PERFORMANCE APPRAISAL FOR TEAM-BASED ORGANIZATIONS: A PROTOTYPICAL MULTIPLE RATER SYSTEM

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ABSTRACT

There is an abundance of information regarding both performance appraisal and work teams. However, very little theoretical or empirical work has been directed at the performance appraisal of work teams. Our goal with this paper is to begin a theoretical discourse in this area by combining cutting-edge theoretical approaches to performance appraisal and presenting a prototypical performance appraisal system for team-based organizations. Our prototypical team appraisal system includes ratings from multiple sources including: self, supervisor, and team members. Additionally, we suggest that overall team performance should be rated along with individual team member performance, teamwork and coordination behaviors. We draw on our research, as well as other research in the field of performance appraisal, to identify contextual issues which may impact on a team-based appraisal system, including: purpose of the appraisal, understanding of the appraisal system, trust and politics, and the feedback environment.

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WORK TEAMS

One recent organizational trend is the steady increase in the frequency of work teams and organizations’ reliance on them for a variety of functions. For instance, Fisher (1994) has noted that the transition to work teams has crossed into almost every industry. Among those companies that have made work teams an integral part of their organizational practices, Fisher cites Corning, Monsanto, Apple Computer, and Seattle Metro. For our purposes, we define a work team as a distinguishable set of two or more people who interact dynamically, interdependently, and adaptively toward a common and valued goal, and who each have at least some specific roles or functions to perform (Tannenbaum, Beard, & Salas, 1992). We also focus largely in this paper on Self-Managed Work Teams (SMWTs) which according to Varnes (1994) are sometimes called autonomous work groups, high performance teams, and self-directed groups. They all involve empowerment of the teams to take control and responsibility for their own actions and team performance. Cohen (1994) includes among their key components: (1) interrelated tasks among groups of employees, (2) employee discretion over tasks such as task assignments and plans for completion, and (3) face to face interaction.

Lawler, Mohrman, and Ledford (1992) reported the results of a study conducted in 1990 which indicated 47% of Fortune 1000 companies surveyed reported that they used SMWTs with some of their employees, and 60% anticipated increasing their use in the next few years. Cohen (1994) aptly suggests that: “Self-managing work teams are an idea whose time has come” (p. 68). Given this backdrop, we suggest that the newer approaches to performance appraisal which have been developed and advocated in the past 10 years by many of us who work in this area ought to be discussed and applied in light of this equally important organizational trend—work teams.

A Framework for Work Teams

Although many organizational scientists have presented frameworks for thinking about and evaluating work teams (see Fisher, 1994; Mohrman, Mohrman, & Lawler, 1992; Sundstrom, De Meuse, & Futrell, 1990; Tannenbaum, Beard, & Salas, 1992), we base our discussion around Cohen’s (1994) approach, which we discuss briefly here. Cohen posits three major dimensions of SMWT effectiveness. First, team performance, which consists of controlling costs, increasing productivity, and increasing quality of products/services. Second, attitudes of team members, which include the quality of work life (this could be operationalized by such things as satisfaction with the job, team, social relations, and growth opportunities), organizational commitment, and trust in management. Third, withdrawal behaviors such as absenteeism and turnover. We maintain that these three dimensions provide at least an excellent start to evaluating the effectiveness of work teams.

After reviewing a great deal of the literature, Cohen (1994) identified four classes of determinants of SMWT effectiveness: (1) task characteristics such as the composition and interdependence of the tasks; (2) characteristics such as the composition of the team; (3) from the task design of the team. Third, from the team of team members comes the behaviors in individual team members the team needs of the support of the team. Cohen (1994) concludes that with this conclusion and will demonstrate both theoretical and empirical work. Our purpose is not to discuss yet another method of discussing the performance appraisal process.

PERFORMANCE APPRAISAL

Since Landy and Farr’s (1980) review of the literature, there have been a couple of different approaches to performance appraisals (Ilgen, Baroudi, and Hackman, 1978). One approach has resulted in a great increase in our understanding of how people evaluate their work. Another approach has resulted in deriving the performance ratings (Bretz, Milokos, & Smith, 1993; Judge & Ferris, 1993) suggest that researchers need to be mindful of the situation within a social context and that the factors that influence the performance appraisal process issues is a grievous error (c.f., the team performance appraisal).

A second related perspective has developed in the literature. Folger, Konovsky, and Cropanzano (1996) have focused on the issues of the study of performance appraisal as a process metaphor. These researchers ran away from an overly rational view of performance appraisal has been viewed as a process. However, in this area, they advocate approaching the performance appraisal process metaphor which emphasizes the importance of adequate notice (e.g., employee input in...
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A modest increase in the frequency of work teams has crossed into almost all organizations. For instance, 74% of work teams in a variety of functions. For instance, 10 of the largest companies have deployed work teams as an integral part of their operations. Cornings, Monsanto, Apple, Compaq, and others define a work team as a distinguishable unit that operates independently, and who each have at least some degree of autonomy (Beard, & Salas, 1992). We call these Work Teams (SMWTs) which are distinguished from traditional work groups, high performing teams, and autonomous work groups, high performance teams, high autonomy work teams (Beard, & Salas, 1992). They all involve empowerment of employees, their own actions and decisions, and are performance-oriented. They are characterized by (1) interrelated tasks, (2) discretion over tasks, such as task autonomy, and (3) face-to-face interaction.

The results of a study conducted in 10 companies surveyed reported that 60% anticipated increasing the number of SMWTs. Given this backdrop, we examined performance appraisal which has been used by many of us who work in this area. The results show the importance of organizational performance appraisal.

Performance Appraisal: The New Wave

Since Landy and Farr's (1980) review and evaluation of the performance appraisal literature, there have been a couple of important trends. First, as a direct result of this seminal work, the research focus shifted from an examination of rating errors and scales to examining the cognitive processes employed by raters in conducting performance appraisals (Ilgen, Barnes-Farrell, & McKellin, 1993). This has resulted in a great increase in our understanding of how raters process information in deriving the performance ratings of others. However, many of today's prominent researchers (e.g., Betz, Moorman, & Read, 1992; Ferris et al., 1994; Ilgen, 1993; Judge & Ferris, 1993) suggest that it is time for a second shift. In particular, researchers need to be mindful of the fact that performance appraisal takes place within a social context and that the failure to consider those social and situational influences on the performance appraisal process while emphasizing only cognitive process issues is a grievous error (cf. Ferris et al., 1994).

