

# RSM Insight

Management Knowledge

# 16

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ROTTERDAM SCHOOL OF MANAGEMENT, ERASMUS UNIVERSITY

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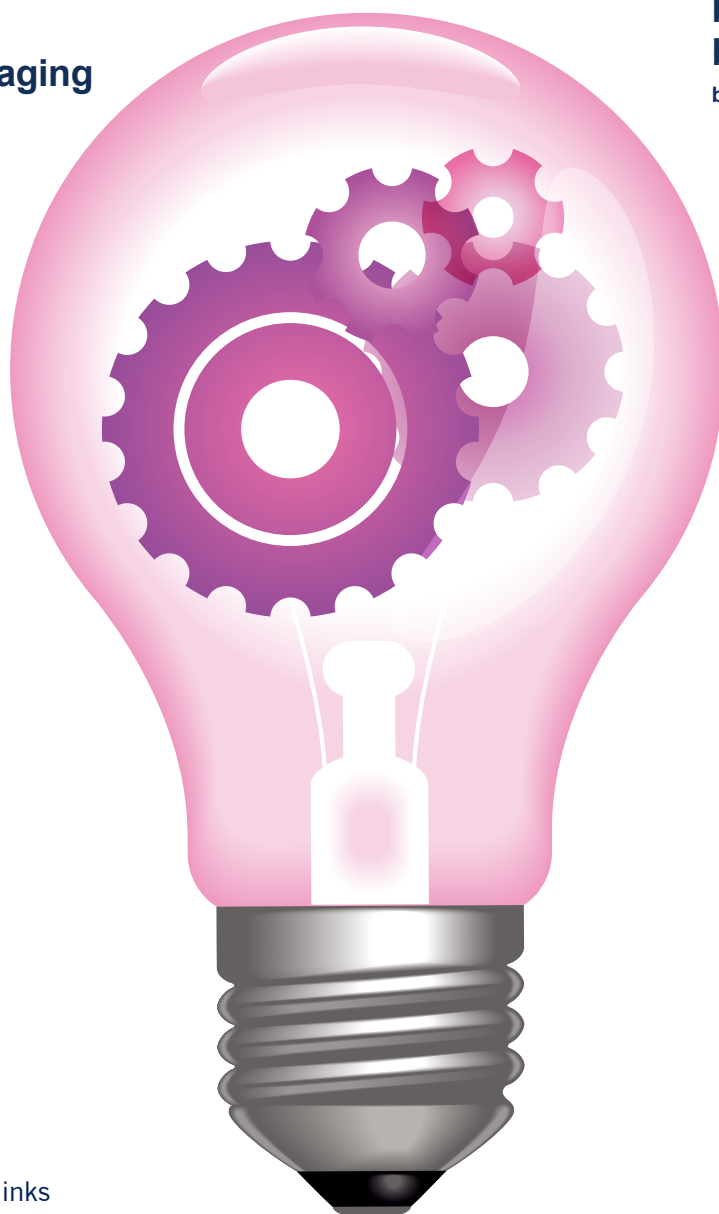
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The business school that thinks and lives in the future

# How performance appraisals can encourage ethical behaviour

by Gabriele Jacobs

**All kinds of remedies have been suggested to minimise ethical problems in organisations, but recent research suggests that managers can significantly improve their employees' ethics simply by being fair and respectful for 30 minutes a year – provided they choose the right 30 minutes.**

A study of 332 German policemen by Frank D. Belschak, Deanne N. Den Hartog, both professors at the University of Amsterdam, and I, found a significant link between the officers' perception of fair and respectful treatment during their performance review and the degree of personal ethics they exhibited over the next 12 months.

well as from the federal police forces receive training to qualify them for promotion to higher ranks), we drew the respondents for our study from a representative sample of two German police forces.

Our survey found that police officers evaluated their performance appraisals in terms of how fair it seemed to them, and that their perceptions had strong

which employees perceived their performance appraisal as fair correlated with the degree of support they felt they received from their supervisor, and to a lesser extent, from their organisation. If employees felt supported by their supervisor and their organisation, they tended to behave more ethically at work. If the officers felt they had been treated shabbily, they tended to cut more corners afterwards – showing up late, taking over-long breaks – and continued to hold that grudge for the entire year.

More surprisingly, we discovered that the performance of the messenger tended to matter more than the message. Many officers who received negative reviews said what bothered them most was not the review but how the news was delivered. The police officers told us, 'I don't mind, I understand... but just be honest and open about it. Don't try to treat me like a little child.' But even positive reviews delivered badly could also have a negative effect: officers who had received positive reviews that they felt were disrespectful were also less inclined toward ethical behaviour.

The results suggest to us that employees see their own performance appraisal as a key test of the trustworthiness of their superior and of the organisation toward themselves. Fair or unfair behaviour by managers

*“If employees felt supported by their supervisor and their organisation, they tended to behave more ethically at work.”*

We found that when officers felt that in their performance review they had been treated respectfully by their superiors, they tended to behave more ethically.

In co-operation with the German Police University (the single training centre within the German police where senior police officers from all states as

implications for their subsequent behaviour, as observed by a colleague of the respondent's choosing. Although a performance appraisal is at most 30 to 60 minutes of a full working year, it has a very strong symbolic effect on the employee.

In line with the existing literature, we discovered that the extent to

in a performance appraisal is likely to affect their perception of the degree of supportiveness they receive from their supervisor and translate ultimately into ethical or unethical behaviour by the employee.

To me, this study shows that you don't always have to do something big to make a difference to a culture. Sometimes even a seemingly minor act, such as just being respectful to a co-worker and demonstrating that you realise how important a particular moment is to that person, can have quite an impact.

## Lessons Learned

Managers can draw a number of lessons from this study into the ethical impact of performance reviews:

- \* Leaders lead. Supervisors play an important role as mentors for ethics. If they show good ethical behaviour, employees often follow their lead,
- \* Performance reviews matter a lot to employees. We care a lot about what other people think about us and especially our bosses,
- \* Don't avoid the situation. If you have to deliver bad news, avoiding the news is worse than saying it.
- \* Deliver bad news calmly. When you need to say something negative, do it but do it in a transparent way, and a respectful way. Because emotion can be vented in this conversation



then you can make sure that there is less negative emotion that can travel with the person throughout the year..

- \* Be respectful. If you use respectful behaviour towards employees, not only can you prevent unethical behaviour, but you can also trigger ethical behaviour. At the same time, the interaction needs to be genuine. You need to be transparent and authentic and you need to allow for voice and the venting of emotions of employees. ■

This article draws its inspiration from the paper *(Un)Ethical behaviour and performance appraisal: the role of affect, support, and organizational justice*, written by Gabriele Jacobs, Frank D. Belschak and Deanne N. Den Hartog, and published in the *Journal of Business Ethics*, 1–14. doi:10.1007/s10551-013-1687-1

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### ► RSM Expertise

**Every part of business** depends upon one thing: people, and their relationship to each other and the organisation in which they work. Understanding this, the education and research of RSM's Department of Organisation and Personnel Management focuses on this relationship using a strong interdisciplinary approach.

Research within the department has always been ahead of the curve, and pioneering faculty members work at the forefront of such 'human' issues as diversity and leadership studies.

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