BOSTON UNIVERSITY
College of Business Administration

THESIS

Merit Rating in Financial Institutions in the Metropolitan Area of Boston

by

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(B.S. Boston University 1935)

Submitted in partial fulfillment of the requirements for the degree of

MASTER OF BUSINESS ADMINISTRATION

1952
"No two persons are born alike but each differs from the other in individual endowments, one being suited for one thing and another for another, and all things will be provided in superior quality and quantity and with greatest ease, when each man works at a single occupation, in accordance with his natural gifts."

PLATO
Preface

Within the past twenty-five years the field of Personnel Management has been attracting widespread attention among students of management and those who are interested in fulfilling properly executive positions of responsibility.

The field is so broad that this thesis is devoted to merely one phase of it, namely Merit Rating, and further still restricted to financial institutions in one area, the Metropolitan Area of Boston.

Because the subject of rating touches everyone in business today whether he be executive or employee, it assumes more and more a place of importance in the management field.

Although in many respects Business Management is still not yet recognized as a science, it is believed that by certain methodology and the use of scientific methods of approach, its various phases can be studied and action taken which is more scientific than that of previous years.

Much has been written about Merit Rating already by learned men, but the practices in use in business and these institutions in particular today as this thesis seeks to illustrate are far from scientific
and lack uniformity. Evidence is presented, however, that management is concerned with the personnel approach more than ever before.

The subject is by no means exhaustively covered by this thesis, but it points to the direction correctional work may take in the perfection and revision of existent systems. Students of the subject may be further guided by the references of the bibliography for more exhaustive coverage of the various aspects touched on by this paper.

The author wishes to express sincere appreciation and thanks to the many officers of banks and insurance companies and others who were most cooperative, understanding and cordial and who helped make the survey informative, instructive and enjoyable by their valuable contributions.

Eleanor Fagan Teague

April 17, 1952
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INTRODUCTION

Merit rating is but a segment of the field of Personnel Administration. However, there is perhaps no other practice in this field that has attracted such widespread attention in recent years.

Whereas job evaluation is concerned with the relative worth of jobs in an enterprise, merit rating seeks to evaluate the relative worth of the employees in these jobs. It recognizes that each individual is unique and differs from his fellow worker. The requirements of two jobs may be identical, but the incumbents may differ greatly in their capabilities, their interests and efficiency in this job. It attempts to seek out and differentiate between the person who barely satisfies the requirements of the job and the one who greatly exceeds the requirements. Impartial merit rating highlights the differences between individuals for management and as such is a valuable personnel tool.

The term "merit rating" is relatively new and is not universally identified by this name. To many readers the evaluation of the performance of employees may be more familiarly recognized as: service rating, personnel review, progress report, executive evaluation, performance review or rating, and estimates upon non-measurable abilities, qualities, traits, habits or achievements.
Merit rating of an employee may be defined as the process of evaluating the employee's performance on the job in terms of the requirements of the job.*

In the literature on Personnel Administration, there are many references to merit rating, and there has already been considerable work done in the field by some progressive and highly skilled Personnel Administrators and psychologists, who have sought to improve the procedures used currently in business. However, as yet no perfect system appears to have been devised. In 1947 when the Army adopted officially its new Forced Choice technique, the result of intensive research of forty capable and recognized psychologists, it was felt that here at last might be the ideal system. # Even this method has been subjected to sharp criticism, and has been somewhat modified from the original form in which it was introduced. In fact, the literature on the subject of rating abounds with bitter criticisms and attacks on current practices.

The controversy about present methods is not confined to the various management levels, but rages among the employees as well. Labor organizations at

* 7, p. 186
#This technique will be discussed in greater detail in Chapter II.
times have expressed themselves emphatically in contract discussions with management, and among the unorganized there is considerable dissatisfaction, as a result of which numerous articles have been written by the employees themselves expressing their views and raising questions as to some of the practices used by management.

Although this lively attention of all levels would appear to be a rather recent development, in itself the practice of merit rating is not new. It has always been an integrated part of organization work. Throughout the ages, whenever there existed the relationship of employer and employee, there were judgments made of an individual and his worth to the organization. Where several employees were involved, the employer automatically made comparisons of them and their worth to him. These ratings were haphazard, sketchy, impulsive at times, and for the most part unsystematic. Unrecorded as they often were, it was difficult to defend them in cases of dispute. Nevertheless, these ratings had just as important effect on the future of an individual as the more formalized ratings. On the basis of these unsystematic judgments, the relationship of supervisor and employee of necessity changed in one sense or another.
Either the employee was discharged, transferred, promoted or demoted. Although primitive and outmoded in the light of present day business practice, these mental judgments or ratings are currently made today in many firms even where two hundred or more people are employed.

Robert Owen has been credited with being one of the earliest to use a merit rating device. In the nineteenth century, he kept "character books" for the employees of his New Lanark Cotton Mills in Scotland. Daily reports of employees were recorded in his book and a character "block" was displayed on the worker's bench. Each side of these blocks was colored differently and represented an evaluation of the employee's work ranging from bad to excellent.*

From that time until the First World War, development was slow and sporadic. In 1915 some school teachers were rated for merit and in 1917 a rating scale was devised for salesmen under the sponsorship of the Bureau of Salesmenship Research. ** By 1918 an NICB survey found eleven plans started and by 1923, sixteen more.***

* 9, p. 340  
** 7, p. 180  
***1, p. 654
Government agencies appeared early as leaders in an attempt to find some suitable means of evaluating their employees. During World War I, the Bureau of Salesmanship Research was successful in interesting the then Secretary of War in the rating scale, as a result of which the Man-to-Man rating scale was introduced in the rating of officers of the Army. # From that time on, the Army has worked with rating scales, and in World War II, they conducted extensive research with a view to improving the rating procedure and eliminating some of the weaknesses in their rating form.

The Classification Act of 1923 specified the procedure to be used in rating employees of the Federal Government. The system, revised from time to time, is still in effect as a basis for judging the performance of employees on the job. The latest revision is known as the Performance Rating Act of 1950. ##

While there has been a steady increase in the development and use of merit rating systems in industry, the awakening of business enterprises particularly those employing "white collar" workers to its potentialities as an effective management tool would appear to have been slow. The "white collar" worker had for so long

# This scale is described in detail in Chapter II
## Public Law 873, 81st Congress; approved 30 September 1950, effective 29 December 1950.
been identified with the executive function that greater concentration was made on the man in the shop to the sublimation of the importance of the office worker. Although incentives and piece rates have been introduced into the office of late, there have been relatively few attempts to effectively determine the relative worth of the individual employee.

The manpower shortages of the past War caused many companies to adopt systems of job evaluation and then to revise existing forms of rating or to adopt a formal merit rating plan. With many, the emphasis lay in its use as a part of wage and salary administration rather than in its potential use as a management tool. Possibly, the chief cause of this emphasis, was the Wage Stabilization Act of 1942, with its limiting provisions on salary increases.

It is in the consideration of its value to management, that its greatest possibilities are. Properly and effectively administered, it offers management an opportunity to utilize the services of all to best advantage, as well as to select for future training potential executives.

Large organizations realizing the shortage of the supply of executive material, which the post war period did not alleviate to any great extent, have devoted
considerable time and research to the problem of Executive Development of their employees. They have found that an effective merit rating plan is a most valuable tool to aid them in maintaining a running inventory of their most valuable asset, their personnel. Dissatisfaction and disappointment with the limitations of plans in use gave impetus to research on the subject and inquiry into the Army system.

While the large corporation can afford research and the employment of psychologists to assist them in the refinement of their plans, the smaller company cannot do this. Theirs is the option of adopting one of the plans being used successfully by others, altering one of them, or devising their own plan.

A poor merit rating plan is disastrous from the point of view of the misinformation it gives management as well as the effect on the morale of the workers. Employees, even unorganized, are more aware of ratings today and feel that management must be prepared to justify its actions concerning them.

This thesis will discuss merit rating as it applies to the "white collar" worker. Authors now include in this classification all employees of all levels including the management levels who work for a salary. The research on rating will cover all the various
levels of employees, and will not confine itself to a study of the lower levels.

Another restriction of the scope of this study will be as to size of company and type. What has been done, is presently being done, and can be done in financial institutions is of keen interest to the writer. Therefore, research will be done specifically with the concept of the needs of financial institutions in mind.

Since it is believed that the greatest problems exist for those employing approximately 5,000 employees, concentration on the requirements of such institutions will be made. As stated previously, these companies do not generally have the highly trained personnel staffs that the larger companies in industry have, nor the aid of trained psychologists to institute their various plans. However, it is no less important for them to have a sound system of Personnel Administration for effectively carrying out the aims of management.

The objectives of this thesis then will be to: first, conduct research in connection with the principal types of merit rating systems and to discuss their relative advantages and disadvantages particularly with the requirements of financial institutions in mind; second, to explore the effectiveness of merit rating systems as a
management tool; and third, to arrive at conclusions and recommendations as to the type of plan or plans best suited for financial institutions employing approximately 5,000 employees.

As a basis for the exploration of the subject of merit rating, it is proposed to conduct research in the literature on the subject to ascertain what has already been done in the field, and to conduct an original survey of financial institutions in the metropolitan area of Boston to study their systems and determine what work has been done in the field, how they are meeting the problems of administration of their plans, pointing out the weaknesses and strengths of their practices and if possible arriving at conclusions where, as a whole, improvements in current practices can be made with a view to improving personnel practices and management employee relations.
I Discussion of Merit Rating

A. Merit Rating Programs

Merit rating of employees is one of the oldest and most universal practices of management.* Long before any name was attached to the process or that it was even identified as a process, management rated its employees. Whenever one person was selected for promotion over another, or given a raise, or discharged, in essence a rating or evaluation, however informal, of the relative worth of two or more employees was made.

Since the early part of this century the practice of rating has been isolated and identified as an important management tool. While the concept of individual differences in training and skill has long been recognized by industry, some employers do not so clearly recognize the fact that there are basic differences in capacities of individuals which are important in every phase of personnel management. Evidence to the effect that these differences are reflected in the individual's worth to the company is overwhelming in the light of the numerous studies made by psychologists in recent years.

In spite of the many criticisms leveled against certain systems of rating now in use, it is not a question of whether or not to rate, but rather how to rate.

*5, p. 426
The question to be decided is whether to have a definite management policy on rating and to install a program suited to the needs of the company or to resort to the haphazard methods of prior years.

Heretofore the chief emphasis seems to have been on rating of the nonsupervisory employee, but in recent years increasing interest and attention has been focused on the necessity of rating supervisors and executives. Manpower shortages produced by World War II, not alleviated to any great extent by the aftermath and present emergency, have caused thoughtful enterprises to study the problem of Executive Development. With the focusing of industry's attention in this direction, an awareness grew that proper measurements of the differences of the individual were necessary, and that some means must be used to ascertain not only his present abilities but his future capacities.

Today, therefore, in studying the problems involved in the installation of a merit rating program the first questions that must be resolved are that of scope and objectives desired to be attained through its installation.

Even though at its inception, only the nonsupervisory employees are covered by the plan, it should
be so constructed that all levels of supervision and management can be included at a later date. Although a company may not at this time be interested actively in the broad problem of executive development and replacement, a better evaluation of the most valuable asset of the company, its personnel, is secured.

B. Objectives

Any of a number of objectives may be sought by a company in the installation of a merit rating program. Perhaps the most common objective is the simple one of determining in a systematic fashion who is to receive a pay increase.

The primary objectives of a merit rating program are usually:*

1. to determine the relative rate of an employee within a given range of a particular job classification;

2. to aid in selecting persons for promotion, demotion or layoff;

3. to aid the supervisor in his conferences with an employee when trying to get him to overcome weaknesses.

Although any one or more of these objectives may be sought and stated as a policy by a company in the installation of a merit rating program, there are

* 7, p. 187
many other uses for ratings of employees:

1. as a continuation of the selection process in deciding whether probationary employees will be retained.

2. as a means of assisting new employees to meet the job requirements.

3. as a record of progress of new employees.

4. as an aid to the supervisor in correct placement of his personnel by highlighting each individual's own peculiarities.

5. as a training device for supervisors, to help them study their own jobs and the effectiveness of their sections or departments.

6. as a means of developing better supervision by focusing the attention of supervisors on each individual and the requirements of each job.

7. as a criterion for the Personnel Department to measure its effectiveness in selection and placement of personnel.

8. as an aid in systematic planning for replacements on jobs due to retirement, death or resignation of incumbents.

9. as part of the background record of an employee. The collection of ratings along with other information of the employee assists the Personnel Department in all personnel matters with employees. Complete records facilitate discussion with aggrieved employees.

C. Benefits or Values

When the objective of merit rating is defined as an evaluation of the contribution of individuals for the purpose of determining who will get pay increases, its use is limited and the vision of management short-
sighted. Within the framework of wage and salary administration, there is a limit beyond which no further increase can be awarded sensibly to an employee in a given job whether or not job evaluation has been established.

There is one school of thought which is opposed to the use of merit rating as a means of deciding whether or not an employee will get pay increases. Psychologists holding this belief, maintain that employees will get increases whether merit is considered or not.

Dr. Reign Bittner, one of the proponents of this thought, states:

"As soon as you attach direct consequences to the merit rating, you do something to the ratings. Raters will see to it that the merit ratings do not prevent them from taking the action they feel is desirable.

For example, in order to be promoted in the Army an officer must have a certain average rating. The result was that most all officers were rated at or above the critical level. Commanding officers were generally unwilling to hold a man back. In addition, it was difficult to get rid of a man with a low rating."

In contemplating any personnel action whether it be promotion, transfer, or pay increases, ratings should be referred to but they should not be made a specific requirement.

* 52, p. 427
It is in consideration of objectives other than pay increases that the greatest values of merit rating systems appear, as applied particularly to the clerical workers. By and large financial incentives are not prevalent in this field, although some work has been done in this direction for certain classifications. For the most part, the average salaried employee is basically management minded.* He is justified in this feeling, since it is a slogan of many companies that for every new president appointed a new office boy is hired.

The desires for security, advancement and recognition are important to the clerical worker generally. He wants to be recognized as an individual, to know where he stands, and to be distinguished for merit where merit is due.

A system which takes into consideration these fundamental drives of the individual can reap many benefits through greater satisfaction and happiness of the individuals and increased productivity generally. Recognition of the importance of the morale of the employees and the proper welding of them into a sound organization can facilitate considerably the attainment of management objectives.
A sound merit rating system properly installed and administered would appear to have far greater benefits than the mere financial rewarding of deserving individuals. Some of the other benefits accruing from such a system are:

1. more effective personnel administration. Merit rating provides a check on the success of recruitment, selection and placement procedures, and aids in the development of selection tests.

2. Better development of supervision is attained through the sharpening of the focus of supervisors on the component parts of their sections or departments.

3. Development of permanent records on each individual on a systematic basis aids the management in planning changes in personnel.

4. Permanent records can be used for promotion, transfer, demotion, or layoff.

5. Employee relations are improved. Discussion of ratings show employees exactly what is expected of them, and how they can meet these requirements.

6. Employees are stimulated to do better work. Frank and fair discussions help each employee to appraise himself and determine what he has to do in order to reach his own personal goal.

7. Hidden talent is revealed and can be earmarked for future development.

8. Long range personnel planning is facilitated eliminating the frantic search for replacements due to emergencies. Transfers and promotions can be made systematically throughout the entire organization.
9. Merit rating may disclose areas in which training would be advantageous.

C. Weaknesses or Faults

It has been wisely stated that there has yet been devised no perfect merit rating system. In spite of the intensive research and experimentation with various plans and the interest of psychologists on the subject, there is no plan existent today which has been exempt from severe criticism.

It appears that the weaknesses of the systems are not so much the fault of any particular form or plan, but rather the imperfections of man himself and the limitations of his own capacities. The success of any plan revolves around the capacities of supervisors to judge accurately, fairly, consistently and without bias the people who work for them.

Practically all plans are subject to the "halo" effect. The "halo" effect may be defined as the constant tendency of a rater to rate an individual either high or low in many traits because the rater knows (or thinks) the individual to be high or low in some specific or particular trait.*

Many forms do not eliminate the elements of personal bias and prejudice. Bias, whether conscious or unconscious, is a common tendency of humans, and programs

* 10, p. 333
that do not take this fact into consideration are subject to sharp criticism.

Raters may not all have uniform standards. While some have a tendency to mark consistently low or high, or average, for the most part the tendency is toward high ratings. Because of the variance in standards there is a lack of agreement on the same employee by supervisors who have seen him work under different conditions or have a varying degree of acquaintance with the individual. The construction of a composite rating by pooling several individual judgments can therefore result in as unrealistic a measure of an employee as a single rating.

No scientific verification of the reliability and validity of many systems is made, which casts grave doubts as to their effectiveness or usefulness and can cause great harm to the organization. Most scales have been constructed by the selection of a committee who sit down and "think out" just what factors in job performance are important in the individual company. Little consideration is given to whether the job factors selected could be proven to be actually involved in job performance.

The downfall of many a system of employee appraisal has been caused by its failure to withstand the devastating effects of individual differences among the
Raters or appraisers.* Raters are known to differ in their abilities to appraise their subordinates. They also respond differently to individual factor definitions, no matter how carefully they are phrased.

It is true that the individual differences in raters must be regarded as one of the dangers of merit rating, but not one that is insurmountable when its existence is recognized. In one company, this was clearly recognized as a danger and precautions were taken in the definition of traits in the construction of the rating form to insure a unanimity of interpretation by the different raters, peers, superiors and subordinates. In addition to closely supervised conference training, individual ratings were reviewed with the raters before acceptance. A later study to determine the success of this phase of the program was conducted by Mr. L.W. Ferguson. ** His conclusion was that it would appear, from the experience of that company, possible to develop a method of appraisal that can yield valid and useful information in spite of the variation in the respective abilities of the raters or appraisors to rate or appraise subordinates.

Lack of sufficient training of the raters is responsible for the disappointment in and abandonment

* 53, p. 382
** 53, p. 382
of many rating programs. Because a man has been in a supervisory position for several years and has intimate contact with and control over personnel, it is falsely assumed that it is unnecessary to provide for adequate training. It is further presumed that written instructions alone are sufficient to achieve effective ratings. Mr. Ferguson attributes the ultimate success of his program to the careful attention given the training of the raters. Intended to eliminate insofar as possible the differences in raters, closely supervised conferences were held. Written detailed instructions were explained and discussed by the Personnel Director, along with the various aspects of the rating procedure. In addition, in order to control overly generous ratings, the forms were reviewed upon completion with each manager before acceptance as a workable report.

The fallacy of the presumption that written instructions will be effective and that they will replace training of raters, has been conclusively demonstrated by the Army in extensive controlled experiments to determine how carefully instructions were followed by raters of any rank. *

*59, p. 426 and 52, p. 420
Characteristics of a Sound System

Although many authors cite the benefits or the dangers to be guarded against in the construction of a sound merit rating program, it is difficult to find a listing of the characteristics which should exist in a sound program.

Recently, Dr. M. R. Richardson cited certain characteristics as necessary in the establishment of a sound program.*

1. The system should be geared directly to the needs of the individual company. This means that the devices used must have been validated by scientific procedures within the company, division, or department for which it was designed. The content must be based on job analysis and expressed in language known to be meaningful to those who will use it.

2. The method must be reliable, in the sense of consistency of results if immediately repeated. Without satisfactory reliability, no method of rating will work. In most rating systems installed in the past, this requirement has been neglected.

3. The results of a rating scale should always be expressible in numerical terms.

4. The devices should be useful for overall administrative purposes, and at the same time for counseling and training.

5. The content must be the elements of job performance that have been found to be significant. The more important elements should have greater weights in the determination of the overall rating.

* 36, p. 207
6. The results should be as free from unconscious bias and prejudice as humanly possible.

7. Some means must be built into the device to counteract the almost universal tendency to rate too high. It must "spread out" the ratings in order to show up the real differences that exist among men working on the same job.

8. The form must be easy to fill out and self-administering in the sense that it will not be necessary to conduct a training course at every rating period for the purpose of getting all rating supervisors to use the same methods.

9. The method should involve, if possible, ways of checking on the care and skill with which the form has been filled out. It should make provision for "rating the rater" in order to permit evaluation of the ratings he makes.

10. Finally, but not least important, the procedures should be practical, in the sense that the results may be obtained, recorded, evaluated and summarized economically.

In the planning or revision of any merit rating program, it is important that management consider very carefully the objectives to be attained and the uses for which the plan is being devised. It must be remembered that merit rating is only a tool to aid management in achievement of a certain aim. The objectives to be defined as management policy should not be defined so broadly that they are impossible of attainment of achievement. It has been said that it is doubtful that
any one plan can achieve all the objectives cited by authors and that, therefore, it would be wise to limit the selection to as few as possible.

Consideration should be made of the weaknesses and dangers inherent in merit rating and precautions developed to counteract these dangers insofar as possible. Finally, the characteristics cited can provide a guide in the actual development of a plan and as a measuring device against the finally completed plan.

It may not be possible for all to use this list of characteristics in its entirety. It might well be pointed out that Dr. Richardson was one of the original research men with the Army on the Forced Choice Distribution Method, and that probably these characteristics were drawn up with this particular technique in mind. For this reason, it may well be found that the cost of construction of a plan to meet all the requirements may be prohibitive, but the more important characteristics should be existent in the final plan.

Discussion of the various plans popularly used will follow in the next chapter. These characteristics will be useful in the study of the various plans. From the descriptions, it will also be noticed that the Forced Choice Technique is the only plan which would conform in every respect to all the above listed requirements.
II Principle Types of Merit Rating Plans

Several different types of merit rating plans have been developed over the years. Some have been used so commonly and with such little variation in design that they are considered to be basic systems. They are generally written about in the various text books, and examples are numerous in business and industry. Others are more recent developments, usually the result of long and intensive research by psychologists with extensive statistical training. Reports of these latter plans are found usually in technical periodicals, and examples are found in the larger companies employing psychologists.

A study of the various plans is essential for any committee charged with the development of a rating program in order that they may ascertain just which of the general types will most nearly enable the company to attain its objectives. Each system offers certain advantages and disadvantages depending on the major purpose for which the program is intended.

In order to attain a goal, it may be found that the plan to be developed may be adapted directly from one of these methods or a combination of two or more of the plans may be necessary. Combining one or more plans is not an uncommon practice, and has been quite successful in a number of instances. For example, the Army has found that the Forced Choice Distribution, one of the newer techniques,
is most effective and valid when it is combined with the graphic scale.

Other factors which are determinants in the selection of the method are the personnel affected by the program, the time element and the cost of the system, including its installation and administration.

The personnel affected by the program would consist of the staff necessary for its administration, the raters and the employees to be rated. The qualifications and probable attitudes of each of these must be gauged as each method is studied and discussed. If the group who will administer the program is not headed by a psychologist, then certain plans must be abandoned. The raters must be considered from the point of view of their ability to rate and understand the procedure and the amount of their time it will consume. If a plan is too complicated and difficult to explain simply and satisfactorily, it may not be possible to sell it to the employees leading to hostility toward one of management's latest innovations.

The time element is important both from the point of view of the man hours consumed in the installation and administration of the program and also in the addition of another burden to already busy line supervisors.

Although computing the cost as a whole may be difficult to estimate, at the same time management must
<table>
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<th>Operations of Scale Construction by Experimenter</th>
<th>Operations of Scale Used by Rater</th>
<th>Name of Method</th>
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<tbody>
<tr>
<td>Compiles list of names of ratees for the use of the rater</td>
<td>Ranks individuals on list from best to worst</td>
<td>Rank Order</td>
</tr>
<tr>
<td>Compiles pairs of names of ratees in which each name is paired with every other name</td>
<td>Determines where ratee falls on each trait continuum; may also write in reasons for his rating</td>
<td>Linear Alphabetic Numerical Graphic Defined Distribution Behaviorgram</td>
</tr>
<tr>
<td>Determines and defines traits to be rated and directs raters to select and place five individuals at five representative points on trait continuum</td>
<td>Matches each ratee with one of five individuals comprising comparison standard group</td>
<td>Man-to-Man</td>
</tr>
<tr>
<td>1) Collects large number of behavioral descriptions applying to work ratees are doing, 2) requires group of judges to sort or rank statements using one of psychophysical methods, 3) selects final items on basis of scale value and dispersions obtained in (2)</td>
<td>Determines which items in the list apply to or describe behavior of ratee</td>
<td>Weighted Random Check list</td>
</tr>
<tr>
<td>Collects large number of behavioral descriptions or adjectives applying to work ratees are doing, 2) obtains criterion measure of individuals who form scale standardization group, 3) selects final items on basis of their differentiation value, using criterion sub-groups</td>
<td>Selects alternatives with in each item as being most descriptive and least descriptive of ratee</td>
<td>Forced Choice</td>
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be always "cost conscious". The cost of a plan has a definite relationship to the size of the company and the number of people to be evaluated. A reasonably small company of 1,000 employees or less could not afford the expensive and lengthy research prerequisite to the installation of the Forced Choice Technique. A simple plan easily installed and administered, if carefully planned, would better suit its needs.

A rather complete summary of plans is shown in Table I.

A. **Man-to-Man Comparison Method**

This system has contributed to the development of merit rating, but has largely disappeared from use today. Although originated by the Bureau of Salesmanship Research in 1917*, it has been generally associated with the Army and is often called the "Army Rating Scale".

The plan utilizes five basic factors or characteristics: (1) physical qualities, (2) intelligence, (3) leadership, (4) personal qualities, (5) general value to the service. A short paragraph described each of the characteristics and numerical values were set up for each of the five degrees allocated each factor. The description and degree value for the characteristic "intelligence" are as follows:*

*7, p. 188

**7, p. 602
Accuracy, ease in learning, ability to grasp quickly the point of view of commanding officer, to issue clear and intelligent orders, to estimate a new situation, and to arrive at a sensible decision in a crisis.

<table>
<thead>
<tr>
<th>Highest</th>
<th>15</th>
</tr>
</thead>
<tbody>
<tr>
<td>High</td>
<td>12</td>
</tr>
<tr>
<td>Middle</td>
<td>9</td>
</tr>
<tr>
<td>Low</td>
<td>6</td>
</tr>
<tr>
<td>Lowest</td>
<td>3</td>
</tr>
</tbody>
</table>

The Rater was required to select an officer of his acquaintance who exemplified each of the degrees for each factor. In the case of the factor intelligence, the person selected as the most representative of the highest degree of this factor should be the most intelligent officer known to the rater, and likewise the one selected as the lowest should be the least intelligent. These two degrees are intended to represent extreme cases.