A second related perspective has developed out of the organizational justice literature. Folger, Konovsky, and Cropanzano (1992) applied organizational justice issues to the study of performance appraisal, resulting in what they call a "due process metaphor." These researchers maintain that performance appraisal has suffered from an overly rational conceptualization of the process. Specifically, performance appraisal has been viewed as a type of test and, therefore, the emphasis has been on the psychometrics of scales and ratings. To improve our research in this area, they advocate approaching performance appraisal from a "due process metaphor" which emphasizes the importance of providing employees with adequate notice (e.g., employee input in the development of these objectives), a fair
hearing (e.g., self-appraisal), and judgment based on evidence (e.g., principles of fairness). The due process approach argues that “appraising people is a matter of judging them, not simply measuring them as if they were being fitted for new clothes” (Folger et al., 1992, p. 171). Therefore, many social and environmental factors which impact on this judgment process are important for understanding performance appraisal.

These two related perspectives seem to fit within a more general framework presented by Murphy and Cleveland (1991, 1995). They suggest that performance appraisal has been traditionally viewed as under the charge of industrial or personnel psychology, thus resulting in the traditional “test metaphor” view of performance appraisal. This view has led to an emphasis on the psychometric development and evaluation of appraisal instruments which is consistent with the major traditional emphasis of personnel psychology. However, Murphy and Cleveland (1991) argue that performance appraisal is a topic that clearly “rests at the intersection of both industrial and organizational psychology” (p. 56) and, therefore, would be best served by research and theory development which includes an emphasis on the principles from both areas.

The point made by these researchers and echoed here is that performance appraisal research should begin taking into account the variables and processes which we typically think of as being “organizational” in nature rather than “industrial.” It is our contention that we are in the early stages of this second shift as, over the last 10 years, empirical work has begun to examine performance appraisal from new perspectives (e.g., Dobbins, Cardy, & Platz-Vieno, 1990; Ferris et al., 1994; Giles & Mossholder, 1990; Judge & Ferris, 1993; Mount, 1983; Williams & Levy, 1992). However, a great deal more needs to be done as the social and environmental factors are diverse and of potentially great importance to the performance appraisal process. Our purpose here is to show how approaching performance appraisal from what we call “the organizational side” provides a very useful vehicle for thinking about, dealing with, developing, and evaluating appraisal systems for work teams because social and contextual factors are necessarily important in team-based organizations. Before we discuss the organizational side of performance appraisal, we would like to briefly outline what we suggest as a prototypical team-based appraisal system.

Prototypical Team-based Appraisal System

This section is intended to provide an overview of what we believe are the required elements of a team-based performance appraisal system. Figure 1 presents our prototypical system. Each of the components presented here are discussed in more detail throughout the remainder of this paper, but introducing them now should be helpful in following the rest of the discussion. Figure 1 includes a few examples under each component of the appraisal system for both the individual and team level. These are only examples and would certainly vary by job and
within a general framework for the charge of industrial and personnel psychology. They suggest that performance appraisal is a topic that clearly "translates" in the literature on the psychometric and personnel psychology view of performance appraisal system, and individual psychology system. As with many social and environmental variables, many performance variables are important for understanding performance appraisal system.
other characteristics. For instance, scrap rate may be an appropriate measure for steel workers but not for baseball players, who might be better appraised by errors made.

First, although the team is clearly the focus of this appraisal system, it would seem inappropriate to exclude evaluations at the individual level. On the other hand, although individual contributions should be evaluated, appraisal of individual team member performance is only one small part of an effective team-based appraisal system. Further, traditional top-down appraisal systems in which a supervisor evaluates the team member and provides him or her with an evaluation is antithetical and simply inappropriate for participative organizations which are truly committed to the team concept. Individual performance, therefore, should consist of self-ratings, peer (i.e., team member) ratings, and possibly supervisor ratings, if there is a supervisor external to the team who has the opportunity to observe or experience individual performance. If the supervisor rating is not sensible for any given situation, then a combination of self and peer ratings would be used in arriving at the individual performance rating. We believe that by including this type of individual team member evaluation, individuals will not be so completely tied to their team that they neglect to consider the impact of their individual behaviors. In addition, however, by not emphasizing individual performance at the expense of team performance, we hope to avoid the potential for conflicting purposes—individual versus team. Obviously, finding the right balance between including an individual team member component to the appraisal system and maintaining the emphasis on team performance will take some work tailored to the particular organization.

Second, we suggest that an effective team-based appraisal system must include multiple raters evaluating team performance as well. Whether we call them 360-degree feedback systems, multi-rater feedback systems, or multi-source feedback systems, the most important point is that the performance of teams be appraised by multiple raters. At a minimum, team performance should be rated by each team member and a leader or supervisor if one exists outside of the team. It might also be beneficial to include members of other teams depending on the interdependence of the teams and the opportunity of the other team’s members to evaluate the focal team’s performance. The multi-rater approach as an element of team-based appraisal is consistent with the general trend in organizations toward involvement-oriented climates and commitment of employees at all levels (Fisher, 1994; Meyer, 1991) which seems especially important for team-based organizations.

Third, there are many models of team effectiveness (Salas et al. 1992; Sundstrom, DeMeuse, & Futrell, 1990; Tannenbaum, Beard, & Salas, 1992), and they all involve broadening the performance criterion (for a review of performance criteria, see Austin & Villanova, 1992) to include such nontraditional performance dimensions as coordination and cooperation. Most individuals involved in team-based organizations recognize that such teamwork is critical to successful team performance (McIntyre & Salas, 1995). Since the team product is dependent on team members working together, evaluating teamwork as well as teamwork seems reasonable. We leave it to those who focus on team training and development to determine how they be evaluated by the other team members and on teamwork as could members of the team and its performance.

Fourth, depending on the type of appraisal process. For instance, a work team to users should be evaluated by the users who are in the best position to evaluate. Furthermore, customer satisfaction is a primary concern for employees who are laterally in work teams. In other words, a group of employees who work together is evaluated by its customers as a group “together” on a daily basis, but they are also a number of customers. Clearly, these customer success too.

Finally, some work teams produce a product that can be objectively measured. Objective team performance measurement, for example, a work team at an automobile factory, can obtain product quality measures from multiple feedback sources and team performance measures should be included. Hence, an "overall" or "overall" or "overall" index where appropriate.

This is what we define as a basic team-based appraisal system for work teams that is appropriate for team and individual performance, team performance, and objective measures of team performance. In the situation, other elements would involve social context and its role in affecting the team. This prototypical appraisal system allows for team evaluation.

Performance Appraisal from the Organization's Perspective

What do we mean by performance? One definition of performance is that performance appraisal tools will only be advanced to the extent that we evolve a new approach to appraisal, or what Folger calls the metaphor. "Approaching performance appraisal as a process means that no longer are the appraisal process," and rating errors the focus of performance appraisal.
may be an appropriate measure for the individual level. On the other hand, it would be evaluated, appraisal of individual performance, part of an effective team-based appraisal system in which team members working together, evaluating team members on a dimension such as teamwork seems reasonable. We would suggest that team members evaluate themselves on teamwork measures such as cooperation and coordination, and that they be evaluated by the other team members on these dimensions as well. Again, if a leader outside the team exists, he or she could also evaluate each team member on teamwork as could members of other teams whose work is also dependent on the performance of the team and its members.

