

Abstracts

Economics of Employee Performance Evaluation: Understanding the key Issues in Designing Evaluation Systems

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The article summarizes the key issues related to the designs of employee performance evaluation systems that have been studied in economics, such as (1) conditions under which subjective performance evaluation works, (2) how to combine performance measures with different characteristics, (3) multi-tasking agency problems that distort effort allocations, (4) biases in subjective evaluation, and (5) issues of gaming performance measures. In so doing, we derive implications from economics regarding what aspects of design we should pay attention to when the set of available performance measures include objective vs. subjective, output vs. input, absolute performance vs. relative performance, and group performance vs. individual performance measures.

Psychological Points of View for Adopting Effective Performance Appraisals

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The practices of performance appraisals owe much to industrial psychology for its contribution to the development of rating methods and administrative systems used for managing human resources. Industrial psychology has studied criteria against which employee performance and behaviors are evaluated. Recently, the criterion domains have expanded to two broad categories of performance. Traditional task performance deals with the assessment of outcomes in the technical core of jobs, while context performance includes extra-role behaviors that help to improve workplace quality and co-worker performance. Psychologists have examined the reliability of performance appraisals in terms of stability and inter-rater reliability, concluding that an acceptable level of reliability was secured. The literature of rater training suggests that frame-of-reference training is more effective than rater error training as an attempt to improve rating accuracy. Finally, the recent HR movement advocates the motivational strategy, wherein the traditional role of appraiser changes into the role of performance coach and feedbacker who assists subordinates to achieve better performance.

Discretionary Nature of Personnel Evaluation and Legal Criteria of Fairness

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In job-performance evaluation systems, personnel evaluation plays an important role in determining labor conditions, such as wages and the assignment and promotion of workers. It causes the most labor conflicts in job-performance evaluation systems and presents a main theme for labor law research — concretely it's legal basis and the legal criteria of unlawful personnel evaluation. The Court has been judging the employer's discretion as its legal basis and treating unlawful personnel evaluations as the abuse of the employer's discretion. The Court tends to refrain from controlling the employer's discretion. Under the change from the seniority-based system to performance-based system, workers are possibly evaluated negatively in their performance and are given serious damage to their labor conditions. In order to adapt to the changes, labor law theory contrives to control the employer's discretion and proposes a legal framework and criteria to secure the fairness of it. However, these proposals seem not to be accepted by the Court. This paper checks the reasons why the Court has not accepted the proposals and analyzes the fairness of personnel evaluation in judicial precedents.

Performance Management by Optimization of Performance Appraisal Practices: Facilitative Effects of Rater-Ratee's Mutual Consciousness and Feedback

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Four reasons why supervisors and subordinates regard performance appraisal practices, which are one management tool, as having harmful influences were assumed and delineated. It was revealed that those reasons were not evils but states of mind and phenomena that inevitably accompany appraisal practices, which can be reasonably expressed

as embarrassments. It is suggested that to overcome these embarrassments successfully, the significance and content of the appraisal system be made clear and the system be operated adequately. Performance appraisal, firstly, is an evaluation of how well an individual achieves job-related duties and responsibilities. It can be used to make administrative decisions about incentives and promotions. Strength and weakness are assessed in the process, and this information can be used to determine training and development needs. Performance appraisal, secondly, estimates the future growth possibility of the individual. This estimation can be utilized for employment, selection, and assignment. Thirdly, performance appraisal that aims to actualize future good performance is introduced with reference to recent research. The evaluation of present performance and ability is done prospectively by considering the future of the individual and the organization. Purposeful and mutual consciousness between rater and ratee as well as feedback of evaluation results is essentially provided. It is confirmed that evaluation criteria that guarantee the ratee's understanding should maintain validity and accuracy by incorporating organizational conditions and strategies.