Each person rated was then measured against this human scale, assigning to him the numerical value of the individual on the scale whom he most closely resembled in each trait under consideration. The total rating of the subordinate is the sum of the ratings of the five separate qualities. By following written instructions carefully, the average of any considerable group of officers should not be over 60.

Ideally these scores provided a concrete basis on which all persons rated could be compared.
The Adjutant General made the following statement at the conclusion of World War I in a report about the rating scale and its use:

The accuracy of the result depends largely upon the care with which the rating scale is constructed. When instructions are followed closely and raters do their work conscientiously, the ratings show a high degree of accuracy and uniformity. No other selective system that has ever been devised so completely eliminates the personal equation or so justly determines merit.*

Although this plan was a definite improvement over previous plans, it did not prove satisfactory over the years. The reasons for its almost total disappearance are probably due to the limitations of the plan itself:

1. The procedure was tiresome and cumbersome. The selection of men to be lined up for each degree is tedious and difficult to do conscientiously.

2. Being constructed of necessity from the experience of the rater, the measuring scales differ as much as raters themselves will vary.

3. Many raters have difficulty in selecting men to use in the master scale because of the generalities involved in the criteria. Because of the lack of clear cut definitions, great variation is likely.

Although the Army was cognizant of certain important weaknesses in the system long ago, the plan with few alterations was maintained as an important part of the Personnel System until 1947.

* l, p. 189
A study of the Army's experience with this particular plan would be helpful to those contemplating the installation of any type of merit rating system because of the excellent examples of weaknesses that may creep into a merit rating system over a period of time.

By attaching a direct consequence to the system, the raters tended to see to it that they did not prevent action which they felt was desirable from taking place. For example, in the Army a man must have a certain average rating for promotion. The result was that rating officers generally marked at or above this rating because of unwillingness to retard an officer's career. Likewise, it was difficult to get rid of a man with a low rating.*

Consequently, a very few exceedingly poor officers were sorted out and the form was adequate for the purpose of eliminating only the truly and exceptionally poor officer.

With this exception, the general rule was to say only the best about one's subordinates or else "damn with faint praise" by saying the next best about more inferior officers, or "unknown". This resulted in a distortion of the whole scale. Originally as cited above, it was estimated that in any large group the average mark would not be over 60, but the distortion became so great that what was supposed to be "outstanding" and an extreme case for a mark of the highest degree of a factor became typical, and to be labeled "satis-

*52, p. 427
factory" came to be viewed as wholly inefficient.

How unsatisfactory and useless the system had become as a basis for comparison and selection for promotion was made evident in 1940 when 150 officers were to be selected for general officers. Of the 4,000 eligible officers of suitable age, 2,000 were rated as superior or best.Obviously, selection could not be made on this basis, so that the selecting officers were obliged to fall back on personal knowledge, which was exactly what the Army tried to circumvent in the adoption of the Man-to-Man comparison.

B. The Rank Order Method

Because of the tendency of ratings to concentrate at the upper part of the rating scale due to leniency on the part of the raters, some companies prefer the rank order system, which in a sense forces the raters to use all parts of the scale.

Each supervisor is required to rate his men usually on one factor, namely, how well they perform their job. On this basis, he ranks all the men under him from best to poorest. The rating of a man is determined by his position on this list. If it is desired to rate the men on more than one trait, this process must be repeated as many times as there are traits.

* 57, p. 367
** 57, p. 367
When several traits are to be considered, the process becomes tedious and complicated. Tiffin offers a suggestion to facilitate the process. Small cards containing the names of the men to be ranked are prepared, which the supervisor then arranges and rearranges according to the trait on which he is rating.

When one trait, that of over-all job performance is used, many consider that it is one of the speediest, simplest as well as the most accurate form of rating. It is easy to train supervisors and most of them have definite ideas as to the relative worth of their employees on this one over-all trait.

There are certain disadvantages which must be recognized, however. It is difficult to justify the rating to an employee, that is, why he is placed in a certain position of the list, below someone who, in his estimation, does not perform his job as well as he does. When a supervisor has a great many men to evaluate, the process may become unwieldy. Psychologists have determined that about twenty-five is the optimum number of men to be ranked at one time by a supervisor. Rankings are not comparable in groups of different size. Corrective tables have been devised to counteract this objection. It is presumed that each man differs from the others by a definite amount, and that none are equal in worth. Positioning of an individual may be affected by emotional bias on the part of the supervisor.
C. The Forced Distribution Method

This method is based on the concept of the normal distribution. It is assumed that in any group of people doing similar work, there should be a variance in percentages of 10-20-40-20-10 from best to poorest. The supervisor is therefore asked to allocate his men to the scale in the percentages given. By forcing the distribution in this manner all parts of the scale are used.

With this system, employees are generally rated on only two traits: job performance and promotability. The decision to rate only on two traits is not based on arbitrary judgment, but is rather the result of an exhaustive statistical study made by Tiffin and his associates. In this study of a twelve trait rating scale applied to over 1,100 men, it was found that in reality only two traits were being measured. These were "ability to do present job" and "quality of performance on the job".

Descriptive phrases are purposefully omitted from the scale, since it is felt that most supervisors have a natural hesitancy and aversion toward placing a man in a category which bears an uncomplimentary description. They usually will identify readily the 10 per cent that are least competent. Explanation of the principle should be discussed thoroughly so that all supervisors understand it.

* 10, p. 336-40
The characteristic promotability is not subjected to the forced distribution technique. By promotability is meant generally supervisory possibilities. Because not many are potential supervisors, it is customary to mark them either on a three point scale, such as, "very likely promotional material", "May or may not be promotional material", or "very unlikely to be promotional material". Another practice is to evaluate only those who are potential supervisors on this trait, indicating their possibilities by such phrases as "ready for promotion now", or "needs further training".

In the development of his simplified forced distribution system as a result of the statistical studies, Tiffin recognized the need for justification of ratings to employees and that ratings should be made in such a way that supervisors can discuss them freely and confidently with employees. Therefore, he suggests that cards should be made up for each employee, on the reverse side of which a list of characteristics should be printed. After completing his distribution, the supervisor to substantiate his rating, checks off on this list his reasons for this rating. (See Figure 1)

The conference training period of the supervisors prior to the installation of the program is an ideal time for the compilation of a check list of this type. Not only does it give them a sense of participation in the program itself, but their minds are trained to study more analytically
their employees. Through discussion a thorough knowledge of the characteristics and their relative importance to job performance is attained and the supervisor is more capable of discussing strong and weak points with his employees with tact and understanding.

There are several distinct advantages to this method of rating. It is simple and speedy and is more accurate and valid than many of the more complicated systems. It forces supervisors of each group to use all sections of the scale. One great criticism of many systems is that over a period of time, there is a tendency on the part of the raters to use only one section of the scale, either the upper or middle, thus defeating the chief purpose of rating, to give a true evaluation of all employees. In addition, each employee is considered on job performance or how well he performs his own job, and so all are rated where they belong even when rated on quite different jobs.

While the emphasis in this system is on the rating of two characteristics on an overall basis, it is not recommended that such a plan be adopted without the check list. The ease and speed with which it can be accomplished would tend to lessen its importance in the supervisor's mind. It is just as important for him in this method as any other to know and understand why he rates
<table>
<thead>
<tr>
<th>Last Name</th>
<th>First Name</th>
<th>Dept.</th>
<th>Clock No.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Adams, John</td>
<td>Foley, J.</td>
<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>Brown, James</td>
<td>Adams, J.</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Doe, John</td>
<td>Ellis F.</td>
<td>40%</td>
<td>40%</td>
</tr>
<tr>
<td>Ellis, Frank</td>
<td>Macy, P.</td>
<td>20%</td>
<td>20%</td>
</tr>
<tr>
<td>Foley, John</td>
<td>10%</td>
<td>10%</td>
<td></td>
</tr>
<tr>
<td>Macy, Peter</td>
<td>20%</td>
<td>20%</td>
<td></td>
</tr>
</tbody>
</table>

Job Performance on Present Job

- Low
- Average
- High

Supervisory Material

- Unlikely
- Possible
- Very likely

Obverse of Card prepared for each Employee:

- Quantity
- Quality
- Cooperation
- Initiative
- Dependability
- Personality
- Versatility
- Loyalty
- Ability to plan

Reverse side of Card with possible Check List

Figure 1 - Forms Used for Forced Distribution Method

* 10, p. 328
on an overall basis the person the way he does. The requirement that he substantiate his rating by use of the check list will not only keep the importance of the rating process firmly fixed in his mind, but at the same time tend to lessen the effect of emotional bias by forcing him to study the strong and weak points of each individual.

D. Prose Type or Free-Form Evaluation

This type has been used by many companies. In its simplest form, the supervisor is merely directed to comment on each employee's performance on separate sheets of paper, few instructions as to form or content being given. The supervisor may be permitted to describe freely the employee's performance on his job in terms of any factors he personally feels are important to success on the job, or he may be asked to comment freely on certain specified factors designated on the form.

Many companies using graphic scales have incorporated into their forms provisions for this type of evaluation on each factor or at the end of the form, where general comments on overall performance are often requested. In such cases, these freely-expressed comments are deemed the most valuable portion of the evaluation. In the compilation of the more complicated check lists, psychologists have found comments on other rating forms of the company an excellent source
of the phrases or sentences to be used on the check lists.

There are several disadvantages to this type of rating:

1. It is deceptive in its apparent simplicity. Actually, if done conscientiously, it is time consuming for the rater, and requires skill in observance and ability to write.

2. The ability of the supervisor to express himself may influence the rating more than the actual merit of the person rated.

3. There is no uniformity of opinion among executives as to the factors important to successful job performance. Each has a different measure as well.

4. The resultant ratings cannot be compared easily, one department with another or even one person with another in the same department.

These weaknesses inherent in the system may be obviated in several ways:

1. by careful definition of the factors to be discussed by the rater

2. by training of raters so that there will be more uniformity of thinking among them
EMPLOYEE PERFORMANCE REPORT

Employee's name  Department  Clock Number

QUALITY OF WORK: Describe the quality of the employee's performance of his required duties, citing specific instances of unsatisfactory and satisfactory performance. Describe any improvement or deterioration in the quality of performance of required duties that has occurred since last evaluation.

RATE OF WORKING: Describe the Employee's characteristic rate of working on his required duties, citing specific instances of unsatisfactory and satisfactory accomplishments. Describe any improvement or deterioration in the rate of working that has occurred since the previous evaluation.

RECOMMENDATIONS: Outline nature of recommended action, or anticipated action to be taken by supervisor.

EXPLANATION OF RECOMMENDATIONS: Add any comments necessary for explanation of recommendations, reviews, etc. indicated.

Signature of Rater

Signature of Dept. Head

Figure 2 - One form of prose type or free-form with comments requested on specific factors.
3. by follow-up interviews with the raters for the purpose of clarifying their present ratings, to assist in the preparation of more satisfactory future ratings, and to insure greater uniformity of content of all ratings.

4. by use of a rating committee to coordinate all the ratings of the company, or even to give a final rating to each individual on the basis of the description of performance given.

E. Check Lists Method

As the name implies, rating is accomplished by merely placing a check mark in the appropriate space on the form provided the rater. These lists or forms are typically made up of selected descriptive phrases, statements or questions relating to performance on the job.

In its simplest form, specific items are selected to serve as an indication of the presence or absence of certain traits and require only "yes" or "no" answers. Other forms require only a check mark opposite items that seem applicable to the person being rated. Refinements have been made by many to avoid the inaccuracies frequently encountered by such answers and also to overcome rater resistance so that a wider range of choice is given.
the rater, sometimes as many as five different possibilities. When constructed in this manner, the check list resembles very closely a simple scale. This latter type has proven more acceptable to the raters who feel that their opinions are more accurately stated.

The speed of this procedure and the ease with which rating is accomplished makes this type of rating very attractive to supervisors, particularly of large groups. However, it is quite evident that a good check list could not be achieved by the random selection of statements or the adoption of some used by another company. Its success or failure is dependent on the care and skill with which the questions or statements are compiled.

This type of rating to be effective must be developed by psychologists skilled in statistics. In addition to the gathering of descriptive statements, they are tested statistically to discover whether they are significant or not in determining success in the performance of the job and for success with the company. This process entails the gathering of hundreds of descriptive statements from supervisors themselves in order that the phraseology may be familiar to them, testing and eliminating statements until a list containing from 30 to 50 items is finally compiled for final testing by actual rating.

Because of the necessity for extensive psycho-
logical research and the expense involved in the installation and administration of a plan of this type, check lists have not been too widely accepted. Where used, excellent results have been reported, but unless an organization is willing and able to support such an extensive project, it would be wiser to use a different method of rating.

III Ability to Plan and Understand Work

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Has no trouble understanding instructions</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Understands instructions readily</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Detailed instructions are often necessary</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Check List - Multiple Choice

please check any statements which seem applicable to the person being rated.

- On his own initiative has developed a new and improved method of handling part of the work.
- Has shown an interest in cost.
- Has readily passed on credit for successful results to someone else.
- Has readily admitted he was to blame when an error was discovered in his own work or in the work of the men under him.
- Has ignored suggestions for his own improvement.
- On more than one occasion has failed to take the initiative when it was expected of him.

Check list based on statistically tested behavioral items collected from Supervisors*

Figure 3 - Check lists

* 19, p. 160
F. **Graphic Scales**

This is perhaps the most familiar to people and possibly the most widely used today of all types of rating forms. It involves basically the rating of the employee on several different characteristics or factors, each of which is followed by a scale on which the rater indicates the degree of presence of the trait most descriptive of the individual.

Although there are perhaps as many variations of this method as there are companies using them, basically they may be classified as continuous or discontinuous.

1. **Continuous Scale**

In its simplest form, the continuous scale consists of a straight line placed at the right of the trait, the extremes of which indicate the maximum and minimum degrees of presence of the trait under consideration.

The rater is expected to indicate on the line exactly where the individual belongs. Because of its nature, the rater is called upon to make fine discriminations often far beyond his ability. There is little guidance for the rater, and possibly for this reason some have altered it by placing along the line guideposts indicating percentages, alphabetical references, or descriptive words.

Despite these aids, it has been recognized that
this type of scale is impractical, and that such fine discriminations not only give false impressions of accuracy but distort the value of the form. It is rapidly being replaced by the discontinuous type of scale, which is preferred by the rating supervisors because it is more defensible.

**Linear Rating Scale**

**Quality of Work**

<table>
<thead>
<tr>
<th>Outstanding</th>
<th>Above Average</th>
<th>Average</th>
<th>Below Average</th>
<th>Unsatisfactory</th>
</tr>
</thead>
</table>

**Percentage Rating Scale**

**Intelligence**

<table>
<thead>
<tr>
<th></th>
<th>20</th>
<th>30</th>
<th>40</th>
<th>50</th>
<th>60</th>
<th>70</th>
<th>80</th>
<th>90</th>
<th>100</th>
</tr>
</thead>
</table>

**Alphabetical Rating Scale**

**Attitude**

<table>
<thead>
<tr>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
<th>E</th>
</tr>
</thead>
</table>

**Figure 4 - Types of Continuous Scales**

2. **Discontinuous Type Scale**

This type of scale recognizes the ineffectiveness of the continuous scale and the inability of people to make the extremely fine discriminations required by it. The form consists usually of a list of several traits.
which are considered significant for success, each of which is followed by four or five degrees representing gradations of the presence of the trait from maximum to minimum or vice versa. While it is still common to express the degrees in such terms as outstanding, well above average, average, below average, and poor, there has been a trend away from the use of such controversial words as "average" to the extent that such descriptive words are omitted entirely from some forms and a brief sentence description is substituted. This trend in word descriptions for trait gradations is also apparent in the listing of the traits themselves. Some companies follow the name of the trait with a short, rather complete description, while others have omitted entirely any mention of a trait by name, simply describing it as clearly and completely as possible.

The practice of describing traits and subdivisions not only results in greater uniformity of meaning among the raters, but also it forces the raters to read and consider each factor in relation to the person being rated.

| INDUSTRY | Starts slowly, intermittent spurts stops quickly consistent along worker |
| INITIATIVE | Superior Average Fair Unsatisfactory |

Figure 5 Discontinuous Scale
There is a wide variety in both the traits rated and in the number of traits used on any form. Although the range in number may be from four to twenty odd, there has been a preference for simplification of forms and a reduction in the number of traits rated. Tiffin suggests that possibly ten would be the proper number of traits used on the basis of a survey made by him. Some confine their forms to objective traits, others use only subjective, while still others combine the two successfully.

There is lack of agreement as to whether overall evaluation in numerical terms should be used with this type form. Psychologists seem to incline toward the eventual determination of scores arrived at statistically. Some companies arbitrarily assign weights to each trait subdivision and give an overall numerical or alphabetical evaluation, others use it only for employee development and guidance and also feel very strongly that you cannot express human values in numerical terms.

A study of the examples of this method of rating in textbooks, articles, and those used by various companies will disclose the almost limitless variety it may take in final form. No two forms seen in the survey were alike; examples demonstrating the variety

* 10, p. 323
in use today are located in Appendix C.

There are certain advantages inherent in this method of rating, which probably explain its popularity:

1. It can be constructed very simply and yet fulfill the requirements of the company.

2. The method may be studied and adapted for individual company use successfully by a committee of department heads and/or employees under the guidance of the Personnel Director.

3. By active participation and discussion of the plan supervisors become familiar with all its phases.

4. It is easily explained and understood by both supervisors and employees and therefore more salable.

5. Permanent records are provided for use as a personnel tool.

6. It serves adequately as a basis for employee guidance in discussions of strong and weak points.

7. The form serves as a justification for management action in grievance cases.

Despite its popularity and general acceptance and even though some companies employing psychologists use the method, it is subject to certain criticisms and has certain disadvantages:

1. It is apt to be influenced by the "halo" effect unless definite measures are built into the plan to minimize this effect.

2. It is difficult to select traits which can be used effectively for each broad class of employee.
3. Ratings of people in various departments cannot be compared effectively due to rater differences.

4. Over a period of time, the plan may be subject to a greater concentration of ratings at one end of the scale or in the middle.

5. It is difficult to describe traits and subdivisions so that uniformity of thought is achieved among raters.

6. Traits are often chosen without regard to their significance as an effective measure of actual job performance. Companies with job evaluation are frequently guilty of ignoring job specifications in trait selection.

7. Effective and thorough training, which is essential in this type of plan is too often omitted in its installation and administration.

8. Companies using it frequently do not provide for adequately trained personnel to administer the program and to watch for improvements through statistical research.

Notwithstanding the criticisms made of the method and its inherent weaknesses, it is very possible through careful study and adequate preparation for installation and administration, to devise a suitable plan of this type for satisfactory use in a company.

In addition to these basic plans described above, there have been developed other newer methods, chiefly the work of psychologists. Because of dissatisfaction with these other plans, extensive research has been undertaken by psychologists interested in the subject in an effort to devise new methods which would eliminate many of the
weaknesses of presently known plans, and which would more accurately measure an employee's worth to his company.

Some of these newer techniques are: Forced Choice Distribution Technique, Field Review Method, and Critical Incidents Method.

G. Forced Choice Distribution Technique

As the name implies, the forced-choice technique involves forcing the subject to choose between two or more alternatives. In the more general sense, it has been used ever since the invention of the multiple choice item now familiar to many in psychological tests.

This technique was developed by the Army's Personnel Research Section after extensive research. It was introduced officially in July 1947. It has been said that there has been more research on this method in the five years following its invention than in the preceding twenty years of merit rating.

After a study of the former Army merit rating system # and the Army's experiences and dissatisfactions with it, it is quite apparent that intensive research was quite necessary to find some form which would be a reasonably accurate measure of the worth of officer personnel.

Although this technique is associated with the Army, it was not the exclusive "brainchild" of the Personnel Man-to-Man Comparison Method discussed in Section A of this chapter.
Research Section. The possibility was first suggested by a Dr. Paul Horst at an American Psychological Association meeting. The date is obscured and he himself cannot remember the incident. But a Dr. Robert Wherry was sufficiently interested in the development of the suggested scaling method to pursue the subject. He took his scale with him when he joined the Personnel Research Section, and in due time it was decided that this was the best device to use as a point of departure for further research.*

The technique was originally developed for personality inventories and later applied to efficiency reporting. It was first used in the selection of wartime officers for the regular Army and in July 1947 was introduced for official use along with the regular fitness report. By this time, it had already been subjected to more rigid experimental tryouts than every other system of merit rating yet devised.**

With the release of men from the Armed Forces, some of the research psychologists returned to civilian life. Sixteen of these formed a firm called Richardson, Bellows and Henry and sought to interest industry in this type of performance report.

Since some of the larger companies are presently developing forms of their own, it is no longer solely used by the Army. However, the Army experiences will once again be heavily drawn on in describing this technique,

* 59, p. 430
** 36, p. 205
since it has been most completely reported either by the Army or by one of the men formerly associated with the Personnel Research Section. No technical reports of its successful introduction and use in business and industry, together with procedures, have as yet been printed.

There are certain assumptions and postulates on which the Forced-Choice technique is based: *

1. The process we have called "merit rating" actually breaks down into two distinct phases: (a) reporting on the job performance of a man; and (b) evaluating that record or estimate of job performance.

Mahler suggests that value of ratings in industry will increase if reporting and evaluating are separated.

2. Accuracy in reporting on the job performance requires not only that the person reporting shall have had the opportunity to observe the behavior of the man on the job, but also that he be given a fair chance of making his report in such form that he omits nothing significant. The reporting supervisor is not asked to consider whether his report is favorable or unfavorable to his subordinate - his task is to describe job behavior as accurately as possible. Indeed, it is demonstrable that some people can make accurate reports on job behavior but cannot make sensible evaluations of behavior. Thus, subordinates are certainly capable of observing and reporting on much of their superior's job behavior, but probably should not be trusted to evaluate the significance of the facts observed.

3. The task of reporting job behavior may be adversely affected if it is complicated at the same time by the task of evaluating the relative relation to his coworkers. If one tries to evaluate as well as report, the tendency is to confuse fact and inference. Most people are charitable and have a tendency, admirable in
in some contexts, to give a man the benefit of the doubt. When we start to evaluate a man's performance on a job, we may rate him higher than he deserves because he has personal and social traits, we admire, or because he reminds us of someone we admire or have liked in the past. The reverse may be true, of course. Even such traits as manner of speech or tilt of the chin may produce a "halo" in the evaluation.

4. The language used in describing work performance should be understandable to those reporting on job behavior. The language used in performance should not only be drawn from the company personnel, but should be tested in experimental tryouts for uniformity of meaning.

5. If we set up the requirement that the reporting supervisor must choose between two or more statements as most descriptive of a man, we force him to make a type of critical judgment not usually called for in ratings. If, in addition, we make those statements all equally attractive to him, he finds that he must describe, since no way of direct evaluation of the man is open to him.

Example: Two descriptions of supervisory work performance are put in such a pattern that they must be compared by the reporting senior:

A. Skillful in planning his work
B. Gives clear instructions to his men

This makes it necessary to choose between A and B and to decide which is more descriptive; a decision must be made, despite the rater's lack of knowledge as to whether Joe receives more credit if A is chosen, more if B is chosen, or the same credit in either case.

The judgments called for are sometimes fine, with the result that the reporting senior must ignore general impressions and think back to specific instances of Joe's work behavior. This embodies what another writer calls "critical incidents". This is not a new procedure, since conventional ways of respond-
ing are used, but constitutes an excellent preliminary step in collecting material for tryout in experimental forms of a performance report.

6. Direct use is made of the device of "damning by faint praise". Thus, an attractive, favorable statement made in the performance report may count against a man. Anyone can distinguish favorable and unfavorable, but it is next to impossible to distinguish among favorable statements those with positive weights, zero weights, and negative weights, since the key is not available to the reporting supervisor.

Procedure

The procedure involved in the development of the method in any company is lengthy and requires considerable time, and expensive research conducted by competent research psychologists with statistical ability and training. The form cannot be adapted by any other company without proper research because the method requires statistical validation in each particular situation. Even within the same company, it may be necessary to devise several different report forms to cover different types of personnel.*

Criterion

At the outset, it is necessary to establish a criterion, some measure of "true" merit. Obviously, the Army could not use the former fitness reports to establish identifying groups of outstanding officers as well as those less competent.

* 68
Therefore, the research men segregated various groups of 12 - 40 officers of the same unit, furnishing them with lists of fellow officers, arranged alphabetically without regard to rank. Without signing their names they were asked to select from these lists the most competent and least competent, and to repeat this process until all the names had been chosen as one or the other. By tallying these lists, the psychologists were able to select two or three who were most competent in each unit, the same number as least competent and the great average group. This whole procedure was repeated many times until a criterion group of 50,000 names, representing three divergent areas, had been identified.

These criterion groups were then rated on different forms at the usual time by their superiors who had no way of knowing their criterion identification. The results were correlated with the criterion group membership, and at this time the forced choice method stood out as being the most valid.

**How Items or Tetrads are Made**

The forced choice elements are sets of four adjectives, phrases or statements pertaining to job efficiency and personal qualifications. The rater chooses the items which he considers most characteristic and those the least characteristic of the ratee, repeating his selection for all sets.
Section IV  JOE PROFICIENCY

A. Becomes dogmatic about his authority || A. Always criticizes never praises.
B. Careless and slipshod in attention to duty || B. Carries out orders by "passing the buck"
C. No one ever doubts his ability. || C. Knows his job and performs it well
D. Well-Grounded in all phases of Army life || D. Plays no favorites

Each of these groups of four statements contains two positive and two negative statements. One of the positive and one of the negative statements differentiates between good and poor workers. The other two statements do not differentiate. The rater must choose one statement which is most descriptive of the employee and one that is least descriptive.

Figure 6  Sample of Forced Choice Tetrad
The following is a sample of a tetrad:

A. Commands respect by his actions  
B. Coolheaded  
C. Indifferent  
D. Overbearing

While it may be obvious in some instances which are relatively favorable and unfavorable, only one of the positive carries credit, the other gives none, and picking one of the unfavorable gives credit, while the other does not.

Dr. Rundquist, while attached to the Personnel Research Section lists six essential steps in the formation of these tetrads:


   This step was considered essential in order to focus agreement on the nature of the traits and also to collect behavior items phrased in the language of the men who will use the scale.