Fourth, depending on the type of team, other individuals may be involved in the appraisal process. For instance, a work team which provides a product or service to users should be evaluated by the users, clients, or customers. Perhaps these users are in the best position to evaluate the performance of the work group. After all, customer satisfaction is a primary goal of many work teams. Another example are employees who are laterally integrated into a work team—cross-functional work teams. In other words, a group of clients may be completely serviced by one work team which includes employees from product development, sales, service, accounting, and troubleshooting. These team members do not necessarily work "together" on a daily basis, but they do work together to serve the same small number of customers. Clearly, these customers should be involved in the appraisal process too.

Finally, some work teams produce an end-product which can, and should, be objectively measured. Objective team performance indices include things such as drums of paint produced by a team at a paint factory or engines completed by a product team at an automobile factory. In addition to the more subjective ratings from multiple feedback sources already discussed, these objective team productivity measures should be included along with objective individual performance indices where appropriate.

This is what we define as a basic team-based appraisal system. Performance appraisal systems designed for work teams should include multiple source ratings of team and individual performance, multiple source ratings of individual teamwork, and objective measures of team and individual performance. Depending on the situation, other elements would seem reasonable, as well. As we discuss the social context and its role in affecting the appraisal of work teams, we will refer to this prototypical appraisal system and add other elements where appropriate.

Performance Appraisal from the Organizational Side

What do we mean by performance appraisal from the organizational side? We mean that performance appraisal theory and its application to appraisals in use will only be advanced to the extent that we move beyond the age-old psychometric approach to appraisal, or what Folger and colleagues (1992) have called the "test metaphor." Approaching performance appraisal from the organizational side means that no longer are the appraisal rating form, the level and type of "accuracy," and rating errors the focus of our performance appraisal research or theoriz-
ing. In addition, the cognitive processes of the raters, although important, have received their share of research attention and also take a back seat here. Instead, variables traditionally examined by organizational psychologists independent of performance appraisal such as participation, knowledge, informal support, group characteristics, empowerment, and justice become the focus of our appraisal work. This is the perspective that we advocate for current and future thinking about performance appraisal. Further, given the complexities of the organizational context in which work teams exist, we especially advocate this new way of approaching performance appraisal for SMWTs which will be the focus of the rest of this paper.

Social Context

Ferris and colleagues (1994) note that it is important to appreciate that performance appraisal is not only a process but one that takes place in a work context which necessarily involves social and situational influences. Social context is a very broad term which includes many aspects. Murphy and Cleveland (1995) suggest that context includes a diverse set of factors ranging from the social and legal climates in which the organization itself exists to the climate and culture within the organization. They characterize context effects as being distal, in which elements of the context have indirect effects on the rater, and proximal which impact directly on the rater. We would like to emphasize an element of this which Murphy and Cleveland do not feature in their discussion. Namely, we think that context (whether distal or proximal) may have equally large effects on raters as it does on rates. In other words, context not only determines to some degree the traditional supervisor ratings which have received much attention in the appraisal literature, but it also impacts on raters' attitudes about the appraisal process, system, and ratings, as well as rater beliefs about the supervisor and the organization as a whole. Further, the context impacts on self-ratings and peer-ratings as well as the reactions of these rates. We suggest, therefore, that not only do we need more theorizing and research about context, but we need to realize that context is not limited to effects on the traditional supervisor as rater and that the social context in which the appraisal takes place is a strong determinant of ratee attitudes and behaviors. Given the inherent complexities of team-based organizations, the social context may be even more important than it is in traditional organizational environments.

A second point mentioned by Murphy and Cleveland, which we stress in our work, is the issue of the "perceived context" versus the "objective context." Yasai-Ardekani (1986) argues for the importance of perceptions in organizational functioning. In particular, he argues that individuals react to perceived aspects of the context or environment rather than the objective aspects. Further, he suggests that although the objective context certainly affects perceptions, these perceptions are also largely determined by individual differences. Magnusson (1981) suggests that the perceived situation is most important and involves the actual situation as it is perceived by individuals, each of whom differ on important attitudinal variables.

We suggest, therefore, that environment and context are important, individual differences in being perceived differently and these differences in influencing important organizational processes discussed in the remainder of this paper, as objective elements, of the context.

The social context factors which we have identified as relevant and variables relevant to team-based organizations have built on the works of several others. Performance appraisal in arriving at our perspectives and issues variables not discussed in the remainder of this paper would fit into this or a similar perspective. Variables for inclusion here were chosen based on definitions and our research but are not classified as microlevel or social level or what we call the organization.

Microlevel Consequences

Figure 2 presents the microlevel consequences. Although we discuss these factors individually, they operate simultaneously in affecting the ratee.

Team Characteristics

Team characteristics is the first component of the performance appraisal system of SMWTs and involves several aspects of the team itself making up the team appraisal system.

Team functions are often broken down into process oriented ("teamwork") and process oriented ("teamwork") aspects. These are often seen as a team's special task. Taskwork factors are conceptualized...
important to appreciate that performance appraisals take place in a work context that has both microlevel and macrolevel influences. Social context is a factor in how raters interpret the performance of ratees. Murphy and Cleveland (1995) suggest that social factors such as the climate and culture within the organization are important. The role of the rater is also significant, as is the relationship between the rater and the ratee. Murphy and Cleveland (1995) argue that the context of the appraisal process is important, and that this context is not limited to the traditional organizational environment but includes the social and cultural context in which the appraisal takes place.

Microlevel Contextual Variables

Figure 2 presents the microlevel contextual variables upon which we will focus. Although we discuss these factors individually for clarity, we do suggest that they operate simultaneously in affecting the performance appraisal process.

Team Characteristics

Team characteristics are the first contextual factor which may influence the performance appraisal system of SMWTs. Murphy and Cleveland (1995) suggest that several aspects of the team itself may impact on the effective functioning of the team appraisal system.

Team functions are often broken down into task oriented aspects ("taskwork") and process oriented aspects ("teamwork") (McIntyre & Salas, 1995). Taskwork involves specific individual behaviors that are required for performance. In other words, these are an individual's specific duties required to complete the group task. Taskwork factors are conceptualized at an individual level and, therefore,
should be appraised at the individual and team level in a comprehensive and objective manner by an individual's supervisor, peers, and team members.

Teamwork includes the wide range of interactions among team members that enhance the way teams perform. Measures of teamwork include the following: (a) team performance (McIntyre and Cleveland, 1995) and McIntyre et al. (1987), (b) feedback from other team members, and (c) performance criteria. These measures are designed to ensure that teamwork is effective and that the behavior of the team is consistent with the team's goals and objectives. A comprehensive definition of teamwork requires that these three broad categories be considered when discussing the implications of the teamwork appraisal.

