

Performance rating –
An antiquated methodology in the High-Tech Industry?

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Abstract

This research dissertation was conducted to investigate the practice of rating or ranking employees performance as part of the annual appraisal process, primarily focusing on High-tech, multinational organisations. The purpose of this research is to determine whether this practice is still a key driver of employee and in turn organisational performance or is it just an outdated practice, have companies who are moving away from this practice made the right decision.

This researcher conducted six interviews with HR professionals from six different High-tech, multinational organisation and used qualitative methods to decide if the practice of assigning performance ratings is in fact outdated and does nothing to drive employee engagement or performance.

The overall results indicate that many High-tech organisations have already abolished or are in the process of abolishing performance ratings as part of their performance appraisal process. Inevitably, the results indicate that assigning performance ratings create a sense of labelling individuals which can be demotivating for employees. The research uncovered themes including forced distribution and the use of bell curves. Future research is recommended which divides this study into a specific industry types to give a better understanding as to why and when this trend started of eliminating performance ratings as part of the performance appraisal process.

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Chapter One: Introduction

1.0 Overview of the Research Project

Over the past two decades most High-tech companies and in particular the large multi-national organisations e.g. Microsoft, IBM and Hewlett Packard have been strong advocates of the annual performance review / appraisal process (Ashbaugh, 2018). This process which involves not just a review or appraisal of the employee performance against pre-defined goals and objectives which are generally set by the manager as the start of the year.

Having accessed the individual employee's performance against the pre-defined goal and objectives the manager is also required to consider the employees performance relative to his/her peers, relative ranking. Following this review the manager is tasked with assigning a rating or ranking to the employee. Rating or Ranking scales were usually based on a scale of 1 – 3, 1 – 4 or 1 – 5, 1 being the lowest performing score (Guralnik, et al., 2004). This approach is intended to force the manager to stack his/her team based on their individual performance relative to their peers. In many of these organisations, the managers are also required to adhere to a forced distribution, based on the idea of a normal distribution i.e. the bell curve (Austin, 1996). For example in the 3 band rating system with 1 being assigned to employees who are deemed to be underperforming against their goal / objectives and / or relative to their peers, 2 being assigned to employees who are deemed to be performing to a satisfactory standard and 3 being assigned to those employees who are considered to be exceeding expectations, managers were expected to follow a normal / forced distribution (Thomason, et al., 2017). This requirement to meet a forced distribution means that only a very small number of employees are expected to fall into bands 1 and 3 with the majority of employees falling into band 2 (Thomason, et al., 2017). If managers do not meet this predefined distribution they may be required to move employees from band 3 to 2 or 2 to 1 in order to meet the requirements of the forced distribution.

The next step in the annual performance appraisal process is to then use these assigned ratings to determine the level / percentage of bonus and salary increase if any a manager can award an individual employee. Once this process is completed goals and objectives are then set for the coming year and so the whole process starts again with the employee waiting to the end of the year to find out what rating / ranking has been assigned to them by the manager, this in turn would then determine what if any bonus or salary increase they might expect to receive.

Exploring the topic of Performance Management as an aspect and important basis of human resources (CIPD, 2018). One of the most popular methods of assessing performance as part of a performance appraisal is using performance ratings. This method has been known as “good practice” down through the years in the High Tech Industry. This thesis aims to explore ratings as part of the performance management process and determine if this process still adds value to the organisation or if the concept of ratings is outdated. Many organisations have led the way in a performance management revolution by eliminating ratings from the performance appraisal process. This sparked the interest to explore the performance appraisal process. Ratings have received the major attention of any of the components of the PM process, creating debates between experts on both sides of the arguments (Buckley, 2017). The generation of millennials seek constant feedback, growth, engagement and purpose (Kriegel, 2016). Therefore, it's important the companies operating in the High-tech industry have the most effective performance appraisal process in place.

Furthermore, the area of performance management is always evolving and it is important as a human resources practitioners to possess the wealth of knowledge and understanding performance appraisals in its full entirety. Though the terms ‘performance management’ and ‘performance appraisal’ are frequently used interchangeably, it can be argued that ‘performance management’ is more expansive than simply ‘performance appraisal’ (McMahon, 2013).

Performance Management is a powerful tool that drives performance and the overall success of the organisation whilst keeping employee's engaged (Porter, 2008). Therefore, simply principles, processes and a defined performance appraisal process aligned with the organisational strategy can generate powerful results for organisation. These results are important for the organisation to retain competitive advantage among competitors on the employment market (Porter, 2008).

1.1 Introduction

This thesis aims to explore approaches to performance appraisal in light of whether the practice of assigning performance ratings is outdated and does not do anything to drive high levels of employee performance and engagement. It also includes the justification for the research, and highlights the research aims, objectives, questions and the significance of the study.

Does the practice of assigning ratings as part of the performance appraisals act as a key driver of employee performance, engagement and strong work ethic? Does this type of system work in today's society or is it a process of the past? Focusing solely on the High-Tech Industry, the main goal is to determine whether the practice of assigning performance ratings as part of the appraisal process is essential in this type of industry or should organisations adopt the growing trend and abolish ratings completely? There are many academic studies already carried out on the performance appraisal process but the author wanted to get a more in-depth insight into the rating system and to understand why and how companies have now moved away from that process.

CIPD define performance appraisal as "one of a number of performance management tools that aim to ensure employees' performance contributes to business objectives, and should be used as part of a holistic approach to managing performance, performance feedback or appraisal remains a crucial aspect of the performance management cycle" (CIPD, 2018).

The yearly ritual of evaluating and performance rating is said to be the worst-kept secret in companies for many years (Ewenstein, 2016). Over the past five years, companies such as Deloitte, Amazon, Hewlett Packard, Intel and Google lead the way in ditching traditional appraisals and performance ratings in favour of a variety of different processes and changed the way they measure, evaluate and recognise employee performance (Garr, et al., 2014).

As the new generation of millennials enter these organisations, will this method of labelling do enough to inspire and motivate employees in the workplace? Over many years, this has been seen as best practice in the world of human resource management, however has the world now dramatically changed? If so, is it time for every organisation within this industry to follow those who have decided to abolish ratings and embrace continuous feedback and focus on future potential of its employees instead of past performance. Finally, a brief outline of the research project is presented.

The method of rating employee performance on a predefined scale has been considered best practice for many years but is this practice an effective method of motivating, inspiring and encouraging all employees. At the moment, in the business press and organisational circles, few topics are more discussed and debated than the concept of feedback (Kurra & Barnett, 2016). Feedback is having its moment in the spotlight as many high profile organisations in the High-Tech Industry are publicly announcing a fall out with the traditional methods of feedback and ratings as part of the annual appraisals, hence why organisations are changing their strategy (Hearn, 2018). Sustainable company growth is always needed when hiring, attracting and developing high performing talent but today the movement is underway that places consistency and transparency at the forefront of feedback (Kurra & Barnett, 2016).

The annual appraisal and rating process has traditionally been a fundamental part of most organisations performance management (PM) processes. In recent years, however many organisations have been rethinking this process and looking for a more effective way of reinforcing desired behaviours and

managing employee performance (McMahon, 2013). The proposed research will examine the traditional performance approach that is the process of assigning ratings. Whilst questioning whether this process is now out dated and how it compares both positively or negatively with the new approach of abolishing ratings and having managers provide ongoing regular feedback as a means of managing performance. As of September 2015, it was stated that 51 large organisations moved to no-rating systems, according to the research firm Bersin by Deloitte (Rock & Jones, 2015). Meaning around 70% of organisations were reconsidering their performance management strategy (Rock & Jones, 2015). To conclude, I intend to answer the question on many CEO's mind, "Should all High-Tech companies adapt the new way of thinking and abolish the rating process?"

It has never been more important for organisations to promote, nurture and embrace people's potential in order to keep pace with the changing workplace trends and to strive to achieve high standards of performance and service (IBEC, n.d.). Researchers, supervisors, managers and human resource professionals have been making an effort in perfecting performance management strategies for many years now (McMahon, 2013). Tirelessly trying to find ways to better motivate, drive and manage people from different departments like production, Research and Development, Purchasing, Marketing, Finance and HRM. The main goal for HR is to develop a suitable system that will contribute most efficiently to the implementation of a business strategies (Druker, et al., 1996). It is important that the performance management system adds value to the organisation and empowers the employees.

1.2 Purpose of the Study

At the moment, performance ratings is without doubt the biggest debate in performance management circles (Rao, 2016). Performance management involving the assessment and development of people at work, has materialised as one of the most important features of today's effective organisations

(McMahon, 2013). In an increasingly competitive work environment, organisations need to get the best out of their human resources. Companies worldwide are now questioning their forced-ranking and rigid rating systems as only 8% of companies report that their performance management process drives high levels of value (Garr, et al., 2014).

In recent years, there has been an increasing interest in performance appraisals as it's a key component for the HR department. This annual or continuous process is one of the fundamental responsibilities of managers and HR in every High-tech organisation (Pande & Basak, 2015). Therefore, the way in which the organisation approaches and conducts this process is vital to the performance of the overall organisation. In addition, today's business climate seldom follows the annual evaluation cycle. At Microsoft, which recently abandoned the practice, the ranking process resulted in "capricious rankings, power struggles among managers, and unhealthy competition among colleagues" (Ovida & Feintzeig, 2013). With this evaluation comes an increasing amount of backlash against performance ratings as most of the multi-national or high profile tech companies having vocally announced they have abandoned the process (Taylor, 2015). The researcher hopes to shed light on performance ratings as part of performance appraisals are dated.

1.3 Rationale

As previously mentioned, there has been a significant change in the way High-tech companies are redesigning performance management from goal-setting and evaluation to incentives and rewards and seeing rewards (Sloan, et al., 2017). Although research has shown many organisations have moved away from the rating system and providing continuous feedback (Hearn, 2018), there is a lack of research into whether this is more effective process for both the organisation and employee. The research will investigate the rating system in High-tech organisations and examine whether the move away is a positive step in the right direction.

In effect, the key feature of 'performance management' is its integration of the organisation via a system of work targets for individual employees, with objective setting and for appraisal at the heart of the process (Redman & Wilkinson, 2009). Many organisations exist in an environment of rapid change, especially in the High-tech Industry where the systems that were adequate yesterday no longer serve their original purposes(s) (McMahon, 2013). As Redman and Wilkinson (2009) identify, it would be 'clearly inappropriate' to expect those appraisal schemes operating ten years ago to be effective in those organisations today. Hence, this research will analyse the rating process and identify the advantages and disadvantages of this process, with that the new changes these organisations have made.

With regard to an applied perspective, this research will consider input from professionals in High-tech organisations such as those engaged in the field of human resources management, employee relations, talent management, leadership and project management. Not only will it explore the practice of assigning performance ratings but will also provide an insight into their experience in moving away from performance ratings, these professionals share their own personal opinions and experiences.