2. Preparation of a complete list of descriptive phrases or adjectives culled from these essays, and the administration of this list to a representative group of officers.

   Each officer is requested to rate an officer of his acquaintance and to indicate for him the extent to which each item applies to him, i.e., accord-

* 57, p. 270  
** 57, p. 270
ing to one of five degrees or from exceedingly high to a slight degree, or not at all. Then he is asked to indicate on a scale his overall rating with respect to a group of twenty officers of the same grade. These lists are then sorted according to overall competency and segregated into three groups, of Upper (U), Middle (M), and Lower (L) thirds.

3. Determination of two indices for each descriptive phrase or adjective - a preference index and a discriminative index.

The preference index is an index of the value to the rater of the alternatives under consideration. It is a measure of the face validity of the item. When computed statistically from the data, it indicates the tendency of raters to mark people high or low on the particular item. Low values of the index indicate a tendency to mark the item as applying to a high or outstanding degree; high values indicate little or no applicability for the item.

The discriminative index is constructed to ascertain if the behavior item has significance for success or failure of the ratee. Low value of an index indicates that the item is equally applicable to a good or bad officer and does not discriminate, high values on the other hand, indicate gross differences between the group in the application of the item and suggests it represents behavior which is significant for success (or failure) of an individual.
4. Selecting pairs of phrases or adjectives such that they appear of equal value to the rater (preference index) but differ in their significance for success as an officer (discriminative index).

This is done by selecting insofar as possible two items of equal preference values and widely different discriminative values, avoiding items which are opposite in meaning. Too much repetition of items should be avoided, since it reduces the scope of the scale.

5. Assembling of pairs so selected into tetrads.

One pair with low preference indices (favorable) is combined with a second pair with high preference indices (unfavorable). The only reason for this is that it tends to reduce rater resistance to those of high preference indices.

6. Item selection against an external criterion and cross-validation of selected items.

The form as approved consisted of twelve of these forced-choice tetrads relating to job proficiency, followed by two ten-point graphic scales concerning the ratee's primary and secondary duties. Then there were twelve more tetrads pertaining to personal qualifications followed this time by six ten-point scales concerning general characteristics such as cooperation and initiative.
The procedure followed in industry is essentially the same as described above for the Army. Esso Standard Oil of New Jersey employed a firm comprised of sixteen of the original group of the Personnel Research Section. The form devised for their supervisors consists of 30 groups of these tetrads in statement form. New Jersey Standard has since developed Forced Choice Performance Report forms and selection tests for its New York office employees and laboratory, exploration, and production personnel and are studying the development of such a form for higher levels of management.

None of the psychologists in favor of this type of rating feel that the plan has yet been perfected, and there is still considerable experimentation and research with its further refinements.

In one of the most recent papers on the subject, D. E. Baier* of the Personnel Research Section states that this group is still searching for a more objective and appropriate criteria, and that possibly ratings should not be validated against other ratings. However, in some instances, in his opinion ratings may be the best criteria because value judgments are essential elements.

* 59, p. 422
It is admitted that forced choice items can be improved in content. Criticism is made that the system of pairing of items statistically results in the pairing of items which would not ordinarily be associated, but the Personnel Research Section feels that this statistical pairing may be one of the advantages.

The rater is not prevented from manipulating his rating if he so desires, but it makes it more difficult for him to do so. Even though he may do this, he has no way of judging the relative standing of the person whom he is rating unless he knows precisely the distribution of the ratings. Cases have been noted where manipulation has resulted in colorless and valueless reports due to the selection of neutral items.

Advantages:

The principal advantages claimed for the technique are:

1. that it has been determined more valid and reliable than any other form and has been subjected to more extensive research. Validities have tended to remain stable over the entire period since its adoption, a sufficient number of years to appear significant.
2. It reduces the rater's ability to produce any desired outcome of obviously good or obviously bad traits; it thus diminishes the effect of favoritism.

3. Scores of the forced choice form are distributed in such a way that it permits a better discrimination of individuals rated at the two extremes of the scale. There is more floor and ceiling; it is particularly discriminatory as to those low in competence. Forced choice has maintained the spread between the high and low ratings.

4. It reduces halo, leniency and rater differences.

5. Reports composed of combinations of forced choice and graphic scales show greater validity.

6. It is speedy, most forms require less than 30 minutes to complete. Scoring is done like a test and by machine.

Disadvantages

While this technique appears to solve many of the problems encountered in merit rating, there are certain disadvantages that may appear quite obvious:

1. It is costly. It requires the services of a consultant psychologist. For example, Esso has a full time consultant and staff.

2. It is time consuming. The Army required two years at least of intensive research before the plan was officially instituted, and since then there has been a section of psychologists working continually on the refinement of the plan. In other words it has never been termed a finished project. In the case of Esso, it took five months in which to collect the data from the foremen and supervisors and to establish the criterion.
3. In the Army, it has tended to be unacceptable to the rating officers, but it is claimed to be more acceptable in industry. The attitude of the raters cannot be overlooked in any system. Industry is replete with examples with examples of sound plans which have failed due to rater resistance and hostility. This would be then a most important disadvantage.

4. The name forced choice has been unfortunate selection. There is one school of thought that feels the name connotes something distasteful in the raters' minds at the outset. It might possibly be better termed multiple choice.

5. The fact that the raw scores converted to standard scores has caused raters to feel that their ratings were not properly represented by the standard score, and caused ill feeling for the system.

6. It is complicated, highly technical, and difficult to understand. Any type of rating system to be successful must be sold to all levels of management and to the employees. What cannot be explained to their satisfaction is viewed with suspicion.

By its advocates, Forced choice has been claimed to be the "coming" method, but it has not attained any position of prominence as yet. Its widespread use is highly improbable unless some general form can be developed for supervisors or some such group as a whole. The average size company cannot afford the services of a psychologist and his staff for the lengthy research required, nor are there enough research men familiar with the work done on the subject to be used generally. The rating scale will only work if the key is secret, and whether this can be done or not generally in industry has yet to be proven.
It is difficult to see how this technique would be wholeheartedly accepted by employees. One of the essential requirements of acceptable wage incentive plans, job evaluation systems and merit rating systems has been simplicity. For this reason alone, its future success is not too encouraging at the lower levels. Complicated plans have been presented in the field of wage incentives without too much success because they were unacceptable to the worker. Complicated plans confuse and scare the workers and make them resentful of management.

The secrecy surrounding the scoring will cause the plan to be disliked by the various levels of supervision.

In summary, while this method may be the answer to the many problems of rating in large companies, it is not feasible for the smaller company. For these, one of the other methods will have to be resorted to, eliminating weaknesses through sound administration and training.
H. The Field Review Method

The Field Review Method, which was developed by Guy W. Wadsworth, is quite different from other systems so far discussed. It is based on the concept that the Personnel Director has definite responsibilities in his job to insure that the company is adequately staffed at all times with a competent, effective working force fairly distributed throughout the organization.

In order to fulfill his responsibilities, it is necessary for the Personnel Director to develop successful relations with the operating supervisors through contacts in the working area and to achieve through a series of planned interviews adequate and periodic employee evaluations.

The evaluation is merely part of an overall personnel planning program, but it is an important and integral phase of it. The evaluation differs from other types in that it is developed through the interview by the supervisor and not written on any specified form. In itself, it constitutes no formal, permanent record.

In fact, Mr. Wadsworth emphasizes the fact that the evaluation results in a definite plan of action on the part of the supervisor rather than a record of past performance of the individual. The crux of the
idea is to assist the supervisor in better evaluating his employees, understanding them, and to develop a plan for future action on the part of the supervisor for training the employee to better meet the requirements of his job or to groom him for higher positions.

The steps toward employee evaluation are based upon the following premises:* 

1. that most, if not all, employee evaluation rests primarily upon supervisory opinion and that this holds even when tangible measures of production are available.

2. that the supervisor's opinion of his subordinates is no better than the factual observations behind it.

3. that supervisors develop the habit of systematically checking individual performance only as they are prompted to do so. As a corollary, it takes considerable factual evidence to induce a supervisor to revise an opinion once formed.

4. that the distinctions which the supervisor makes between one employee and another are neither fine cut, nor charged with profound meaning. Such distinctions do not lend themselves to numerical expression, nor necessarily to statistical distribution. They may be characterized in a general way by saying that most supervisors even when capable of supporting their opinions with adequate facts, can point out little more than:

   a) some are doing goodwork and are slated for promotion
   
   b) others are satisfactory where they are
   
   c) others are unsatisfactory and have no promise of really making good on the job.

* 49, p. 49
5. that employee evaluations are essentially negatively diagnostic. Appraisals of ability not shown in a task often have more tangible support in fact and are more clearly significant than are distinctions between "average" and "superior" performance.

The following procedure is used by the Personnel representatives in making a field review of the organization:

1. The Personnel representative gathers together all the information available in the Personnel Department relating to a certain unit, such as, job descriptions, names of employees, tests and results, and employee records.

2. The representative goes to the supervisor of the unit to conduct the interview at the work place.

3. The interview first follows a course of inquiry about the jobs, a verification of the list of employees, about the relationship between the jobs and possible changes in job content.

4. In a patterned interview, the supervisor is questioned about each employee in the work unit in relation to current performance, his possibility for advancement, and his probable usefulness in other work. Although the discussion is conducted in an informal manner, the interviewer makes certain that he covers designated questions pertaining to the evaluation to bring out specific facts.

5. Employees rated "Definitely Outstanding", or "Definitely a Problem" require the most attention,
and here the supervisor is asked such questions as "In what way is he particularly good?" "What (or what else) is he doing well?" "Is the employee really better than others who might be considered?" and "Has the employee been tried out for more important duties for which he appears qualified?" or "has any proper salary increase been considered from the viewpoint of its effect on other employees?". In the case of the problem employee definite questions are designed to cover every phase of his behavior and to ascertain what the supervisor has done in the way of corrective training or what action he is planning to take. In each instance specific facts are developed concerning the work behavior of each individual from the observations of the supervisor.

6. Later the personnel representative checks back with the supervisor to find out whether his record of the interview really reflects what the supervisor intended to report.

Since a thorough field review covers a study of each individual in the organization and should include all but top management and certain specialists of highly trained technicians of upper grades, it would appear that a long period of time would be required to accomplish the entire review of a company. However, Mr. Wadsworth cites that when he hits his

* 49, p. 265
stride, a moderately expert representative should complete a unit of 50 people in four hours working time. A complete review of one company of 1,000 employees was made in less than ten days' time. Follow up interviews are necessary three or four times a year to maintain current information and require only one-third to one-half the time of the initial interview.

When successfully completed, it gives the Personnel Department intimate knowledge of the people and the jobs in the company. It also gives the supervisors sound assistance in the solution of their problems. Better relations are established between the Personnel Department and operating supervisors, which assist both in fulfilling their responsibilities to the company.

For those who do not consider it feasible or wise to put into effect a formalized merit rating program of one of the other types, this would be recommended for further study and development. It would give a standardized plan to those who are carrying on their missions in an informal manner.
I. The Critical Incidents Technique

This method has been developed by John C. Flanagan of the American Institute of Research, originally to be used in connection with Research Personnel.*

In his study, over 500 supervisors were interviewed and asked to supply descriptions of "critical incidents", that is, actual incidents which they had observed and which they considered significant for success or failure on the job. Over 2,000 such incidents were collected and the final check list based on them included only references to specific behavior judged to be of utmost importance. Figure 3 which illustrates a typical check list in present day usage also demonstrates the type of behavioral statement referred to here.

The essence of the system is the establishment of critical requirements of jobs by supervisors in terms of what workers actually do on the job. In addition, critical requirements are determined in terms of aptitudes, training information, attitudes and habits, skills and abilities.

A critical requirement is defined as a requirement, which is crucial in the sense that it has been responsible for outstandingly effective or definitely unsatisfactory performance of an important part of the job or activity in question.**

* 25, p. 39
** 55, p. 419
A considerable likeness will be seen in this system, that described as Check Lists, and also the Forced Choice Distribution Method. All three involve the collection of descriptive statements from supervisors in their own terminology, retained in that form, which are statistically tested to determine whether they are significant in determining success or failure with the particular company on the job.

For this reason, the same limitation will hold for this method as for the aforementioned systems, namely, that they must be constructed, installed, and administered by a competent psychologist and his staff. Likewise for this method, a company expressing preference for it must be prepared to spend a great deal of time due to the research that is mandatory for its successful construction.

However, the suggestion is made that rating scale methods can be improved through training of the raters to set up their own requirements for a job, and to collect notes about employees between periods as a basis for their evaluation. More accurate and defensible ratings would result and also definite standards of work performance would be established which employees could more readily meet.
Summary

Because of the size of the institutions under consideration in this paper, some of these plans must of necessity be abandoned. It would not seem feasible for these companies to employ psychologists for the installation of some of the more complex plans. Some valuable information is obtained, however, from a study of each of the plans discussed which will help in the formulation of the system finally adopted.

In spite of its apparent weaknesses, the graphic scale would seem to be the most practicable plan for adaptation by companies in this area. It should be noted, however, that evaluation after experimental tryouts may well prove Tiffin's theory that only "Job Performance" and "Promotability" are significant, in which case the Forced Distribution Method developed by him along with its accompanying check list, may be the simplest and most successful.

Since, in the opinion of the author, after a study of all the foregoing plans the graphic scale type appears to be the most practicable type plan for financial institutions in this area, the next chapter will discuss the development of this type of plan.
III The Merit Rating Program -
Development and Administration

A. Development of the Plan

1. Preliminary Planning

Before any work is done on the formulation of a merit rating program, management must first decide why it wishes to undertake the development of such a program and define its fundamental objectives.

Next, management must consider just how far it is willing to go into the research necessary for the proper development of the particular system which will be most satisfactory for its own business. While it may be possible to adopt the plan of someone else in a related business, in whole or part at first, it is far more satisfactory if the company develops its own plan to suit its own individual needs.

It is also a prerogative of management to decide how comprehensive the plan will be, that is, how extensively it will cover the personnel of the organization.

Most companies begin with or include only the operating employees and exclude executive, professional and technical groups.* Important as it is to evaluate the

* 5, p. 426
individual performance of the rank and file employees, it is doubly so in connection with upper levels of management where errors in selection and deficiencies in performance are of maximum consequence. Rating programs that include or lead to the inclusion of these groups will not only serve the purposes that are desired with operating employees, but will generally assist management in maintaining and improving the quality of personnel in all responsible positions.

Although some plans have been successfully conceived and launched by Personnel Departments, for best results a committee should be chosen to study the subject and to formulate the details of the plan. This committee might be composed of representatives of the executive group, department heads and employees with a representative of the Personnel Department as the impartial chairman and guide. Some companies feel that it is important for all levels of management to be represented including the employees. When plans are being studied to include the higher levels, employees are usually excluded from membership.

There is considerable merit in the inclusion of the employees because it aids in enlisting the
cooperation of this large group and in improving morale. They will tend to feel that management is honestly trying to establish a fair and equitable method of evaluation, which will lead to better and more unbiased placement and promotion in the organization.

However, employee representation is a debatable point. There will be found many who feel that rating is definitely a management prerogative and that the whole subject should be kept as confidential as possible.

The functions and duties of the committee commonly are as follows:

1. Deciding and defining specifically the purposes and objectives and who will be rated, by classes
2. Developing and weighting the rating sheet
3. Outlining the rating procedure:
   a) who will rate
   b) how often
   c) who will review ratings
   d) how the ratings will be scored
4. Establishing and operating a training program for the raters
5. Developing and carrying out the educational program on rating among employees.
2. Procedure for Development of a Plan

The broad objectives outlined by management must be studied carefully so that the specific purposes can be defined in such a way that they will have meaning to all connected with the program. The analysis of the objectives and careful definition will also guide the committee in the formulation of the plan itself.

Of primary consideration also are the classes of personnel for whom the plan is to be developed. In most organizations personnel can be broken down into five basic categories:

1. Munsupervisory and non-creative shop and clerical employees not required to meet the public

2. Sales personnel and others who are required to meet the public

3. Technical personnel such as research, engineers or specialists

4. Supervision

5. Management

If eventually all are to be included in the rating program, plans should be made at the outset for the development of a well coordinated series of rating sheets which will be adapted to the needs and nomenclature of the different well-recognized fields while yet preserving uniformity as to basic form and scope.
In practice, advance planning in connection with the development of a series of rating sheets for all levels would appear to be overlooked or studiously avoided. At some later date, the supervisory level is added to the program at which time the same basic rating sheet is employed either by itself, with the addition of a few traits applying only to supervisors, or with a supplemental sheet which contains traits applicable only to this level.

What financial institutions in this area do in this connection will be discussed in the following chapter which deals with the survey and its results.

a. Selection of Traits

Care should be exercised in the selection of traits which will most nearly apply to each of the groups to be rated. Professor Juclius sets forth the following rules, which, if adhered to, should result in excellent selections:

1. Select traits that are specific rather than general; eg, honesty is more definite than character.

2. Select traits that can be defined in terms understandable in the same way by all raters.

3. Select traits that are common to as many people as possible.

* 5, p. 434
4. Select traits that raters can observe or be taught to observe in the day-to-day performance of employees.

The selection of traits is another controversial point. Some authorities believe that objective traits should be included in the rating form, others strongly oppose. There is some basis for their inclusion, but preferably in a separate section, inserted by the proper department responsible for the maintenance of such records as attendance or productivity. If the form is to be used as one of the determinants for promotion, or transfer, there is merit in their being included somewhere on the form, since it contains much valuable information about the employee then condensed on one form.

Of late there has been lively interest in the literature on the subject about the selection of traits. Employees have voiced the desire for more careful definition of each trait listed on the form; supervisors join in the desire due to inadequacies of present definitions and the knowledge of conflict in interpretation among themselves; and management has come to realize the necessity for not only careful selection of each trait but its definition in understandable and unmistakable terms. A descriptive statement showing exactly what is meant by each term is almost
mandatory since different words evoke different pictures in the minds of several people. With due care emotional bias on the part of the rater can be minimized to a great extent.

In some of the more progressive companies, suggestions are requested of employees and supervisors for improvement in the rating form and its contents. There are still some, however, to whom the rating sheet as originally designed is perfect, with no changes either contemplated or desired. Although it should be the aim of the committee to develop as satisfactory a form as possible, it should be understood from the beginning that periodic review will be made at which time refinements will be considered. Provisions should be made at the outset for statistical testing of the form after experimental tryout to determine the validity and reliability of the ratings.

The significance of each trait under discussion should be questioned as well as the possibility or advisability of including overlapping traits. Although very detailed forms with numerous traits have been cited, the trend appears toward the utilization of from five to ten traits with many preferring the fewer number. In deciding on the number of traits to be utilized, it should be realized that rating may be
regarded as a burdensome and boring task added to the workload of busy supervisors, and long detailed forms are best avoided.

In general, the deciding factors determining the number of traits appropriate for a company will be based on:

1. the number the raters feel they can effectively evaluate the employee on;

2. the degree of complexity of the jobs to be covered by the particular form.

It must be constantly borne in mind that one of the fundamental reasons for rating is to determine how nearly the requirements and objectives of the job are being met by the incumbent.

If job specifications are studied in connection with trait selection, certain basic objectives may be ascertained for certain classes or groups of jobs. Traits selected and coordinated on this basis should result in concrete ratings which management can use effectively, instead of generalities.

b. Trait Subdivisions

After the traits have been selected, decision should be reached as to the number of subdivisions for each trait. Common among companies is the use of five trait subdivisions, but there is a word of caution in
this connection. There has been noted a tendency among many to rate a large proportion of their employees as "Average", not considering any of them to fit any of the other categories. To avoid this tendency, some companies have adopted a scale of four subdivisions; this forces the rater to consider other possibilities. The form of Company R (Appendix C) is an interesting example of a scale with four subdivisions.

There has of late also been a trend toward the avoidance of such words as: Exceptional, above average, average, below average and poor. Even without a knowledge of the results of statistical studies of the differences in meanings these words evoke in people, it will be found in any group, that a person may be deemed exceptional by one, and average by another. To eliminate such misunderstandings on the part of raters, many companies have deleted such words from their forms, substituting carefully worded descriptive phrases or sentences on which agreement has been reached at least among the committee members.

At this point in the procedure, precautions may be built into the plan to safeguard against the "halo" effect. Professor Jucius believes that all scales should not be arranged in the same order from high to low. In other words gradations are scrambled

* 5, p.435
so that the raters will not let their over-all judgment influence their ratings on each trait. Some, while they agree with the theory behind this suggestion, feel that it prevents a quick summing up of each individual's strengths and weaknesses at a glance by management when the occasion arises to review the form. It may also meet with rater resistance, and perhaps for these two reasons, it has not been more widely adopted.

Company A cited above has adopted this method of arrangement of trait gradations with apparent success and without encountering objections from either supervisors or employees. The plan of this company is discussed in detail with other Case Studies in Chapter V.

Carefully worded descriptions of the factors couched in terms understandable to all raters will be of considerable value and aid in avoiding the weakness of the graphic scale method of rating.

C. Weighting

Because, once traits and degrees have been prepared, many companies immediately weigh the question of whether or not to weight their forms, this topic is discussed here.
In the past, those advocating the weighting of traits have arbitrarily decided on weights for the traits they considered most important as determinants of success in the company. Others have felt that the question was not applicable since all traits had equal importance to them. Thus, whatever their view, the question was decided on when the form was planned.

Tiffin and Bittner maintain that arbitrary weighting is useless and is not possible. Tiffin reports an actual case of the effectiveness of weighting when all traits were presumably weighted equally on a twelve trait scale applied to several thousand workers. Analysis of the true weights of the traits disclosed that "health" carried 22 per cent more weight in the total score than "productivity" and 19 per cent more weight than "overall job performance".

The true weight of a trait thus cannot be determined by any means arbitrarily. Its true weight is a function of the variability of the rating on that trait or in other words, the scores weight themselves in proportion to their respective standard deviations. This is a mathematical statistical problem which can only be solved after all ratings have been made and analyzed.

* 10, p. 340
** 2, p. 27
***10, p. 341
Bittner summarizes the question of weighting traits as follows:

1. The real weight of a trait is not the same as the numerical factor you multiply the trait by in computing a total rating score.

2. The real weight of a trait depends upon its variability or standard deviation.

3. To determine the real weight of a trait, you must apply the scale to a group of men and then analyze the variability of the ratings on each individual trait.

4. Only after the real weights have been established by analyzing the ratings made, can you determine the multiplying factors which will make the traits have weights which have been determined as desirable.

5. Making the real weights conform to a desired pattern must be done by a central agency after analyzing the ratings turned in, and this is a process requiring a technician trained in statistics.

6. Any system of weights determined arbitrarily in advance of an analysis of the ratings turned in will not be the same as the true weights and will be misleading.

d. Scoring

Whether or not ratings will be scored is determined by the objectives around which the plan is built. If the main purpose is for employee guidance, scoring is very often eliminated. There is one school of thought which holds that it is impossible to evaluate human
beings on a numerical basis.

Those supporting the theory that ratings should be scored have certain foundations in fact to base their contentions on. If their uses for rating are for pay determination, promotion, transfer or dismissal, the conclusions drawn from the rating sheet in the form of scores offer explanations to an employee who questions the rightfulness of management's decision in the matter. It has been found that this method is often adequate proof for an employee.

If scoring is to be done, it should be specified just how and who will do the scoring. The preference of most authors is that scoring will be done in the Personnel Department by a qualified specialist.

If it has been deemed advisable to score the ratings, usually one of two types will be found. In some instances a compromise or combination of the two have been used satisfactorily. These two methods are: Over-all scoring and Individual trait scoring.

(1) Over-all Scoring

Scores may be used as they are or grouped into categories, those about equal in merit falling into the same group. Commonly numerical values are assigned to each trait. These may be the result of the pooled judgment of the committee, those doing the rating, or
preferably arrived at by statistical methods based on the statistics of variability or "standard scored".

When raw scores are used, the judgment factor enters in heavily. In Motion and Time Study and Job Evaluation as well as merit rating, the judgment factor makes the rating no more precise than the judgments responsible for their formulation, and consequently vulnerable to severe criticism.

Because of the reliance on the accuracy of judgment, it would not seem wise to state positively and finally that a specific numerical score is representative as an accurate measure of a particular employee's worth. In place of specific scores, it has been suggested that rate ranges are better and meet with more success, particularly in instances where the employee may have an opportunity to see or learn of his score.

Many companies, as a matter of fact, finally grade their personnel on the basis of their numerical ratings into five groups as follows:

- **top** 5 per cent - exceptional
- **next** 20 per cent - better than average
- **next** 50 per cent - average
- **lower** 20 per cent - below average
- **bottom** 5 per cent - poor

* 4, p. 121
While these percentages may vary somewhat with the different groups, experience has shown that the proportions should be reasonably accurate and at the same time provide an over-all check on the soundness of the ratings of the organization.

(2) Individual Trait Scoring:

Some companies prefer scoring on individual traits because of the belief that an over-all score may cover up certain deficiencies in traits considered significant for success in that company.

Whatever method is used undue emphasis should not be placed on the scores themselves. This is one important reason why scoring should be done in the Personnel Department, and not by the individual supervisor.

(e) Design of the Rating Form

There are many different types of rating forms, their design being dependent on the inventiveness and imagination of the committee developing them. Whatever their differences in appearance, they usually contain about the same basic information, that is, employee's name, job classification, department, check number, traits with their subdivisions, in some cases rather complete definitions of each trait and subdivision.

Some companies incorporate a form of the prose type evaluation into their form by providing
spaces following each trait for comments of the raters, which may or may not serve a useful purpose to management. Many forms provide a space either for an over-all evaluation in prose style or additional comments which the rater believes are important relative to the performance of the ratee. Certain companies require definite comments as justification for the ratings given attaching as much importance to the comments as to the ratings given. In some instances, any discrepancies between the ratings given and the comments cause the form to be returned to the rater for explanation and revision.

(f) Who Shall Rate

An important question which must be resolved by the committee is "who shall rate" the employees, (1) the supervisors, (2) their peers, and (3) their subordinates.

Almost universally, it is found that ratings are made by superiors. People naturally seem to have a preference for this method. However, some thought could be given, in the case of rating supervisors, to the possibility of one of the two other classifications participating in the rating procedure. Not too much has been done in practice on this particular topic since it is rather rare, but there have been a few interesting studies which have shown surprising results.
in rating supervisors by peers and subordinates, which have been deemed of considerable value. Companies planning the rating of executive potentials and supervisors might well study the possibility of rating them by other than superiors.