According to Steiner (1972), teamwork involves the collective behavior of team members in the accomplishment of a task. Teamwork is likely to be more accurate and effective when there is a high level of communication among team members. In this regard, performance of team members and giving feedback. Peer evaluations of performance are based on the teamwork view of team behavior. The team member's performance is continuously evaluated to ensure that feedback is provided when necessary. In this respect, teamwork could easily be expanded into a performance appraisal system of the type we suggest. Feedback on a daily basis is more appropriate than annual appraisal system. We will have more to say on this point in the next section of the paper.

Team cohesion refers to the attitude of the team members towards the task, and the acceptance of team norms. It is an indication of the level of interaction between team members, the degree to which team members are willing to work together, and the extent to which team members are satisfied with the team's performance. A comprehensive definition of teamwork requires that these three broad categories be considered when discussing the implications of the teamwork appraisal.
should be appraised at the individual level. These behaviors may be rated in a traditional manner by an individual’s supervisor and team members, as well as any objective measures of performance that may be applicable.

Teamwork includes the wide range of activities aimed at maintaining and enhancing the way teams perform. Most managers agree that teamwork is crucial to effective team performance (McIntyre & Salas, 1995). Drawing from Murphy and Cleveland (1995) and McIntyre and Salas (1995), we suggest that the construct of teamwork revolves around three aspects. They are: (a) communication and coordination, (b) feedback, and (c) team cohesion and team norms. Please note that these three broad categories encompass a range of behaviors that can be thought of as teamwork and are provided as a basis for discussion. They are not meant to be a comprehensive definition of teamwork. First, we discuss how these factors may individually impact on team performance appraisal processes. Then, we discuss the implications of the teamwork concept as a whole on performance appraisal.

According to Steiner (1972), team performance is not only tied to individual member skills and abilities but is also a function of the necessity of team members to coordinate their work with each other. Process losses occur when teams fail to maximize their productivity due to lapses of cooperation and communication (Salas et al., 1992). Thus, communication and coordination are extremely important. In our view of team-based appraisals, the peer evaluation aspect of the appraisal is likely to be more accurate, provided that there is open and clear communication among team members. Individuals who are kept abreast of the team’s activities and performance will have more knowledge with which to provide performance ratings. In addition, an environment of communication and coordination fosters perceptions of participation and empowerment important in both nontraditional organizational structures and nontraditional appraisal systems.

Another factor in teamwork is feedback. This involves monitoring the performance of team members and giving, receiving, and also seeking job performance feedback. Peer evaluations of performance seem particularly important here. In the teamwork view of team behaviors, the process of performance monitoring and feedback is continuous to ensure that backup, cooperative, behaviors are performed when necessary. In this respect, peer appraisal is already taking place and could easily be expanded into a performance appraisal system. Additionally, a climate which accepts the importance of performance monitoring and feedback processes for effective team performance also supports a complex, nontraditional appraisal system of the type we suggest. If individuals seek out and accept feedback on a daily basis, they are more likely to accept and be satisfied with the formal appraisal system. We will have more to say about feedback in a later section of the paper.

Team cohesion refers to the attitudes of team members toward each other, the team task, and the acceptance of team norms. Team cohesion has been shown to relate to team performance when teams establish high performance standards.
(Fleishman & Zaccaro, 1992) and also has implications for team appraisal systems. For example, cohesive teams are likely to develop norms concerning acceptable levels of performance ratings. Some teams may develop a leniency bias in which only high ratings are acceptable.

In addition, ratings are not made in a vacuum. In an appraisal system enlisting peer ratings such as the one we suggest, individual levels of performance are likely to influence performance ratings of the group. For example, Saavedra and Kwun (1993) discovered that the best performers in a group were also the most discriminating evaluators. The best performers gave peer ratings that were less lenient than average performers and poor performers did. It seems that individuals may anchor and adjust their ratings of their peers based on their own level of performance. In addition, knowledge of team outcomes may affect the ratings of team processes and behaviors (Martell & Willis, 1993) such that individuals working in a successful and productive team may be rated higher than individuals who work in less successful teams.

Team cohesion is also related to the concept of ingroup/outgroup linkages. Ingroup interactions are characterized by trust and support while outgroup interactions are characterized by routine behavior and low levels of trust (Graen & Scandura, 1987). Research in this area is usually based on leader perceptions of individual group members as being in either the ingroup or outgroup and differential treatment based on these perceptions (leader-member exchange theory). This theory suggests that ingroup members receive more attention and responsibility from their supervisor than do outgroup members (Dansereau, Graen, & Haga, 1975), which may be translated into higher performance ratings and more frequent and elaborate developmental feedback for the ingroup member. These factors have implications for team-based performance rating processes. For example, cross-functional teams are composed of individuals from different organizational units. Raters, when rating individual performance levels, may rate individuals from their own functional group higher than they rate individuals from alternate functional groups due to ingroup favoritism.

Not only do the team contextual factors of coordination, feedback, and cohesion influence an individual's ratings of team performance, we suggest they should also be included as a formal part of the team appraisal system as a whole. These aspects of the team context are often not included in the appraisal process in favor of objective measures of team performance. They are, however, crucial to the team's achieving the desired objective outcome (McIntyre & Salas, 1995).

There is a growing consensus that job performance involves a number of behaviors that are not directly relevant to accomplishing the task at hand but do support and maintain effective work group performance (Murphy & Cleveland, 1995). Several authors argue that expanding the performance criterion to include these aspects of contextual behavior will yield more comprehensive evaluations of an employee's performance (Borman & Motowidlo, 1993). This seems particularly important in a team context in which the process takes on added importance. A performance system which includes such behaviors is important of these behaviors to team and provide a comprehensive appraisal.

Individual contributions in the work role, called organizational citizenship behaviors, involve altruism, helping others that show support for and conscientiousness (Podsakoff, and Fetter, 1991) found that representatives was determined by organizational objective sales performance.

A similar concept is Borman and Motowidlo (1993) in which contextual performance is behavior that is not because it is a main task function, but is a social context that supports these tasks. Thus, contextual performance includes helping others, extra job activities, and so forth.

It is our contention that OCBs or other characteristics of SMWTs. Thus, in this appraisal system, to be part of the formal description of work involves, as to suggest that performance appraisal focus on individual's contribution to the effective performance of the team, the performance of the team appraisal should focus on individual's contributions to the effective performance of the team, the performance of the team. Therefore, a comprehensive team-based appraisal system should expand the criterion domain and include both the team and individual measures.