Chapter Two: Literature Review

2.0 Introduction

The Literature Review is a chapter that introduces the reader to key authors and theorists on the topic of the dissertation. The literature review serves to display the author's knowledge on the topic in question. Whilst also informing their interview schedule and the method of primary research that is employed. Exploring works which are related to the issues of the research and describes the main themes throughout the old rating system and the new review system. This study comprises of several elements, and for the purpose of clarity, the literature review is presented in seven elements and will be structured as follows. An overview of the area of Performance Management with a more in depth review of performance appraisals and the rating system. Finally, forced distribution, o-going feedback and performance assessments before concluding this chapter. The theme of ratings as part of the annual appraisal process will be mentioned throughout.

Performance management (PM) refers to a broad range of activities that a company engages in to enhance the performance of an employee or group, with the main goal to improve the organisations overall performance (CIPD, 2018). PM typically involves the continuous process of identifying, measuring and developing the performance of individuals and groups in organisations (Aguinis, 2007). This also incorporates both formal and informal performance related information to employees (Selden & Sowa, 2011). An aspect of PM is performance appraisal or performance review, which is a key element in the broader set of processes that make up performance management (CIPD, 2018). Ideally, the outcome of a performance appraisal should aid managers make informed personnel decisions and supply data that will best enable them to enhance staff performance (McDonald & Sulsky, 2009).

Unchanged for the past 20 years, many organisations have relied on methods of receiving and giving feedback for example, performance reviews, rankings

and employee engagement surveys which were all performed on an annual basis (Kurra & Barnett, 2016). An increasing number of High-Tech organisations are now experimenting with new methods of feedback with three main goals in mind: to solicit feedback on a frequent basis, adjustments and conversations being had in real time and finally, to better align the organisation, through feedback programs that directly focused on achieving the business's and employee's goals (Kurra & Barnett, 2016). Prior to the radically reforming of the performance management system, managers in multinational software company Adobe spent 80,000 hours per year on traditional performance evaluations – a process one manager described as “soul-crushing” (Garr, 2013). Today, Adobe have a much simpler but more effective system. The results form the basis of a conversation about performance improvement, rather than a zero-sum dispute about compensation, rating or ranking (Garr, et al., 2014). Most importantly, Adobe have experienced a 30 percent reduction in voluntary turnover in a highly competitive talent environment (Garr, et al., 2014). Despite the centrality of performance ratings to a cross section of human resource functions, organisational scholars and practitioners have always had a somewhat uneasy relationship with ratings in general (Hoffman, et al., 2012). This thesis will aim to raise the question whether the rating system is now somewhat outdated amongst the most successful companies within the High-Tech Industry.

2.1 Overview of Performance Management

The traditional Performance management process can be described as a vehicle by which organisations set goals, determine standards, assign and evaluate work and distribute rewards (Varma, 2008). Performance rating is somewhat a systematic or rating process that places employees in certain categories or bands on their perceived value to the organisation. ‘Performance Management involves thinking through various facets of performance, identifying critical dimensions of performance, planning, reviewing and developing and enhancing performance and related competencies. It is simple, commonsensical and enjoyable’ (Rao, 2004, p. 4).

Performance appraisal can be defined as a system that involves setting employees standards, looking at employees' actual job performance, assessing that performance against the standards, giving feedback to the employee on the performance, how to improve it in the future and setting new goals and expectations for another period (Dessler, 2008). Performance ratings are part of the performance appraisal system and it provides systematic evaluation of the employees' contribution to the organisation (CIPD, 2018).

CIPD (2018) explain that performance ratings can be used for administrative purposes and determine pay decisions or progression within the organisations. For many organisations is it is used to drive teams, individual performance and development (CIPD, 2018). The traditional process of rating was designed to ensure that goals are consistently being met in line with the company's strategy. Peters (2015) described the practice as "more of a ritual than moving the company upwards and forwards" as she announced the elimination of GE's ranking system.

The traditional process involved managers and supervisors holding annual reviews and assigning performance ratings. This process of rating employee's at the end of the year focuses on either rewarding or punishing employees for past behaviour instead of focusing on developing talent for the future. Fisher (1995) warned that performance appraisal are more likely to fail, if employees see performance appraisal as a process to generate a basis for disciplinary action. Some managers make mistakes by using the yearly appraisals as maintenance of discipline as one of the goals of the scheme. Currently, managers & supervisors are having to invest a significant amount time and energy in this process. With 70% of multinational organisations having already moved or in the process of moving away from this process, we need to question if this investment of time is really driving higher employee performance and better company results (Rock & Jones, 2015).

It was once argued by Stephen and Pace (2002) that performance has many outcomes but two of the most valuable ones are productivity and quality.

Productivity is the number of objects that can be produced at a certain level. Quality explains to the standard and service that can be produced with no defects. Both Stephen and Pace (2002) believe that performance achieves much more than this and involves working to complement production, managing creative and innovative ways whilst encouraging the people around them. Simply caring for the service they provide for example, staying late or coming to work early. Positive performance behaviours are a broad set of activities that management should encourage and demonstrate to their teams.

2.2 Performance Appraisal

Performance appraisals, also known as performance reviews, are one of many performance management tools that aim to ensure employees' performance contributes to an organisations objectives, and should be used as part of an integrated approach to managing performance (CIPD, 2018). In recent years, the annual performance appraisals have increasingly been challenged in favour of more regular 'performance conversations' (CIPD, 2018). However, performance feedback or appraisal remains an essential aspect of the performance management cycle.

Performance metrics can be measured on an ongoing basis through management information systems. This information can be extremely valuable for performance appraisal if the data is relevant to how an individual performs in their role for an organisation.

One approach is the 360 degree assessment, which will be delved into in more detail further on in the research. Basically, this form of assessment gathers feedback from a wide range of correspondents, typically the people who directly deal with the employee fort instance, colleagues, customers and their line manager. Essentially, this approach contains both qualitative comments and combined scores from ratings from these correspondents.

On a softer note or more subjective approach is for managers or the employees to fill out a form or questionnaire that collects information or facts about their performance (CIPD, 2018). This typically covers different aspects of their performance including team contribution, employee aspirations or role development and effectiveness. This method supplies the gathering of evidence and examples.

Most multinational firms who find it hard to measure how employees contribute to the organisational performance must improve on their human capital metrics. This should be a priority for these types of organisations to develop and promote their talent. There are many key factors to getting this right, firstly is to match types of measures to jobs. Specific objectives increase performance in relatively straightforward jobs therefore, the organisation must prioritise specific metrics (CIPD, 2018). Whereas in complex jobs i.e. making analysed-based decisions the objectives should not be specific. To conclude, whatever the objectives they must be clear and relevant to the overall purpose of the job.

2.3 The Rating System

The rating system has regularly criticised for a number of reasons. It is often viewed as a cumbersome and destructive procedures by both managers and employees, and most employees dread receiving them almost as much as managers hate conducting them (Lee, 1996). Pettijohn, Pettijohn and Taylor (2000) reported that employees and supervisors often perceive the performance appraisal with fear and disgust. Many scholars have question whether PA ratings provide meaningful information (Murphy, 2008) and others have urged that the practice of performance appraisal be discontinued entirely (Deming, 1986). The rating system played a large role in the performance appraisal process for many High-tech companies. By early 2000's, 60% of organisations were adopting a forced-ranking system to allocate rewards and hold employees accountable, then dissatisfaction set in with the traditional process mounted, high-tech firms ushered in a new way of thinking about performance (Cappelli & Tavis, 2016).

There is always emphasis on the importance of a 'tight fit' between organisational strategy and HR strategies meaning this model ignores the importance of this and the interest of their employees. Resulting in an organisation being inflexible, incapable of adapting to require changes and does not fit in today's vigorous business environment (Storey, 2001).

In contrast, ratings are vital to determine an individual's performance (Hunt, 2016). How does a company accurately identify high performers, if it does not measure performance regulation that enables a comparison amongst employees? Nor can it establish whether employees have the essential credentials required to perform the job specifications without rating them on their qualifications and performance (Hunt, 2016). Companies need to avail of a rating process in order to manage their rewards system so they can assign a salary increase, compensation, a bonus or a promotion to certain employees. Therefore, the idea of abolishing performance ratings is based on a narrow minded perception of the intentions of performance management techniques.

The rating process found many managers conducting the 'easy conversation' at annual reviews. In certain companies, managers were expected to follow a normal distribution where people were allocated into different bands. For example, poor performers, average performers and superstars. Many different companies collect collaboration ratings from the managers when they have reached a consensus on which employee's provide the most value to the company (Hunt, 2016). This would be following a normal distribution and creating false feedback. Introducing a new ongoing process of feedback would give more autonomy to managers when reviewing employees.

If ratings are to be relied upon, performance measures must be trustworthy and accurate but also relevant. According to CIPD (2018), managers or raters may be biased for various reasons e.g. managers tend to give more favourable ratings if they personally like an employee, hired or referred them, or if the particular manager is caring or considerate. Alternatively, managers can distribute less favourable ratings if they are on a power trip in the organisation,

receive negative feedback themselves or are conscientious. Sometimes the way ratings are set up can affect managers judgements as they tend to rate employees more generously and less accurately if it is to inform decisions such as pay and promotions, and stricter and accurate if it is to inform learning and development (CIPD, 2018). To combat these issues, rating accuracy can be increase in many different ways.

- Training raters that train managers in techniques for comparing employees with set standards.
- Analysing and averaging scores from different raters or managers over the employee's time in the organisation.
- Randomly bring in an expert into the organisation to audit the scores made by existing managers.

Many companies that claim to have eliminated ratings usually only remove ratings made by managers as part of an annual review. These companies use the rating system as part of the talent cycle, for example, talent reviews and compensation discussions (Hunt, 2016). These ratings are kept confidential between management and they do not share the ratings with the employees involved. Ultimately companies should rate employee performance in a manner that is accurate, honest, efficient and effective (Hunt, 2016). Over the years, many companies have stated that collecting manager ratings has caused more issues than resolving problems as the methods were highly inaccurate and controversial (Hunt, 2016).

2.4 Forced Distribution

For many years, companies have hinged on the rating system and used the bell curve to rate all employees but was this forced distribution (Lucas, 1978). Companies such as Juniper, Adobe, Microsoft, Hewlett Packard and IBM have stopped rating employees on a "performance curve" also known as the "forced rating" approach (Rock & Jones, 2015). They were still differentiating performance in various ways, and still using a pay-for-performance approach,

just not through a rating system. Instead these companies were emphasising ongoing, quality conversations between managers and their teams. According to Edith Cooper, head of human capital management at Goldman Sachs, “Feedback is an investment” – a critical component of growth at the individual, team and organisational level” (Anon., 2016).

Blume and colleagues distinguished three types of performance appraisal systems forced distribution rating system (FDRS) meaning employees are evaluated relative to one another. This being a standard based system in which employees are evaluated on a scale against pre-determined standards of performance or a group-based system in which employees are evaluated by performance of their work unit (Thomason, et al., 2017). It was discovered that high cognitive ability individuals were positively more attracted to organisations that were using an FDRS and had a negative outlook to one using a group-based system. Rather, collectivism and core self-evaluations corresponded positively to the attractiveness of organisations using a standard-based system (Thomason, et al., 2017). Core self-evaluations are fundamental evaluations that individuals make about themselves and their functioning within their working environment (Judge, et al., 2003). All three types of the FDRS systems have been very controversial.

For many organisations, FDRS are often used by organisations as a way of eliminating leniency or compassion for bias in performance evaluation by forcing managers to rank employees relative to one another (Blume, et al., 2013). FDRS further provide a transparent way of letting employees know where they stand relative to their co-workers (Ramanathan, 2015). For instance, many years ago Jack Welch at General Electric implemented a 20/70/10 “vitality curve” as a way of identifying the “top 20% of employees for an A ranking, a vital 70% of employees for a B ranking and the bottom 10% of employees as the C ranking (Welsh & Byrne, 2001). If the employee received two consecutive “C” evaluations it often resulted in terminations from employment (Welsh & Byrne, 2001). From the years 1981 to 2001, General Electics value increased by \$300bn (Nisen, 2015). With that being said and

obvious success many firms like Microsoft, Cisco, Intel and Goldman Sacks adopted the FDRS process (Guralnik, et al., 2004).

This process receives support from some practitioners but not everyone considers FDRS to every organisation. In recent times, many organisations have eliminated the FDRS system including General Electric (Nisen, 2015), Amazon (Sahadi, 2015), HCL Technologies, Microsoft (Ramanathan, 2015) and Adobe amongst many others. Many people consider the system to be dysfunctional and damaging to an organisations health and detrimental to an organisations culture (Pfeffer & Sutton, 2000). If all the poor performers are eliminated by using the FDRS system.

2.5 The Bell Curve

The Bell curve system of performance appraisal is a forced ranking system implemented or imposed on the employees by management. The bell curve, has also been referred to as 'Death Curve' (Meisler, 2003). This form of performance appraisal process is one of the most popular, yet extremely controversial performance management interventions. This method enhanced the evaluation method by forced distribution, where managers are required to distribute rating for those evaluated into a pre-specified performance distribution ranking percentage or normal distribution (Cooper & Argyris, 1998).

By using this system, the organisation tries to segregate the best from the worst performers. Therefore nurturing the best while discarding the rest of the workforce. This analysis is bases on a relative comparison of the performance of the workforce against those engaged, high performing in a similar activity and ranking them accordingly (CavinHR, 2016).

The bell curve method assumes that employees in a company can be divided into groups such as:

- High Performers – Top 20%
- Average Performers – The middle 70%

- Non-Performers or Below Average Performers – The bottom 10%.

Below is a diagram (Figure 1) outlining the typical bell curve used for forced distribution in many High-tech organisations (Belludi, 2006).

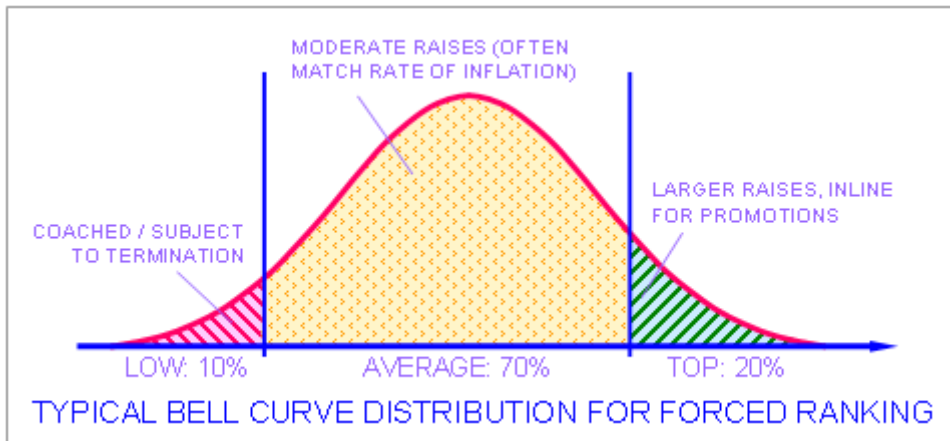


Figure 2

This being an assumption, in reality, performance-related bell curves leans more to the right than in traditional bell curve distributions as more workers fall under the 3, 4 and 5 (average) categories, than under 1's and 2's (top & lowest) (CavinHR, 2016). The majority of employees will fall under the average or middle of the bell curve.

It's important to be aware of the danger of trying to replicate the true bell curve in terms of performance score distribution (Falcone & Tan, 2013). For example smaller organisations or individual departments won't necessarily fit the bell curve model because bell curves, typically require thousands of data points to be valid. Its vital management don't force departments into reproducing the bell curve. If the organisation is assigning grades evenly and consistently, they will naturally end up with a bell curve that may lean more to the right (CavinHR, 2016).

If management force limits on their supervisors or managers, for example, "In your group of eight employees, only one person can be a 5, two people can be a 4, and the rest have to be 3s or below", they will encounter and experience much resentment (Falcone & Tan, 2013). The philosophy of this theory should

be communicated to the organisational leaders and with that, given the power to grade their teams as they see fit (Falcone & Tan, 2013). Obviously, they should communicate with senior managers if they overinflate grades in advance of the reviews being conducted.

2.6 Numeric Scales

Rating scales are used in performance management systems to indicate or bench mark an employee's level of performance or achievement (Bussin, 2017). These scales provide quantitative assessments to administer and assist in differentiating between employees. These scales can maybe with numeric or alphabetic depending on the organisation. Regardless of the number or letter on the rating scale, each level must be clearly defined, communicated by managers and aligned with the company's culture and strategy. Managers must be aware and provided with training to determine behaviours, skills, measurements that will assist them in deciding the performance level.

2.6.1 Two-point scales

Typically, the employees who do not achieve their objectives in an organisation could be in jeopardy if they do not improve their performance over a reasonable period of time (Bussin, 2017).

2.6.2 Three-point scales

Three-point scales are somewhat associated with a target distribution curve and this is considered the simple approach (Bussin, 2017). This typically requires managers to identify top and low performers within the organisation. When organisation use this scale it's easy to identify outstanding performers and then to such an extent that the truly exceptional performers are not signed out (Bussin, 2017). With that, the underperformers can be evidently identified but there is not sufficient differentiation between employees who have not reached their objectives and are under performing as a result. The three-point scale does not provide sufficient differentiation in performance, particularly for

organisations that use performance as a means to make remuneration decisions, with require a culture of trust and flexibility to succeed (Braun & Clarke, 2006). More guidelines are required for line managers to ensure consistency and fair performance assessments.

2.6.3 Four-point scales

The four and six-point scales are used in organisations who require managers to apply a greater differentiation in the performance evaluation process (Bussin, 2017). This scale has been used by many successful organisations that have been focusing on improving their organisational climate, where they are focused on providing positive reinforcement (Bussin, 2017). This scale has become extremely popular with organisations as it is simply to link with performance bases remuneration schemes and much more.

2.6.4 Five-point scales

The 5-point scale is the most frequently used performance rating scale and this scale is used to assess performance around a central point which is also referred to by employers as “acceptable” performance (Bussin, 2017). In terms of the employees view, many of them consider the 5-point scale as “average performance” as opposed to having a level where all objectives are being met (Bussin, 2017).

2.6.5 Six-point scales

This scale can be useful in organisations where performance can be differentiated in a more granulated manner than would, be required for the four-point rating scale (Bussin, 2017).

Any organisation using the six-point scale need to ensure that their direct managers spend enough time with employees drawing up detailed performance scorecards (Bussin, 2017). This requires very specific measures linked to the six ratings to ensure the objective assessment of each employee’s

performance. The more detailed the scale is, the more adequate training is required for line managers. (Bussin, 2017)

Within this scale there are a wider range of labels allowing the descriptors used to be clear and precise and the meaning behind the central rating must be positioned positively to ensure that no negative are perceived around one's performance being average (Bussin, 2017).

2.6.6 Seven and eight point scales

The seven and eight-point rating scales require much more detailed descriptors, and a lot more involvement from the managers. These types of scales are much more accurate as behavioural anchors define what good and poor performance looks like (Bussin, 2017). This type of scale could really improve the quality of feedback given to employees regarding their performance.

In terms of using the seven or eight-point scale, the start and end points on the scale e.g. 1 or 7 & 8, are used as the two absolute extremes (Bussin, 2017). If 1 on the scale represents exemplary performance and then 7 or 8 will represent poor or unacceptable performance which can result in disciplinary action being taken or employee will be put on performance-improvement plans (Bussin, 2017). If the performance of the employee does not improve within a short period of time, there is sufficient justification to manage these employees out of the organisation. Once all the correct procedures in terms of labour and employment law legislation. On the other spectrum, employees who receive the 1 rating, should be included in succession plans as they are considered as being high-potential and its necessary for retention of top talent within the organisation (Bussin, 2017). Some organisations will have these employees within their talent management process.

These types of scales are not common, detailed labels are typically designed to fit organisational culture. There are many complexities involved when

organisations implement these wide scales and sometimes are not used to the full extent.

2.6.7 Narrative Method

The narrative method mostly used for performance assessments is the critical-incidents method. Basically, the critical requirements of a job are those behaviours that make a crucial difference between performing effectively or not performing effectively (Bussin, 2017). These critical incidents can be observed by management or knowledgeable observers of things that an employee did that was particularly effective or ineffective in their position (Bussin, 2017).

This method can be particularly time consuming and requires dedicated manager, team members, HR department and colleagues to assist in writing up these reports as the incidents are basically laid out in terms of a check list of required behaviours (Bussin, 2017).

2.7 On-Going / Regular Feedback

Regular feedback is an essential element for performance appraisals not only as it directs the focus on learning and continuous improvement but it allows the employee to monitor their progress towards individual goals. Giving regular feedback also keep the employee's motivated rather than relying on an annual reviews

In 2012, Adobe stated that their people resource leaders spoke opening about spending too much time annual performance reviews. They believed that the process was too negative and the system needed to move forward. As the company was evolving so should their practices to reflect the changes: agility, ongoing innovation and orientation (Morris, 2016). "Over the course of several months, I led a global team of more than 10 individuals ranging from the VP to senior manager level across business partnering, compensation, organizational development, talent development and employee communications to shape a

new performance management process that we branded the “Check-in” and rolled out to all employees globally” (Morris, 2016, p. 29).

The “Check-in” process involves ongoing feedback, performance enablement and also receiving feedback from the employees. This was asking employees to participate in their own success and a banished labelling people in the workplace. It is a mechanism through which employees can continuously learn to improve skilfully and through which the organisation creates environments that promote retention, growth and innovation. This results in employees receiving and engaging in conversations in real time, which in turn improves retention and growth for the organisation. According to Longenecker (1988), to employ PA effectively as a communication instrument and a vehicle to boost top-down relationship, subordinates role and involvement in the PA process need to be increased. Also, it gives the company the power to discuss what’s important at their priorities at that stage in the year. An on-going, honest, respectful conversation where an employee is also able to contribute is essential. If an employee is in the wrong position and is not the correct fit, they should not be tortured with ratings or knocked with a surprise. Instead, employees should be more involved in seeking changes that would lead to greater success for themselves and the company (Latham, 2016).

Many companies like Deloitte, analysed their process and found that their employees and managers spent an estimate of two million hours a year on performance reviews (Buckingham & Goodall, 2015). So much time was spent speaking about issues and justifying the past year of the employees working life. Deloitte shifted the company from this process to embracing constant feedback and focusing on growth and employee development (Rock & Jones, 2015).

Measuring employee performance is essential to improving decisions relating to compensation and career development. Leaders and managers will always rate employee’s contributions to measure their overall performance (Hunt, 2016). This being said, is it absurd to think leaders are not going to evaluate

employees just because some evaluations aren't accurate? Maybe the rating methods need improvement for effectiveness as it seems necessary.

Dating as far back at World War I, appraisals were used to identify and measure poor performers for discharge and transfer (Clear review, 2019). With that, gradually through the 1970's over 90% of companies were using the appraisal method. During this period, inflation levels were at an all-time high resulting in companies having to structure and allocate pay rises of 20% across the organisation (Clear review, 2019). Conducting annual appraisals and ratings made sense for them and were convenient at this time (Clear review, 2019).

As the years went by, many managers were tasked with more reports compared to the previous average and their work load increased. That being said, it was simply not feasible in having to deliver all reports and regular developmental performance discussions.

From today's perspective and the business world is fundamentally different. High inflation has stabilised whilst flat management structures are somewhat dated. Many businesses operate at a flatter rate putting pressure on companies to set annual objectives whilst assessing staff against them once and twice a year no longer makes sense (Clear review, 2019). As it stands, companies feel that appraisals were appropriate for a certain period in the history of business, but are they the solution to meet today's business challenges?

Many senior managers consider PA as a part of the legitimate administrative authority that has high potency in influencing their subordinates (Dhiman & Kumer Maheshwari, 2013). Not only they can use it as a powerful motivating, accountability and communication tool directed at subordinates, but also send signals to outside audience, i.e. top management and other departments, about their own or department's performance and power (Murphy & Cleveland, 1995). From another perspective, appraisals see their rewards, e.g. pay rises, benefits in kind, and promotions lined to ratings as such. This method aspires those to achieve higher ratings (Harris & Shaunbroeck, 1988). It is argued that

performance pay scheme has a positive influence on individual effort, as a result, it increases organisational outcome (Prowse & Prowse, 2009). It's important the system achieves both developmental and evaluative purposes for everyone in the organisation.

2.8 Performance Assessments

The measurement of job performance has been and will be the one of the most significant challenges faced by organisations, scholars, managers and researchers. Although compelling progress has been made in resolving some of the issues in the ongoing debate over how best to understand and measure performance, there are still significant questions about the best methods for measuring the performance of individuals, teams and organisations (Murphy, 2008). Many scholars, academics and practitioners often question whether PA ratings provide meaningful information (Murphy, 2008), and others have urged that the practice of performance appraisal be discontinued entirely (Deming, 1986). Performance measures can be characterized as either objective or subjective depending on the role. Objective requires fewer judgements for example, production counts and subjective relies on evaluative judgement of fallible judges and although objective measures might be preferable, there is broad agreement that objective measures of job performance are not feasible in most settings. As a result of the shortcomings of objective performance measures, most systems for measuring job performance continue to depend on evaluative judgements of supervisors or stakeholders in the organisations (Murphy & Cleveland, 1995). Most of the subjective judgements about an employee's performance are mostly collected in the form of performance ratings. In which a supervisor or other form of management is asked to evaluate the effectiveness of performance on a series of dimensions (Landy & Farr, 1980) and also to make judgements overall performance and effectiveness of the employee over a fixed period of time e.g. yearly (Murphy, 2008).

Performance assessment systems are a combined with ratings and rankings which are several aspects of performance into an overall performance score.

Obtaining both judgements about both performance dimensions and overall performance from an employee's direct manager and to use these judgements as one basis for high-stakes decisions e.g. promotions and salary adjustments (Murphy & Cleveland, 1995). Alternate approaches require management to make judgements about the frequency of specific behaviours (Latham & Wexley, 1977). As performance appraisals are constantly improving, the latest improvement is to use 360° evaluation, in which assessments are obtained from supervisors and management (Ward, 1997). These systems are often designed for feedback from both parties rather than assessments of performance.

As discussed it's vital that the correct process is implemented into the PM system within any organisation. With that, it is also important that all appraisers are adequately trained to carry out performance appraisals. Advocators of the rating process argue that the accuracy of performance ratings can be maximised if we design proper rating formats and training programs. Banks and Murphy (1985) criticised this model as they don't consider the appraisers' motivation to appraise accurately and other factors that influence to boost effectiveness of appraisal process. They can make easy mistakes in the process of evaluation which in turn has a negative impact on the attitude and behaviour towards the PA system of both rater and ratee. Employees will be satisfied with the PA system if they believe their manager has the adequate training and skills to carefully evaluate their performance. The more the employee is involved in the PA process, the more satisfied he/she is likely to be with the PR process and the rater, and it is more likely to result in performance improvements overall (Anderson, 2004).

The debate discussing whether or not performance ratings should be conducted has been ongoing for a number of years. Many arguments from both sides considering the pros and cons. One advantage being the convenience of allocating and dispersing pay raises and bonuses. On the other hand, an extremely strong negative being evidence that found that rating being demotivating and have a negative impact on employee performances. This of course not effecting those who receive high or outstanding ratings. In fact, it

enables organisations to differentiate who their top performers are for talent planning purposes. With that, also providing evidence of employees who are poor performers that require further training and development or resulting in evidence for dismissal cases or probationary meetings. It also lets the employee know where they stand within the organisation and gives them further advice to reflect upon and area to focus on.

Ward (1997) defined 360 degree feedback as “the systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders on their performance”. It can also be referred to as reverse appraisal, full circle appraisal, multisource assessment or multi-rater feedback. This approach involves the assessment of an employee’s by the parties especially affected by it, such as: immediate boss, other managers, subordinates, peers, internal and external clients or customers, and suppliers (Rees & Porter, 2003). Whereas the feedback is gained by the 360 degree review can be very valuable, the process of collecting it can be too complex. Collected feedback needs to be evaluated and the appraisee should be given the chance to comment on the feedback (Rees & Porter, 2003). Hunt (2005) suggested that multi-source review should not be utilized as the only form of appraisal. Although it has many advantages with that comes various limitations. It isn’t suitable to exploit it for performance appraisal which is linked to pay, promotions and even used as a developmental tool.

2.9 Conclusion

After a review of the literature, it is evident that both ratings and on-going feedback play an important part in annual appraisal process. This literature review provides an insight into the theoretical approaches to performance appraisals and the rating system in the world of HR. Many organisation in the High-Tech industry have followed the trend of on-going feedback and abolishing the rating system. Furthermore, the practice of assigning ratings has evidenced signs of negatively impacting the employee’s lifecycle within the work place and creates an environment where labelling people exists. However,

this process offers organisations and High-tech companies a way to measure employee performance which in turn informs decisions in relation to promotions, pay increases and potential bonuses.

The purpose of this research is to examine the rating system as a tool and consider if it's essential to operating a successful performance management system. Companies need methods to accurately assess employee performance without damaging the employee – manager relationships. Most importantly, without damaging the employees self-esteem or confidence. All organisations must tackle the challenge of how to assess, exploit, review and grow its human resource to make sure that organisational aim is fulfilled, and to ensure that all employees attain as much satisfaction as possible from their position and work (Anderson, 2004). Overall, the aim of this research is to analyse both the rating system and constant feedback system as performance management tools and determine best practice for the modern day working environment. The traditional performance review process rated and ranked every employee on their level of performance and was aligned to a base salary adjustment range & bonus structure. This process examined the employee's performance over the past year and this dictated compensation or potential of future promotions. As the working environment changes and generations change, is this process outdated? Does the new generation of employees require constant direction, guidance, feedback and support from senior management?

To conclude, the ability to provide performance feedback to employees will always be essential for every organisation and for every employee's development. Do we conduct and feedback using ratings, so people grow and develop? What is the best strategy for this type of industry? Therefore, this research intends to conduct a post-mortem of ratings as part of the review process and present a conclusion. The following chapter will focus on the research methods used for this thesis, which were chosen as a result of both the literature review and the research objectives and the main question, Is performance ratings an outdated methodology?

Chapter Three: Methodology

3.0 Introduction

The purpose of this chapter is to discuss the methodology the researcher employed throughout the course of the primary research and outline the secondary research methods. It is imperative that the approach employed in this study are applicable and appropriate to the research question, and that it is the most effective mechanism to explore and gain further insight into the rating culture in the High-tech industry (Attest, 2017). Furthermore, by exploring the methodology that was employed and outlining the research methodology adopted in order to examine the advantages and disadvantages of ratings as part of an annual appraisal process and whether this is now an outdated methodology. The research strategy will intend to examine ratings and whether it's serving any real purpose or a key driver of employee performance and engagement. It is imperative that the approaches engaged in this study is applicable and appropriate to the research question, and that it is the most effective mechanism to identify and provide an answer to the issue. The rationale behind the research philosophy, approach and strategy is explained, and the data collection technique explored to ensure the researcher chooses the correct method. Furthermore, research reliability, validity and ethical considerations are explored and discussed, and limitations outlined.

After careful consideration, of the research question and objectives, the researcher chose a qualitative approach. Much of the reasoning for choosing qualitative research rests with the aforementioned theoretical foundation on which qualitative research is based upon as outlined below. It stresses how the world is understood through people's interpretations and their experiences. Rationale will then be offered as to why qualitative was more applicable for this type of research and how it would be more effective. Following on from this, the author will discuss the data analysis used and explain thematic analysis and how it was utilised and discuss the six-step approach Braun and Clarke (2006) created. Whilst discussing quality control within qualitative data analysis looking

at credibility and dependability and how it is a means of evaluating qualitative research. There will then be a discussion of the ethics within research and the ethical considerations that emerged before, during and after the research and how the researcher worked to ensure there were no ethical infringements.

3.1 Research Design

The purpose of the research design is to “show how all the major parts of the research project work together to try to address the central research question” (Trochim, 2005). In choosing a research orientation for this project, the context and research questions were considered. In determining the research design for the study, the guiding factor was the research questions and how they would best be answered. While the respondents’ opinions and attitudes are obvious, the researcher wants to hear experiences and personal believes.

A research study can be based upon a quantitative or qualitative approach, or a mix of both methods. A qualitative research with a deductive approach was decided upon as the researcher assumes that there is sufficient amounts of studies done in this area of performance appraisal and performance ratings. The approach selected is dependent on the nature of the design and the aims of the study. Qualitative research is a process that uses inductive data analysis to study the meaning that participants attach to a particular issue or problem (Creswel, 2013). The methodology used is thematic analysis, using the guidelines outlined by Braun and Clarke (2006).

For this research the researcher intends to conduct qualitative research and hold interviews with HR Managers from various High-tech companies that have experience operating with performance appraisals and performance ratings. These professionals participated voluntarily, with confidentiality assured. The HR Managers or HR business partners have years of experience with High-tech companies which employ hundreds of people and have hands on experience with the performance appraisal processs. This will give the

researcher a deep understanding of how both methods work and what is the best strategy or practice for any company.

3.2 Quantitative Research

Quantitative research is designed on a scientific method, the main objective of quantitative research is to be as honest and fair as possible and establishes its conclusions based on empirical data and statistical findings (Babbie, 2010). Another central criteria for quantitative research is validity and reliability. There are several advantages to using quantitative research. Those include; results are scientific and are based in objective laws as opposed to the values of the researcher. Statistical techniques provide credibility to the research, vast amounts of data can be analysed quite quickly and numeric tables and charts provide effective ways to communicate the data. Criticisms of using quantitative include; the quality of data is only as good as the methods used to collect it. There is a risk of data overload, making analysis complex, quantitative sets the researcher apart from reality, only studies appearance and assumes appearance is reality. If the topic requires the exploration of personal experiences then Quantitative Research doesn't offer the same volume of information and personal experiences.

3.3 Qualitative Research

In contrast, qualitative research is established through data which is demonstrated through written word either spoken or written and cannot be presented in numeric form (Denzin & Lincoln, 2017). Qualitative data is concerned with the meanings and ways people understand things (Bryman, 2008). Bryman (2008) succinctly sums up a central feature of qualitative research and how it differs from quantitative:

An epistemological position described as interpretivist, meaning that, in contrast to the adoption of a natural scientific model in quantitative research, the stress is on the understanding of the social world through an examination of the interpretation of that world by its participants.

This stresses the nature of qualitative research, how the world is understood through people's interpretations of their experiences throughout their working lifetime. There are several means of conducting qualitative research and gathering qualitative data such observation, passive; watching behaviour in a natural setting without being involved (Denzin & Lincoln, 2017). Participant observation; in which the researcher plays a part in the setting, as well as observing. Interviews; whereby a face to face conversation takes place exploring an issue or topic in detail. Focus group; which uses group interviews and explicitly uses the group interaction to generate data (Smithson, 2000).

Much like quantitative research, qualitative is subject to the same scrutinisation and has several critiques both positive and negative (Denzin & Lincoln, 2017). Qualitative allows for alternative explanations of people's experience and personal opinions. Research is conducted in natural settings. It stresses people's meanings and allows for deeper understanding of the worlds of the interviewee's. Bryman (Bryman, 2008) outlines the main criticisms of qualitative research. Firstly arguing that it is too subjective, stating "qualitative findings rely too much on the researcher's often unsystematic views about what is significant and important" (Bryman, 2008, p. 284). Bryman also discusses how difficult it can be to replicate, this is normally due to the unstructured nature of the enquiries and conversations that occur when collecting data, also highlighting the lack of 'standard procedures. Findings can be too restrictive, which can be challenging to generalise research findings beyond the sample included.

After careful consideration of all the above, the research question and objectives themselves, the researcher opted to use qualitative. Much of the reasoning for choosing qualitative researcher, rests with the aforementioned theoretical foundation on which qualitative research is based upon. The primary reason for employing qualitative research was due to the collection of data. The researcher understood that interviews would be the best means of gathering data and qualitative allows for use of such data collection. A researcher who is more interested in the feelings and behaviour of people is

likely to use a different philosophy than someone who is more interested in statistics. There is no right or wrong research philosophy that suits the researcher, everyone views things differently and it can be whatever philosophy that works best for the researcher. A most commonly used differentiation of qualitative and quantitative research is that qualitative study translates human experiences, opinions and attitudes into words and, quantitative research translates them into numbers (Duffy & Chenail, 2008). Qualitative research, will be employed for the purpose of this research and interviews will be conducted as a data collection tool.

A key objective of this dissertation was to investigate whether assigning performance ratings as part of an annual appraisal process is an antiquated methodology, which serves no real purpose or a key driver of employee performance and engagement. The researcher understood that quantitative research would not allow for the same scope and in-depth discussion. There is a richness in detail in conducting interviews and allowed the researcher to gain insight from different perspectives.

According to Saunders (2009, p. 324) interviews are helpful to “gather valid and reliable data” that are important to answer the research question. The interview questions will be open ended allow the participants to discuss their own opinions, views and experiences. Having closed ended questions would affect the overall success of the interview and the participants may restrain from expressing their feelings and opinions on the subject matter. The interviews will be conducted face-to-face to allow the researcher to observe the body language and non-verbal communication of the participants. The interviews will hopefully be audio recorded with the authorisation of the participates and given the option to terminate the interview at any stage if requested. The interviewee’s name and company will not be present in the study to ensure privacy and anonymity for both the company and participant.

The key objectives and sub-objectives:

The aims and objectives of the study are closely aligned with the literature review. The overarching aim of this study is to explore the practice of assigning ratings as part of the performance appraisal process in High-tech organisations and why many of them are moving away from this practice. The study has been conducted with the following objectives:

The main objective is to determine whether the practice of assigning performance ratings as part of performance appraisals is now outdated. Should all High-tech organisations follow this revolution and move away from the rating process or has it substance? Does changing the review process and eliminating ratings have a positive impact on the organisations performance? Some of the sub-objectives include exploring if ratings are fundamental to measuring people's ability and performance within an organisation? How do organisations distribute pay rises and bonus without a rating process? Companies that claim to have "gotten rid of ratings" are constantly communicating by evaluating competencies, goal accomplishments, and personal feedback and therefore are not 'labelling' employees. Subconsciously, are they still using a rating system to influence their compensation decisions?

3.4 Data Collection Tool

Semi-structured interviews were employed to evoke the experiences of the HR professionals and managers, to learn as much as possible about the concept of ratings and performance appraisals from their own perspective. The interviews comprised a detailed set of both direct and open-ended questions, thus allowing the researcher to get more nuanced perspectives.

Each professional was asked to describe and discuss ratings, from their own personal view and from the organisations viewpoint. This allowed the interviewees to reflect and articulate their own beliefs and concept. Whilst reflecting on this concept, they were asked about the current process in place

and the advantages and disadvantages of conducting ratings as part of the performance appraisal process. Moving on from that, the consequences of moving away from ratings and what they believed was best practice.

The interviews lasted approximately 30 minutes to one hour and were conducted over the phone with each HR professional. The interviews were recorded through note taking and audio recording on a Mac Book Pro for reference purposes.

3.5 Ethical Considerations

Greenfield (2016) defines ethics as the principles of good behaviour, and considering the sensitive nature of this research, ethical considerations must not go unnoticed. Bryman and Bell (2007) argue that ethical research needs to ensure that their research does not cause any harm to the organisation and does not impose on any privacy protocols of the organisation. It was important to ensure the participants are comfortable during the interviews when speaking honestly about their own opinions on this subject. The researcher was vigilant not to overstep any boundaries during the interviews while trying to access information and to let the interviewee's open up about their own personal opinions.

In terms of ethical considerations, the participants and companies will remain private throughout the research. Before the interviews are conducted, the participants will be presented with the reasons for the research as well as their right to terminate their participation in the interview at any time. Ethical considerations that may arise for example, is discrimination, embarrassment, crudeness or harm. The researcher has previous experience conducting interviews and will remain completely professional when conducting and interacting with the participant. Whilst making sure the participant is 100% comfortable discussing this topic.

3.6 Interviews and Sampling

The study consisted of six semi structured qualitative interviews that included HR Managers, HR Business Partners and Senior Director of HR Business solutions. The participants were selected through the researcher's current Human Resources network and connections. As previously mentioned, all of the interviewees will remain anonymous and they will not be revealed.

Interviewees were informed of the research and the process through receipt of the information sheet and consent via email. Therefore, interviews were arranged only after one had agreed to participate in the research. Fourteen days were given after invitation without communicating with participants to ensure they have time to consider whether they wish to participate.

The researcher also kept a journal of thoughts, reflections after the interviews, and observations. It will not be part of the data set to be analysed but extracts from the journal inform the discussion session. All interviews were recorded and transcribed.

Six interviews took place with different people who work for many different kinds of High-tech companies operating across the world. The candidates were from High-tech organisations such as Medtronic, Intel, Merit Medical, HPE and HPI. The variety of experience and different organisations gave a broad overview of the different cultures, performance appraisals methods and experiences with ratings. See Appendix B for an example of the interview questions, however, each interview will vary due to semi-structured approach. No two interviewees were from the same organisation, this resulted in a broad scope of content from all the interviewees. Each interviewee shared their experience and feelings towards ratings as part of the performance appraisal process.

3.7 Research Limitations

Although the methodology is suitable for this research, prior to carrying out the primary research, the researcher encountered several limitations exploring the

research and information. The main limitation the researcher encountered was sourcing the suitable HR candidates from organisations in the High-tech Industry. However, the researcher was fortunate enough to have amazing contacts and family members within their HR community and network.

The research will focus on gaining a deep insight and knowledge on this particular subject and the researcher will be analysing a small sampling of people. Therefore, the results cannot be generalised to the wider population. Time limitations was also a big issue, trying to find a day and time that suited these professionals as their schedules are extremely busy. The researcher had to be flexible and both the time and location was at the interviewee's discretion. This location had to be practical, accessible and quiet to conduct the interviews effectively.

3.8 Conclusion

The aim of this chapter is to explore the selected research methodology used throughout this dissertation. The researcher discussed both quantitative and qualitative research providing theoretical foundations for both, the collection tools used for both, their advantages and disadvantages and a succinct piece on why qualitative research was the methodology utilised. Resulting in this research project relies mainly on qualitative data collection to allow an in-depth analysis of the ratings process as part of the performance appraisal process. Data collection was explored, explaining interviews and the reasoning behind applying them to this piece of research. Ethical considerations along with limitations that were encountered were also considered. The following chapter will present the research findings.

Chapter Four: Research Findings

4.0 Introduction

The purpose of this research is to investigate whether assigning performance ratings as part of an annual appraisal process is outdated, serves no real purpose or is it a key driver of employee performance and engagement? This chapter will showcase the findings of the data collected which aims to reflect the research objectives, provide a comprehensive description and answer the research question as previously discussed in chapter one. The researcher conducted six interviews with HR professionals from High-tech organisations and each individual was asked the 20 questions (see appendix B). When then researcher met the professionals at each of their interviews it was explained once again what the purpose of the interview was and that they were carrying out the research for their dissertation. Although, this information has been provided already in an information letter, the researcher wanted to gain the trust of the individuals and make sure they understood that the research was for a dissertation and that all information was anonymous and confidential. It was also reiterated that the interviewee's could withdraw from the research at any time even after the interview stage.

The findings will be presented through the use of thematic analysis, which is a standard presentation of findings from qualitative research. Four key themes were identified throughout the interviews, which will be illustrated below. The first overall theme is, definitions / understanding of performance appraisals. The second, conducting performance appraisals and assigning ratings. The third, the effectiveness or not of assigning ratings and their impact. The final theme being the alternative methods being used in High-tech industry's today. The findings of each interview will now be presented below according to the theme.

Due to the anonymous nature of this study, the interviewees will be referred to as Company One, Company Two, Company Three, Company Four, Company

Five and Company Six. The findings will be now be presented below according to each theme.

4.1 Employee Background

Questions 1, 2 and 3 in the interview were based on the employee's job title/role, their length of service with the organisation and other Human Resources roles they held with other organisations in the past. The organisations, job titles, length of service and roles of the interviewees varied from person to person. Some job titles included Senior HR Director, HR Manager and HR Business Partner. The next question asked the interviewee how long they had worked for the organisation. Employee's length of service varied from five months right up to twenty two years. The third interview question asked about their day to day responsibilities which included HR leadership, HR operations, Mergers & Acquisitions, talent management, employee relations and business planning. In addition, some of the interviewees worked in an organisation with anything from 1500 employees across the UK and Ireland to 98 thousand employees around the world. All six interviewees worked in very different organisations within the High-tech industry. As their experience, position and length of service varied depending on the interviewee, the researcher felt this would give more scope to explore all the key and sub-objectives.

4.2 Understanding Performance Appraisal

Each interviewee was asked about their own personal definition or understanding of the process of performance appraisal. All participants of course understood the meaning and many of their responses were very similar. With company three explaining "For me performance appraisals are really a point in time conversation with an employee to really talk about their past performance and also their future performance". Another personal definition from company five explained "I guess my understanding of it would be a structured programme with structured time lines where managers would sit down and review

employee's performance and generally at our company, from the structures process perspective that would be twice per year, an end of year review and mid-year review". These findings suggest all the interviewees have the same understanding and objectives of what should be accomplished by performance appraisals. Company Five stated that "At the end of the year we do a full review of the employee's performance for the year and that would also include discussion around development and where the employee wants to develop or needs to develop". However, company two described it as "It would be very much of a rating standard, there would be a bell curve so you would have that levelling activity that would need to take place to establish your top to bottom level – but now it's very different, it's gone full circle". Company one further outlined "The old performance management tool was probably very focused on results and it didn't look at the behaviours, it didn't look at how you got things done and it was very individual centric vs. team. So there is now a move away from that methodology to a kind of I suppose one that is going to throw out ratings and is really much more focused on the kind of one to one conversation's, the real time feedback and we are also trying to divorce the money."

The findings suggest many the trends of ratings and appraisals like on-going feedback, structure, goals and objectives, development and the bell curve. The concept and understanding is the same by all interviewee's personal belief but each company had a different journey with performance ratings and this is evident through each interview.

4.3 Conducting Performance Appraisal's and Assigning Ratings

The next question required each interviewee to describe their current approach to performance appraisal and how the organisation measure the employee's performance and award salary increases and or bonuses. Evidently, all interviewees had previous experience of assigning ratings as part of the performance appraisal process whether it be in the past or with their current organisations. Company Five stated that the organisation had recently moved

away from ratings “So this will be the first year when we have moved away and we will now go into our end of year reviews where managers will assess the end of year performance against objectives and goals for the year. They will not assign a rating so this will be our first year experiencing how that will work.” Previous to this move the company operated a number of rating systems over the years, “most recent was a three band rating system where we had stalled, driving and accelerating. So, at the end of each year managers would rate employees either stalled, driving or accelerating based on performance that then would drive manager’s decisions around a bonus and also around what salary increases they might award to individual employees”. Similarly, company one outlined their new model which is currently being implemented as the organisation moves away from ratings “we are implementing this new insights programme and how that works is basically we are going to manage and reward performance through how we provide feedback, how we work together”. The labels have gone and so we’re really now in the process of trying to land that within the business groups and within the company right now”.

Almost all the organisations that the interviewees were representing are already or in the process of moving away from ratings. Interestingly, company three explains “So we’re been on an interesting journey, in 2012 we moved away from ratings and we moved back in 2016. We’re now in a kind of a hybrid of no ratings with some variations from the years we had no ratings, operating a five rating scale”. This interviewee has by far been on the longest journey and has seen many positives and negatives that will be explored later on in the findings chapter. Company four highlighted that they conduct performance ratings but “there isn’t the same emotional attachment, it isn’t based on Merit, so there is no rewards attached to it. It doesn’t have the same weight attached to it, therefore if you get an achieved or exceeds it doesn’t have the same sort of impact so it doesn’t share the same consciences that you see in other companies”. This was the company’s policy but the interviewee has experience in many different High-tech organisation including HP and Medtronic and believed that the current organisation “don’t understand what the Industry

standard might be or what best practice might be and so there not driving towards that”.

The research suggest that each interviewee had experience with operating a rating system as part of the performance appraisals in a High-tech organisations. Although each organisation has a different approach to performance appraisals, it is evident that most organisations have moved away from performance ratings. That being said, company three have been on the longest journey moving away from ratings and have now implemented different elements of ratings back into the process. Each interview found that the practice of assigning ratings was common in organisations in the High-tech industry presently or over the past few years.

4.4 Assigning ratings

The researcher found that the majority of the interviewees had the same feelings in relation to the rating process. The findings indicate that the interviewees has both positive and negatives views from their different experiences with performance ratings. This was seen in company one and company two who both referred to ratings as a bad idea as they drive the wrong behaviours. Company two referred to ratings as “old school and the way forward is to have a really strong cohesive organisation they needs to have strong foundation of culture first with a view to building the mind frame of employees that they all have an opportunity for development to make the organisation and themselves better”. Furthermore, some of the interviewees expressed how their employees perceived the rating process “I don’t think employees have a great experience with labels either, I think they can act as a de-motivator for employees vs. focusing on rich conversations”. Most of the interviewees felt that the rating process triggered employee’s performance to only peek at certain times of year instead of being continuous over the full working year. As company two explained “employees are performing to a high standard all year round rather than peeking at the end of the year before

receiving their performance rating. From my experience in the past, people tended to peak when it came to review time at the end of the year”.

In terms of managers conducting the performance appraisals and communicating the performance rating to each employee, many of the interviewees had the same opinion. Company one had a strong opinion in regards to some managers who prefer using the rating system “I think for managers who aren’t good at having conversations or giving feedback who have a lower capability in terms of their managerial role, I think it works for them”. Some of the interviewees even suggested that there was an element of bias by some managers towards certain employees. As company five indicated “I have often as a HR person known people, seen people being rated accelerated and maybe I don’t see the whole picture but being absolutely surprised by the rating. It’s driving things like favouritism, things like that, managers liking some people and not liking others. At the end of the day, there is still going to be a performance review and decisions are still going to be made around bonus and salary. I like the idea that we are moving away from it”. Most of the interviewees outlined that many managers used the rating process as an excuse for the bonus and or salary increases they would have distributed. As company five illustrates “now they’re really own that conversation but like every other year they’re going to get a pot of money and they’re going to have to distribute that how they feel they should. It puts a lot of responsibility and rightly so back on the manager and I don’t think they can blame anybody now or blame a rating but it is going to be interesting to see how those conversations plan out”. This indicates that the interviewees believed that managers were blaming the rating process in place and not having rich and honest conversations with the employees.

Obviously, for managers having appraisals without the rating process involves them being able to communicate a narrative or rich conversation. Many of these High-tech companies put different systems and trainings in place as the managers made the transition. As stated by company one “to be perfectly honest, I think the power is in the value of the conversation that you have with

the employee”. To ensure all managers were confident with the change and committed to the process different systems and training days were rolled out. Company one stated “We did what we call dialogue sessions, which is not sharing new material, just using three or four slides from the existing corporate deck but really just providing the managers with a safe environment to tease out what they had difficulty with and what can help them or enable them in the development of this new tool.” Similarly to this finding, Company five stated “We did a lot of sessions for managers mostly focusing on the value of continuous feedback and why we were moving away from ratings. The idea that it was the way the industry was going, the fact that employees didn’t like the idea of being labelled and it wasn’t motivational, it didn’t necessarily drive team work. Then talked about the importance of regular and ongoing feedback, manager’s having more autonomy on how they spend their budgets, no restriction because of a rating and giving more ownership to the managers”. Through this massive change in the High-tech industry, all organisations seemed to have structure and process in place to support their manager through the change. As communicated by company two “So we put a lot of programmes in place to deliver education to the managers and the managers started to communicate that down to their employees”.

4.5 Forced Distribution

A key finding was the confirmation by all interviewees that there was a link between forced distribution and performance ratings. Each interviewee confirmed that there was a form of forced distribution or bell curve that had to be adhered to whilst rating your employee’s performance. Company three looking back at their old rating process stated that “we did have a bell curve prior to 2015 and actually one of the biggest rationales for us moving away was because of the bell curve and because of the forced distribution. Essentially within our company we have always prided ourselves in hiring high performing employees, so we’re hiring high performers yet we are trying to put them into a bell curve.” Similarly, another interviewee had the same experience “we would look at the bell curve and we have multiple business groups within the company

and some business groups would take the approach of lets drive that forced distribution, so it wouldn't be consistent across all business groups but if I think of the manufacturing organisation that is here they would absolutely drive to it, we have a bottom three percent of under performers and we want them identified."

On the other hand, some interviewees stated that they believed it wasn't always forced but an expectation as naturally you won't have everyone as top performers. As one interviewee indicated "But at the same time it was relative distribution or relative rating as well or ranking and it was relative to your peers. You would have to stack people and there was a top person and then people were ranked relative to that person, so I think it wasn't forced per say but there was an expectation". Another interesting statement was the link between forced distribution and compensation, as one interviewee described "formally no but informally there was a structure that was used but wasn't discussed because they had to work out how they would give the financial rewards to folk and that was something that the HR business partners would manage, so there was from an overall country perspective".

However, company three moved back to conducting performance ratings whilst abolishing the bell curve and forced distribution. Outlining "I'm very much about giving the right rating to the right person. We actually have a 2 point rating scale now and we do it on the 'what' and the 'how'. So the how we do our work is as important to us as an organisation as what we do." Although company three started to re-introduce a rating system, they moved back with a different outlook "actually when we moved back to ratings we abolished the bell curve and forced distribution". This complies with what Cooper & Argyris (1998) concept where managers are required to distribute rating for those evaluated into a pre-specified performance distribution ranking percentage or normal distribution. This also supports Rock & Jones (2015) stating that many High-tech companies used the "performance curve" or "forced rating" in the past and are now starting to move away from that process.

4.6 Rewards

As previously discussed High-tech companies use the rating system as part of the talent cycle, for example, talent reviews and compensation discussions (Hunt, 2016). If there isn't a rating process some would wonder how the managers will assign bonus or a salary increases. Company five explained that "Although the company are not assigning a rating they are still going to have to make those decisions around compensation bonus etc, as they're not going to get an infinite pot of cash". With that company two stated "The process is still the same as you have referred to but how its managed I suppose there's more autonomy given to the managers and trust and to be honest about how they are distributing financial rewards, they are managers for a reason so we have to give them that trust." However company three are currently using a form of ratings with for some of the compensation plans. The companies compensation process was outlined by the interviewee "essentially if you achieve you are going to get your 2% inflation rate, that's it you cannot get anymore. Then you have, one higher exceed then you can have anything from 3% to 5% of an increase. Depending on the discretion and the budget of the manager and then a high performer that would be an exceeds could get anything from a 5% to a 7% increase." To conclude, each interviewee stated that the increases were at the discretion of the manager and would be overseen by the total rewards team in the human resources department and senior management.

4.7 Alternative Method

The researcher wanted to shed more light on the new processes the organisation had in place after abolishing the rating system. Each interviewee's organisation have different methods and systems depending on the organisation. Company two are two years' operating without a rating system and have focused on the growth mind-set, investing in employees, brand awareness and a massive focus on talent management. Company two explained "talent management process consists of a 9 box grid, which would be at a certain level in the organisation, Top talent would be reviewed from a succession perspective and use of the 9 box grid to establish who needs to sit

where or where they currently sit, next career move and development needs”. The focus has moved away from the rating to continuous ongoing training and development all year round. This was relevant also to company five who are in their first year launching or introducing this change.

However, company three have had many years’ experience with moving from ratings and back to ratings. Although they are trying to focus more on the performance conversation and the rating is for more compensation benefits. As the interviewee states “The quality of the conversations for sure, I think that having quarterly conversation has really made it more about the conversation than it is about ticking the box on a rating, someone’s performance and where there are at has become a lot more important and actually the career conversation piece”. This particular company moved back to ratings in 2016 as they explained “the biggest component or issue that we saw from moving away from ratings was really the employee relations impact and more conversation about manager bias”. Although Company three re-introduced ratings they did eliminate forced distribution “So, we did do away with forced distribution at that point for the very reason that we went to no ratings in the first place. We are hiring people for their performance we expect people to be high performers so we need to treat our employees as if we already know that.” Every interview found that each company was moving away from ratings in some way or eliminating certain elements whether it was ratings, the bell curve or forced distribution. Overall, all interviewees have seen a change from ratings in their organisation. As company five confirms “It’s something that has been relied on so heavily by the High-tech sector, seen as best practice for so long and now something that we are completely moving away from”.

4.9 Advantages of Ratings

Following on from that, the next question the researcher put to the interviewees was “What in your view are the advantages or disadvantages of assigning ratings as part of the performance appraisal process?” Again, the majority of the interviewees responded with similar views and opinions. Interestingly, it was

pointed out by company two “If you are looking at a mass organisation and you don’t have a clue who the folk are and you need to look at a 10% cut from the outset and you’re just going in blank you look at your lower performers you can see it from the rating system. It depends on the approach from the outset, it works as a means to an end but it would not be the preferred approach”. A new and interesting finding in terms of why ratings were used was explained by company two “in some incidents they were used for redundancy situations”. This would have been an advantage for massive multi-national companies that need an instant overview of people’s performance.

Company one felt very strongly about the negative impact of ratings but did state one advantage “I think for managers that aren’t good at having conversations or giving feedback who have a lower capability in terms of their managerial role - I think it works for them”. The most common advantage highlighted by all the interviewees was the fact it was easier for managers to distribute bonus and pay increases with a rating system in place. Perfectly explained by company five “I think from an advantage perspective, it’s very easy for the organisation to find out who their top performers are because you have a rating to look at. I think it obviously helps us guide managers on how they should distribute their bonuses and salary and it’s something you can use to inform a decision.” Adding to that statement company three explained “the advantages are you have the ability to make compensation decisions easier as you have that number and there’s a process”.

Finally, company four felt that “the advantage is when it’s done well it can really drive a high performing culture. Like I said we should align employees with the company goals and objectives and if they are communicated probably in that whole cycle well then they should see how they contribute and impact on the company bottom line.”

4.10 Disadvantages of Ratings

Overall, many of the interviewees felt strongly about the disadvantages in terms of using performance ratings as part of performance appraisals. Many seen some advantages but felt the disadvantages outweigh the good elements. As company three states “So the disadvantages, it still becomes about the number and a label”. The number and the label was a common trend throughout all the interviewee’s responses. Company four felt the biggest disadvantages was “the disadvantage of it is when it’s not done right or where you’ve got managers that aren’t well versed in it or poorly skilled, it becomes a very emotive issue and it can be demotivating for employees. It can make them competitive in an unhealthy way and I think it can probably be the biggest de-motivate”.

A strong comment from company one, really intrigued the researcher “I don’t think ratings are a good idea, I think they drive incorrect behaviours by managers. I think depending how long their doing it can drive some very negatives behaviours. I don’t think employees have a great experience with labels either, I think they can act as a de- motivator for employees vs. focusing on the rich conversations.” This interviewee had many years’ experience in other High-tech organisations and was committed to operating without performance ratings. Arguably company three stated “Obviously there are issues along the way with both having no ratings and having ratings”.

Answering the main question, company two outlines “I do think ratings are old school now and the way forward is to have a really strong cohesive organisation there needs to be a strong foundation of culture first with a view to building the mind frame of employees that they all have an opportunity for development and to make the organisation and themselves better.” Many interviewee’s had the same response and felt that ratings were demotivating, labelling people and overall were used for the wrong reasons. Company three reiterating the main disadvantage “So with having ratings but just having that differentiation we kind of come back and people are ok with where it’s landed but there’s still that component of it becoming about the number”.

Chapter Five: Discussion

In this chapter, the researcher will discuss in detail, the findings referred to in the previous chapter (full transcripts can be seen in appendix D). Along with this discussing the findings of this research in contrast to the literature through examining the following themes which emerged from both the literature review and the findings. Conducting performance ratings, forced distribution, performance and rewards, alternative methods, advantages and disadvantages of performance ratings will now be discussed as key themes which provide answers to the research question and objectives. There will be a discussion using the same section titles that were discussed in chapter four. The researcher will then provide a succinct conclusion of the findings from both research and literature and linking them back to the overarching objectives.

The researcher will discuss in detail, the findings referred to in the previous chapter (full transcripts can be seen in appendix D). Along with this, it will conclude the dissertation and talk about the limitations of the research, the opportunities for further research, and what recommendations will be made in order to decide whether the practice of assigning ratings is a practice of the past or if it still has a purpose as part of performance appraisals process. The researcher will outline any recommendations for other organisations. The chapter will close with the researcher's personal learning statement explaining their experiences of carrying out this research dissertation and what was learnt through the process.

5.0 Employee Background

The first three questions the researcher asked the interviewees were general questions to understand their background and the organisational culture. As mentioned in chapter four, these questions included the employee's job title, responsibilities, other HR positions held and length of service at the current organisation. These questions were not vital to the study but the researcher wanted the interviewees to build a trusted relationship with the interviewer to get the most out of the interview and receive both their organisational and personal views.

5.1 Understanding Performance Appraisal

All interviewees had the same response when explaining what they believed was the definition of performance appraisal. Each interviewee believed should be a real time conversation that motivates, facilitates, develops, rewards, provides feedback and looks at the future aspirations of each employee. This agrees with the CIPD (2018) definition that a performance appraisal is one of many performance management tools that aim to ensure employees' performance contributes to an organisations objectives, and should be used as part of an integrated approach to managing performance.

5.2 Conducting Performance Appraisal's and Assigning Ratings

All the interviewees had experience with the practice of assigning performance ratings as part of the performance appraisal process in their organisations. All the High-tech organisations that the interviewees were representing operated performance ratings for many years and one interviewee's organisation is still using performance ratings. This agrees with the Harvard Business article (Cappelli & Tavis, 2016) as it stated many organisation used the forced ranking system to allocate rewards and hold employees accountable. However, the shift began and technology companies such as Medtronic, Adobe, Microsoft and IBM led the way by abolishing ratings and had implemented a more effective

way of reinforcing desired behaviours and managing performance (Cappelli & Tavis, 2016).

Only one interviewee's organisation moved away from ratings and then re-introduced the performance ratings system with a few changes as explained by company three "a hybrid of ratings with some variations from the years we had no ratings". Although this company returned to ratings they have eliminated the bell curve, forced distribution and the main focus is now on a rich conversation. Another interviewee's high-tech organisation still operates using performance ratings as part of their annual review process, although "it's much more informal and it's not linked to rewards - I think they just don't understand what the Industry standard might be or what best practice might be and so there not driving towards that". That particular interviewee didn't seem to agree with the current system and had experience with larger organisations previously to this current position. Other than these two interviewees the four other interviewees organisations had moved away or were in the process of moving away from performance ratings.

5.3 Assigning ratings

The researcher found that many interviewees felt that assigning ratings created a sense of labelling of employees, competitiveness and found that it was essentially a demotivator. As previously stated by Pettijohn, Pettijohn and Taylor (2000) they reported that employees and supervisors often perceive the performance appraisal with fear and disgust. Inevitably, many of the interviewees felt that performance ratings were having a negative impact on the valuable conversation as employees only cared about the rating. A common theme across all interviews was the fact employees would disengage after hearing the rating. This was explained by company five, "what I would have found as a manager is when you go and have a conversation with somebody and you go into the performance review a lot of people want to find out the rating they got and then they don't listen a whole lot after that and they disengage". This supported the question by Murphy (2008) whether PA ratings provide meaningful information.

5.4 Forced Distribution

It was very clear from the responses of the interviewees that forced distribution was a key objective of performance ratings for all High-tech organisations. From speaking with employees representing these organisations it backed up the statement by Rock & Jones (2015) stating that High-tech companies such as Juniper, Adobe, Microsoft, Hewlett Packard and IBM have stopped rating employees on a “performance curve” also known as the “forced rating” approach. Subsequently, many people consider the system to be dysfunctional and damaging to an organisations health and detrimental to an organisations culture (Pfeffer & Sutton, 2000) and this was proven as all of the interviewee’s admitted to moving away from ratings as forced distribution was prevalent. The use of the bell curve was also proven by conducting this research with the HR professionals of High-tech organisations.

5.5 Rewards

The researcher found that many participants did find rating valuable when differentiating performance and making decisions on how to distribute salary increase, bonuses and rewards. As stated by Hunt (2016), High-tech companies use the rating system as part of the talent cycle, for example, talent reviews and compensation discussions. If these organisations eliminated this process how would managers justify or identify who deserved certain increments. Interestingly, company five made a valid argument that a manger will create a rating for each individual in their head to justify their decision. The overall theme was trust, this new process of eliminating ratings would give all managers more autonomy to make their own financial decision with regards to distributing rewards.

5.6 Alternative Method

It was very clear that all interviewees believed in moving away from ratings, providing continuous feedback, rich conversations and giving managers more autonomy when making financial decisions. The interviewees gave a greater insight into how they conduct performance appraisals now having eliminated performance ratings. Many organisations introduced different systems and tools to promote continuous learning like for example x company introduced Brain Candy as an online training function for employees. Many interviewees mention how they believed in the 360 degrees check-ins were important whilst promoting continuous learning and personal development. As defined by Ward (1997) 360 degree feedback is the systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders on their performance. Many of the interviewees discussed the importance of the growth mind-set, investing in employees, brand awareness and a massive focus on talent management.

5.7 Advantages of Ratings

Many of the interviews felt that there was few advantages to the performance ratings. With many years of experience between all six interviewees, many of them felt the main advantage was aligning the rating with a compensation. It made it easier for managers to explain their decisions in relation to rewards. As previously mentioned, it was more accessible for the HR department to have an overview and being able to establish the organisations top performers and talent. On another note, as mentioned by the interviewees this process suited managers that didn't have the skillset or personalities to have a rich, meaningful or narrative conversation.

5.8 Disadvantages of Ratings

Examining this section and as the researcher spoke with the interviewee, it was evident why these High-tech organisations moved away from the rating system. The number and the label was a common trend throughout all the interviewee's responses as these organisations didn't want to be seen to be labelling people in today's society. Many mentioned that it was in effective the biggest de motivator. As stated before companies worldwide were questioning their forced-ranking and rigid rating systems as only 8% of companies report that their performance management process drives high levels of value (Garr, et al., 2014). In order for an organisation to be successful their people must be dedicated and engaged.

The overall view of ratings from the interviewees was that it is a methodology of the past that drove forced distribution and didn't focus on other essential elements of an employee's lifecycle with an organisation. Many stated that ratings resulted in employees only focusing on the number and not on their development and performance in the organisation.

5.9 Conclusion

This chapter outlines how this research contributes to current literature, be it contradictory or reflecting previous findings. With that, it outlined the relevance this study has in helping practitioners and the High-tech industry in determining whether assigning performance ratings is an outdated practice. An exploration of the research question and objectives has been provided through the discussion of advantages and disadvantages of ratings, eliminating ratings and the new approach. The following chapter will provide a conclusion to this research dissertation.

Chapter Six: Conclusion

6.0 Introduction

The aim of this section is to provide the conclusions derived by the researcher regarding the finding and academic research. The outcomes of the dissertation will be discussed and how they address the overarching research objectives. The research dissertation set out to achieve a number of aims and objectives. Firstly, to study and understand the process of performance ratings as part of the performance appraisal process in High-tech organisations. Secondly, to determine why these companies have moved away from this process over the past few years and if any of these organisations still use this methodology or process and finally, to determine whether ratings are now outdated

6.1 Research Objectives

With a lot of hype around the evolution of the performance appraisal process in High-tech organisations in recent times, this research first aimed to explore the rating system, it's purpose and to understand why organisations have started to move away from what has for many years been considered best practice. The findings provided a strong indication that the organisations felt the rating system was about labelling people and putting people into a bell curve, hence creating a sense of forced distribution. The majority of the interviewees stated that their organisations have had a negative experience with performance ratings and it is a methodology of the past as they move away from this process.

The research question specifically aimed to answer whether performance ratings were outdated in the High-tech industry. The findings conclude that many organisations have moved away from performance ratings and this evolution has brought a lot of positives for the employees of these organisations. However, this is a relevantly new concept for the High-tech industry and it will be interesting to see how these organisations progress with the new method of evaluating and rewarding employees.

6.2 Recommendations & Cost Recommendations

The recommendations of proposed ways to conduct performance appraisals without the use of performance ratings and creating forced distribution. It is important that the individual employee's objectives are aligned with the overall objectives and strategy of the organisation. Whilst providing training to provide employees and managers with the skills to enable them to provide rich and meaningful feedback and make executive decisions in relation to rewards. Finally, it is recommended that a change management strategy is implemented in organisations.

Firstly, it's vital that the organisation achieve their main objectives from their employee appraisal system. The researcher confirmed that many organisations have moved away from performance ratings due to forced ranking and dissatisfaction. Storey (2001) argued that ratings did not fit in today's vigorous business environment as it expressed inflexibility and incapability of adapting change. Any organisation still using performance ratings should re-think about the element of forced distribution or the use of a bell curve referred to as a 'Death Curve' by Mesler (2003) and micro-management towards managers.

Training and communication is highly recommended if organisations are going through the transition phase of moving away from ratings. Whilst going through this change it's important all managers involved are clear on the process and receive training in all areas. It's important that all the lines of communication are open between managers and employees when implementing this change from ratings to no ratings. Organisations should implement training programmes for managers who will be focusing more on rich conversations, continuous feedback and distributing rewards. It's important the managers trust the process and have the right skill sets to implement this change and communicate to employees. This process will give more autonomy to managers and it's important they are confident and comfortable with this change. In effect, senior management must consider the manager's time as this change will involve ongoing catch ups with their team members to provide continuous feedback.

The next recommendation involves the employees as this process will put more onus back on them to self-evaluate. Latham (2016) claims, employees should be more involved in change and that would lead to greater success for the company and the employee. The employee must communicate their goals whilst giving their input and evaluating their own performance. Organisations should offer online portals that offer educational programmes for employees that will promote continuous learning that allows the employees to have trust in the new process.

The final recommendation involves the implementation of a change management process. People will be at the core and the organisation must ensure they have the skills, knowledge, and behaviours to drive this change effectively (CIPD, 2018). There is no single model of change and no one solution to effective management, but people professionals need to ensure they have the skills, knowledge, and behaviours to drive effective change (CIPD, 2018). Strategies must be in place to deal with potential resistance to this change from ratings to no ratings. Employee may raise grievances as they may not understand the reasoning behind certain decisions in relation to bonus and salary as performance ratings will be no longer used as a guide.

6.3 Personal Learning Statement

The dissertation has been both a challenging and a valuable experience and on reflection of this experience, I realise the benefits I have gained and areas I need to improve on going forward in my career. Reflection allows me to fully comprehend how much I have learned throughout this process, not just academically, but on my everyday working style and attitude towards something I had initially considered to be a very daunting experience overall. I view this research as a link connecting my college experience and my career and reflect on everything I have learned over the past two years. By conducting the interviews with some of the most experienced HR professional in the industry allowed me to network with them and broaden my knowledge.

Overall, this dissertation has been an insightful experience, it was challenging, and intellectually fulfilling and I believe my research has shed some light on this relatively new trend. I have gained immensely from this project, both personally and academically, and I hope that those exposed to my research find it to be an interesting topic with insightful findings.

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Appendices

Appendix A: Information letter for participants

Dear Interviewee,

I am a student on the Masters of Human Resources Management programme at National College of Ireland. I am required to complete a research project as part of my master's degree. This project investigates whether assigning performance ratings as part of an annual appraisal process is an antiquated methodology, which serves no real purpose or a key driver of employee performance and engagement.

My research for this project will focus primarily on the appraisal process in place in the IT/High-Tech Industry.

As part of my primary research, I am conducting interviews with HR professionals within this Industry to discuss their views on this topic. I am requesting an interview with you. The questions I will ask are listed in the attachment to this e-mail, the interview itself should take less than one hour. We can organise it at your convenience in person, by phone or by Skype. Whichever is easiest for you, I understand you're extremely busy. I hope to complete all interviews before 02.08.2019. Because the information gathered may be of a sensitive nature, the identities of all interviewees will be anonymous. My supervisor for this project is Dr Vivienne Byers - vivienne.Byers@ncirl.ie. If you have any questions, please feel free to contact me at Mitchell.danica9@gmail.com.

Thank you for taking the time to consider this request.

Kindest regards,

Danica Mitchell

Appendix B: Interview Questions

1. What is your position at XXXX?
2. How long have you held this position?
3. Can you tell me about your job responsibilities?
4. Have you worked in a HR position in other organisations? Tell me a little about these roles
5. What is your understanding of the process of Performance Appraisal?
6. Outline your current organisations approach to Performance Appraisal?
7. Does your organisation assign Ratings as part of Performance Appraisal process?
8. Do you think this type of appraisal process and assigning of ratings is more prevalent in the High-Tech Industry?
9. How does the organisation conduct performance appraisals?
10. What do you believe is the main purpose of conducting Performance Appraisals and assigning ratings?
11. If so, what is your organisation's approach to assigning rating, do you have a forced distribution, which needs to be adhered to?
12. How often are the Performance Appraisals carried out?
13. There is currently a lot of debate in relation to the effectiveness or not of assigning ratings and the impact positive / negative on employee performance. Can you tell me about your experience with using a rating system?
14. Has your organisation made any recent changes to its Performance Appraisal process e.g. moving from ratings to no ratings?
15. What was your organisation experience in making this transition?
16. Did your managers have concerns regarding the change?
17. What in your view are the advantages or disadvantages of assigning ratings as part of the performance appraisal process?
18. What impact if any, has the change made to your company in terms of improved performance, employee engagement etc.?
19. In your opinion, do you find performance ratings effective in the High-Tech Industry?
20. How does the organisation assign salary increases / bonus payments, if they no longer operate a rating process?

Appendix C: Sample Consent Form

- I _____ voluntarily agree to participate in this research study.
- I understand that even if I agree to participate now, I can withdraw at any time or refuse to answer any question without any consequences of any kind.
- I understand that I can withdraw permission to use data from my interview within two weeks after the interview, in which case the material will be deleted.
- I have had the purpose and nature of the study explained to me in writing and I have had the opportunity to ask questions about the study.
- I understand that participation involves answering a range of questions.
- I understand that I will not benefit directly from participating in this research.
- I agree to my interview being audio-recorded.
- I understand that all information I provide for this study will be treated confidentially.
- I understand that in any report on the results of this research my identity will remain anonymous. This will be done by changing my name and disguising any details of my interview which may reveal my identity or the identity of people I speak about.
- I understand that disguised extracts from my interview may be quoted in the dissertation.
- I understand that if I inform the researcher that I or someone else is at risk of harm they may have to report this to the relevant authorities - they will discuss this with me first but may be required to report with or without my permission.
 - I understand that signed consent forms and original audio recordings will be retained with only Danica Mitchell and Dr Vivienne Byers having access until October 2019.
- I understand that a transcript of my interview in which all identifying information has been removed will be retained for [specific relevant period – for students this will be two years from the date of the exam board].
- I understand that under freedom of information legalisation I am entitled to access the information I have provided at any time while it is in storage as specified above.

- I understand that I am free to contact any of the people involved in the research to seek further clarification and information.

Danica Mitchell
Researcher
MA in HRM
086-2025692

Dr Vivienne Byers
Supervisor
National College of Ireland
01-4498696

Signature of research participant:

Date:

Signature of researcher:

Date:

I believe the participant is giving informed consent to participate in this study.

Signature of researcher:

Date:
