level of managers' time and energy devotion, Robert Simons and Antonio D' Avila proposed a new performance ratio, which is enterprise's scarce resource. And they proposed 5 factors (acid ratios) to test the return rate of managers, which can show how to effectively make their own and organizational employees focus on strategic advancement. Unlike other performance evaluation, the return rate is only a rough estimate. We can understand which factors constitute the organization's productive energy by managing the return rate and which effort can maximize the productive energy of the organization.

Performance appraisal should focus on the plan rather than the appraisal, it also should focus on communication rather than charts. Appraisers should reposition the performance management and focus on the things which managers and employees need. They also should regard performance management as a tool to ensure the success of the employees. And they should recognize that performance management is a process of communication between people.

By analyzing enterprise's special cases, performance management should be carried out in 3 dimensions to ensure enterprise's success. As for solving individual performance problems, it is important to ensure employees' participation. The establishment of goal must have incentive effect and cannot just like a limitation.

Only when the employees consider that performance management is related to their own development, will the performance appraisal take effect. Therefore, we must establish a system for promoting the development and progress of performance.

James M. Conway believed that work was often complex and different people have different views on it. The Us West Inc, Westinghouse and Disney have adopted a method called "360 degree evaluation" to evaluate the performance of an employee. In order to come out a more accurate result for employees, 360-degree feedback tried to combine all aspects of information, including supervisors, colleagues, subordinates, customers and so on.

## Methods and limitations

**Balanced Score Card.** In 1992, Kaplan (S. Kaplan Robert) and Norton (P Norton) developed a method called "Balanced Score Card" to evaluate the balance of financial and non-financial performance. It can coordinate the relationship between goal, strategic emphasis and operation by evaluating financial, customer, internal business and development. Balanced scorecard combines results and reasons, it also links to strategic implementation system [9].

But its implementation has some conditions. Firstly, companies' strategic objectives should be divided into a series of parts, which can be transformed into a series of measurable and feasible goals and can make timely adjustments in the implemented process. Secondly, the level of the companies' management quality should reach to standardization. Thirdly, the level of employees' quality should be high in case of bringing bad effect to the implement of BSC. Fourthly, the company should provide automated methods, which can be convenient to collect and analyze data.

**Behaviorally Anchored Rating Scale.** A behaviorally anchored rating scale (BARS) is an appraisal method that combines the benefits of critical incidents and quantitative ratings by anchoring a quantified scale with special narrative examples of good and poor performance. Its performance appraisal results are more fair and accurate. But it may waste a lot time and it's difficult to apply [10] [11].

**Forced Distribution Method.** With the forced distribution method, the manager places predetermined percentages of subordinates in performance categories, as a professor "grade on a curve." The advantages are that forced distribution prevents supervisors from leniently rating most employees "satisfactory". And it can make top and bottom performers stand out [12].

Employers need to be vigilant to protect these appraisal plans from managerial abuse. Office politics and managerial bias can taint ratings. To protect against bias claims, employers should take several steps. Firstly, appoint a review committee to review any employee's low ranking. Secondly, train raters to be objective. And finally, consider using multiple raters in conjunction with the forced distribution approach [13].

**360-degree Appraisal.** With 360-degree appraisal, the employer should collect an employee's performance information from his or her supervisor, subordinates, peers, and internal or external customers. But 360-degree appraisal should be improved in several ways: Firstly, anchor the 360-degree rating dimensions with specific behavioral examples [14]. Secondly, train the people who are giving and receiving the feedback carefully [15]. Thirdly, make sure that the feedback the person receives is productive, unbiased, and development oriented [16]. Finally, reduce the administrative costs, which are associated with collecting multisource feedback by using a Web-based system.

**Graphic Rating Scale Method.** A graphic rating scale lists a number of traits and a range of performance for each. The supervisor rates each subordinate by circling or checking the score that best describes the subordinate's performance for each trait. Then the supervisor should total the score for all traits.

**The Management by Objectives Method.** The term management by objectives (MBO) usually refers to a multi-step company-wide goal-setting and appraisal program. MBO requires the manager to set specific measurable organizationally relevant goals with each employee, and then periodically discuss the latter progress toward these goals.

**Critical Incident Method.** The critical incident method entails keeping an anecdotal record of good or undesirable examples of an employee's work-related behavior and reviewing it with the employee at predetermined times. Employers often compile such incidents to supply a rating or ranking method. Keeping a running list of critical incidents provides concrete examples of what especially the subordinates can do to eliminate any performance deficiencies. It also provides opportunities for mid-year corrections if required. Compiling incidents all year also helps reduce supervisors' tendencies to focus unduly on just the last weeks when appraising subordinates' performance [17].

In the process of performance appraisal, every critical incident may have important effect on the results of performance appraisal. Hence, the process of recording is required to be objective, comprehensive and accurate. However, it's too difficult to make it in practice and it has little effect on the comparison between organization members and related decisions making.

**Strength-based Performance Appraisal.** SBPA emphasizes learning from success stories by using the Feed forward interview [18], reflected best self [19]. And it also emphasizes finding new ways to use existing strengths and a win-win approach. However, SBPA does not avoid negative

feedback. It constrains for prevention-focus behaviors, where appears to be effective in increasing motivation and performance.

**Key Performance Indicators.** The key performance indicators are designed to quantify the impact of the performance of the key performance indicators. Through observation, using descriptive words to write down the important and critical incidents can directly affect job performance. The key events are specific events or behaviors. Its effect on job performance is measurable and long-term. According to the fact, the convincing results can point out middle managers' current disadvantages and future goals. The shortcoming is lack of unique assessment criteria, so it's difficult to compare the appraisal results. Therefore it's not suitable to be a basis for distributing award.

**Computerized and Web-Based Performance Appraisal.** More employers today use Web-supported or PC-supported appraisal tool. Employee Appraisal presents a menu of more than a dozen of evaluation dimensions, including dependability, initiative, communication, decision making, leadership, judgment, planning and productivity. Within each dimension are various performance factors. Appraisers can access the system year-round, track their progress against goals in real time and enter significant accomplishments.

**Electronic Performance Monitoring.** Electronic performance monitoring (EPM) system uses computer technology to allow managers for monitoring their employees' rate, accuracy, and time spent on their computers [20].

## Conclusion

With the development of society and progress of enterprise, performance appraisal has been taken more and more attention to. The performance appraisal methods are diversified, some of them are qualitative, and the others are quantitative. However, the performance appraisal methods aiming at middle managers always have some problems because of middle managers' special characteristic. This paper develops a conceptual framework to summarize and develop the literature on the middle managers' performance appraisal. The framework is based on an in-depth review of many studies published in high-quality academic journals, which are in the areas of management, operations, and accounting. Finally it comes out some conclusions as following.

(1) The methodology of performance appraisal has been greatly improved. But the methods aiming at middle managers' performance appraisal are still lack and they will lead to an inaccurate results of appraisal.

(2) Job analysis and performance feedback are vital of importance. Performance appraisal is a part of performance management. Before evaluate middle manager's performance, it's necessary to analyze their job duty at first. Only when middle managers and appraisers understand the job description, will the performance appraisal be accurate and efficient. Then according to the results, the future goals and performance standards can be established. What's more, the most important thing after performance appraisal is to reach a efficient feedback. If not, the process of performance appraisal is useless.

(3) To evaluate every middle manager's performance level scientifically and accurately, it's required to use several kinds of performance appraisal methods. And in the process of performance appraisal, no matter what methods or models you use, the abstract explanation must be objective.

## Suggestions for future research

It's worthy to research following aspects in the future.

(1) Creating connection of computer technology and artificial work. In the circumstance of Internet and Industry 4.0, it's an opportunity to explore more intellectualized and informational methods for supporting middle managers' performance appraisal.

(2) Corresponding salary with performance. Performance appraisal must be contacted with job salary, occupation and job planning. How to design job salary scientifically and accurately according to the results of performance appraisal is a meaningful direction for future.

(3) The ways of encouraging middle managers to take part in and improving the performance appraisal system. It's important to encourage the participation of middle managers. Only then will companies avoid the conflict between middle managers and appraisers.

In summary, all of these aspects need to be researched in the future.

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