There is some justification and realism in this type of rating for such personnel in that subordinates and peers work quite differently with an individual than superiors, and may at times have far greater and truer insight into actual job performance and capabilities on the job.

The general rule observed is that the superior (or superiors) in closest contact will rate the person. In setting up this phase of the program it is well to specify clearly exactly who will be meant by the term rater, whether it be an immediate superior or the department head, since some department heads may insist on rating all even though supervisors under them may be more capable of rating the individuals than they.

Some companies specify that two ratings will be made on an individual. Sometimes there are two independent ratings by two supervisors, one usually the superior of the other. What happens then varies with the company. Some make composite ratings of these
individual ratings, others simply file both. The purpose of the double rating is admirable when it can be accomplished wisely.

It has been demonstrated by research results that reliability of ratings is increased when it is possible to pool the ratings of several raters.* Each rater, however, must have such knowledge of the employee that his rating is made on that familiarity with the employee in his work environment and not by chance. Care must be exercised in making a rule of this type mandatory, since it has also been reported that in some instances the second rater may be so far removed from the ratee as to make his rating worthless or detrimental.**

Generally, it might be stated that wherever possible two or more ratings should be made on an employee, but only in such cases that more than one supervisor is familiar with the person and the competence in his work.

There has been some feeling of late that the conference method of rating is the most effective way. In this case, a conference leader would probably a representative of the Personnel Department, who would

* 10, p. 346
** 54, p. 93-102
meet with the several supervisors and executives to discuss the performance of the individuals to be rated. The chairman's role is to educate the raters, to develop and coordinate different opinions and to insure the impartiality of ratings completed. Raters are usually given advance notice as to who will be rated, and may be given copies of the form on which they may indicate their tentative opinions.

While this type of rating may not be feasible as a permanent procedure, it is should at least be incorporated in the training program for the raters. It would be most helpful in the accomplishment of the experimental tryout of the rating form. Not only would it insure a thorough indoctrination in the use of the form and a uniformity of interpretation of each section, but weaknesses could be spotted and noted immediately by the conference leader for later correction or clarification.

f. **Frequency of Ratings**

Employees may be rated quarterly, semi-annually, or annually. How often rating is done is dependent on practicability as well as the objectives to be attained through the operation of the system. Commonly found in
business today are both semi-annual and annual ratings. New employees are often rated more frequently as a measure of progress, perhaps after one month, three months, and six months of employment, thereafter on a semi-annual or annual basis.

If ratings are too frequent, they may become a tedious and burdensome task to supervisors who will tend to accomplish them in a slipshod manner. The chief objection to an annual rating, however, is that during the long interval between ratings, both supervisors and employees may lose interest in and forget the significance of the plan.

It is advisable that, in addition to these periodic evaluations, ratings should be made on promotion, transfer, demotion, or termination of employment. This is omitted from the schedule of many rating programs.

Allied with the decision on the frequency of ratings is the question of whether all ratings will be accomplished on certain dates or whether they will be made on the anniversary date of employment. There seems to be divided opinion here. Some feel that staggering the ratings over a period, usually selecting the anniversary date of employment, allows the supervisor to stagger his work load throughout the year. This has merit where large
groups are to be rated. The supervisor is then constantly aware of the significance of rating and is constantly evaluating his personnel. This method is open to criticism in that it is apt to prove irksome; ratings tend to be less consistent with respect to periods covered; it may lead to less valid discriminations among individuals rated because of changes in the raters' standards and the occurrence of incidents which will take on too much importance in determining the rating of a certain individual.

In order to arrive at sound conclusions as to the optimum number of ratings per annum and the dates on which they should be accomplished, the committee should carefully study the basic objectives of the company together with administrative problems that arise in various departments at certain times during the year. Scheduling ratings during periods when workloads are at their peak, has resulted in some instances in actual hostility to the entire rating program.

All phases of this topic should be discussed thoroughly, since the program may fail or succeed by the thought given to proper planning. There are many demands on the raters' time, and the line supervisor with work schedules to meet must be assured of adequate opportunity
and time in which to complete his ratings if he is to perform this duty conscientiously and well.

h. Discussion with Employees

Ratings may or may not be discussed with employees. Most authors feel very strongly that ratings should be talked over with employees, but in practice, many companies avoid any disclosure of the ratings.

There is a feeling that interviews with employees may lead to hostility and controversies. It is also contended that such interviews require a great deal of skill, tact, and sympathetic understanding, and that all supervisors are not capable of conducting such interviews successfully. Granting this to be true, it may very well be a good test of the competence of a supervisor.

Supervisors themselves not only are of the opinion that they cannot give the time required for an interview, but are loth to explain or justify their ratings to employees.

While there may quite well be reasonable justification for the objections to employee interviews, at the same time this question is not an academic one which can be arbitrarily solved by the committee.

Analysis of the fundamental objectives of the program may well disclose that they cannot be attained without employee discussion and cooperation. It also
follows logically that unless an employee knows what the expectations of him are, he cannot very well meet the standards of the supervisor. While the main purpose is to talk over with the employee his strengths and weaknesses as they affect his performance of his job, the supervisor may also better know and understand the employee and realize that his own opinions are not quite as sound and reliable as they should be.

The necessity for an interview places an added burden on the supervisor in that he must be able to substantiate his ratings to the employee, who may justifiably disagree with him.

Whatever the immediate decision is, a sound plan should provide for ultimate inclusion of the rating interview in the program. In many cases, the recognition of present incapacities of supervisors of necessity postpones employee interviews until a specialized training program has been completed for the supervisors.

Whatever the conclusions are, there should be no secrecy attached to the program, which is often the case, but rather it should be made known that department heads or the Personnel Director will welcome the opportunity to talk over ratings with the employees and assist them in making plans for improvement and future advancement.
The attitude that it is management's prerogative not only to rate its employees and keep such ratings confidential is not only unwise, but is the basis for much employee resentment, distrust, and lack of cooperation.

i. Rating Appeal

Of course, if it is the opinion of the committee or management that the program will remain "CONFIDENTIAL", there will be no necessity to consider the employees' right of appeal.

Wherever pay increases, promotion, demotion, transfer or discharge are involved, there should be provided a procedure by which an employee can appeal a rating he feels is unjust or unfair.

It is a well recognized fact that ratings are the judgments or opinions of the rater on how well a particular employee meets the job requirements. There may very likely be times when this opinion is biased with the result that an employee never could meet reasonably the expectations of a supervisor because of a conflict of personalities.

Whatever may be the reasons, adequate provision should be made for an appeal procedure. This should include transfer of employees when it is deemed necessary for the best interests of all concerned. In the case of such transfers, it is not uncommon in business for the new
supervisor to have access to the ratings of previous supervisors, which defeats the purpose of the transfer by preventing the employee from getting off to a fresh start in a new work environment.

It is the supervisor's job to make his own judgments of an employee in his special work situation and not to reflect the judgment of another based on an entirely different situation.

B. Administration

1. Administrative Personnel

It is frequently found that the committee charged with the installation of the program is also designated as a standing committee. As such, periodic evaluation of the program should be made to ascertain how effectively it is attaining the objectives around which the plan has been formulated. Analysis of data pertaining to ratings is reviewed regularly for possible revision of forms and procedures.

The administration of the program itself is generally one of the responsibilities of the Personnel Director. In some companies where the major objective is to determine who will receive salary increases, it comes under the immediate supervision of the Wage and Salary Administrator.
A successful rating program requires administration by competent and trained personnel. Preferably, it should constitute the major work assignment for the number of people required to effectively administer the program. Specialists with statistical training are required to conduct the necessary review of ratings, statistical tests, and research in order to determine the validity and reliability of the ratings and to present the proper information to higher levels.

The weakness of many programs is that ratings are completed, possibly reviewed by people not sufficiently trained in merit rating, and then filed in the employee's jacket. In such cases, management has no means of ascertaining just how effective the program is or how satisfactory the ratings are.

2. Training of Raters

One of the major deficiencies in many of the scale type programs is the lack of training given the raters. Inattention to the necessity for training has been the cause of failure of some plans, and keen disappointment in many others.

In the installation of some plans, it has been the false assumption of management that men in supervisory positions are capable of reading written instructions.
presented them, interpreting the form uniformly, and of making accurate and sound evaluations of their personnel.

A fallacy of this assumption is that all supervisors have the capabilities to rate. Throughout the years some have worked their way upward through seniority to positions as department heads with little education or training or mental maturity for their jobs. These people cannot necessarily be assumed to possess the requisite characteristics to observe and evaluate those under them.

Training in the techniques of rating is merely an improving of the ability of the supervisor to make accurate ratings.

Any training program should have as its scope:

1. Selling the value and importance of rating to the raters.
2. Training the raters how to make good employee evaluations.

Selling the rating program to the raters has been accomplished in one of two ways. Some have formed their committee around the raters, who then study all phases of the proposed program as they draw up the procedure. Since this is apt to become unwieldy due to the number of individuals involved, others with success-
ful programs have begun training conferences for the raters soon after the committee has started work on the proposed program through a series of supervisory conferences.

These conferences are designed to indoctrinate the raters in the aims and objectives of rating, its value and usefulness to them as supervisors. Throughout the conferences, a systematic selling should be made of rating. Discussion should be encouraged among themselves, and others in related businesses.

When the form has been drafted, the training can commence on how to rate using the specific form. Committee members should join the group at this time to participate in discussion and to insure that there are no misunderstandings in the terms employed on the form. In fact, this group of supervisors can well be used as a testing device by the committee to ascertain whether uniformity of opinion can be reached in connection with traits and subdivisions selected by them. Good suggestions may be developed for the improvement of the form even before it is subjected to experimental testing during the course of these conferences. The aim at this particular point is to achieve a common understanding and agreement of each part of the rating form so that uniformity
of opinion and understanding can be achieved. Successful training in this phase will strengthen the program and check in advance one of the inherent weaknesses in this type of rating.

Written instructions appearing on the form should be read, explained, discussed, and conclusions reached as to exact meaning so there will be unanimity of thought.

Raters should be trained to guard against the imperfections inherent in themselves as raters, which are the pitfalls of the scale type method, such as:

1) halo effect  
2) lack of spread in ratings  
3) basing ratings on guess work, supposition or emotional bias  
4) basing rating on one isolated event or incident.

Although one isolated event or incident should not influence an entire rating of an individual, nevertheless the practice of recalling concrete examples of performance and traits is desirable to make judgments more accurate.

When all phases of the program have been covered, it is advisable to have a practice session using the rating forms, followed by discussion of the forms and any difficulties encountered in their completion. Some, in fact, have their first experimental ratings completed under supervision in conference sessions.
with discussions of each trait. This has been found very beneficial to the raters and has much rater acceptance. It also affords an excellent opportunity to discover any weaknesses in the procedure and the use of the rating form, as well as an opportunity to discover how successful the training program has been.

If a post-rating interview has been specified as part of the rating procedure, adequate training must be planned for this. Training will usually be eagerly sought by supervisors, who normally shrink from handling interviews with their employees.

Those who have used the interview successfully, stress the importance of such training for raters. Generally, the conference method has been found most successful, supplemented by movies and role playing with the participation of the prospective raters and interviewers.

Recordings of each "interview" played back for the group enables them to criticise and note the good points of each case. By actually participating under all conditions which might be likely to occur in actual practice, supervisors gain both through actual participation and demonstration of others.

At first there may be a fear and reluctance on the part of the supervisors to participate actively in the role playing before their peers, but tactful
training personnel can break down their reserves.

One author suggests the following plan to be used in training raters for the interview which he has used successfully:

1. Plan the interview
   Decide on the time and place, get all the facts, plan the approach to suit the individual

2. Put the employee at ease
   Talk first about his outside interests or about the general idea of the progress interview. Be friendly.

3. Explain fully the purpose.
   Each time be sure to point out one or two ways in which it benefits him.

4. Talk about good points first, then cover each point in detail.
   Avoid starting out on weak points

5. Summarize, starting with strong and weak points and develop a plan for improvement.

After proper training, supervisors, once the initial plunge has been taken, feel that the outcome is satisfying to both employee and themselves.

The benefits to the supervisors are important.
They are better supervisors, become more analytical in regard to their employees and their work and are constantly aware of the necessity for development and training of personnel.

#2, p. 143
3. **Trial of Tentative plan**

Many companies provide for a trial period for a plan during which ratings are made at periodic intervals.

Just as in the case of ratings made under supervision when the forms are first used, it is well to schedule conference periods after the ratings have been completed for the purpose of discussion, clearing up any misunderstandings on the part of supervisors and listening to their difficulties with the rating form. The supervisors thus have an opportunity to voice their opinions and offer suggestions for improvement of the traits, descriptions and the design of the form itself.

If, before such conferences are held, statistical analyses of the completed forms are made, more beneficial discussion and training can be given.

The most common tests as to the adequacy of the rating program are:

1. **Reliability** - are the ratings consistent?
2. **Validity** - do the ratings measure what they are intended to measure - how accurate are they?
3. **Distribution** - do the ratings tend to follow the normal curve of distribution or are they all clustered at the high end of the scale or at the central point?
4. **Halo effect** - do the ratings tend to show that one trait influences the marking of the others?

* 2, p. 57
5. Inter-correlation between traits - is there a tendency for ratings on different traits to be discrete?

6. Variation in average ratings - is there a variation in averages of different raters, between departments and those in different occupations?

7. Relations of ratings to ages of raters or length of occupation with company.

Such an analysis together with discussion in terms understandable to the raters will be most helpful during the trial period. Further training can be given without delay in areas found to be weak in the analysis. Concrete evidence is more helpful than much theory to the raters.

It may be discovered that some traits can be eliminated from the form entirely, that their marking has no significance and that they are influenced by ratings of other traits to such an extent that they are valueless. Tiffins in his study of a 12 item merit rating scale discovered that the form in question could be reduced to the evaluation of two items only. While analytical studies during this trial period may not result in such drastic reductions in number of traits, it will tend to simplify the form so that when adopted permanently, it will be streamlined and will be well understood by all concerned.

* 10, p. 336
4. Selling the Program

Thus far the discussion has concerned the supervisors and their relationship to the program with some emphasis on selling the program to them throughout the development and installation.

However, it is no less important for the plan to be sold not only at all levels of management, but to the employees as well. Selling the program to management must not be underestimated and overlooked. Many a good idea has been lost to a company because this point was neglected. Open hostility or detachment from it on the part of management itself can cause the failure before the program is even launched. The value of the program must be shown and constantly proven to keep the continued interest of management. Tangible instances are better than all the technical statistical data that can be presented.

The discovery of even a few instances of hidden talent will do much to prove conclusively the worth of the plan.

In addition, employees must be sold on the program from its inception. If they are not told officially when initial plans are made, rumor will spread its damaging tales and open hostility may result. However,
if through conferences, newsletters, cartoons and such methods, they are advised of the details of the plan and how much it can do for them, the selling can be very effective.

This should not be considered a one-time selling drive on the employees either. Tangible evidences of benefits must be demonstrated to keep their interest alive. If employees feel the beneficial effects of successful interviews, if some are promoted through merit, others transferred to jobs where they are happier and do better work, and these facts are publicized, enthusiasm will be maintained.

Everyone connected with the program must be well aware that at least a year if not longer is required for the successful launching of a merit rating plan. During this time constant and continued support must be enlisted. Many plans have been developed and launched successfully only to have them die through loss of interest.

When it covers all classes of personnel, merit rating is an important managerial tool and can be used as an excellent means of control as well as development of personnel.
This whole procedure may appear to be somewhat lengthy. But, as Driver* points out the results to be attained are in proportion to the amount of energy expended. If a procedure such as just outlined is followed there is no reason why this method of merit rating may not be successfully employed by any company of the category considered in this paper.
TABLE II - Summary of Survey Results

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*Unsatisfactory ratings discussed
**TABLE III - Summary of Survey Results**

**Insurance Companies**

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IV Report of an Original Survey

A. Choice of Sample

An integral and vital part of this study has been an original survey of the Merit Rating programs of financial institutions in the Metropolitan area of Boston.

Originally, it was planned to include in this survey banking institutions which were members of the Boston Clearing House Association, as well as a sample of non-members. Insurance companies located in this area as well as investment houses were to be included. After talking with two or three of the investment houses, it was concluded that contributions to the survey would be meager in this area. Some insurance companies with home offices in other parts of the country were visited in the hope that actual usage of some of the newer and more complex types of merit rating might be found.

In all, twenty-nine financial institutions were visited. The size of the companies, classified as to number of persons employed, ranged from 75 to 6,000. The survey covered the largest institutions, and is believed to be a representative cross section of the remaining institutions within this classification. The practices reported herein would appear, therefore, to be an accurate picture of the practices generally followed in merit rating by such institutions in this area.
Size of Companies Participating in Survey
(Classified by Number of Employees)

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</table>

Figure 7

In order to secure a greater response than is usual with the questionnaire type survey, personal interviews were planned with institutions in the area. Appointments were made by telephone with the person responsible for personnel Administration, which in the case of banks, was generally a Vice President.

Response to inquiries, with but one exception, was most cordial, and the Personnel Officers were most cooperative, eager to discuss as completely as possible their particular program.

In the one case where the reception was rather disappointing, it was a woman Personal Officer, curiously enough, who represented a rather large company. If her views were to be considered as representative of company policy, there was little contributed to the survey, but rather positive indications were given of a very real need for more sound, practical and modern personnel policies.
Before any visits were made, a questionnaire was designed as a framework for the interviews in order that not only every pertinent detail of a particular system might be secured, but also to insure the consistency of the data secured in all cases. After the first two interviews, the form was revised somewhat to include additional data secured therein. A copy of this final questionnaire form appears in Appendix C.

The questionnaire proved to be a very satisfactory medium for the conduct of this type of survey. It was never intended to restrict the interview to the set pattern of the questions. Nevertheless, it did prove not only to save the time of busy executives, but also as a check at the conclusion of the interview to ascertain that all pertinent information was secured. Questions stimulated discussion and elicited much valuable information.

B. Findings

The general results of this survey were compared with survey of the National Industrial Conference Board in 1947*, and are tabulated below.

Results shown by figures pertaining to banks would not appear to be as favorable in this survey. However-
it is believed that two reasons perhaps account for the variance in these survey figures. The NICB surveyed a wider area and reports on 64 banks, while this survey is confined to one city where although there are many more than sixteen banks surveyed, the area is dominated by three or four banks with over 500 employees.

In other respects the two surveys seems rather comparable in results.

Results of Survey Covered by This Report

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NICB Studies in Personnel Policy No. 86 1947

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Figure 8
Of the eight banks reporting no formal merit rating plans, seven have periodic oral reviews of all personnel for the purpose of evaluating personnel primarily, in most cases, for merit pay increases, and secondarily, to keep the personnel officer advised of the capabilities, performance and potentialities of personnel in order that he may fill vacancies through transfer and promotion. Likewise of the three insurance companies reporting no formal plans, two of these stated that the same type of informal review was held with department heads of all personnel. As a result of these interviews, in most cases, lists of employees by department are prepared recommending pay increases in specified amounts.

The survey disclosed that it is more unusual to find a formal program in banks employing less than 1,000 employees. Of the thirteen banks employing less than 1,000, only five had formal programs. It was the opinion in most of these institutions that there was such an intimate knowledge of all personnel and their performance by officers and department heads that the informal reviews served the same purposes as a more formal plan, in spite of the fact that no substantiation for action taken could be made. In addition, the feeling was prevalent that such a program would involve additional personnel to administer it. Generally,
in these institutions an officer of the bank served as personnel officer in addition to other duties.

Of the two insurance companies that report no program, one is in the process of revitalizing its personnel department, with the subsequent reinstallation of a Merit Rating Program, while the other although employing over 1,000 people contemplates no program.

Type of Program

Of the many different types of Merit Rating Plans in existence in industry today, this type of institution seems to have a preference for the graphic scale described in Chapter II. With but two exceptions, the discontinuous scale appears on the forms of these companies. Although the limitations of the continuous scale are recognized by the companies using them, they express no dissatisfaction with the results nor contemplate any change in the near future.

Only two instances were found where the prose rating form and ranking method were used, and these occurred in smaller banks with under three hundred employees.

The great variety in forms found is evidence to the truth of the statement made previously that the variation in style was limited only by the ingenuity and imagination of those drawing up the plan.
No one form was a duplicate of any other used by another company; all reflected the individuality of the company devising the form. Some of the forms were extremely simple, listing only the traits and degrees of presence. Others amplified the traits and gradations by a sentence or phrase describing each factor. Still others went into considerable detail to ascertain the specific weak points and strong points of the individual rated and requested information as to the potentialities for advancement. Relatively few provided for comments as to areas where training was needed and required a statement of the supervisor as to his plan for such assistance.

Who Rates

It was universal practice for the employee to be rated by a superior, in most instances, by his immediate supervisor. In most cases only one rating was required, but it was common practice for the supervisor's report to be read and approved by the department head. In such cases, any areas of disagreement were resolved between the two before the evaluation was submitted to the Personnel Department. Two of the companies report that two ratings are required on every individual, wherever possible. In one instance these two ratings were combined into a composite rating, and in the other instance both forms were
filed separately in the Personnel Department with no attempt to reconcile differences of opinion. Three of the companies surveyed required joint ratings of supervisor and department head.

**Objectives and Uses**

Many objectives and uses of ratings were cited in Chapter I. One of the objectives of this investigation was to determine how extensively in practice among this type institution merit rating was used as an effective tool of personnel administration.

Almost universally, the companies visited cited that the primary reason for the interest of management in such a plan was to assist in the determination of merit increases of employees. The program of only one company has been constructed around the objective of employee development and guidance. This company has divorced itself from any reference to pay increases.

One of the larger companies is at present revising its entire program to change the emphasis from the concept of a basis of merit increases to a more advanced program built around the objective of the eventual development and consequent increase in efficiency of the entire working force and the maintenance of an adequate working
staff in all sections of the company. The program as finally constructed is hoped to assist the Personnel Department in determining the effectiveness of its practices and to assure the operating departments of an adequate supply of efficient personnel at all times. Although it is being set up to include salaried employees up to a maximum of $10,000 yearly at present, its scope eventually will be all inclusive through the executive levels with the exception of top management.

Some officers immediately stated that they realized that merit rating should not be tied so definitely to increases and that more extensive research would result in not only sounder systems but also in the strengthening of their organizations through its application as a personnel tool.

Before that point could be reached, however, it was stated that more research and much more training of supervisors would have to be undertaken.

The objectives and uses found by this survey to be most common were:

1. as a basis for merit increases within the range of salaries determined by Job Evaluation
2. promotion
3. transfer
4. employee guidance and development
5. discharges

Employee guidance and development was found less frequently among the various plans. Few had a provision on the form for the stimulation of the supervisor in this phase of his duties, yet operating supervisors in most instances were responsible for the training of their employees. Few also required information as to what the supervisor had done or planned to do in assisting the employee to improve himself.

In most cases, only borderline or unsatisfactory reports required positive action by the supervisor. In such instances a report of interview had to be submitted to the Personnel Department but the emphasis appeared to be on the unsatisfactory performance of the individual rather than the assistance it was possible for the supervisor to give the employee in improving his performance.

Two instances were discovered which exemplify the extremes of personnel thinking and action on ratings. After three unsatisfactory ratings, it is quite possible for an employee to be discharged without having had any prior warning or any positive assistance given him to enable him to improve himself. While drastic action is not the rule in most companies, this example does point out weaknesses that can exist in the administration of a
rating system, both on the part of the Personnel Department and the operating supervisors.

Development of the plan

Although five of the programs discussed were launched successfully by the Personnel Department, most programs were formulated and installed by a committee of operating executives under the guidance of the Personnel Officer. It seemed to be universally thought that these people not only would benefit by a study of existing plans used in business and industry, but that they would know best the type of program needed in the company. This is admirable provided that one individual knows the theories of rating thoroughly and can guide and explain clearly and understandably any complicated and technical points to these committee members. Particularly, is guidance necessary in the selection of traits which will be significant for determination of successful performance in the company. As shown later in this chapter, the great variety of traits used in companies which are so similar in nature might possibly be indicative of the lack of skillful guidance in trait selection.

One interesting incident was brought out in discussion of the installation of a program by one large
Employee Development

Of recent years, particularly since the termination of hostilities of World War II, progressive managements have been keenly aware of the shortage of executive personnel and the necessity of training and developing within their own concerns their own employees. This point had been of considerable interest to the writer.

It was hoped that evidence would be shown in this report that financial institutions had taken positive action in this phase of personnel management.

While it is realized that generally they were regarded as conservative types of management, at the same time because of their position in paying slightly lower salaries than the going rate and the fact that they are now in competition with other types of business, it was felt that there was a prime necessity for emphasis on development of personnel and recognition of potential supervisors and executives within their ranks.

It might also be pointed out that managements of banks and insurance companies have long been active supporters of off-duty training programs for their employees, which are peculiarly adapted for their business.
In spite of the fact that twelve of the companies reporting have made provisions for the rating of supervisors, the design of a form particularly emphasizing the traits needed by them was not too common. Only four of the programs were carried through the level of department head and of these only one specified the rating of executives. Oddly enough in this case the one simple form was used for the rating of all levels of employees. (See Appendix B-1) It is difficult to perceive how some of the factors such as, accuracy, volume and attendance were applicable or particularly significant at the higher management levels.

Although the problem of middle management and executive development is recognized as important and a problem, rarely have the ratings been viewed as a personnel tool which could be used to locate training needs or as an aid in the selection of promising candidates for future development.

Traits

In an analysis of traits appearing on merit rating charts, Tiffin lists 35 traits appearing on the forms of eighteen companies. In this study of fifteen companies all

* 10, p. 323-4
in a similar business, forty-eight different traits have been found in all. This illustrates how widely the planners of any program differ in their concepts of what characteristics are significant in determining the success or failure of employees in the performance of their jobs.

| Forty-eight Traits Appearing on Rating Forms of Fifteen Financial Institutions |
|---|---|
| Absence | Job Knowledge |
| Ability to learn | Judgment and common sense |
| Ability to get along with others | Loyalty |
| Accuracy | Native ability |
| Alertness | Personality |
| Adaptability | planning and organization |
| Attitude toward Bank | Personal appearance |
| Attitude toward Criticism | Promotion possibilities |
| Appearance | Quality of work |
| Attendance | Quantity of work |
| Cooperation | Realism |
| Dependability | Self Control |
| Diligence | Skill in human relations |
| Efficiency | Social adjustment |
| Emotional Balance | Speed |
| Energy | Stability and self-control |
| Estimate of own Worth | Suggestions |
| Fairness | Tact |
| Follow through | Tardiness |
| Health | Thoroughness |
| Housekeeping | Trustworthiness |
| Industry | Trend of Progress |
| Initiative | Volume of Work |
| Intelligence | |
| Job Interest | |

Figure: 9
Traits most frequently measured were volume or quantity of work, quality of work, dependability and cooperation, in that order. The number of traits used varied from four in the case of one of the larger companies to seventeen used in one of the smaller companies. The median number of traits is eight which would conform with the opinion of several authorities who agree that preferably not more than ten traits should be measured on any one form.