**Purpose of the Appraisal**

Traditionally, performance appraisal systems serve two main purposes: (a) personnel decisions and (b) developmental purposes (e.g., research, validation). Murphy & Williams, 1989, for the most part, emphasize that information collected for one purpose may not be suitable for the other. This study suggests that raters should be informed that appraisal data should be interpreted in the context of the appraisal system. The appraisal system focused solely on team performance is particularly well suited for certain personnel decisions and transfer since the team is the unit of the decision-making process.
as implications for team appraisal systems to develop norms concerning acceptability, teams may develop a leniency bias in their ratings. In an appraisal system enlisting individual levels of performance are likely out. For example, Saavedra and Kwun in a group were also the most discriminate peer ratings that were less lenient than the ratings of team members. It seems that individuals may be based on their own level of performance. The context of the ratings of team members such that individuals working in teams rated higher than individuals who work alone.

The concept of ingroup/outgroup linkages. Trust and support while ingroup interaction and low levels of trust (Graen & Podsakoff, 1998) based on leader perceptions of the ingroup or outgroup and different leader-member exchange theory. This draws more attention and responsibility to the ingroup member. These factors have an impact on rating processes. For example, cross-functional teams from different organizational units may rate individuals from their team higher than those from alternate functional teams.

From coordination, feedback, and cohesion, performance, we suggest that they should also be part of the formal description of what the job entails. Prieto (1993) goes so far as to suggest that performance appraisal in a team context should evaluate an individual’s contribution to the effective functioning of the work group rather than individual job performance. Additionally, work by Lanza (1985) suggests that a team appraisal should focus on interpersonal dynamics and group processes. Therefore, a comprehensive team-based performance appraisal process should expand the criterion domain and include nonperformance aspects of teamwork as well as the more traditional measures of performance.

Purpose of the Appraisal

Traditionally, performance appraisals have been used primarily for two major purposes: (a) personnel decisions and (b) developmental feedback, although other purposes (e.g., research, validation) are occasionally reported (see Cleveland, Murphy, & Williams, 1989, for a more detailed discussion). It is important to realize that information collected for one purpose may not be similar to information which would have been collected under the rubric of a different purpose. This suggests that raters should be informed of the purpose of the appraisal and that appraisal data should be interpreted in terms of this stated purpose. A team-based appraisal focused solely on team performance, however, does not seem particularly well suited for certain personnel decisions such as promotion, termination, and transfer since the team is the unit of analysis for the appraisal and these types of decisions are handled at the individual-employee level. Team-based appraisals...
can be designed to include team incentives/bonuses as part of the appraisal system as well as individual-level ratings which would allow for personnel decisions related to individual salary.

Murphy and Cleveland (1995) suggest the use of a parallel appraisal system at the individual level which is used for making personnel decisions. Although in theory this is appealing, there are a few problems to keep in mind. First, having a parallel system which is at an individual employee level is counter to the team-based approach and may result in conflicting purposes resulting in team members competing against each other rather than working as a team. Second, the use of one appraisal system for developmental feedback which includes multiple raters and employee participation, while personnel decisions (e.g., pay raises and promotions) are made based on another less participative system would be viewed with skepticism by some employees. Employees would likely interpret this as the organization being flexible and humanistic with respect to developmental feedback, but relying on the traditional systems such as top-down supervisor ratings for important personnel decisions. For instance, if peers know that their ratings are only going to be used for feedback purposes and will not be incorporated into personnel decisions, they may become angry with the organization and, therefore, alter their ratings resulting in leniency. This, of course, defeats the purpose of developmental feedback, because if the feedback is inaccurate there is nothing to be gained from it by the employee. Finally, using two separate systems with different raters involved would increase the likelihood of rating discrepancies. This is especially true if the system used for personnel decisions is purely supervisor driven while the developmental system is based on multi-source feedback. This is problematic for two reasons. First, the employee is left having to rectify these disparate ratings, which results in conflict and confusion. Second, from a legal standpoint, the organization may be in an unenviable position of having to justify the dismissal of an employee based on supervisor ratings even though one or two years worth of peer ratings may show that the employee was very productive and effective.

Perhaps an alternative to including a separate parallel system for personnel decisions is to incorporate different elements into the same team-based appraisal. For instance, team members could evaluate each other on deservingsness of a promotion or potential to be successful in a particular job. This rating could be part of the team-based appraisal along with some or all of the following: peer and self-ratings of individual performance, objective ratings of team performance, supervisor ratings of team performance, peer and self-ratings of team performance, and supervisor rating of deservingsness of a promotion or potential to be successful in a particular job. This certainly would require some work to coordinate, but we believe it could be reasonably accomplished. One appraisal system with different components, each of which could be used for purposes best suited for it, is a more favorable alternative to drawing a distinction between, what would likely be perceived, as the “important” appraisal system and the so-called “participative” one. Some particular organization or situation would benefit.

A team-based appraisal system would specifically include one or more of the following features: raters feedback systems provide a great deal of information about the feedback involved (i.e., supervisors, subordinates, peers) who are likely to view different elements of the feedback from different points of view. Although these are not reviews of degree feedback systems are experienced (Borman & Motowidlo, 1993) and they seem to be an excellent tool for converting the feedback into specific behaviors. The second relatively recent development is to include a team-based system in their overall feedback. Some have argued that peers should incorporate less traditional feedback systems (Borman & Motowidlo, 1993) and argue that incorporating measures of system expansion would be appropriate. Teach and mentor others is especially useful by others in the team of system expands the criterion space by considering dimensions that go ignored by traditional performance criterion has been widely advocated in a more comprehensive performance systems.

Understanding the Appraisal System

Williams and Levy (1992) introduced the concept of system knowledge (PSK) and suggest employees understand the performance appraisal system impacting the appraisal process. In particular, employees perceive that they understand both their own self-ratings of performance and the ratings of their own performance. In other words, employees rate themselves lower in the ratings as compared to supervisor ratings of their own performance. We feel like they understand the appraisal systems and his colleagues have demonstrated that this is also the case for nonmanagers (Williams & Levy, 1996). Satisfaction and organizational commitment (Levy & Williams, in press), and reactions directed toward the appraisal system (Levy & Steelman, 1994). We examine the relationship between employee
ts as part of the appraisal system would allow for personnel decisions to use a parallel appraisal system at taking personnel decisions. Although in problems to keep in mind. First, having an employee level is counter to the teaming purposes resulting in team members working as a team. Second, the use of feedback which includes multiple raters inside decisions (e.g., pay raises and promotions) is participative system would be viewed by employees would likely interpret this as the critic with respect to developmental feedback such as top-down supervisor ratings stance, if peers know that their ratings are used and will not be incorporated into policy with the organization and, therefore, This, of course, defeats the purpose of feedback is inaccurate there is nothing to rely on two separate systems with different likelihood of rating discrepancies. This is personnel decisions are purely supervisor based on multi-source feedback. This is employee is left having to rectify these disconfused. Second, from a legal standpoint, the position of having to justify the supervisor ratings even though one or two of the employee was very productive and separate parallel system for personnel decisions into the same team-based appraisal. For each other on deservingness of a promotional job. This rating could be part of the all of the following: peer and self-ratings of team performance, supervisor ratings of team performance, peer and rating of deservingness of a promotion or job. This certainly would require some could be reasonably accomplished. One this, each of which could be used for purtable alternative to drawing a distinction, as the “important” appraisal system and the so-called “participative” one. Some degree of tailoring of this system for a particular organization or situation would be necessary.

A team-based appraisal system seems well suited for developmental feedback. In particular, this approach would include two recent trends in the appraisal literature which are very beneficial to employee development. First, a team-based appraisal system would likely include feedback from a variety of sources. Multi-rater feedback systems provide a great deal of feedback to employees and an additional strength is that the feedback is provided by a diverse group of employees (i.e., supervisors, subordinates, peers, indirect supervisors, customers, and clients) who are likely to view different elements of the employee’s behavior and to have different points of view. Although they come with their own set of problems, 360-degree feedback systems are experiencing huge growth in organizations (Tornow, 1993) and they seem to be an excellent tool for team-based feedback purposes. The second relatively recent development in the performance area that would be included in a team-based system is the notion of OCBs which we have discussed previously. Some have argued that performance is multidimensional and that organizations should incorporate less traditional performance data or dimensions into appraisal systems (Borman & Motowidlo, 1993). We agree with this approach and argue that incorporating measures of teamwork and the ability and willingness to teach and mentor others is especially important in team-based systems. This kind of system expands the criterion space to include other important performance dimensions that go ignored by traditional systems. This expansion of the performance criterion has been widely advocated by researchers in this area and results in a more comprehensive performance appraisal.

Understanding the Appraisal System

Williams and Levy (1992) introduced a construct which they called perceived system knowledge (PSK) and suggested that the extent to which employees understand the performance appraisal system was an important contextual variable impacting the appraisal process. In particular, they have demonstrated that when employees perceive that they understand the appraisal system and its objectives, their own self-ratings of performance tend to agree with their supervisor’s ratings of their own performance. In other words, the leniency that is so common in self-ratings as compared to supervisor ratings is significantly reduced when employees feel like they understand the appraisal system. Since this original study, Levy and his colleagues have demonstrated that managers report higher levels of PSK than do nonmanagers (Williams & Levy, 1995), that PSK is positively related to job satisfaction and organizational commitment when controlling for performance rating (Levy & Williams, in press), and that PSK is positively related to appraisal reactions directed toward the appraisal system, the feedback source, and the organization (Levy & Steelman, 1994). We are currently conducting research to examine the relationship between employees’ perceptions of their understanding of the
system and their actual knowledge of the system. We do not expect these two variables to completely mirror each other, but a moderate correlation is anticipated. We will refer to system knowledge in the general sense to indicate both perceptions and actual knowledge in the remainder of our discussion.

Employees' system knowledge seems to be a relevant contextual variable in team-based appraisal systems, as well. Team-based systems give employees more responsibility and opportunities, but also ask more of them in terms of being self-motivated and self-directed as well as committed to their particular team and job. What does this suggest in light of the importance of system knowledge? First, if team members are involved as raters, they need to understand the purpose of the appraisal system, how the system works, and the performance standards. With the criticisms of the traditional top-down appraisal (cf., Meyer, 1991) came an increase in the inclusion of self-ratings in appraisal systems. Of course, research in this area has consistently shown that self and supervisor ratings often do not agree (Harris & Schaubroeck, 1988; Mabe & West, 1982), while additional work has discussed the potential for diverse negative effects of this disagreement (Levy, 1993). In a team-based appraisal system, this disagreement becomes more likely and more complicated given the use of multiple raters. One potential way to reduce this disagreement is to ensure that raters understand the appraisal system. This suggests that raters—not just supervisors, but anyone who will be involved in the rating process—should receive adequate training on the appraisal system. We want to be clear that we do not necessarily mean traditional rater training (e.g., Frame-of-Reference Training (FOR) or Rater Error Training (RET)) but that everyone should be trained on the purpose of the system, why the system has been designed in a particular way, how the system is to be used, and so forth. Our notion is that the more people who know about the appraisal system, the less likely there will be rating disagreements. When individuals agree with their performance ratings, they are more likely to accept them, internalize them, and use them to adjust their work behaviors.

If team members are to rate the team performance, it is very important that each team member have a common frame of reference and a strong knowledge of the appraisal system. This should result in more agreement among team members regarding team performance. Providing team members with some type of training program to increase this understanding should result in a more reliable and valid measure of team performance. Of course, increased teamwork is a likely benefit of this consensus, whereas conflict, dissention, and friction are more likely outcomes of disagreement. For instance, if team members perceive different performance objectives or different purposes of the appraisal system, rather than working together as is necessary for interdependent team members, the employees may go off in their own directions following their own ideas of what is important, thus defeating the purpose of a team-based organization. Or, if one team member knows how the system was developed through some informal contacts with managers while other team members do not, this could create conflict and tension within the team. It is important from the workings of the team that all members understand the appraisal system.

Further, reactions of the employees have shown that, for nonmanagers, perceptions of attitudes toward the current performance appraisal employee's interest in considering one's performance evaluation in the light of PSK such that those who believed the appraisal system also believe that the system has a critical role played by procedural justice in a due-process approach (Taylor et al., 1997) assigned to a due-process appraisal system hearing, and judgment based on evidence perceived the system as more fair and evaluations of their manager, the system is especially relevant for team-based systems in providing employees with information and the first step at solidifying their perceptions as a leader—at least in the traditional role of individual employees, justice perception, and colleagues (1995) suggest that to examine justice perceptions and whether a supervisor, in the team-based role of leader, it is important that the team members determine the fairness of the team. This conflict, of course, flies in the face of a team-based approach.

Trust and Politics

Organizational politics help define what takes place. As articulated by Long and others, are political entities and, therefore, organizational decisions and processes, including performance appraisal. Sims, and Gioia (1987) define politics as "the efforts of individuals to enhance or protect their self-interests as possible" (p. 184). Consistent with Miles and Snow's (1978) point out that both supervisors and employees of performance appraisal. In particular, it is demonstrated through interviews that employees for political reasons (e.g., to send a
within the team. It is important from a measurement standpoint and for the inner workings of the team that all members have a thorough understanding of the appraisal system.

Further, reactions of the employees are important to consider here. We have shown that, for nonmanagers, perceptions of fairness are very important predictors of attitudes toward the current performance appraisal system and are related to employees' interest in considering other feedback sources as part of the appraisal system (Williams & Levy, 1995). In addition, justice perceptions are strongly related to PSK such that those who perceive that they know little about the appraisal system also believe that the system in unfair. A recent study has examined the role played by procedural justice in reactions to appraisal systems from a due-process approach (Taylor et al. 1995). These data revealed that individuals assigned to a due-process appraisal system (i.e., one in which adequate notice, fair hearing, and judgment based on evidence were incorporated into the appraisal) perceived the system as more fair and more accurate and expressed more favorable evaluations of their manager, the system, and the organization. A few implications especially relevant for team-based systems stem from these research efforts. First, providing employees with information about the appraisal system is a reasonable first step at solidifying their perceptions of justice. In a team-based system where a leader—at least in the traditional sense—is less likely to be closely supervising individual employees, justice perceptions are probably even more important since the employees have more say in the process and evaluations. Second, while Taylor and colleagues (1995) suggest that their research makes an important contribution by examining justice perceptions and reactions from each subordinate and his or her supervisor, in the team-based organization even more players are involved. It is important that the team members (and leader, if there is one) agree on the fairness of the system to eliminate the potential for conflict and stress within the work team. This conflict, of course, flies in the face of the purpose and potential benefits of a team-based approach.

**Trust and Politics**

Organizational politics help define the context in which performance appraisal takes place. As articulated by Longenecker, Sims, and Gioia (1987), organizations are political entities and, therefore, politics plays a role in all important organizational decisions and processes, including performance appraisal. Longenecker, Sims, and Gioia (1987) define politics as referring to “deliberate attempts by individuals to enhance or protect their self-interests when conflicting courses of action are possible” (p. 184). Consistent with this definition, Murphy and Cleveland (1995) point out that both supervisors and subordinates are affected by the politics of performance appraisal. In particular, Longenecker, Sims, and Gioia have demonstrated through interviews that executives intentionally manipulate appraisals for political reasons (e.g., to send a message to the subordinate or to make one's
own department look good). In addition, recent research (see Eder & Fedor, 1989; Villanova & Bernardin, 1989; Wayne & Kacmar, 1991; Wayne & Liden, 1995) has indicated that subordinates use impression management strategies to result in more favorable appraisals. This is more support for our belief that the context in which appraisal takes place (in this case, the political context) affects subordinates—traditionally referred to as ratees—as well as raters.

Politics has the potential to play a role in team-based appraisals, as well. Longenecker, Sims, and Gioia (1987) identified that the extent to which the appraisal system is taken seriously by the organization is an important factor determining the role played by politics in the appraisal process. They argue that politics will play a larger role in the appraisal process, if the organization does not show strong support for the appraisal system. This seems especially relevant for team-based organizations. A team-based system is nontraditional, and therefore, for it to work effectively, requires organizational support. On the one hand, because changing an organization into a team-based one is so costly and time-intensive, organizations that go through the time and effort to implement a team-based system may be more likely to be really committed to it. If the team members perceive this commitment as genuine, they will be less likely to allow politics to enter into the appraisal process. However, some companies may go through the expense of implementing teams because they see it as a way to demonstrate to their employees that they are humanistic and participative even if, in actuality, they are not. The issue becomes whether the team members accept this superficial support or see through it as impression management. If the former, then politics is not likely to have much of an effect, but if the latter, politics is likely to play a large role in the appraisal process.

Team-based appraisals complicate things because the politics which can result in inaccurate ratings and impression management driven behaviors in traditional top-down appraisal systems now involves more than just the perceptions and behaviors of one rater and one ratee. Now, team members may be worried about how other team members are going to rate them, as well as how their supervisor and leader (if there is a team leader) is going to rate them. In addition, there may be concerns about how well their ratings of their peers match other team members’ ratings of those same peers and even if one’s own evaluation of team performance is consistent with the other team members’ evaluations of team performance. Of course, retaliation can be a concern too, but now it has the potential to explode exponentially, because it can come from many other sources rather than from just one rater. However, all of these concerns would be lessened, if the team members believe that:

1. The organization supports the team-based concept;
2. The team members’ beliefs and ideas are important; and
3. The purpose and use of the appraisal system will be exactly as it has been described to them.

The executives surveyed by Longenecker indicated that open communication was important in forestalling political behaviors in a team-based appraisal system, trust among team members (McIntyre & Salas, 1987). The overall effectiveness of performance appraisal can also play an important role in the appraisal process, but none that we have discussed previous. The reliance on fewer control mechanisms or organizational controls (Murphy & Cleveland, 1995) seems reasonable to expect trust to be lessened, if the system is more likely to be accepted by employees have trust in the appraisal system (Murphy & Cleveland, 1995; Schoorman & Kahler, 1995). Trust, therefore,
The executives surveyed by Longenecker, Sims, and Gioia (1987) indicated that if they believed someone else was to going to check over their ratings in an attempt to validate them, politics-based rating inflation or deflation would be much less likely. Our prototype appraisal system certainly includes the opportunity for rating validation as a result of the multiple raters involved. For instance, if the team has a leader (either from within or without), it is unlikely that he or she would be politically motivated to rate any team members inaccurately, since his or her ratings would likely look skewed as compared to other team members’ ratings of that same individual. Similarly, team members would not be likely to over-rate themselves for impression management motives because this might result in a negative impression as the self-rating would likely appear inflated as compared to other team members’ ratings of him- or herself.

One final point having to do with trust and open communication needs to be made as a result of the Longenecker, Sims, and Gioia (1987) study. The respondents indicated that open communication based on trust between raters and ratees was important in forestalling political effects on the appraisal process. Again, with a team-based appraisal system, trust and open communication becomes more complex as more parties with different perspectives and purposes become involved. Many models of team effectiveness have discussed the importance of trust among team members (McIntyre & Salas, 1995; Mohrman, Mohrman, & Lawler, 1992) in the overall effectiveness or performance of the work teams. We suggest that trust can also play an important role in the performance appraisal process.

There has been some theoretical and empirical work on the role of trust in the appraisal process, but none that we are aware of specifically focused on work teams. Bernardin, Orban, and Carlyle (1981) defined trust in the appraisal process as the extent to which raters believe that fair and accurate appraisals have been or will be made in their organization. They suggest that if a rater feels that other raters in the organization are inflating their ratings, that rater may do the same. Bernardin and his colleagues developed a scale, Trust in the Appraisal Process Survey (TAPS; Bernardin, 1978), to measure raters’ perceptions of the rating behavior of other raters in their department. With respect to a traditional top-down performance appraisal, Bernardin and colleagues (1981) found that those raters low on the TAPS were more lenient raters than were their high TAPS counterparts. This indicates the importance of trust on the accuracy of appraisal ratings. In addition, trust seems to be related to employees’ acceptance of the appraisal system (Murphy & Cleveland, 1995). Thus, a team-based performance appraisal system is more likely to be accepted by those involved to the extent that the employees have trust in the appraisal process. In the team-based environment, it seems reasonable to expect trust to be correlated with work team cohesion which was discussed previously. The reliance of organizations on work teams results in fewer control mechanisms or organizational checks on procedures (Mayer, Davis, & Schoorman, 1995). Trust, therefore, seems very important for the effective
functioning of these participative work teams, as well as for the accurate appraisal of their performance.

**Feedback Environment**

Performance feedback is an integral part of the performance appraisal process. However, individuals are not just passive recipients of feedback during the annual performance review. They are active seekers of feedback throughout the year (Ashford & Cummings, 1983). Therefore, it is important to consider the social context in which day-to-day feedback occurs and how this context is related to other variables of interest.

To this end, the final contextual variable we will discuss is a concept we call the feedback environment. We define the feedback environment as the social context surrounding the transmission and receipt of feedback on a daily basis. The feedback environment is a multidimensional construct involving factors such as: the credibility and competency of the sources of the feedback, the quality of the feedback provided, the favorability and frequency of feedback, the overall availability of feedback, and the extent to which employees are encouraged to seek feedback. A favorable feedback environment is one in which performance feedback is constructive (i.e., both positive and negative), specific, accurate, and readily available. We believe that research on this construct is an important next step in the performance appraisal arena, not just for traditional appraisal systems but also for team-based appraisal systems.

In a traditional performance appraisal system, an individual receives a formal performance rating from his or her supervisor once or twice a year. In this type of organization, a favorable feedback environment is one in which an employee receives constructive feedback throughout the year, not just at the annual performance review. Thus, when the feedback environment is favorable, employees are aware of how they are performing, aware of their supervisor's interest in them and their performance, and more likely to have favorable attitudes toward performance appraisal feedback, coaching, development, and their job overall. We are currently doing research in this area in which we are attempting to define the multiple aspects or dimensions of the feedback environment, while studying their relationships with important aspects of performance appraisal and also more molar job attitudes.

How might the concept of feedback environment be translated to team appraisal? First, one dimension of the feedback environment is the credibility of the sources of feedback. Our prototypical team-based appraisal system utilizes multiple raters including self, supervisor, and peer ratings. Peer ratings of performance are often seen by employees as more credible than the supervisory ratings of performance, because peers work closely with the ratee and have more opportunity to observe behavior than a supervisor (Kane & Lawler, 1978). In addition, working with a ratee day in and day out, peers are in a particularly good position to observe contextual behaviors (OCBs). The presence of peers can increase the likelihood of observing behavior that is not apparent to supervisors.

The second dimension of the feedback environment involves the relative frequency and availability of feedback. This serves to increase the reliability of the feedback process. Our prototypical multiple-rater appraisal process involves a relative frequency and availability of feedback that works closely with several team members. This obviously increases employees' awareness of their performance and provides ongoing feedback. The availability of feedback is an important variable in an unsupportive feedback environment.

Another dimension of the feedback environment is encouragement of feedback. Our prototypical team-based appraisal system encourages a supportive feedback environment. Employees who perceive a supportive feedback environment perceive that they are receiving more feedback from both their supervisors and team members than employees who perceive an unsupportive feedback environment. Employees who perceive a supportive feedback environment report that there are more employees who provide feedback than do employees who perceive an unsupportive feedback environment.

We recently conducted a laboratory study to examine how team-based feedback environment can support an unsupportive feedback environment (Schaudamire & Kohler, 1996). We found that subjects asked for feedback in a supportive feedback environment than did subjects asked for feedback in an unsupportive feedback environment. We also found that feedback increased over time while feedback seeking decreased over time. This indicates that performance and social aspects of the environment are receiving important performance information.

The previous studies provide some evidence that feedback seeking behavior is important. We suggest that the feedback environment is important in both a team-based context. The complexity of the feedback environment can influence how team members receiving and accepting feedback interact. Individuals in an unsupportive feedback environment are more likely to flounder, and the team strategy, with...
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of the performance appraisal process will discuss is a concept we call the feedback environment as the social context feedback on a daily basis. The feedback construct involving factors such as: the feedback, the quality of the feedback, the overall availability of feedback, employees are encouraged to seek one in which performance feedback is negative, specific, accurate, and this construct is an important next for traditional appraisal systems, an individual receives a formal review once or twice a year. In this type of environment, one in which an employee feels asking for feedback, how common feedback seeking is among work team members, and the extent to which employees’ active efforts to ask for feedback are supported and rewarded. In a recent field study, we found that employees who perceive a supportive feedback environment (one in which feedback seeking is encouraged) report that there are fewer social costs associated with asking for feedback than do employees who perceive an unsupportive feedback environment. Employees who perceive a supportive feedback environment also report asking for more feedback from both their supervisor and peers than do individuals working in an unsupportive feedback environment (Steelman, Levy, & Williams, 1996).

We recently conducted a laboratory study in which we manipulated the feedback environment to be supportive or unsupportive (Steelman, Williams, & Levy, 1996). We found that subjects asked for more feedback in the supportive feedback seeking environment than did subjects in the negative feedback seeking environment. We also found that feedback seeking in the favorable environment increased over time while feedback seeking in the unfavorable environment decreased over time. This indicates that performance feedback is important to people, however, social aspects of the environment can inhibit individuals from asking for and receiving important performance information.

The previous studies provide some indication of the importance of the feedback environment. We suggest that the feedback environment is particularly important in a team-based context. The complexities of a high involvement, team-based organization render an open and supportive feedback environment crucial to team members receiving and accepting constructive job performance feedback. If the environment is not supportive of feedback, team members may not accept a complex appraisal process, team performance will be adversely affected, teams will flounder, and the team strategy, with all its promise, will fail to live up to its potential.

CONCLUSION

Our purpose was to consider potential issues involved in the performance appraisal of team-based organizations. Although many researchers have devel-
oped and presented models of work team effectiveness, very little theoretical or empirical work has been directed at the performance appraisal of work teams. We have used our perspective on performance appraisal—approaching it from the organizational side—as a structure in discussing pivotal issues involved in the appraisal of teams. A prototypical team-based appraisal system was presented early in the paper and developed throughout. We suggested that a team-based appraisal system should utilize the perspectives of multiple raters, including: self-ratings, supervisor ratings, and team member ratings of performance. In addition, we suggested that both individual-level and team-level performance should be included in the overall performance appraisal system. In the context of a team-based appraisal system, we also highlighted the importance of expanding the performance domain to include aspects of team work such as, coordination and communication.

The social context was used as the linking pin in connecting both empirical and theoretical work in performance appraisal to the team-based environment. In particular, we identified team member characteristics, the purpose of the appraisal, the understanding of the appraisal system, trust and politics in the appraisal system, and the feedback environment as important social contextual factors impacting on the team-based appraisal process. We saw these and other social contextual factors as important in the performance appraisal process in general, but targeted these five as especially important for team-based environments. So claims were made that these are the only important social contextual factors, but we do believe that this is a reasonable set with which to begin. Future research should attempt to test the role of these various factors in the implementation and effectiveness of team-based performance appraisal systems.

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