Although there has been evidenced a preference by authorities for segregating such traits as attendance, productivity on a separate part of the form, it was noticed in this survey that these traits were most commonly rated along with others by the immediate supervisor. In fact some of the most recently revised plans, which formerly provided for the segregation of such factors, now require the supervisor to rate these, and then use them as a check on the reliability of the supervisor's rating.

This survey did not support the theory that there is a tendency toward the utilization of fewer traits. Although in the opinion of the Personnel Officers evaluations could be just as effective with relatively few traits, the most recently revised forms showed from ten to seventeen

*10, 325
the intent of the committee being the securing of as complete a description of the performance of the individual as possible.

Most of the companies used the conventional five degree scale. Although definition of the trait itself was not universal, it was fairly prevalent for some definition of the degree of presence of each characteristic to be made. Use of "scrambled" scales to force the rater to read carefully each trait and subdivision was noted in two instances.

In addition to the use of "scrambled" scales, one company used the four subdivisions to force supervisors to avoid a tendency toward average ratings. Since this company apparently has built into its form many of the recommendations of modern authors, it is described as a case study separately. (See Study of Company R).

Scoring

Scoring was not found to be a common practice among financial institutions. Two of the companies, which had plans in effect for more than twenty years, stated that earlier programs required numeric scoring of forms. The results were so unsatisfactory that upon revision of their programs they avoided any return to
numerical scoring.

There were three companies which required an overall evaluation or summary in words indicating whether the performance as a whole was outstanding, satisfactory or unsatisfactory. In three cases arbitrary overall numerical scoring was used, weights of traits having been determined by the committee.

Most agree that arbitrary scoring is not satisfactory, and for that reason avoid any attempt at arriving at scores.

Frequency of Ratings

There appears to be a definite preference for annual ratings of permanent employees. Although in most cases, these ratings were made at specified times of the year, there were two companies that expressed satisfaction with ratings completed on the anniversary date of employment. It was contended that ratings so spread out through the year kept the importance of ratings foremost in the supervisor's minds, and that the practice lightened the pressure on busy line supervisors.

Ratings of new employees were generally made more frequently until the end of the first year of employment.
Rarely were there provisions for interim ratings on the occasion of transfer or promotion. Ratings were sometimes required on the termination of employment with the company.

Administration

It appears to be universal practice for the Personnel Officer to administer the program with whatever assistance he deems necessary. In most cases it has been the assigned duty of one clerk. The exceptions to this rule were the insurance companies with home offices elsewhere. In these instances, a psychologist administered the program performing the necessary statistical studies on the ratings.

Standing committees were reported by some companies to evaluate the success of the program. The chief duty of this committee, however, commonly appeared to be the reviewing of all ratings as a basis for the determination of merit pay increases. In four companies the Personnel Department was the medium through which review was made for the purpose of determining whether the plan was achieving its objectives and if the program required any revision.
Discussion with Employees

Most students of merit rating feel very strongly that ratings should be discussed with employees. For this reason, the reactions of Personnel Directors was of considerable interest to the writer.

Quite generally, the opinion was given that supervisors and department heads could not be relied on to conduct such a discussion successfully, and that in addition department heads were lothe to participate in such interviews.

The consensus of opinion appeared to be that in setting up any program discussions should not be included, first, because of the inability of the department heads and supervisors, secondly, because of lack of confidence in the reliability and validity of the ratings given by the supervisors.

As one officer stated, "after all ratings at best are but the opinions of the rater. These ratings if inaccurate and revealed to employees could be as explosive as a charge of dynamite".

Another important objection to discussion was the fact that interviews were time consuming, and management was not prepared to require that busy operating
department heads add this duty to their already heavy workloads. The comment was made that they have enough difficulty in getting the evaluations completed at the proper times as it is.

Possibly closely allied with the decision to avoid discussion with the employees, is the subsequent labelling conspicuously of the forms "CONFIDENTIAL". In such instances, management avoids making any policy statement to the employees, so that only unofficial knowledge and rumor seeps down to their level. One officer made the statement that in spite of the confidential nature of the program, he doubted that very many employees were in ignorance of the practice; however, it was after all a management prerogative that did not concern them.

Information gathered from employees of such institutions shows that they are well aware of the existence of such programs, but that misinformation is more abundant than the correct information and on the whole would indicate a source of low morale. One employee of many years experience with a company cited that he was unaware of the fact that, due to personality differences, he had received three unsatisfactory ratings until he questioned the Personnel Director as to why he did not receive certain promotions for executive positions for
which he was well qualified by experience, training, and knowledge. Needless to say, the unfairness of the situation, the personal hurt and shock of final knowledge were devastating to the morale of this individual.

Six of the participating companies follow a policy of requesting that interviews be held with individuals who received unsatisfactory ratings. In three, the interviews were held in the Personnel Department. In the others, the Personnel Director stated that they had no control over the operating supervisors and so could not be sure that they were conducted or were conducted satisfactorily.

Employees are not generally allowed to see their ratings either in their department or in the Personnel Office. Some employees are allowed to discuss their status with the Personnel Director, but in certain instances this exercise of his fundamental right "to know where he stands" operated against his best interests. Only four of the companies interviewed welcomed such visits from employees and offered assistance in attaining his own personal goals in the company.

Status of Programs

For the most part, executives expressed satisfaction with their programs as they presently exist. One company
felt its program was too limited in objectives and consequently has spent considerable time in research in order to revise it. Two stated that they were in full agreement with the theory of rating, felt it was necessary to have formal plans since supervisors were constantly rating employees, and that it should work, but for some reason either their programs were poorly planned or launched, at any rate they were not considered successful and that there was considerable dissatisfaction by all concerned.

Training

The area most neglected by financial institutions has been training. This statement agrees generally with the results of other surveys as well as the critics of existent practices in rating. This is one reason why the graphic scale has not been used as successfully as it might be.

Only three companies have regular supervisory conferences at which the plan has been thoroughly explained and discussed. One company stated that the committee originating the plan was composed of 80 per cent of the people who did the rating for the company, and that was deemed training enough. The rest presumed that raters can read and understand the instructions and trait
descriptions, and that while training is desirable, is too time consuming.

Relatively few recognized lack of training as a weakness in their program and a bar to the attainment of their objectives.

It was almost universally agreed that if ever discussion of ratings was to be included in the program, considerable training of these same supervisors would be necessary. One company with a continuous training program has had considerable success by using role playing, and eventually intends to make the interview part of the program. At present they are concerned with making their supervisors more competent and feel that by this method of continuous education, the supervisors will be able to handle the interview with assurance and with confidence in the accuracy and validity of their own ratings.

Selling

There was no evidence in any of these discussions that a definite selling campaign was conducted to sell the program to any level of management or to the employees. Failure to sell the program has been cited before as one possible reason for the great dissatisfaction with two programs now in existence.

One company stated that the process of installing the program has sold the raters themselves, but in that
same company, because it is confidential, there has risen considerable opposition among the employees unknown to management.
V Case Studies

As stated earlier, although most companies used the graphic scale and had certain characteristics in common, there were many variations in the programs employed. For this reason, this section will be composed of studies of some of the programs of the institutions surveyed.

Since a complete discussion of the characteristics of all programs has been made in Chapter IV, only the unusual and most interesting phases of the programs will be pointed out in these case studies.

While none of the companies selected for presentation as case studies represent complete conformation to the Merit Rating Program outlined in Chapter III, each one does demonstrate the practicality of some of the principles advocated. In certain cases, weaknesses cited earlier in the use of the graphic scale are exemplified.
A. Merit Rating Program of Company A

Company A is one of the larger financial institutions in Boston. It has a well-staffed Personnel Department, highly integrated, using to the fullest extent the various tools of Personnel Management. The Department is under the over-all control of one Vice president, two Assistant Vice Presidents and three Personnel Officers.

This institution has numerous branches in the Metropolitan area as well as foreign branches in Argentina, Brazil, and Cuba.

There are several points that mark the program of this company for particular interest:

1. The program has been in effect for the past twenty-five years during which it has been revised from time to time. It has always received the whole-hearted support of management and has never been allowed to lose its importance.

2. The present form was the result of a revision made by the Personnel Department not too long ago.

3. There are two forms used, one to substantiate recommendations for salary increases and the other for the attainment of other personnel objectives.

The program is administered by the Personnel Department. Progress ratings are required annually for all employees from each immediate supervisor and approved by
the Department Head. Any areas of disagreement between the two are settled before the forms are returned to the personnel Department.

The Personnel Department makes a general review of all forms by Department to discern any evidences of the "halo" effect or tendencies on the part of the raters to mark too high or "lump" the ratings in the center of the distribution. The opinion was given that generally the ratings tend to follow quite closely the normal curve. Other than this review, no statistical studies are made of the ratings.

All ratings are transferred to the Central Ability Card of each individual. (Appendix B-1) This card will contain fifteen years of ratings on each employee along with a rather complete biography of the employee's progress by dates, position, and salary. Whenever any discussions are held with any employee, or when any action is contemplated, this card gives the Personnel Officer a quick resume of the experience, training, and capabilities of the individual.

**The Rating Form**

There are two progress report forms used for different purposes. The rating completed for determination of pay increases is not transferred to the central ability card of the individual. The regular progress report is used to measure the progress of an individual and is considered
the true merit rating form.

The yellow Progress Report (Appendix B-1) is completed annually on all employees and at interim dates when transfer or promotion is made. It will be noted that it is quite simple with but six traits.

The comments requested provide the Personnel Department with information which they consider useful when they are contemplating the transfer or promotion of an individual. This form is used for all levels of employees, clerical, supervisory, and executive.

Department Heads are not required to discuss ratings with employees unless they are unsatisfactory. Although supervisory training is continuous and intensive with dinner conferences held weekly, the company does not feel that supervisors and department heads are ready as yet for periodic discussion of ratings with employees.

Every unsatisfactory rating of any individual is reviewed along with all other information available in the Personnel Department. Discussion of the rating is then held with the department head and immediate supervisor. If the rating has not been talked over with the employee, a report of such an interview must be made to the Personnel Officer. In some cases, the Personnel Officer may also interview the employee for the purpose of guidance.
and possible transfer to work for which he may be better suited.

In reviewing such ratings, the Personnel Department seeks to determine possible areas of training of training required and also checks on its employment procedures.

Employees are free at any time, without fear of reprisal from superiors, to request an interview with the personnel Officer to discuss their status and future with the company. Clashes of personality are recognized as human, and it is also recognized that an employee may be quite unsuccessful in one office and do exceedingly well in others.

The white Progress Report (Appendix B-1) is used for the purpose of recommending salary increases. The unusual feature of this form is the addition of five additional traits, one of which is promotability. This form is completed by the supervisor three months from the date of employment, then 6 months and thereafter on the anniversary date of employment.

Another unusual feature of both forms is that there are no written instructions, nor detailed trait descriptions. Although complete instructions were given and discussion is held intermittently in the supervisory
training conferences, possibly more detailed descriptions of traits and subdivisions would strengthen the form.

The company is satisfied with its present form and program, and feels that it attains the objectives sought. It is never considered a finished project, and may be further refined from time to time in the future.

Another interesting feature of the program is the inclusion of all levels of management, who are rated on the one form. This is all the more surprising after a study of the traits is made. They do not appear to be very significant for the higher management levels.

The addition of a statistically trained employee with a thorough knowledge of rating assigned to the administration of the program, would probably result in considerable changes in the form itself as well as strengthening the program as a whole.

Whatever criticisms may be made of the program, all levels of management and employees from messenger to executive are well satisfied both with this particular program and the administration of the Personnel Department, and that would seem to be the best criterion to use in the judgment of its success.
B. Merit Rating Program of Company B

This institution would come under the classification of one of the smaller companies, employing less than 500 people. Despite its size, about three years ago a complete system of Job Evaluation and Merit Rating were installed.

Reports are made on each individual on the anniversary date of his employment, the reasons being that it is less of a burden on busy supervisors and also keeps them aware of the importance of continuously evaluating their personnel.

As is the case with many of the other companies surveyed, ratings are not discussed with the employees unless unsatisfactory, in which case the Personnel Officer sends for the employee for a counselling interview, at which the form is not in evidence at any time. This officer is of the opinion that department heads in all cases cannot be relied upon to complete the interview with the extreme tact and understanding necessary in cases of this type. In addition, he hopes by the interview to see if the services of the employee can be utilized to better advantage in any other section of the company.

Formal training has not been given the supervisors, but the Personnel Officer calls the rating
supervisor if a study of the ratings reveals either lack of understanding of the forms, or any evidence of the weaknesses inherent in this type of rating is indicated by his ratings.

This form is an example of the continuous scale type, not found too often in business today. It will be noted that careful definition has been made of each trait degree. The form itself is very complete and detailed, intended to give a very comprehensive report of the performance of the individual. It is also designed to show what future capabilities the individual has for advancement to supervisory positions.

The same form is used for supervisors together with a supplementary form (Appendix B-2), which contains nine additional traits relating specifically to supervisory performance.

It appears to satisfactorily achieve the objectives of the program, which include salary increases, promotion, transfer, employee training by the supervisor, and employee guidance.

The officers feel that the form is perhaps too detailed and time consuming, and that possibly the same information could be achieved with a simpler form.
C. Merit Rating Program of Company G

This plan is interesting chiefly because this institution, which employs over 1,000 employees has had performance rating of personnel in effect for more than thirty years. The exact date of installation of the first plan is lost in history; no records have been retained; nor are the original policies known.

The original plan was maintained until about three years ago, when it was decided that a change was advisable. One reason was that through the years rating had become automatic and had become such a routine procedure that no particular significance was attached to it.

Originally, quarterly "efficiency" marks were prepared for each employee on the following basis:

<table>
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<th>Trait</th>
<th>Maximum No. of Points</th>
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<tr>
<td>1. Volume</td>
<td>25</td>
</tr>
<tr>
<td>2. Deportment and initiative</td>
<td>20</td>
</tr>
<tr>
<td>3. Attendance</td>
<td>25</td>
</tr>
<tr>
<td>4. Speed and accuracy</td>
<td>30</td>
</tr>
</tbody>
</table>

Total: 100
These marks were transferred, individually as to trait, to the master record of each employee retained in the Personnel Department at which time the original rating sheet was destroyed.

The system currently used was devised by a committee of operating executives. It is administered by two employees in the Personnel Department, who also administer the Job Evaluation Program, and are assigned "research duties".

Under the old plan, all were rated up through the department head level. Department heads were rated by the officer in charge of his department. It is interesting to note that now employees and only first line supervisors are rated. Senior supervisors and department heads are no longer rated.

The new plan is primarily designed to substantiate and serve as a basis of determination of merit increases, with no emphasis as yet on promotions, transfers, and other uses of rating.

Ratings are filed separately in special employee folders. They are not transferred to a master card.

Two ratings are required on each employee. These ratings are not combined, but are used independently. In practice, ratings are reviewed by the department head, who may actually initiate one of the ratings.
Research is limited to a study of ratings by department to determine if they are "skewed", or if there is evidence of the "halo effect". They are also scanned to cull out the poor worker.

Numerical overall ratings have now been arbitrarily assigned, which is a recent development. At first, it was unanimously agreed that the old plan of point values had resulted in such dissatisfaction that every attempt to get away from numerical values was made. But now, at the request of the department heads, in order to facilitate the consideration of each employee for salary increases as well as to check on the ratings of the raters, a system of scoring has been adopted using numerical ranges.

Discussion of ratings has been avoided to date. It was stated that more use should be made "to pick out the laggards, tag them for warning and discussion, or study as to proper work assignment". Ratings will be discussed in the Personnel Department on the request of an individual. There is a feeling that bitterness might result if employees were allowed to see their ratings.

There is no stated management policy on the rating program, and like the old system, knowledge employees may have is unofficial. Relatively few feel that they can go to the Personnel Department to see what their
status is or what their future may be with the institution.

Raters are not trained except in instances where weaknesses in rating are found. It has been the feeling that they should be able to follow instructions. The personnel Administrator felt personally that a system was only as good as the training given the rater, and that it is an area that must be considered in the future.

The consensus of opinion appears to be that the present plan is an improvement over the old system, but that it is in a period of transition, and needs considerable refinement and improvement. At the moment they are waiting to see if further developments will be made by others which they can accept. It is the hope by executives that it has raised employee morale, but it was stated that there was a feeling that employees were not really interested in the program.

Employees comment that it is a step in the right direction, but that it "has far to go". Combined with job evaluation, older, long service employees feel that it has helped morale and that it should result in a more equitable wage structure as well as a means of recognition of the quality of their work.
A comparison of the present plan and the earlier shows that there was no marked change except that factor degrees were added. The present plan shows little improvement over the old plan in design of form or administration of the program. In view of the long years of experience with ratings, it is disappointing that more extensive use of this tool is not made by the Personnel Department to aid it in achieving its objectives.
D. Merit Rating Program of Company R

This company is particularly interesting because of the uniqueness of its system. What differentiates the program of this company from all others studied in this survey, is the self-appraisal completed by the employee.

The company is small, employing less than 500 employees, in the home office in Boston and with various agencies throughout the country.

The program was launched about three years ago by a committee of operating department heads, under the guidance of the Personnel Director, a Vice President. The seventeen factors were chosen by these men as being most representative of qualities essential for the performance of any job in the organization below the level of department head.

The program has the whole-hearted support of top management and all levels of employees. Everyone appears to be enthusiastic about it. Its aims and objectives are known and thoroughly understood at all levels.

Training is the responsibility of the department heads, and off-duty training courses are also encouraged. Training at the supervisory and department
head level is accomplished by conferences. One conference covered all phases of merit rating, the form, and its uses. Discussion was later held to clear up any questions that might have arisen through further study and use of the form. From time to time further informal discussions are held about the program, with criticisms of weaknesses and suggestions for improvement welcomed from all levels.

At the present time items 16 and 17 are being studied for further refinement of the definitions of trait subdivisions. Criticism of the gradation definitions has been made and suggestions for more realistic definitions are being received and studied.

In other words the program is dynamic, never considered a finished project, and is constantly being reviewed for possible improvement and refinements.

The principle objective of management is to secure constant improvement of performance at all levels through periodic evaluation, and to insure that each section has an adequate and most efficient work force. The evaluation and interview reveal areas of training needed. A plan is conceived to assist the employee to not only improve his performance in his present job, but to attain his goals within the company, and so to plan his development.
The Personnel Director uses the form to aid in the selection of employees for promotion and pay increases, but these are secondary to the primary use for employee guidance.

There are three steps in the procedure:

1. **Employee Self-Appraisal**

   The employee completes an appraisal of himself, using the form provided for this purpose, the white form shown in Appendix B-4. Such appraisals have been deemed quite accurate in most instances. It has been found, however, that the superior employees tend to underrate themselves and the lower employees tend to overrate themselves at first. As a rule the rating of the department head tends to be somewhat higher than that of the employee.

   The self-appraisal lets the employee know what is expected of him, removes the secrecy from management reviews. All employees know they are regularly rated, and the plan shows them how they are rated and why. Self-appraisal is believed important in encouraging self-improvement.

2. **Management Appraisal**

   In smaller departments, rating form is completed by the department head. In larger departments the appraisal is made by the supervisor and reviewed with the department head for substantiation and agreement. Although the employee has already completed his own appraisal, this is not
examined until after the management evaluation has been completed.

3. **Interview**

The department head, supervisor and employee meet to discuss the rating forms. Any discrepancies are discussed at length until agreement has been reached. Plans are made to assist the employee through training to improve his performance, and plans are likewise made by the employee for his own improvement of work performance.

At the conclusion of the interview, both the department and employee sign the form.

**Right of Appeal**

If any employee is dissatisfied with his rating or his interview, or feels for any reason that a clash of personalities is involved, or feels that improvement or advancement cannot be achieved under his current supervisor, he has the right and will be heard by higher authorities. One or two cases have been referred to the president, where the problem was solved. The warm support given the program by the president is evidenced by the fact that he will discuss any problems with employees and seek to find a satisfaction to such problems.
Every employee knows that he has this right of appeal and can exercise it freely without jeopardizing his future with the company.

The Rating Form

The company realizes that there are more than the optimum number of factors on their form, but feel that for the accomplishment of a satisfactory interview each characteristic is important and satisfactory.

It is recognized that some additional factors, such as leadership, should be included for the supervisory level. Possibly a solution to this problem would be the designing of a separate form with only factors significant in determining satisfactory supervisory performance included thereon.

It will be noted that three safeguards have been "built into" this form to guard against the "halo" effect, and also central tendency of raters. There are but four factor degrees, and in most instances superlatives have been eliminated from the gradation descriptions. In addition, the gradations are scrambled. Each trait and its gradation must be read carefully in order to arrive at a correct evaluation.

The factors and gradation descriptions are short, but very realistic and understandable. It is impor-
tant that each is read carefully to avoid misinterpretation. For example, where such an error might occur is item 13. Judgment and common sense, column 3 states "makes decisions quickly and erratically". One rating hastily might mean that a person makes decisions quickly and accurately; he may not also mean that decisions made quickly are necessarily erratic.

The company has been well satisfied with the results of its program, feels that the objectives are being attained constantly. Morale is excellent, and it is felt on the whole that a happier, more efficient and effective work force has been developed through this type of program.

Although this particular company is small, it should not be concluded that this same type of program is ill-suited for the needs of a larger company. A Detroit Bank # has reported success with a similar plan and its plan was devised for a company employing approximately 1,000 employees.
E. Merit Rating Program of Company U

Company U is one of the largest of the companies surveyed.

What makes this particular company distinctive is the progressive development of rating through the years. For many years, a form of ranking was used. In 1946, a new system, after study in committee, was installed patterned somewhat after a form suggested by the Life Office Management Association. This was a 7 degree graphic scale, resembling somewhat a form of check list, but without the detailed study of statements usual to a check list. It measured eleven factors and resulted in a rough numerical score which was used as the basis of determination of wage increases.

For the past few months the rating program has been studied by a group of operating executives under the guidance of a Personnel Officer.

This Personnel Officer was one of the most competent and well versed in modern Personnel Administration practices encountered in the survey. He has made a complete research study of Merit Rating Plans used in business today, and measured the advantages and disadvantages of each against the needs, policies, and practices of his company.
The resulting proposed plan, which appears in detail in Appendix B-5 is now being presented to department heads for further study and recommendations.

On completion of their independent study, conferences will be held for the purpose of discussing all phases of the suggested program.

As now proposed, the scope of the program will include all employees up through department heads and supervisors earning a maximum of $10,000 yearly for the present. A separate form is being prepared for the higher management levels emphasizing leadership and such qualities peculiar to higher level positions.

It will be noted that this form is relatively simple and that the emphasis will be on thorough training of raters to attain the objectives of the program.

A secondary objective of the new program will be the use of ratings to serve as a guide in the new salary program for determining salary increases.

Further details are omitted here because the program is so well described in the literature accompanying the form in Appendix B-5.
VI Conclusions and Recommendations

There are two basic policies of financial institutions, which must be seriously considered in the contemplation of a merit rating program satisfactory for these companies. First, employees are solicited or hired on application quite generally from the high schools of the area in and around the city. Secondly, promotion is for the most part affected from within the ranks of the company. It is still a general axiom of this type company that one can rise from office boy to President, rarely as it may actually occur.

There are, of course, exceptions to both these policies. Some college graduates or business school graduates are hired, but their services are rarely solicited, nor is this type of employment attractive to or offer opportunities for rapid advancement in position and salary for the graduate of higher institutions of learning.

The second major exception in practice to these policies is that on few occasions it has been known that higher level personnel, chiefly on the executive level, have been employed by banks from outside. In such cases, the presumption has been that no one then employed could fill satisfactorily such positions.
In view of the prevalence of these two basic policies, the survey results were disappointing in the incidence of merit rating plans in this business today, regardless of the size of institutions surveyed. The reliance on unsystematic judgments in so many cases, as evidenced by Tables II and III, fails to consider the most fundamental responsibility of management, that is, to conscientiously assure itself that the company is supplied with an adequate and most efficient working force in every section at all levels of management.

In Chapter I certain characteristics of a sound system of rating as described by Dr. M. W. Richardson were cited. Reference to these characteristics show that in actual practice among financial institutions, none of the plans conform to the requirements in every respect of a sound program.

The deviations from these requirements are generally as follows:

1. While each plan has been individually constructed to fit the needs of the company, the usefulness of job analysis has been on the whole ignored and factors have been selected arbitrarily by the committee.
2. Although companies feel the results are reliable, no provision has been made by any to statistically assure themselves of the reliability and validity of their rating forms.

3. Scoring, when used, has been arbitrary relying too strongly on the judgment of the rater or reviewing authority. No scientific procedures are used in scoring.

4. The scope of many programs is too narrow. Programs are not generally coordinated with Personnel Administration, or based on the two fundamental policies of these companies, cited earlier in this chapter.

5. No attempt has been made by any to determine the significance of traits to ascertain which discriminate between success or failure with the company.

6. Few attempts have been made to combat inherent weaknesses of graphic scales, the type generally used.

7. Use of techniques to force a spread in the ratings is rare.

8. Many forms are long, complex, and there is a definite lack of training in their use, so essential when the graphic scale is to be used effectively.

9. Little has been done in the direction of "rating the rater" or evaluating his own ability and skills as evidenced by the ratings he has made.
10. In most cases, the plans were deemed economical and practical, but no estimate of costs or savings were made by any of the companies.

It may be concluded from the results of the survey that most companies are not utilizing their programs to their fullest extent. Programs are not coordinated with other Personnel activities. Although most Personnel Administrators recognized merit rating as a valuable tool for their use, generally the scope of their programs is too narrow, and there is too much feeling that the future will develop an ideal program peculiarly suited to these institutions, which can then be adopted generally.

If one of the principal objectives to use rating as the basis for determination of merit increases, possibly the plan of Company A, which provides for the use of two forms, one designed specifically for that purpose, might be adopted. (See Appendix B-1)

The experience of a few companies has been unsatisfactory when merit rating is used predominantly for the determination of increases. This would support the theory of one author * that ratings should be divorced from attainment of any reward.

*52, p. 427
The uses yet to be explored by Personnel Departments generally are:

1. more active use in selecting potentials for promotion to supervisory and executive positions

2. as a clue to areas of training required

3. as a check on the success of employment practices

Even without stated policies, Personnel Departments could use the ratings more effectively in assisting them to discharge their responsibilities. At present there is a wealth of material in their rating files forgotten and unused.

Management is guilty in many instances of neglect in stating a policy in connection with rating. The assumption that it is a management prerogative is considered false today; it is common feeling among students and authorities on Personnel Administration, that employees wish to and have the basic right to know "where they stand". Failure to define policies leads to misunderstanding and misinformation at all levels, and is dangerous practice today.
Type of Plan

On the completion of the research involved in the presentation of the principle types of plans described in Chapter II, it was then concluded that the graphic scale, despite its weaknesses, would perhaps be the best suited for the companies surveyed employing over 1,000.

To support this conclusion, two of the companies studied which employed psychologists, have constructed and used successfully graphic scale forms.

Research conducted in connection with the determination of the significance of traits presently used, might well result in a decision that the Forced Distribution Method as described by Tiffin would more successfully meet the needs of some of the companies who presently use the graphic scale type. Even with this method, however, a check list of traits as suggested by Tiffin would be necessary to disclose weaknesses or strong points which would be helpful in discussion, or selection for promotion or transfer.

Due to the prevalence of the opinion that rating is a burden on busy operating supervisors, the possibility of the revision of present scales to attain a simpler form, might well be explored particularly for use in large departments where the pressure of work is greatest.
For the smaller companies that now use informal reviews, particularly those who systematically and conscientiously evaluate personnel by "corridor" contact with supervisors and employees, a study of the Field Review Method is recommended. It is believed that this technique would not only not be more complicated but would be a more scientific and systematic method achieving more tangible results, which are substantiated than a formal type plan, and yet retain the informality these companies so desire.

Administration

Generally, it was found that administration of the program itself was weak. There was a prevalent lack of technically trained personnel necessary for the proper administration and evaluation of such a program. For the most part the addition of one person, statistically trained, assigned specifically to this task would greatly strengthen all the programs studied.

The results would indicate that there is generally a need for review of the forms and objectives of management by competent personnel first and later by committee members.
Traits

Evidence has been presented earlier as to the wide variance both in number and type of traits used. It is obvious from even a casual study of them that many of the traits are not significant in determining the success or failure of an individual with the company. This further corroborates the acute need for a thorough study in order to determine the most effective combination of traits to attain the objectives of the program.

An example of what is meant would be the appearance of the factor attendance and quantity or volume of work produced on a supervisory form. Surely, leadership and a trait to indicate competence in supervision and control of employees would be more applicable. In addition, production in many instances is merely another estimate and cannot be measured accurately or in other cases there are more accurate measures of such production not immediately available to the rating supervisor.

The use of objective traits originally intended to insure greater accuracy in ratings may only be false presumptions of accuracy, and when checked against actual records may point up glaring inaccuracies in the rating procedure.
With the quite apparent lack of training on the part of raters, it would appear that forms need considerable study for improvement both as to the proper selection of traits and more careful and realistic definition of traits and trait subdivisions.

Weighting and Scoring

Unless statistically trained personnel are assigned to the job of reviewing results of the program, wisest are they who refrain from any attempt to score their forms.

The forms as they exist cannot result in too accurate evaluations in the hands of untrained raters. It may be concluded that these raters are people of high school backgrounds for the most part, who may have had since employment certain specialized courses in banking or insurance. The probability of their having been trained in personnel work or administration except from actual job experience is remote.

Rating without adequate training, as well as scoring of rating forms by such individuals could be questioned justifiably by employees.

Eventually provisions should be made in any program for the summarization of the ratings in numerical terms. This phase of the subject was discussed at length earlier.
Training

The importance of rater training has been reiterated throughout this thesis. There is no less emphasis on this phase of merit rating in the literature devoted to the subject.

In a few companies there are already existent training programs for supervisors to assist them in the effective performance of their duties. How well suited these conferences are for the thorough indoctrination of supervisors in the rating procedure. Included also into any program should be role playing specifically designed to train supervisors in the conduct of proper interviews with their workers.

It is the firm conviction of the writer that no matter how well trained technically the supervisor must be, he will not be successful as a supervisor unless he is adequately and completely trained in the field of Personnel Administration. They are the people closest to the worker level, and a great part of their duties is concerned with the administration of personnel. In the exercise of their duties, it is difficult to perceive how any supervisor can avoid discussions with personnel or can avoid training their personnel in the proper performance of their work.
Considering the backgrounds of the average person who becomes a supervisor in one of these companies, training in this field would appear to be particularly desirable. Those who have engaged in such training programs may be found to be no less enthusiastic or emphatic than the writer on this phase of the subject, and yet how neglected is this in actual practice.

Selling

The most helpful medium of selling any rating program is through a training program. Frequently in the interviews, it was stated that supervisors and department heads felt that rating, however beneficial, was a burden, distasteful and interfered with their ordinary duties. Correct selling and indoctrination should prove to these supervisors that it is no less a part of their duties than any other assigned task or mission.

The fact that ratings are done only at intervals and the fact that it is a long term program, makes it necessary that constant selling be done by those charged with the administration of the program. Tangible evidence of the helpfulness of the program and its values must be presented from time to time. Such proofs as the discovery of hidden talent among the employees, and the subsequent development of such would do much to sell the program to all levels of the company.
Frequency of Ratings

Although it appears apparent from this survey that in most companies ratings are made annually, most authorities feel that this is rather a long interval between ratings. This also may be one reason for the lack of enthusiasm among raters and the general feeling that it is an additional burden superimposed on their usual duties.

Possibly there may be a very good argument for annual ratings in the case of employees with long service for whom there is not much possibility for change or advancement.

Discussion

With one or two exceptions, this would appear to be one of the most neglected phases of merit rating programs. It is realized that until supervisors are properly trained not only in the rating procedure but also in the proper conduct of interviews, it may not be possible to include discussions as part of the rating program.

Not only have the employees the right to know where they stand, but they also should be instructed on what standards of work performance they are expected to meet by their supervisor.
In the long range programs, it is believed that most authorities would agree that provisions for including discussion in the program should eventually be made.

Banks and insurance companies would appear to have been among the early pioneers of rating. In view of this fact, it is surprising that more has not been to perfect their merit rating programs.

* * * * * * * *

#One bank in this area has had a rating program in existence for over 30 years.
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54. Ferguson, L.W., "The Value of Acquaintance Ratings in Criterion Research", V. 2, No. 1, Spring, 1949, pp. 93-102

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IV. Publications of Associations

APPENDIX N

List of Banks and Insurance Companies Participating in the Survey
List of Banks and Insurance Company Participating in the Survey

<table>
<thead>
<tr>
<th>Bank/Insurance Company</th>
<th>No. of Employees</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boston Five Cents Savings Bank</td>
<td>200</td>
</tr>
<tr>
<td>Boston Safe Deposit and Trust Company</td>
<td>340</td>
</tr>
<tr>
<td>Brown Brothers Harriman</td>
<td>75</td>
</tr>
<tr>
<td>Day Trust Company</td>
<td>100</td>
</tr>
<tr>
<td>Federal Reserve Bank of Boston</td>
<td>1,450</td>
</tr>
<tr>
<td>Fiduciary Trust Company</td>
<td>88</td>
</tr>
<tr>
<td>The First National Bank of Boston</td>
<td>2,978</td>
</tr>
<tr>
<td>Merchants Cooperative Bank</td>
<td>100</td>
</tr>
<tr>
<td>The Merchants National Bank of Boston</td>
<td>235</td>
</tr>
<tr>
<td>The National Shawmut Bank of Boston</td>
<td>1,500</td>
</tr>
<tr>
<td>The New England Trust Company</td>
<td>230</td>
</tr>
<tr>
<td>Pilgrim Trust Company</td>
<td>124</td>
</tr>
<tr>
<td>Rockland-Atlas National Bank</td>
<td>200</td>
</tr>
<tr>
<td>Second National Bank of Boston</td>
<td>350</td>
</tr>
<tr>
<td>State Street Trust Company</td>
<td>650</td>
</tr>
<tr>
<td>United States Trust Company</td>
<td>124</td>
</tr>
<tr>
<td>Aetna Life Insurance Company (Boston Office)</td>
<td>300</td>
</tr>
<tr>
<td>American Mutual Liab. Insurance Company</td>
<td>3,000</td>
</tr>
<tr>
<td>Boston Mutual Life Insurance Company</td>
<td>150</td>
</tr>
<tr>
<td>Columbian National Life Insurance Company</td>
<td>250</td>
</tr>
<tr>
<td>Employers Liability Assurance Company</td>
<td>3,600</td>
</tr>
<tr>
<td>Fairfield and Ellis Insurance Company</td>
<td>100</td>
</tr>
<tr>
<td>Hardware Mutual Casualties Company</td>
<td>350</td>
</tr>
<tr>
<td>John Hancock Life Insurance Company</td>
<td>6,000</td>
</tr>
<tr>
<td>Liberty Mutual Insurance Company</td>
<td>600</td>
</tr>
<tr>
<td>Lumbermans Mutual Casualty Co. (Boston Office)</td>
<td>600</td>
</tr>
<tr>
<td>Massachusetts Bonding Insurance Company</td>
<td>800</td>
</tr>
<tr>
<td>New England Mutual Insurance Company</td>
<td>1,000</td>
</tr>
<tr>
<td>Maryland Casualty Company</td>
<td>130</td>
</tr>
</tbody>
</table>
APPENDIX B

Forms Used by Selected Companies
Appendix B-1

Forms Used by Company A
PROGRESS REPORT

Basing your rating of the qualifications of the person named below upon the progress you think an individual should have made who has been doing the work for the same length of time, enter a check mark (✓) opposite each trait under the grade you candidly think he deserves.

<table>
<thead>
<tr>
<th>DATE EMPLOYED</th>
<th>EMPLOYEE’S NAME</th>
<th>No.</th>
<th>DEPT.</th>
<th>POSITION</th>
</tr>
</thead>
<tbody>
<tr>
<td>MO.</td>
<td>DAY</td>
<td>YEAR</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

What duties does he perform? __________________________

Approximately how long on this work? __________________________

<table>
<thead>
<tr>
<th>TRAITS</th>
<th>Excellent</th>
<th>Good</th>
<th>Satisfactory</th>
<th>Border Line</th>
<th>Unsatisfactory</th>
</tr>
</thead>
<tbody>
<tr>
<td>ACCURACY:</td>
<td>Does work correctly the first time</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>VOLUME:</td>
<td>Produces a good day's work consistently</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>THOROUGHNESS:</td>
<td>Does job thoroughly and accepts responsibilities fully</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ABILITY TO LEARN:</td>
<td>Grasps new or unusual work requirements quickly</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>COOPERATION:</td>
<td>Gets along successfully with others</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>PERSONAL APPEARANCE:</td>
<td>Is well-groomed, dresses neatly and in good taste</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

List other good points __________________________

Inform us fully of all weak points in his personality and work other than those noted above. __________________________

What other positions does he know well enough to do in emergencies? __________________________

To what work could he be assigned to capitalize on his strongest qualifications? __________________________

Additional comments, explanations or qualifying remarks, should be placed on the reverse.
# Progress Report

<table>
<thead>
<tr>
<th>Date of Birth</th>
<th>Date of Emp.</th>
<th>Name</th>
<th>Dept. No.</th>
<th>Position Number</th>
<th>Last Increase</th>
<th>Present Annual Salary</th>
<th>Probable Salary Ceiling</th>
</tr>
</thead>
</table>

**Times Absent**

- [ ] Times tardy if in excess of 12

**Times Tardy**

**If In Excess Of**

**Date of Birth**

**Date of Emp.**

**Name**

**Dept. No.**

**Position Number**

**Last Increase**

- [ ] No.
- [ ] Yr.
- [ ] Amr.

**Present Annual Salary**

**Probable Salary Ceiling**

---

**Job Number Correct?**

[ ] Yes or No

(IF not, give staff member's present job number _______ job name _______ and date when transferred _______)

**How long on this job?**

**Does the job description describe ALL of the present duties?**

(If any references to "volume" here but rate on that trait below.)

---

**Make a check mark (✓) opposite each Trait under the grade you think is deserved.**

<table>
<thead>
<tr>
<th>Traits</th>
<th>Far Exceeds Requirements</th>
<th>Exceeds Requirements</th>
<th>Meets Requirements</th>
<th>Falls Short Of Requirements</th>
</tr>
</thead>
<tbody>
<tr>
<td>Accuracy:</td>
<td>Does work correctly the first time.</td>
<td>* 3</td>
<td>4</td>
<td>5</td>
</tr>
<tr>
<td>Volume:</td>
<td>Produces a good day's work consistently</td>
<td>7</td>
<td>8</td>
<td>9</td>
</tr>
<tr>
<td>Thoroughness:</td>
<td>Does job completely, with full attention to details</td>
<td>11</td>
<td>12</td>
<td>13</td>
</tr>
<tr>
<td>Ability To Learn:</td>
<td>Grasps new or unusual work requirements quickly</td>
<td>15</td>
<td>16</td>
<td>17</td>
</tr>
<tr>
<td>Cooperation:</td>
<td>Gets along successfully with others</td>
<td>19</td>
<td>20</td>
<td>21</td>
</tr>
<tr>
<td>Personal Appearance:</td>
<td>Is well-groomed, dresses neatly and in good taste</td>
<td>23</td>
<td>24</td>
<td>25</td>
</tr>
</tbody>
</table>

---

**Attitude Toward Bank**

<table>
<thead>
<tr>
<th>Attitude Toward Bank</th>
<th>Active Booster</th>
<th>Favorable</th>
<th>Uncertain</th>
<th>Adversely Critical</th>
<th>30</th>
</tr>
</thead>
<tbody>
<tr>
<td>Always Receptive</td>
<td>27</td>
<td>28</td>
<td>29</td>
<td>Adversely Critical</td>
<td></td>
</tr>
<tr>
<td>Generally Accepts</td>
<td>31</td>
<td>32</td>
<td>33</td>
<td>Emotional Resentful</td>
<td></td>
</tr>
<tr>
<td>Non Committal</td>
<td>35</td>
<td>36</td>
<td>37</td>
<td>Never</td>
<td></td>
</tr>
<tr>
<td>Emotional Resentful</td>
<td>38</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Usable Ideas—How Often Suggested**

<table>
<thead>
<tr>
<th>Usable Ideas—How Often Suggested</th>
<th>Frequently</th>
<th>Occasionally</th>
<th>Seldom</th>
<th>Never</th>
</tr>
</thead>
<tbody>
<tr>
<td>Frequently</td>
<td>39</td>
<td>40</td>
<td>41</td>
<td>42</td>
</tr>
<tr>
<td>Occasionally</td>
<td>43</td>
<td>44</td>
<td>45</td>
<td>46</td>
</tr>
</tbody>
</table>

**Estimate Of Own Worth**

<table>
<thead>
<tr>
<th>Estimate Of Own Worth</th>
<th>About Right</th>
<th>Under-Estimates It</th>
<th>Uncertain</th>
<th>Over-Estimates It</th>
</tr>
</thead>
<tbody>
<tr>
<td>About Right</td>
<td>43</td>
<td>44</td>
<td>45</td>
<td>46</td>
</tr>
</tbody>
</table>

**Possibilities For Job Ahead**

<table>
<thead>
<tr>
<th>Possibilities For Job Ahead</th>
<th>Excellent Prospect</th>
<th>Good Prospect</th>
<th>Average</th>
<th>Possibilities Poor</th>
</tr>
</thead>
<tbody>
<tr>
<td>Excellent Prospect</td>
<td>43</td>
<td>44</td>
<td>45</td>
<td>46</td>
</tr>
</tbody>
</table>

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*Comments, explanations or qualifying remarks, which will help us to know the individual better, should be written on the reverse hereof. When explaining any rating, refer to it by Block No.*

---

**You recommend a salary increase?**

[ ] Yes or No

**For the NORMAL amount?**

[ ] Yes or No

(If for some other amount, how much? ______ per year. On the reverse, please substantiate other than normal recommendations by an explanation.)

**NO increase is recommended, please give reasons on the reverse.**

---

**Signature**
<table>
<thead>
<tr>
<th>NUMBER BLOCK</th>
<th>COMMENTS, EXPLANATIONS OR QUALIFYING REMARKS SHOULD BE WRITTEN HEREUNDER.</th>
</tr>
</thead>
<tbody>
<tr>
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<td></td>
<td></td>
</tr>
<tr>
<td>Department</td>
<td>Date Transferred</td>
</tr>
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<td></td>
</tr>
</tbody>
</table>

**EXCELLENT**

**2—GOOD**

**3—SATISFACTORY**

**4—BORDER LINE**

**5—UNSATISFACTORY**
Appendix B-2

Forms Used by Company B
EMPLOYEE PROGRESS REPORT

Instructions

The aim and purpose of this Job Performance Rating is to appraise — justly and fairly — the recent performance of this employee on his present assignments. This employee's value to the bank depends primarily (but not completely) on how well he is doing his job and the accuracy and fairness with which you are able to appraise his performance depends upon your unprejudiced and considered judgment.

In making this rating, please keep the following considerations in mind:

Do not rate him as to how well he has done some other job, or might do some other job; simply rate him on how well he is doing his present job;

Do not be unduly influenced by an occasional incident; on the other hand, do not be overly liberal in making allowances;

Do not be tempted to give too high ratings just to avoid trouble. Be fair but critical — otherwise your rating will be of no value;

Try to make your ratings in such a way that you can justify them to the employee and show him why you have rated him down at certain points if this should become necessary at any time;

You should begin with fairly low ratings for new employees but be prompt to raise ratings as quickly as merited so as to stimulate the employee's incentive for improvement;

Under no condition discuss or reveal ratings of any employee with other employees;

Be careful not to overrate older employees and underrate younger employees — unless deserved, of course;

Be careful not to overrate a person because he possesses abilities not needed or used on his present assignment;

Remember: the classification of the job has nothing whatsoever to do with performance rating. In other words, an employee on a lower classified job may have a higher job performance rating than an employee on a higher classified job;

Do not attempt to fill out this rating under stress of unfavorable recent circumstances.
<table>
<thead>
<tr>
<th>Name</th>
<th>Position</th>
<th>For Period Between:</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>PERFORMANCE RATING</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>JOB KNOWLEDGE</strong></td>
<td>An expert on all phases of the job.</td>
<td>Thorough knowledge on most phases of the job.</td>
</tr>
<tr>
<td><strong>JOB INTEREST</strong></td>
<td>Always exceptionally industrious.</td>
<td>Usually a very hard worker.</td>
</tr>
<tr>
<td><strong>VOLUME OF WORK</strong></td>
<td>Always extremely fast worker — turns out an exceptional amount of work</td>
<td>Usually a very rapid worker — turns out more than an average worker.</td>
</tr>
<tr>
<td><strong>QUALITY OF WORK</strong></td>
<td>Always extremely accurate — never makes serious mistakes.</td>
<td>Very accurate — seldom makes mistakes.</td>
</tr>
<tr>
<td><strong>INITIATIVE</strong></td>
<td>Has outstanding ability as a self-starter — takes the lead quickly.</td>
<td>Is very good at getting things going quickly.</td>
</tr>
<tr>
<td><strong>DEPENDABILITY</strong></td>
<td>Is extremely prompt and reliable in carrying out instructions with excellent results.</td>
<td>Is very reliable and prompt in carrying out instructions with good results.</td>
</tr>
<tr>
<td><strong>LEARNING ABILITY</strong></td>
<td>Is remarkably fast to learn all aspects of the job.</td>
<td>Learns rapidly.</td>
</tr>
<tr>
<td><strong>ADAPTABILITY</strong></td>
<td>Extremely valuable because of knowledge, experience or skill on variety of jobs on same or higher job-grade.</td>
<td>Very valuable because of versatility. Can pinch-hit on jobs of same job grade.</td>
</tr>
<tr>
<td><strong>CO-OPERATION</strong></td>
<td>Exceptionally co-operative — always ready to help others.</td>
<td>Gets along well with others and frequently volunteers to help.</td>
</tr>
<tr>
<td><strong>PERSONALITY</strong></td>
<td>Has remarkable ability to get along extremely well with everyone; extremely pleasant, well liked by all.</td>
<td>Has unusual ability to get along well with everyone; pleasant; well liked by almost everyone.</td>
</tr>
<tr>
<td><strong>ATTENDANCE and PUNCTUALITY</strong></td>
<td>Perfect attendance record unmarred by tardiness or extended relief periods.</td>
<td>Nearly perfect attendance and punctuality record.</td>
</tr>
</tbody>
</table>
Check any of the following which, in your opinion, accurately reflect this employee’s present and future value to the bank.

- Present assignment seems best to suit his ability.
- Has done very well when pinch-hitting on other assignments.
- Has probably reached the limit of his development.
- Seems capable and interested, but needs development and experience.
- Capable, but not interested.
- Under-qualified for present job — shows little promise of development.
- Present performance is considerably affected by health, vitality, or other physical handicap.
- Outside conduct or personal affairs jeopardize his work.
- This person is getting along in years and consequently his present performance is affected.
- Should be assigned a simpler type of work.
- Other Comments: ____________________________

Along what lines do you feel he needs to improve himself to become more effective and valuable?

a) What is this employee doing to improve himself for bank work?

b) How effective are his efforts in self-improvement?

c) What do you suggest we might do to encourage his growth?

d) What one thing more than anything else is keeping this employee from becoming more effective in his work?

e) What have you done to help him overcome this condition?

f) What has been his reaction to your help?

g) What else can be done?

h) If this person is not doing the work for which he is best suited, what do you suggest?

i) To what extent does this employee possess qualifications for a supervisory position?

j) Other comments: ____________________________
Despite his rating, his major weakness is:


Despite his rating, his major asset is:


Irrespective of this employee's job performance rating, what is your attitude toward him:

- Definitely want to keep him.
- Be pleased to keep him.
- Am satisfied to have him.
- Prefer not to have him.
- Definitely do not want him.

Reason:


Do his fellow-employees generally have the same confidence in him that you have?

This is:

- His first rating.
- First rating after new job assignment.
- Regular rating.
- Special rating.
- Termination rating.

In what way have the work assignments for this employee changed since his last rating?

This rating is based on:

- Intimate daily contact.
- Frequent observation of the results of his work.
- Infrequent observation of the results of his work.
- Reports from others.

Rated by: (Signature of Rater) (Title) (Date)

Reviewed by: (Signature of Officer) (Title) (Date)

Approved by Rating Committee: (Date) (Init)

Reviewed by Personnel Committee: (Date)

Report to Employee by: (Name) (Date)
## ADDITIONAL PERFORMANCE RATING FACTORS FOR SUPERVISORS

*(TO BE ATTACHED TO EMPLOYEE PROGRESS REPORT)*

<table>
<thead>
<tr>
<th>Tunnel Vision</th>
<th>Has unusual talent for securing and maintaining smooth-running group with high morale.</th>
<th>Usually very harmonious group spirit.</th>
<th>Reasonably contented group morale.</th>
<th>Occasionally has some friction or discontent.</th>
<th>Group morale low due to friction or unrest.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Visualizing and Out Work and Uses</td>
<td>Extremely well thought out.</td>
<td>Usually very well organized.</td>
<td>Reasonably adequate.</td>
<td>Tendency to improvise, or be inconsistent.</td>
<td>Apt to be haphazard.</td>
</tr>
<tr>
<td>Writing and Following Work of Subordinates</td>
<td>Persistently and consistently done with meticulous care.</td>
<td>Usually well and carefully done.</td>
<td>Reasonably well done.</td>
<td>Occasionally neglected, or inconsistent.</td>
<td>Inclined to take work for granted.</td>
</tr>
<tr>
<td>Liveness in Control Determination, Equipment, and Personnel Requirements</td>
<td>Always exceptionally well controlled.</td>
<td>Usually very well controlled.</td>
<td>Reasonably satisfactory.</td>
<td>Tendency to be loosely or inconsistently controlled.</td>
<td>Poorly controlled.</td>
</tr>
<tr>
<td>NTING IDEAS</td>
<td>Remarkably convincing with exceptionally fine success.</td>
<td>Usually very effective with very good success.</td>
<td>Reasonably satisfactory.</td>
<td>Fair, or inconsistent.</td>
<td>Too aggressive or too weak.</td>
</tr>
<tr>
<td>Decision and Analysis Sense</td>
<td>Decisions are extremely sound and well-timed.</td>
<td>Decisions usually sound and well-timed.</td>
<td>Decisions are reasonably good.</td>
<td>Inclined to make snap judgments.</td>
<td>Decisions apt to be ill-considered or poorly-timed.</td>
</tr>
<tr>
<td>Summation of Department's Individual Quality Ratings</td>
<td>Summation of department's individual Volume ratings.</td>
<td>Summation of department's individual Volume ratings.</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>
Appendix B-3

Form Used by Company G
(This form to be used only for non-supervisory employees)

Please read the instructions on the reverse side of this page before reviewing the performance of employees.

<table>
<thead>
<tr>
<th>TY OF WORK</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIDER THOROUGHNESS</td>
<td>SUPERIOR</td>
<td>VERY GOOD</td>
<td>MEETS OUR STANDARDS</td>
<td>FAIR</td>
<td>UNSATISFACTORY</td>
</tr>
<tr>
<td>PERFORMANCE, ACCURACY AND NEATNESS</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TY OF WORK</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIDER ONLY VOLUME COVERED</td>
<td>EXCEPTIONAL</td>
<td>BETTER THAN</td>
<td>AVERAGE</td>
<td>LESS THAN</td>
<td>ENTIRELY</td>
</tr>
<tr>
<td>VOLUME</td>
<td>AVERAGE</td>
<td>AVERAGE</td>
<td>AVERAGE</td>
<td>INADEQUATE</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DABILITY</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIDER TRUST THAT MAY BE PLACED IN CARRYING OUT ASSIGNED DUTIES</td>
<td>EXTREMELY RELIABLE</td>
<td>REQUIRES ONLY</td>
<td>OCCASIONAL</td>
<td>NORMAL</td>
<td>SUPERVISION</td>
</tr>
<tr>
<td></td>
<td></td>
<td>REQUIRES ONLY</td>
<td>SUPERVISION</td>
<td>SUPERVISION</td>
<td>SUPERVISION</td>
</tr>
<tr>
<td></td>
<td></td>
<td>REQUIRES CLOSE</td>
<td>DEPENDED UPON</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>RATION</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIDER WILLINGNESS TO HELP AND TO GET ALONG WITH OTHERS</td>
<td>EXCEPTIONALLY COOPERATIVE</td>
<td>VOLUNTEERS TO ASSIST OTHERS</td>
<td>WORKS WELL WITH OTHERS</td>
<td>COOPERATES RELUCTANTLY</td>
<td>DOES NOT Cooperate</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TUDE</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
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</tr>
</thead>
<tbody>
<tr>
<td>SIDER INTEREST IN A APPLICATION TO WORK</td>
<td>UNUSUALLY ENTHUSIASTIC</td>
<td>WORKS SATISFACTORY</td>
<td>SOMEWHAT INDIFFERENT</td>
<td>INDIFFERENT AND LAZY</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ING ABILITY</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
<th>( )</th>
</tr>
</thead>
<tbody>
<tr>
<td>SIDER ABILITY TO LEARN QUICKLY AND TO LEARN INSTRUCTIONS</td>
<td>VERY QUICK TO LEARN</td>
<td>LEARNS READINGLY</td>
<td>LEARNS NORMAL INSTRUCTION</td>
<td>LEARNS RATHER SLOWLY</td>
<td>MUST BE INSTRUCTED REPEATEDLY</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>DANCE</th>
<th>( )</th>
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</tr>
</thead>
<tbody>
<tr>
<td>PERSONNEL DEPT. WILL CHECK THIS FACTOR ON BASIS OF OWN RECORDS</td>
<td>ALMOST NEVER LATE OR ABSENT</td>
<td>Seldom LATE OR ABSENT</td>
<td>OCCASIONALLY LATE OR ABSENT BUT NOT TO EXCESS</td>
<td>FREQUENTLY LATE AND OR ABSENT</td>
<td>UNSATISFACTORY ATTENDANCE</td>
</tr>
</tbody>
</table>
INSTRUCTIONS

(1) Listed on the reverse side of this page are several factors which you are to consider in reviewing the job performance of an employee under your supervision. Read these instructions carefully before you start your review.

(2) Check the degree of each factor which, in your opinion, best describes the performance of the employee. Your independent judgment is requested. The performance of each employee will, in most instances, be reviewed by two persons in a supervisory capacity who have knowledge of the employee's work.

(3) Rate fairly and without personal prejudice either for or against the employee. Do not let your opinion of one factor influence your judgment with respect to any other factor.

(4) Consider only the period under review. Do not be influenced by the work of the employee prior to the period covered by this review or by unusual incidents not typical of the employee.

(5) Use extreme care. Accurate rating is of the utmost importance to the employee and to this bank.

(6) It is not expected that more than 5 to 10 per cent of the employees in any department will be found in the highest or lowest degree of any factor.

(7) Do not check 'Attendance'. This factor will be based on records of the Personnel Department.

(8) When the Performance Reviews are completed please initial below and return them to the head of your department for delivery to the Personnel Department.

(9) Do not discuss your opinions of performance with any employee including the person under review. After the reports are made a part of the Personnel records any employee will have the privilege of discussing the report covering his performance with a representative of the Personnel Department.

(10) For any information concerning the preparation of the Performance Review please consult the Personnel Department.
Appendix B-4

Forms Used by Company R
EMPLOYEE RATING CHART

Employee's Name ___________________________ Department ___________________________
Division, Section, Unit ___________________________ Job Title ___________________________
Employed ___________________________ Number of Years ___________________________ months in this Department.

RUCTIONS: For EACH of the 17 factors listed, place a check mark (✓) in the space at left of phrase which most appropriately describes the above employee. Factors are defined on the reverse side.

<table>
<thead>
<tr>
<th>Factor</th>
<th>Unusually accurate</th>
<th>Usually Accurate</th>
<th>Occasional errors</th>
<th>Many errors</th>
<th>Low to moderate output</th>
<th>Consistently low output</th>
<th>Moderate to high output</th>
<th>Consistently high output</th>
<th>Devises sound shortcuts</th>
<th>Requires help organizing work</th>
<th>Inefficient</th>
<th>Organizes work well</th>
<th>Creates dissension and irritates others</th>
<th>A good influence on whole department</th>
<th>Does not stand out in a crowd</th>
<th>Satisfied to have around</th>
</tr>
</thead>
<tbody>
<tr>
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<td>( )</td>
</tr>
</tbody>
</table>

... (Continued on reverse side)...

If it is desirable to make any comments, please indicate by a check mark here (✓) and on reverse side.

Department head and I have discussed this rating chart and he has explained the reasons for ratings given.

Employee’s Signature ___________________________ Date ___________________________

FOR USE OF THE PERSONNEL DIVISION

Covered ___________________________ to ___________________________
__________ times Absent ________ times Including ill ________ days
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>1. ACCURACY</strong></td>
<td>The correctness with which work is performed. Freedom from errors.</td>
</tr>
<tr>
<td><strong>2. SPEED</strong></td>
<td>Volume of work produced. Rapidity in completing assignments.</td>
</tr>
<tr>
<td><strong>3. EFFICIENCY</strong></td>
<td>Organization of efforts to produce best results.</td>
</tr>
<tr>
<td><strong>4. PERSONALITY AND MANNER</strong></td>
<td>Appearance, disposition, courtesy, tactfulness, and effect on other employees.</td>
</tr>
<tr>
<td><strong>5. INITIATIVE</strong></td>
<td>Acts intelligently without instructions. Suggests ideas, thinks constructively and originally.</td>
</tr>
<tr>
<td><strong>6. ABSENCE</strong></td>
<td>Absence without permission or adequate reason.</td>
</tr>
<tr>
<td><strong>7. TARDINESS</strong></td>
<td>Failure to report for work punctually.</td>
</tr>
<tr>
<td><strong>8. COOPERATION</strong></td>
<td>Willingness and desire to work harmoniously with others.</td>
</tr>
<tr>
<td><strong>9. JOB INTEREST</strong></td>
<td>Attitude toward performance of duties. Realization of the importance of the job.</td>
</tr>
<tr>
<td><strong>10. JOB KNOWLEDGE</strong></td>
<td>Knowledge of own and immediately related jobs.</td>
</tr>
<tr>
<td><strong>11. TRUSTWORTHINESS</strong></td>
<td>Evidence of personal integrity in all phases of conduct.</td>
</tr>
<tr>
<td><strong>12. DEPENDABILITY</strong></td>
<td>Follows instructions and executes assigned tasks.</td>
</tr>
<tr>
<td><strong>13. JUDGMENT AND COMMON SENSE</strong></td>
<td>Ability to analyze a problem, grasp essentials and reach a sound conclusion.</td>
</tr>
<tr>
<td><strong>14. LOYALTY</strong></td>
<td>Acceptance and support of company policies and the decisions of its officials, without regard to personal feelings.</td>
</tr>
<tr>
<td><strong>15. HOUSEKEEPING</strong></td>
<td>Consideration for the equipment and property of the company. Neatness of work area. General orderliness.</td>
</tr>
<tr>
<td><strong>16. INDUSTRY</strong></td>
<td>Consistent application to work during work hours, irrespective of supervision.</td>
</tr>
<tr>
<td><strong>17. GENERAL INTELLIGENCE</strong></td>
<td>Possesses and effectively uses powers of reasoning and observation. Mentally alert.</td>
</tr>
<tr>
<td><strong>EVALUATION</strong></td>
<td>Attitude of the department head toward having this employee under his supervision.</td>
</tr>
</tbody>
</table>

**COMMENTS:** Note any characteristic or activity which will assist in a better evaluation. Include L.O.M.A. or other study, hobbies etc.
**EMPLOYEE RATING CHART**

Employee's Name ___________________ Department ___________________

Section, Unit ___________________ Job Title ___________________

Employed ___________________ Number of Years ______ months ______ in this Department.

REATIONS: For EACH of the 17 factors listed, place a check mark (✓) in the space at left of phrase which most appropriately describes the above employee. Factors are defined on the reverse side.

<table>
<thead>
<tr>
<th>ACCURACY</th>
<th>Unusually accurate</th>
<th>Usually Accurate</th>
<th>Occasional errors</th>
<th>Many errors</th>
</tr>
</thead>
<tbody>
<tr>
<td>SPEED</td>
<td>Low to moderate output</td>
<td>Consistently low output</td>
<td>Moderate to high output</td>
<td>Consistently high output</td>
</tr>
<tr>
<td>EFFICIENCY</td>
<td>Devises sound shortcuts</td>
<td>Requires help organizing work</td>
<td>Inefficient</td>
<td>Organizes work well</td>
</tr>
<tr>
<td>PERSONALITY</td>
<td>Creates dissension and irritates others</td>
<td>A good influence on whole department</td>
<td>Does not stand out in a crowd</td>
<td>Satisfied to have around</td>
</tr>
<tr>
<td>MANNER</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>INITIATIVE</td>
<td>Acts intelligently as problems arise</td>
<td>Bogs down</td>
<td>Seeks help when problems arise</td>
<td>Foresees problems and prepares for them</td>
</tr>
<tr>
<td>ABSENCE</td>
<td>Rare</td>
<td>Frequent</td>
<td>Occasional</td>
<td>Continual</td>
</tr>
<tr>
<td>TARDINESS</td>
<td>Rare</td>
<td>Frequent</td>
<td>Occasional</td>
<td>Continual</td>
</tr>
<tr>
<td>COOPERATION</td>
<td>Will help associates if they request</td>
<td>Offers help to associates</td>
<td>Helps associates if supervisor requests</td>
<td>Unwilling to help associates</td>
</tr>
<tr>
<td>JOB INTEREST</td>
<td>Takes pride in the work</td>
<td>Doesn't care</td>
<td>Only interested in the pay</td>
<td>Likes to get the work out</td>
</tr>
<tr>
<td>JOB KNOWLEDGE</td>
<td>New and learning</td>
<td>Well informed</td>
<td>Fair knowledge</td>
<td>Outstanding in job if informed on related job</td>
</tr>
<tr>
<td>RUSTWORTHINESS</td>
<td>Seems to be fair and square</td>
<td>Inclined to &quot;chisel&quot;</td>
<td>Instills complete confidence</td>
<td>Exploits any privilege extended</td>
</tr>
<tr>
<td>DEPENDABILITY</td>
<td>Requires reminders</td>
<td>No results without prodding</td>
<td>Follow-up seldom needed</td>
<td>Usually dependable</td>
</tr>
<tr>
<td>UDMENT AND COMMON SENSE</td>
<td>Can't reach a decision</td>
<td>Does the right thing at the right time</td>
<td>Makes decisions quickly and erratically</td>
<td>Eventually comes to right conclusion</td>
</tr>
<tr>
<td>LOYALTY</td>
<td>Passive</td>
<td>Destructively critical</td>
<td>Constant and enthusiastic</td>
<td>Influenced by personal ideas</td>
</tr>
<tr>
<td>HOUSEKEEPING</td>
<td>Negligent</td>
<td>Careful, neat and orderly</td>
<td>Has periodic clean-ups</td>
<td>Careless</td>
</tr>
<tr>
<td>INDUSTRY</td>
<td>Starts slowly, stops quickly</td>
<td>Intermittent spurts</td>
<td>Coasts along</td>
<td>Consistent worker</td>
</tr>
<tr>
<td>GENERAL INTELLIGENCE</td>
<td>Understands why without explanation</td>
<td>Slow on new ideas. Not retentive</td>
<td>Does not understand after several explanations</td>
<td>Catches on with first explanation</td>
</tr>
<tr>
<td>VALUATION</td>
<td>Prefer not to have this employee</td>
<td>Particularly desire this employee</td>
<td>Satisfied to have this employee</td>
<td>Pleased to have this employee</td>
</tr>
</tbody>
</table>
DEFINITIONS

1. ACCURACY
   The correctness with which work is performed. Freedom from errors.

2. SPEED
   Volume of work produced. Rapidity in completing assignments.

3. EFFICIENCY
   Organization of efforts to produce best results.

4. PERSONALITY AND MANNER
   Appearance, disposition, courtesy, tactfulness, and effect on other employees.

5. INITIATIVE
   Acts intelligently without instructions. Suggests ideas, thinks constructively and originally.

6. ABSENCE
   Absence without permission or adequate reason.

7. TARDINESS
   Failure to report for work punctually.

8. cooperation
   Willingness and desire to work harmoniously with others.

9. JOB INTEREST
   Attitude toward performance of duties. Realization of the importance of the job.

10. JOB KNOWLEDGE
    Knowledge of own and immediately related jobs.

11. TRUSTWORTHINESS
    Evidence of personal integrity in all phases of conduct.

12. DEPENDABILITY
    Follows instructions and executes assigned tasks.

13. JUDGMENT AND COMMON SENSE
    Ability to analyze a problem, grasp essentials and reach a sound conclusion.

14. LOYALTY
    Acceptance and support of company policies and the decisions of its officials, without regard to personal feelings.

15. HOUSEKEEPING
    Consideration for the equipment and property of the company. Neatness of work area. General orderliness.

16. INDUSTRY
    Consistent application to work during work hours, irrespective of supervision.

17. GENERAL INTELLIGENCE
    Possesses and effectively uses powers of reasoning and observation. Mentally alert.

EVALUATION
   Attitude of the department head toward having this employee under his supervision.

COMMENTS: Note any characteristic or activity which will assist in a better evaluation. Include L.O.M.A. or other study, hobbies etc.
Appendix B-5

Forms and Literature Pertaining to Program of Company U
### Employee Rating Report

<table>
<thead>
<tr>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
<th>VI</th>
<th>VII</th>
<th>VIII</th>
<th>IX</th>
<th>X</th>
<th>Total</th>
<th>Average</th>
<th>Rating</th>
</tr>
</thead>
</table>

Under each of the factors listed (I to XI) please check (/) one statement which most accurately describes this employee as I have observed him or her in the position named. Not all jobs require factors IX and IV; omit these factors if not relevant in the job of the individual being rated.

#### Learning Ability
1. Needs repeated instructions. Slow to learn or shows no desire to learn.
2. Routine worker. Requires detailed instructions.
3. Is slightly below average in grasping new ideas and methods.
4. Has satisfactory ability to grasp new ideas and methods. Average in ability.
5. Is slightly above average in learning new ideas and methods.
7. Has exceptional ability to learn new ideas and methods.

#### Supervisory Ability
1. Lacks qualities necessary for successful leadership.
2. Is inadequate in the supervision and development of others.
3. Is slightly below average in supervising and developing others.
4. Has average ability in supervisory work.
5. Is slightly above average in the supervision and development of others.
6. Is capable of effectively organizing and directing the work of others. Has well-developed supervisory ability.

#### Initiative
1. Must be told or shown what to do repeatedly. Lacks resourcefulness.
2. Requires considerable urging. Must be told what to do frequently.
3. Is slightly below average in resourcefulness and aggressiveness. Often must be told what to do.
4. Has average resourcefulness and aggressiveness. Usually goes ahead when started.
5. Is slightly above average in resourcefulness and aggressiveness. Frequently goes ahead, requiring little help.
6. Is very alert and resourceful. Sees what is to be done and goes ahead.
7. Is exceptionally resourceful and aggressive. Able to go ahead without detailed instruction.

#### Responsibility for Public Relations
1. Lacks ability to maintain good will with persons outside the Home Office through either correspondence or personal contacts.
2. Has limited ability in maintaining good will.
3. Is slightly below average in ability to maintain good will.
4. Has average ability in dealing with individuals outside of the Home Office.
5. Is slightly above average in ability to maintain good will.
6. Is very capable in handling public relations through correspondence or personal contacts.
7. Is exceptionally capable in dealing with persons outside the Home Office.
V. JUDGMENT

1. Lacks ability in grasping essentials or reaching sound conclusions.
2. Is apt to overlook the essential elements of a problem.
3. Is slightly below average in the analysis of problems or situations.
4. Has average ability in grasping the essentials of problems or reaching sound conclusions. Plans necessary action about as well as most people.
5. Is slightly above average in the analysis of problems.
6. Grasps the essentials of problems and reaches sound conclusions quickly. Well able to plan necessary action.
7. Has exceptional ability in grasping essentials, reaching sound conclusions and planning necessary action.

VI. COOPERATION

1. Is in constant friction with others.
2. Is difficult to work with. Shows reluctance to cooperate.
3. Is slightly below average in cooperativeness. Difficult to work with at times.
4. Gets along well with most people. Usually quite fair and tactful.
5. Is slightly above average in cooperativeness.
6. Is a good team worker. Always helpful, fair and tactful.
7. Is exceptionally cooperative, tactful and fair in contacts with others.

VII. APPLICATION

1. Wastes time unless closely supervised. Slow in starting work. Works spasmodically.
2. Finds it hard to settle down and must often be urged. Poor concentration.
3. Is slightly below average in concentration. Takes some time to settle down to work.
4. Works well when interested. Average application and concentration.
5. Is slightly above average in application. Starts work with reasonable promptness.
6. Starts to work with more than reasonable promptness. Very good concentration.
7. Starts work immediately and continues until finished unless interrupted for a good cause. Exceptionally industrious and conscientious.

VIII. VOLUME OF WORK

1. Output is unsatisfactory.
2. Is a very slow worker. Does just enough to get by.
3. Volume of work slightly below average.
4. Output of work is average.
5. Volume of work slightly above average.
6. Is a rapid worker—turns out a good volume of work.
7. Performs an exceptional amount of work.

IX. NEATNESS AND ACCURACY

1. Work almost without value. Complete check required.
2. Makes frequent errors. Most of work done is subject to check.
3. Is slightly below average in accuracy and neatness.
4. Is average in accuracy and neatness.
5. Is slightly above average in accuracy and neatness.
6. Makes very few errors.

X. DEPENDABILITY

1. May disappoint even after being impressed with need to be so for dependability.
2. Is reliable if impressed with need to be so.
3. Is slightly below average in reliability.
5. Is slightly above average in dependability.
6. Is very reliable.

XI. ATTENDANCE AND PUNCTUALITY

1. Unsatisfactory (16 or more days)
2. Poor (13-15 days)
3. Below Average (10-12 days)
4. Average (7-9 days)
5. Above Average (4-6 days)
6. Good (1-3 days)
7. Excellent (no days)

Total Days Absent

Number of Times Tardy

Period Used 1 Yr. ( ) 9 Mos. ( ) 6 Mos. ( )
**APPRAISAL AND DEVELOPMENT GUIDE**

Date ______________________

Date of Entry ______________________

Dept. and Div. ______________________

Class ______________________

Following general definitions apply to each factor rated below.

**STANDING:** The employee's performance is exceptional, approaching the best possible for the job.

**SUPERIOR:** The employee's performance is beyond standard requirements for good performance on the job.

**GOOD:** The employee's performance meets standard job requirements.

**ACCEPTABLE:** The employee's performance meets minimum job requirements.

**BAD:** The employee's performance does not meet minimum job requirements.

**LOYEES MUST BE RATED ON FACTORS 1, 2, 3, 4, 5, 8, AND 13**

**ACTORS 7 THROUGH 12 ONLY IF APPLICABLE TO JOB**

<table>
<thead>
<tr>
<th>FACTOR</th>
<th>OUTSTANDING</th>
<th>SUPERIOR</th>
<th>GOOD</th>
<th>ACCEPTABLE</th>
<th>SUBSTANDARD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quantity of Work: Volume of work regularly produced. Speed and consistency of output.</td>
<td></td>
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<tr>
<td>Quality of Work: Extent to which work produced meets quality requirements of accuracy, thoroughness and neatness.</td>
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<tr>
<td>Dependability: Extent to which employee can be counted on to carry out instructions and fulfill responsibilities.</td>
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<tr>
<td>Cooperation: Extent to which employee works with and for others.</td>
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<tr>
<td>Job Attitude: Amount of interest shown in work.</td>
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<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>Attendance: Extent to which employee can be counted on to be on the job.</td>
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</tr>
<tr>
<td>Knowledge of Work: Extent to which employee understands all phases of job.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Judgment: The degree to which decisions or actions are sound.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Initiative: Extent to which employee originates or develops constructive ideas and takes necessary steps to get things done.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Supervisory Ability: Degree of success in leading and developing others and obtaining results.</td>
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<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Effectiveness in Dealing with People: Effect on people the employee contacts as a result of disposition, tact, enthusiasm, sincerity, appearance, etc.</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adaptability: Extent to which employee is able to perform new duties and adjust to new situations.</td>
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<td></td>
<td></td>
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<td></td>
</tr>
</tbody>
</table>

**Overall Evaluation of Employee Performance.**
1. On what specific phase or phases of work does employee perform his or her best?

2. On what phase or phases of work can employee improve?

3. How can you assist employee in developing on his job?
   1. Additional instruction on the job. If so, specifically what.
   3. Additional experience on the job.
   4. Other

4. How can employee assist himself in developing on his job?

5. How can you assist employee in developing for possible future assignments?
   1. Additional experience on related jobs ________ such as ________
   2. Transfer to different type of work such as ____________________
      Reason________________________
   3. Other________________________
Merit Rating Questionnaire

To: Department Representatives

The members of the Personnel Advisory Committee have undertaken a study of our present merit rating program to re-examine its purpose and use, and to recommend modifications to the present plan if such is warranted.

Your participation in this study is invited. To assist you, the committee felt that it would be desirable to review their approach to the problem, the considerations that were given, decisions that were reached, and the merit rating plan being considered. After you have had an opportunity to study this presentation, you are requested to prepare answers to the questions that follow. These questions will, in general, inform the committee what your thinking is with respect to the suggested plan, your recommendations for adoption or rejection, or suggested changes. As a result of your participation, a completed program will be submitted for your final review.

PURPOSE

For the past several years, the present merit rating program has been used almost exclusively as the basis for determining salary increases. A secondary purpose has been employee development.

Merit rating programs, as such, may serve the following major purposes:

1. Ratings can provide a basis for which employees are to be given pay increases, promotions, transfers, or discharges. In this respect they serve as a basis for effecting personnel transactions.

2. Ratings may provide a basis for the analysis of the strong and weak points of the employee so both management and employee can direct their efforts toward the development of personal characteristics, skills, or information that will help the employee to improve his performance. Such use of ratings emphasizes employee development.

3. Ratings may also serve as a basis for establishing criteria for evaluating the testing program, training program, and methods of interviewing and placement. Used in this manner, ratings may serve as the basis for research to assure the selection and placement of the best qualified individuals for a given job.
It is the thinking of the committee that our merit rating program should have a broader scope in our overall personnel management program with primary emphasis on employee development, counseling, determining training needs. A secondary purpose would be that ratings serve as a guide under our new salary program for determining salary increases.

Types of Plans

Many methods for rating employees are being used by industry today. In general, these methods are grouped as follows:

Ranking - In the ranking method, employees are aligned in order from high to low performance. This ranking can be done by paired comparisons, man-to-man comparisons, or any other number of methods. Although the various ranking devices for determining the relative merit of employees have all been successfully used in industrial practice, they suffer from certain limitations that must be carefully considered in actual application. The most serious of these limitations are:

a. It is difficult to justify the rank order assigned to any given employee when questions are raised as to the fairness of the ranking. This is so because the comparisons that are made are necessarily of one person against all the others being ranked rather than against standards or established definitions. The absence of definite criteria greatly increases the difficulty of justifying results of the ranking to the employee concerned.

b. Although ranking is relatively easy for the supervisor when he has only a small number of persons to deal with, it becomes very difficult when large numbers of employees are involved.

2. Essay - Rater indicates in writing his specific impressions of the employees, outlining their strong and weak points. This form has practical use in rating major executives and professional personnel and has value that it requires specific impressions to be put in writing. However, such a form would require considerable time to prepare, and its value is handicapped since raters vary in their ability to express themselves.

3. Forced Choice Type - The rater chooses the most applicable
from a series of prepared statements to describe an employee's performance. The employee's rating will, under this type, be determined by summing the scores representing the numerical values assigned to each statement chosen. These scores are generally not known in advance by the raters. The LOMA merit rating plan which was studied in some detail used the Forced Choice method. While the plan achieved objectivity in rating, it possessed certain objectionable features such as requiring the rater to choose the most applicable degree of a long list of statements for each trait, a procedure requiring considerable time and study. It uses a complex numerical scoring system and the rater is without knowledge of what the end score might be. It requires the use of from 6 to 20 pages to complete a rating on any individual (depending upon the number of traits selected as being applicable to the given job; its use has not proven to be popular among other companies which have merit rating systems).

4. Scales - Rating plans that fall under the classification of scales exist in great variety and are far more widely used in industrial practice than any other rating method. Basically all such plans consist of a list of traits or attributes, each being accompanied by a scale on which the rater is required to indicate the degree to which the employee possesses that trait or attribute and displays it in his work. The degrees may be indicated by numerical, alphabetical or descriptive designations. Most merit rating plans in use fall in the category of the scale type. This type is popular as a rating device because in principle and in mechanics of use it is readily understood. In addition, such scales are not time consuming. The plan in current use is a scale type.

5. Field Review - A representative of the Personnel Department interviews supervisors and gives guidance, through questions and discussions, in determining strong and weak points of employees and possible corrective and/or promotional action to be taken. This method uses no standardized rating form. It does not permit fine distinctions to be made between employees. The objective is to stimulate the supervisor to plan specific action rather than make a record of the employee's performance.

After considering the different types of plans, it was the feeling of the committee that continuance of the scale type was desirable provided certain modifications or developments of the present plan were made. The following modifications or developments were felt to be desirable.
1. Fewer Factors - The present plan contains eleven factors, some of which overlap in meaning and not all of which are represented on the majority of Home Office jobs. For this reason the committee selected the factors which they felt are common to all jobs, namely, Quantity of Work, Quality of Work, Dependability, Cooperation and Attendance on which all employees are to be rated. Additional factors, namely, Job Attitude, Knowledge of Work, Judgment, Initiative, Supervisory Ability, Effectiveness in Dealing with People and Adaptability were included to be used on an optional basis if applicable and to pinpoint training and developmental needs.

2. Fewer Degrees of Each Factor - The present plan uses seven degrees of each factor. It is felt that such fine distinctions are impossible to make with any degree of accuracy. The suggested plan uses only five degrees, namely, Outstanding, Superior, Good, Acceptable and Substandard. Each of these degrees is defined on the form and will be further expanded in a manual of instructions.

3. Flexibility of Scoring - The present plan uses a numerical scoring system in which all factors are assigned equal value or weight and in which total numerical values are converted automatically into descriptive designation. It was the unanimous feeling of the committee that such a system imposes undesirable rigidity and makes it almost impossible for a rater to obtain an accurate overall performance rating. Much consideration was given to assigning different values or weights to each factor. Various plans were developed by using different weights for different types of jobs. After due consideration, it was felt that such plans would prove administratively cumbersome and difficult to justify. For this reason, it was felt desirable to use no specific weightings but rather have each rater assess the relative importance of each factor for each job and use his judgment in determining the overall performance level without use of any numerical device. In such a way desired flexibility is obtained. The committee feels, however, that this approach requires good judgment and thorough understanding on the part of raters which can be obtained only through intensive training of raters.
4. Greater Use in Development of Personnel - The present form includes general questions regarding weak and strong points, suggestions for improvement, and an indication of whether employee may be considered as promotional material. Almost no worthwhile results were obtained from this section of the form. This may be due, in part, to the fact that supervisors have not had a clear understanding of the possible uses which this section may have. Since development of personnel is a prime purpose of the merit rating program, the committee felt that greater emphasis should be put on this aspect and has therefore provided for a special report for substandard employees as well as a detailed questionnaire for other employees which indicates specifically areas of improvement on present job as well as for future assignments.
INTERPRETATION OF FACTORS

A clear understanding of what each trait measures will be helpful in achieving uniformity in ratings. The following discussion of each trait is intended to serve as a guide to the rater in attaining that understanding and also to assist him in the determination of the degree to which an employee possesses the trait.

1. QUANTITY OF WORK - A reasonable quantity of work is expected from each employee. Generally, volume of work may be broken down into two types - that which is measurable against a standard and that which has no definite standard against which to measure. When production records are available or standards have been set, these should be used. When volume is not measurable against a standard, this factor becomes less tangible and more difficult to rate. However, even in these cases, general levels of accomplishment may be established. When measuring this factor, consider only the volume of work that the employee produces.

Guide for Determining Level of Performance

Outstanding - Employee is an exceptionally fast producer; always turns out an unusual volume of work.

Superior - Employee is a rapid producer; output exceeds standard requirement.

Good - Employee is a steady producer; meets recognized standards.

Acceptable - Employee is a slow producer; output meets minimum requirements of volume of work produced.

Substandard - Employee is hopelessly slow; output is consistently low and behind schedule.

2. QUALITY OF WORK - This factor measures the extent to which work produced meets quality requirements of accuracy, thoroughness and neatness. In rating this factor properly, one should have clearly in mind the answers to these questions. What is the acceptable number of errors allowable for satisfactory performance? What are the requirements for neatness? For thoroughness?

Guide for Determining Level of Performance

Outstanding - Employee is exceptionally accurate, thorough, and neat in his work.
Superior - Employee is uniformly accurate, thorough and neat in his work.

Good - Quality of work meets standard requirements. Work is moderately neat and accurate. Gives satisfactory attention to details.

Acceptable - Quality of work meets minimum requirements, usually acceptable. Employee is not careful to avoid repetition of errors. Occasionally submits untidy work. Does not attend to details satisfactorily.

Substandard - Employee makes too many errors. Submits untidy work. Is inattentive to details.

3. DEPENDABILITY - This factor measures the extent to which an employee can be relied upon to fulfill responsibilities of his job and carry out work to a successful conclusion despite odds which may present themselves. This factor reflects itself by the degree to which an employee may be counted on in emergencies or unusual situations, his success in completing each job without follow through by his superiors, his efforts to meet deadlines and schedules.

Guide for Determining Level of Performance

Outstanding - Employee feels highest sense of responsibility for his job and can always be counted on to follow through successfully irrespective of odds encountered.

Superior - Employee is better than average in carrying out work to successful conclusion.

Good - Employee generally follows through on work; needs some help in unusual situations.

Acceptable - Employee occasionally fails to fulfill responsibilities of job. May give up when the going gets rough.

Substandard - Employee feels no responsibility for job; ignores instructions. Gives up easily.
4. **COOPERATION** - This factor measures the extent to which an employee works with and for others. There are two groups of employees who should be considered, those who work with a group or unit of people and those who work as individuals. Since those who work individually have some, through limited, working relations with others, they may also be rated on this factor. This factor may be reflected by the degree to which an employee is willing to do his share of non-difficult or uninteresting work; how considerate he is of fellow workers; his idea of give and take; his willingness to help others and share his knowledge with associates, etc.

**Guide for Determining Level of Performance**

**Outstanding** - Employee is most accommodating; is extremely tactful and an exceptional team worker.

**Superior** - Employee goes out of way to cooperate; exceeds normal working relations with others.

**Good** - Employee maintains satisfactory working relations with others. He is usually willing to help others when asked or share his knowledge with associates. Possesses moderately good give and take attitude.

**Acceptable** - Employee has some difficulty working with or for others, sometimes assumes an offensive attitude or becomes quarrelsome.

**Substandard** - Employee won't or can't work with others. Throws cold water on any group activity, deliberately misunderstands the motives of other people. Is an obstructionist. Is extremely quarrelsome.

5. **JOB ATTITUDE** - This factor measures the employee's interest in his work. Employees who possess a real interest in their work are an asset to an organization since such an interest usually reflects itself in a desire to improve proficiency (through additional study, training, etc.) and exercises a good influence on fellow workers.

**Guide for Determining Level of Performance**

**Outstanding** - Employee has an unusual degree of enthusiasm and interest in work; shows strong desire to improve his work efficiency.
Superior - Employee has a high degree of enthusiasm and interest in his work. Uses some of his leisure time for the advancement of his work proficiency.

Good - Employee shows a satisfactory interest in work.

Acceptable - Employee somewhat indifferent to job. Willing just to get by.

Substandard - Employee completely disinterested in work; indifferent to the effect his work habits may have on the attitudes of fellow employees; shows no interest in improving.

6. KNOWLEDGE OF WORK - This factor measures the extent to which an employee understands all phases of work. This trait is important in that it reflects training needs.

Guide for Determining Level of Performance

Outstanding - Employee has a thorough knowledge of job. Can handle all phases of job and related matters with almost no direction.

Superior - Employee is well-informed on all phases of his job. Knows enough to go ahead and do the jobs assigned.

Good - Employee has a satisfactory understanding of most phases of his work and closely related matters.

Acceptable - Employee has a somewhat limited understanding of the job. Requires assistance. Needs additional training.

Substandard - Employee has an inadequate understanding of the job. Requires constant assistance.

7. JUDGMENT - This factor measures the degree to which decisions or actions are sound. It is reflected by the extent to which an employee is able to analyze a situation, to weigh possible alternatives and results and to reach correct conclusions.
Guide for Determining Level of Performance

Outstanding - Employee has a superior ability to reason intelligently. Uses sound judgment and reaches conclusions logically and rapidly. Makes exceptionally good decisions.

Superior - Employee grasps situations readily and makes sound decisions. Has good common sense.

Good - Employee is moderately successful in analyzing problems and reaching sound conclusions.

Acceptable - Employee sometimes makes immature decisions by jumping to conclusions. Sometimes has a poor sense of values.

Substandard - Employee seriously lacks good judgment. Has no sense of values. Frequently makes wrong decisions.

8. INITIATIVE - This factor measures the extent to which an employee using ingenuity works on his own in developing assignments on his job and getting things done. It also measures the extent to which an employee originates and develops constructive ideas as to new methods and procedures.

Guide for Determining Level of Performance

Outstanding - Employee is highly ingenious and resourceful; is alert to make excellent suggestions for improvements in methods.

Superior - Employee is resourceful. Develops own assignments ably. Goes ahead and figures out difficult things for himself. Employee makes original contribution to the job.

Good - Employee is reasonably progressive, with some encouragement and assistance. Sometimes offers sound suggestions to improve job. Goes ahead reasonably well without having to ask many questions.

Acceptable - Employee rarely suggests even though given encouragement and assistance. He relies heavily on others.

Substandard - Employee lacks resourcefulness and independent thinking. Has no constructive ideas.
9. **SUPERVISORY ABILITY** - This factor measures the degree of success an employee with supervisory responsibility has in leading and developing others and obtaining results through team work of his work group. By definition, only employees who are exercising supervisory responsibilities should be rated on this factor.

**Guide for Determining Level of Performance**

**Outstanding** - Employee is an outstanding leader. Obtains the highest morale and output from his work group. Exceeds in keeping work up to schedule. Is exceptionally effective in the training and developing of his employees.

**Superior** - Employee stimulates his employees to maintain a high standard of work. Leads with confidence and obtains high morale and output from his group. Employee is effective in the training and development of his employees. Is thorough and laying out and assigning work so as to get the best results. Is effective in maintaining the work schedule.

**Good** - Employee maintains satisfactory respect and confidence of his subordinates. Employee lays out and assigns work so as to get the expected results. Meets but does not exceed schedule. Is moderately effective in the training and development of his employees.

**Acceptable** - Employee is reasonably effective in the training and development of his employees. Sometimes has difficulty in maintaining the respect and confidence of his employees. Occasionally has difficulty in laying out and assigning work so as to get best results. Meets minimum requirements in keeping up work schedule.

**Substandard** - Employee lacks leadership ability. Is unable to train and develop others. Is unable to keep up work schedule.

10. **EFFECTIVENESS IN DEALING WITH PEOPLE** - This factor measures an employee's effect on the people he contacts as a result of disposition, tact, enthusiasm, sincerity, appearance, etc. Rate on this factor only when job requires contacts with outside public or varied contacts within Company.
Guide for Determining Level of Performance

Outstanding - Employee creates excellent impression upon people he contacts.

Superior - Employee makes a very good impression.

Good - Employee makes satisfactory impression.

Acceptable - Employee usually makes acceptable

Substandard - Employee creates unfavorable impression.

11. ADAPTABILITY - Flexibility in an organization which is subject to peak periods and varying demands is an important characteristic. Employees who possess the ability to adjust to rapidly changing situations and routines are of distinct value. Certain employees, though proficient, are slow to adjust to changes and thereby lessen their value to an organization. In rating on this factor, consideration may be given to the extent to which an employee becomes confused when work does not follow established pattern; the extent to which employee may be shifted from one assignment to another without becoming upset, etc.

Guide for Determining Level of Performance

Outstanding - Employee is exceptionally flexible and adaptable. Meets new situation with great ease.

Superior - Employee is quick to adjust to changes; is readily adaptable.

Good - Employee adjusts to changes satisfactorily. May require guidance until new routines are well established.

Acceptable - Employee is rather slow to adjust to changes. May become confused if procedures do not follow set pattern.

Substandard - Employee is extremely slow to adjust to changes. Becomes confused easily.
12. ATTENDANCE AND PUNCTUALITY - This factor measures the employee's conscientiousness in respect to coming to work. Broad definitions and limitations of each degree of this factor are given below. At the discretion of the Supervisor, however, exceptions may be made where warranted by substantiating facts. For example, an employee with perfect attendance over a period of years, but with two weeks' absence due to serious illness may be rated Good even though the absences exceed the limitation of three days. Similar adjustments may be made for deaths in the family. The attitude of the employee and the time and cause of absence should be given careful consideration in rating this factor.

Guide for Determining Level of Performance

Outstanding - Absent no days; attendance perfect.

Superior - Absent one to five days; always for good reason.

Good - Absent six to nine days; usually valid reason.

Acceptable - Absent 10 - 15 days scattered throughout the year, some of which are apparently unnecessary.

Substandard - Absent 16 or more days, frequently around week-ends and holidays, reasons often questionable.

13. OVERALL EVALUATION OF EMPLOYEE'S PERFORMANCE - No numerical scoring is used to determine the overall performance level since it is felt that the factors carry different degrees of importance depending on the type of job. Therefore, raters, before assigning the overall rating must carefully analyze which factor or factors are most important in each job. If an employee is substandard in one of these factors, it will carry particular weight and this employee will probably be given an overall evaluation of substandard, on the other hand, if an employee is rated substandard on a factor which is felt to have less importance in the job, the overall rating may not be substantially affected by the substandard factor. In essence each rater must mentally assign different weights to each factor for each job and equate the overall evaluation on the basis of the relative importance which each factor assumes.
Appendix B-6

Forms Used by Company Z
APPENDIX C

Questionnaire Used in Survey
# EMPLOYEE APPRAISAL

**Date:**

**PROCEDURE:** Please fill out this form in duplicate (single copy in the Home Office) and return it to the Personnel Manager in a confidential envelope. Carbon paper of appropriate size is available for preparing duplicates. For each characteristic read the question or qualifying statement following the heading; then read the descriptions next to each box. Rate the employee by checking the box which most nearly describes him. It is not necessary that all parts of the phrase describe the person exactly. While the entire period of time covered by the rating should be considered, due credit should be given for a trend toward improvement. However, do not be overly influenced by recent or unusual behavior.

**UNKNOWN RATINGS:** If you are unable to rate the person on an item, write "unknown" opposite the item and do not check a box. A blind guess may be very unfair, and is of no value. Employees in a training status will usually be rated "unknown" under items B and C.

**HALO EFFECT:** Great care must be taken to consider each characteristic separately, without reference to the others. There is a common tendency, called the "halo effect," which causes us to think of people as being all good or all bad, rather than as the combination of strengths and weaknesses they really are. This halo effect must be guarded against, and each characteristic rated as if it were the only characteristic on which a rating is required.

**CHARITABLE EFFECT:** Another common tendency we must guard against is that of rating people too high. The middle rating represents the normal, average, Hardware employee. Rate your employee fairly, but do not over-rate.**

**COUNSELING:** The main points of the counseling discussion you have with the employee should be recorded in the spaces at the end of this form. As only the two most recent appraisals are kept, any remarks you want permanently recorded should be entered on a separate counseling report.

**FURTHER INFORMATION:** A complete write-up of the meaning of each of the characteristics and how they should be rated is available from the Pers. Dept. Also, if you have any questions concerning the use of the form, please see the Pers. Mgr.

## A. ALERTNESS:

What mental alertness does he show in doing his job?

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- Understands only the obvious and routine aspects of his job.
- A little slow to understand any variation from the routine assignments. Does not see the significance of his duties to the total effort.
- Normal understanding of the responsibilities and importance of his job.
- Shows a quick understanding of the responsibilities and importance of his job.
- Usually displays keen and constructive imagination, well beyond the normal and demands of his present responsibilities. Alert to new and better ways of doing the job.

## B. QUALITY OF SERVICE:

What is the quality of whatever services he has performed on those jobs to which he has been assigned during the period covered by this rating?

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- Superior
- Above average
- Normal
- Below average
- Unsatisfactory

## C. OUTPUT OR VOLUME:

How much work has he done? Consider job requirements and opportunity.

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- Superior
- Above average
- Normal
- Below average
- Unsatisfactory

## D. PROMOTABILITY:

Would you promote him now to a more responsible or better job if he were available and you had the opportunity?

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- Emotionally promote
- Consider it favorably
- Present job about all he can handle now due to insufficient experience or training or lack of potential ability.
- Inclined to demote him.
- Definitely will take action to demote him unless he shows improvement.

## E. INITIATIVE:

How much drive and self-starting does he show on the job?

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- Very little initiative. Depends upon supervisor to tell him what, when, where, and how of every phase of the job.
- Rather slow to assume initiative. Seldom makes suggestions regarding more efficient handling of his work. Below average self-starter.
- Normal initiative and co-operative self-sufficiency in assuming the duties and responsibilities connected with his job.
- Usually drive and initiative in assuming a maximum of responsibility for his job. May frequently promote acceptable new ideas and techniques.

## F. DEPENDABILITY:

How consistently does he follow through on work loads assigned to him by his supervisor?

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- Shows better than average persistence and reliability in his work. A conscientious employee.
- Normal dependability and conscientious follow-through on the job.
- Tends to delay and wander in the consistency with which he carries himself to the job. Or, may show some undesirable traits of conduct.
- Unreliable follow-through. Close supervision necessary to keep him at the job. Or, his conduct may reflect discredit upon the Company.
- Outstanding dependability. Always self-controlled.

## G. EMOTIONAL BALANCE:

Are his emotional reactions those of a well-adjusted person?

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- Poor emotional balance. May be touchy and supersensitive, and see criticism or hostility where none is intended. May worry to excess about real or imagined problems. May be unable to control his temper. May be moody, resentful, or dejected. Thinks with his feelings instead of his head.
- Average emotional balance. May show moderate worry occasionally. Usually has his temper well controlled. Seldom upset by pressures or reverses.
- Above average emotional balance. Rarely shows worry or anger. Recover balance easily when he becomes disturbed. Tends to view his mistakes or reverses objectively and draws lessons from them for future use. Seems well adjusted.
- Outstanding emotional balance. Withstands considerable pressure without losing his perspective. Does not show worry or become upset. Always self-controlled.

## H. REALISM:

Does he recognize his personal strengths and weaknesses as they affect his probable future rate of progress in Hardware? (His answer to question number 1 on reverse side may show his realism.)

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- Unusually realistic in his appraisal of his potentials for development and achievement. Sees clearly what actions he must take to help himself toward achievement.
- Better than average in matching his expectations with the level at which he is apt to succeed. Is aware of need to develop himself.
- Normal degree of realism in sizing up his potentials for development and achievement.
- Overrates himself somewhat. Self appraisal tends to exceed the achievements level at which he is apt to succeed. Inclined not to see what he needs to do to develop himself.
- Underrates himself somewhat. Expectations tend to fall below the level at which he has the ability and potential to succeed. Shows lack of self-confidence.

- His personal expectations for exceed the level at which he is apt to succeed. Doesn't recognize his limitations. Has unlimited self-confidence, unsupported by ability or performance.
- His personal expectations are considerably below the level at which he has the ability and potential to succeed. Marked lack of self-confidence.

**CODES**

| A | B | C | D | E | F | G | H | I | J | K | L | M | N | O | P | Q | R | S | T | U | V | W | X | Y | Z |

**To Be Entered By Payroll Div.**

*(OVER, PLEASE)*
L. ATTITUDE: What is the attitude he has shown toward his work? How loyal is he to the Company?

Poor attitude, displays indifference or antagonism toward the Company and his work. Has "one first" viewpoint. Does not recognize his obligations to the Company. ☐

Little concern with giving a fair measure of work each day. Continues little satisfaction from his job. Shows little interest in or loyalty to the Company. May resent requests for work outside regular routine. ☐

Shows normal job satisfaction and can ordinary feeling of interest in Hardware Mutuals. Tries to give a good day's work each day. A cooperative person. ☐

Better than average attitude and loyalty. Enjoys a good measure of job satisfaction. Always willing to do extra work when the need arises. ☐

Exceptionally good attitude. A real supporter of Hardware Mutuals. Enthusiastic interest in his work and the progress of the Company. Glad to go out of his way to help others. Is an inspiration to others. ☐

J. SOCIAL INSIGHT: Does he understand the personalities, viewpoints, feelings and motives of people?

Exceptional alertness to the motives, feelings and problems of people. Quick to sense and understand the basic viewpoints of others. ☐

Good understanding of people. Infrequently gets the feelings of people. Better-than-average alertness to the motives and viewpoints that make the difference in people. ☐

Normal understanding of people and their motives and viewpoints. Limited observation of the disappointments, viewpoints and feelings of others. ☐

Easily led to confuse externals with the real motivations of people. Little observation of the understanding of the values, motives, and behavior of others. ☐

Little concern with the study of people. Usually unable to see viewpoints, feelings, and motives other than his own. ☐

K. TACT: How tactfully does he use his social insight (see above) to influence others to accept and promote the viewpoints and values he represents? How skillfully does he "sell" his ideas?

Usually tactless. Ineffective in stimulating others to accept his viewpoints and values. ☐

Below average success in stimulating others through tact. Tends to be demanding, direct, and at a loss if others fail to respond readily with enthusiasm. ☐

Normal concern with and success in tactfully stimulating his associates toward acceptance and promotion of his viewpoints. ☐

Alert to ways and means of gaining cooperation and building good will. Better-than-average success in tactfully motivating other people. ☐

Exceptional skill in motivating others toward a goal with a maximum of good will, respect, and enthusiasm. An unusually tactful person. ☐

L. KNOWLEDGE OF PERSONALITY: How well do you know the personality, emotional, and mental make-up of this employee? Consider the length of time you have known him, how much he has "opened up" to you, and how intimate and how frequent your contacts are.

Have observed him closely in situations where all important phases of personality have been clearly in evidence. Feel I know thoroughly the general pattern of his reacting, of his pattern of prejudices, fears, pride, etc. ☐

Know his pattern of reacting fairly well, so that I am seldom surprised by what he does. However, I still see new aspects of his personality, new ways of thinking or emotional responding revealed occasionally. ☐

Know his personality moderately well. I understand most of the every-day emotions and feelings he experiences. I can see some pattern in his behavior, but many of his actions do not yet fit in the pattern. ☐

Know only his outstanding personality traits. Have had limited opportunity to observe him, and can see his personality only as a number of events which form no pattern. ☐

Do not know his personality. ☐

M. KNOWLEDGE OF JOB PERFORMANCE: How well do you know the job performance of this employee? Consider how long you have supervised him, how closely together you work, how closely you review his work.

Have had limited opportunity to observe his job performance, and am only familiar with it in a general way. ☐

Know his job performance moderately well. I have some idea of the standard of performance of his work, but am not confident I have him accurately judged. ☐

Know his job performance moderately well. Have some idea of the standard of performance of his work, but am not confident I have him accurately judged. ☐

Know his job performance well under most circumstances. Review his work so that I know approximately the work standard to be expected of him, as regards quantity and quality of output, dependability and initiative. ☐

Have observed his job performance closely under all conditions. Am thoroughly familiar with the quantity and quality of work he does, and with the other factors which are important in doing a good job, such as dependability and initiative. ☐

1. (a) Indicate this employee's immediate and long range (if any) goals in Hardware, showing the types of positions he desires, locations he wants, etc.

2. (b) To what positions do you think he is now qualified for promotion (with reasonable training)?

(c) Is this person now in a management position (one in which he supervises people)? YES NO.

If so, is there a replacement available for him if he were transferred or promoted? YES NO.

2. Ask this employee: Would you be interested in moving from this office if you were offered a promotion in another of our offices? YES NO.

(a) "Where would you be willing to go?" List all areas or offices.

3. COUNSELING SUMMARY (a) Summarize the discussion you have held with this employee based on this appraisal, to help him improve. List briefly the suggestions you gave him for improvement, and what his reaction was. Unless the employee really understands and accepts what was discussed, the counseling is ineffective. (Enter on a separate counseling report any remarks you wish permanently recorded; we keep only the two most recent appraisals.)

(b) What improvement has he shown on those points which were discussed with him in previous counseling?

REMARKS: (Enter only remarks which cannot be reflected in the characteristics rated above)
QUESTIONNAIRE

Date:
Person Interviewed:

1. Name of Company:

2. Number of Employees:

3. Type of System Used:
   a. Graphic Scales
   b. Man to Man
   c. Ranking
   d. Check Lists
   e. Forced Choice
   f. Miscellaneous

4. How long has system been in effect: Continuously?

   Comments:

5. Objectives and Results:
   a. Merit Wage Increases
   b. Promotions
   c. Layoffs
   d. Transfers
   e. Employee guidance
   f. Employee and Public Relations

6. Who are rated:
   a. Clerical
   b. Those who meet the public
   c. Maintenance and Guards
   d. Supervisors
   e. Executives

7. Is the same form used for all classes of employees?

8. Do you have Job Evaluation?

9. If so, is merit rating "tied in" with Job Evaluation?

10. Were job specifications or descriptions used in determining the factors?

11. Who drew up the plan and decided on the factors?
    a. committee
    b. Management, executives
    c. Personnel Department

12. Traits:
    a. No. of traits
    b. Objective traits used?

   Comments
13. Who administers the system now?
   a. Officer with assistance of Personnel Dept.
   b. Personnel Dept. No. of people:
   c. Officer and committee

14. What training have administrators and committee had in job evaluation and merit rating?

15. Scoring:
   a. Who scores?
      (1) rater
      (2) Personnel Dept.
   b. On overall basis
   c. By individual traits
   d. Any statistical studies of scores?
   e. Numerical or otherwise?

Comments:

16. Who rates:
   a. Immediate supervisor
   b. Department Head
   c. Both

Comments:

17. Review:
   a. by Department Head
   b. by Personnel Dept.
   c. Committee

18. When reviewed has superior the right to change rating?

19. Does the employee have the right of appeal of unsatisfactory rating or one that he feels is unjustified?

20. How often is rating done:
   a. Probational or new employees:
   b. Permanent employees
   c. Interim rates: outstanding achievements, at time of transfer, or promotion, or separation.

Comments:
21. Are ratings discussed with employees?
   a. by Department Head
   b. by Personnel Dept.

22. If not, are those doing borderline or unsatisfactory work called in for interview:
   a. discussion
   b. warning

23. If not, are ratings available for employees' scrutiny and discussed in the Personnel Dept.? 

24. Employees:
   a. do they know officially about the system:
   b. do they ask to see their ratings and compare them:
   c. do they request interviews about their ratings:

Comments:

25. Does Personnel Dept:
   a. file only
   b. review ratings by dept.
   c. provide for research with view:
      (1) to determining success of system
      (2) to determine accuracy of ratings given
      (3) for revision of rating form
      (4) to determine reliability of ratings given
      (5) to determine consistency and accuracy of ratings?

Comments:

26. Is there a committee to review general results periodically?
   a. whether objectives met or not
   b. to decide any changes in policy necessary
   c. what further training is needed
   d. revision of traits on form, or system as whole.

27. Does company consider present plan:
   a. entirely satisfactory
   b. contemplate further study and revision
   c. unsatisfactory, plan to discard

Comments:
28. Raters
   a. were they trained
   b. how extensive was the training
   c. are overall ratings discussed with them regarding bias, halo, etc.
   d. is retraining given

Comments:

29. Promotability, is it definitely provided for on form.

30. Advantages of a Merit Rating System?

31. Disadvantages?

32. Has there been any estimate of costs?

General Comments on System: