

Action Inquiry and Performance Appraisals: Tools for organizational learning and development

Kate Walsh, Cornell University
Dalmar Fisher, Boston College

Purpose: *Introduces the primary concepts behind the practice of action inquiry. Then, examines what current literature suggests about components of the performance appraisal process and identifies areas where applying action inquiry concepts can add a new dimension to our current understanding.*

Design/methodology/approach: *Applies action inquiry, a concept from the organizational learning and change literatures, to suggest ways to infuse meaning and mutuality into appraisal discussions to help organizational leaders and members learn and develop. Ways to do so are demonstrated through a review and discussion of seven principal research streams in the current appraisal literature.*

Findings: *An action inquiry approach can address many of the limitations inherent in the appraisal process and refocus appraisals as developmental tools. Potentially, appraisals can act as forums to open dialogue, invite participation and build relationships around re-visioning one's work and career. The process can become instrumental to continual quality improvement and organizational growth suggests that a rich opportunity exists to make the performance appraisal process developmentally meaningful for individuals and potentially transformative for organizations.*

Originality/value: *Discusses seven themes addressed in performance appraisal research and poses new possibilities that emerge when these themes are examined through an action inquiry lens.*

Keywords: *Learning methods, Performance appraisal, Learning organizations*

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Introduction

The performance appraisal is an integral part of a human resource management system. In addition to allocating rewards, organizations use appraisals to provide developmental advice to employees, as well as obtain their perspectives and justice perceptions about their jobs, departments, managers and organizations (Erdogan, 2002; Holbrook, 2002; Longenecker, 1997). Ideally, appraisal discussions provide employees with useful feedback they can immediately apply to improve their performance. This feedback includes suggestions for change, as well as encouragement to continue with positive behaviors. Managers show employees how improving their overall performance and developing new skills will lead to additional responsibilities, promotions and increased monetary benefits. Employees appreciate this honest feedback and become motivated to improve their performance. In addition, managers benefit by receiving insightful input on ways to improve both their leadership styles and departmental operations. The relationship between the manager and employee is strengthened by this interchange of ideas and impressions.

Most would agree however, that organizations' performance appraisal processes operate in ways that are less than ideal (Holbrook, 2002; Kane, 1994; Murphy and Cleveland, 1995). Time pressures, complex appraisal forms, fear and defensiveness are all factors that may inhibit the usefulness and accuracy of the appraisal and its discussion (Buckley, 2001; Longenecker, 1997; Roberts, 1998). Managers often feel constrained by their simultaneous roles of evaluator and coach (Cederblom, 1982); usually, the role of evaluator takes precedence (Wilson and Western, 2001). In fact, employees report that, when conducting appraisals, their managers give too little attention to career and development issues (Lawler et al., 1983). Thus, as individuals and organizations attempt to use appraisals to address many different needs, the process can become confusing and disjointed.

We contend that this confusion results in forgettable appraisal discussions and a general disenchantment with the entire system. To improve the usefulness of both appraisals and their related discussions, we apply action inquiry, a concept from the organizational learning and change literature. We suggest that an action inquiry framework can reveal more clearly than before:

- the blockages to effective appraisal discussions;
- a new hierarchy of purposes for conducting them; and
- new ways of measuring the long-term effects of a company's management development process.

Specifically, we argue that action inquiry concepts have the potential to dramatically alter many aspects of the appraisal process and realistically address its multiple, conflicting purposes. We offer that performance appraisal systems, and their related discussions, can be transformational tools for both leader and employee development and organizational improvement.

This article has three sections. First, we introduce the primary concepts behind the practice of action inquiry. Next, we examine what current literature suggests about components of the performance appraisal process and we identify areas where applying action inquiry concepts can add a new dimension to our current understanding. Specifically, we discuss seven themes addressed in performance appraisal research and we pose new possibilities that emerge when we examine these themes through an action inquiry lens. Finally, we offer ideas and caveats for incorporating action inquiry dialogue into the appraisal process.

The Science and Practice of Action Inquiry

Action inquiry (AI) (Fisher and Torbert, 1991, 1995; Fisher et al., 2000; Torbert, 1987, 1991, 1992, 1994) is an organization intervention method that uses a specific dialogue to improve working relationships between organizational members. This form of dialogue can also enhance decision-making, group functions and overall productivity (Fisher and Torbert, 1991, 1995). The broad goal of AI is to:

- widen individuals' perspectives through enabling them to see their cognitive limitations; and
- help individuals overcome many common perceptual and attributional barriers such as "the self-fulfilling prophecy, self-sealing processes and escalating errors" (Argyris et al., 1985, p. 93).

Action inquiry is closely akin to the "Model II behavior" and "action science" interventions Argyris and associates recommend for both researchers and consultants (Argyris and Schon, 1974, 1978; Argyris et al., 1985).

As an intervention, action inquiry has four specific goals:

1. to increase an individual's and others' awareness of a shared mission;
2. to increase a sense of mutuality and commitment with two or more people;
3. to increase communication with two individuals about their lack of alignment with and invalid assumptions about each other's purpose, and possibly, the group's objectives; and
4. to increase action towards aligning every person's goals, as well as the group's mission (Fisher and Torbert, 1995; Fisher et al., 2000).

The power of action inquiry lies in its potential to create continual quality improvement for an organization through linking together quality-focused dialogues at every level, from dyadic to group.

Individuals can begin to practice action inquiry (in performance appraisals and in any other type of discussion) by first recognizing that, due to limits on human attention, all people make assumptions. Furthermore, in developing their perceptions, individuals tend to apply narrowly-framed cognitive and emotional interpretive schema (Arygis et al., 1985). Although individuals' actions enable them to gain knowledge from others and the environment, individuals rarely are adequately aware of how their own actions skew what they know and learn, or how their actions impact others (Fisher and Torbert, 1995).

By recognizing that everyone has limits to their attention and makes assumptions in every situation, individuals can begin to test their assumptions with others, possibly reveal and learn something new and make their actions more consistent with their intentions. By doing so, individuals also demonstrate a pattern that helps others to improve and at the same time, invites others to test their own assumptions (Fisher and Torbert, 1995; Fisher et al., 2000).

To test assumptions, individuals can use four parts of speech:

1. framing;
2. advocating;
3. illustrating; and
4. inquiring (Fisher and Torbert, 1993).

Briefly, when framing, the individual explicitly states the purpose for the present occasion, the dilemma he or she is trying to resolve, as well as the assumptions he or she is making, whether shared or not. Advocating means the individual asserts an opinion, perception, feeling or proposal for action, often in relatively abstract terms. Illustrating means the individual tells a small story or example to help others see the advocacy more clearly. Finally, when inquiring, the individual questions others to learn something new from them, possibly their own assumptions or world-view (Fisher and Torbert, 1995; Fisher et al., 2000). Managers truly interested in creating quality-oriented dialogues during performance appraisals, or at any other time, will apply these four parts of speech.

As a dialogue, action inquiry method integrates inquiry with action, on a personal, interpersonal and organizational level. According to Torbert (1994 p. 182):

On a personal scale this implies an attempt to widen and deepen one's awareness meditatively in the very midst of one's workday action. On an interpersonal scale, integrating inquiry and action implies speaking in ways that simultaneously assert, illustrate, and inquire into other's responses. On an organizational scale, integrating action with inquiry results in the creation and re-creation of liberating

structures that simultaneously increase participants' awareness, empowerment and productivity. On all three scales, action inquiry is intended to invite reframing of assumptions and developmental transformation at appropriate moments.

Action inquiry behavior "enables personal autonomy as well as the kind of collaboration with others that produces an adaptive self-renewing organization" (Fisher and Torbert, 1991, p. 171). A self-renewing organization is able to continually check its own assumptions, actions and mission; and align its belief systems and practices. In addition, AI aims to foster human development. This type of development is "crucial not only to helping individuals become leaders, but also in changing organizations . . . [that] can succeed or fail depending on whether shared frames change" (Fisher and Torbert, 1991, p. 170).

Thus, through practicing action inquiry, a manager can create a sense of mutual purpose with everyone with whom he or she works. These types of leaders are able to see the diverse perspectives of their employees and integrate them in ways that encourage learning and development of a wider awareness for everyone involved. Developing this wider vision increases individuals' capacities to acquire new skills (Fisher et al., 1987) and fosters their own development (Levinson, 1986).

Action Inquiry and the Performance Appraisal

How can action inquiry – via the performance appraisal – foster individual, as well as collective development? We contend that if managers view performance appraisal discussions as forums for creating collaborative dialogue rooted in action inquiry concepts, they can create situations where both they and their employees increase their shared awareness and purpose. We explore how an action inquiry approach addresses concerns identified in the performance appraisal literature through seven main issues:

1. purpose;
2. effectiveness;
3. rater cognition;
4. feedback;
5. manager-employee relationships;
6. self appraisals; and
7. executive appraisals.

These issues may be described as follows:

- **Purpose** – the primary reason or reasons for engaging in the performance appraisal process.
- **Effectiveness** – the usefulness of the performance appraisal process for both the manager and employee.
- **Rater cognition** – the cognitive process of evaluating an employee’s performance.
- **Feedback** – informing the employee of the manager’s observations and evaluations.
- **Manager-employee relationships** – the performance appraisal process as reflective of both the cognitive and affective aspects of a working relationship between two individuals.
- **Self appraisals** – the process of having employees evaluate their own work performance and determine their own developmental needs.
- **Executive appraisal** – the process of having the top managers of an organization engage in the performance appraisal process in the “employee role”.

These categories have been explored by performance appraisal researchers to organize summaries of research results (i.e. Bretz et al., 1992). We review these findings and apply AI concepts. We argue that adopting an action inquiry approach to performance appraisals can address many of the limitations inherent in performance appraisals and offer a new developmental perspective.

For the sake of making our definitions explicit, we view the performance appraisal process as the ongoing formal and informal interactions between a manager and employee. Thus, we view appraisals in the context of the realistic, daily pressures and concerns that may both inhibit and assist the facilitation of a meaningful, helpful dialogue.

The Purpose of Performance Appraisals

A persistent issue with performance appraisals is that they are being called to do more than they can deliver and are trying to address mutually incompatible needs (Beer, 1981; Wilson and Western, 2001). The literature reaches no consensus on the purpose of performance appraisal, although four general uses have been identified:

1. to provide feedback about strengths and weaknesses;
2. to distinguish between individuals to allocate rewards;
3. to evaluate and maintain the human resource systems of the organization; and
4. to create a paper trail of documentation (Milkovich and Boudreau, 1994).

From an organizational perspective, some argue that performance appraisals should be used for HR planning, legal documentation and validation of selection techniques (DeVries et al., 1986), while others argue the performance appraisal, as encompassed in “management by objectives” (MBO), is more useful for organizational planning (Odiorne, 1965) and employee development (Wilson and Western, 2001).

In addition to the organizational perspective, the performance appraisal literature has examined purpose from both the employee’s and manager’s differing and often conflicting perspectives, as well as from conflicting pressures within the manager. First, conflicting employee and manager goals make effective appraisals a difficult challenge (Beer, 1981; Holbrook, 2002). The employee is seeking to confirm his or her positive self-image, while the manager wishes to provide both negative and positive information to improve performance and promotability. Second, the manager has conflicting needs; the two main purposes of the review:

1. counseling and development; and
2. evaluation and discussion of administrative decisions, are in direct conflict (Beer, 1981; Cederblom, 1982; Lawler et al., 1983; Meyer, 1991; Sashkin, 1981).

In addition, forcing a manager into simultaneous roles of both counselor and judge can cause an employee to act defensively (Meyer et al., 1965). Performance appraisals have many applications that arguably can become limitations to its different users.

We believe that a manager always plays the role of simultaneous evaluator and coach – and is always engaged in appraising – regardless if the topic at hand is an impromptu training session or a formal appraisal discussion, and whether or not the term “appraising” has been made explicit. We argue that if formal and informal performance appraisal discussions are framed using action inquiry dialogue, the quality of the conversation will increase. An action inquiry approach provides a forum for both the manager and employee to honestly address the manager’s different roles (including those of evaluator and coach) and the employee’s different responsibilities, with the intention of developmentally broadening both parties’ awareness and creating a new shared purpose. As the value and mutuality of the dialogue increases, the quality of ongoing discussions between the manager and employee will improve and a focus on mutual learning and development will become primary. Single loop learning (Argyris and Schon, 1978) that can come from ratings of performance (in formal appraisal discussions) will become a secondary though still valuable benefit. And creating a paper trail of documentation will continue to be a tertiary but necessary activity. This argument leads to our first research proposition:

P1: When it embodies action inquiry dialogue, the appraisal process will create meaningful conversations that will improve the quality of working relationships and will specifically lead to the development of clearer shared purposes and improved performance.

The Effectiveness of Performance Appraisals

Research has identified five criteria of effective performance appraisals:

1. validity;
2. reliability;
3. discriminability;
4. freedom from bias; and
5. relevance.

Some argue that to the degree organizations can ensure these issues are fairly and competently addressed in their systems, performance appraisals will be more effective at achieving their intended uses (Kane and Lawler, 1979). Others argue that effectiveness is not determined solely by the objective characteristics of the appraisal process but is ultimately a question of how satisfied the employee is with the outcome, including its associated rewards, and consequently, how motivated he or she feels to improve performance (Longenecker, 1997).

An employee's satisfaction with the appraisal process is determined by a number of factors, including if the manager provides supervisory support, positively evaluating aspects of an employee's performance, offers guidance and establishes a climate of trust (Dorfman et al., 1986; Ilgen, 1993; Latham and Saari, 1979; Metcalfe, 1984; Meyer et al., 1965; Russell and Goode, 1988). The challenge is that managers and employees may have different perceptions of satisfaction with the appraisal process. Indeed, one study found that approximately half of the employees felt satisfied with their appraisal and its related discussion. In comparison, over 80 percent of their managers felt satisfied with the same event. Moreover, 53 percent of the managers reported that their employee's behavior improved after the appraisal, whereas only 41 percent of employees felt this was the case (Lawler et al., 1983). Many managers were unaware of their employee's unmet needs. These results suggest that satisfaction with the appraisal process, whether it is managers' or employees' satisfaction, is not an adequate measure of effectiveness.

Others suggest that the true measure of the effectiveness of the appraisal process should be linked not to the five criteria earlier mentioned or to changes in satisfaction and motivation, but rather, to direct changes in performance (Nathan et al., 1991). One of the few studies to measure actual

changes found that the appraisal discussion did not change job performance, measured one year later (Dorfman et al., 1986). Others did find changes in performance one to two months after a review but concluded that performance (and satisfaction) are more a factor of the overall manager-employee relationship, than of the once a year appraisal discussion (Nathan et al., 1991).

We suggest that a performance appraisal discussion that models action inquiry thoughts and behaviors is more likely to be viewed as worthwhile, by both parties. This is because AI will help create an open, honest dialogue where the manager and employee can acknowledge possible initial differences in their way of framing performance effectiveness, learn more about each other's view of performance and potentially reframe their assumptions. Both will achieve greater clarity of purpose and understanding (Fisher and Torbert, 1995; Fisher et al., 2000). Action inquiry dialogues by their very nature, increase the quality and effectiveness of any conversation that focuses on a shared goal or mission. This argument leads to our next research proposition:

P2: Performance appraisal discussions that are framed using developmental skills and include greater frequencies of action inquiry behaviors will be demonstrably more effective than those aimed at conventional satisfaction and behavioral criteria.

Performance Appraisals and Rater Cognition

A substantial share of the literature focuses on instrumentality and psychometric properties of performance appraisal rating scales (Ferris et al., 1994). As examples, studies compare the behavioral observational rating scale, the behavioral observational scale and the mixed standard scale (Blanz and Ghiselli, 1972; Latham and Wexley, 1977; Smith and Kendall, 1963). So too, numerous studies have addressed rater cognition (Hogan, 1987; Mount and Thompson, 1987), focusing on defining the rater's information processing abilities and its impact on bias (Borman, 1987; DeNisi and Williams, 1988; Nathan and Alexander, 1985). Due to individuals' cognitive limitations, breakdowns can occur anywhere in the process of observing, integrating and evaluating behavior (Wexley and Klimoski, 1984).

Research on general cognition sequence focuses specifically on the rater's implicit personality features (Feldman, 1981). These features, which are formed through prior experiences, play key roles in the types of behavioral and trait expectations individuals form of others. In addition, selective memory may play an important role in activating a particular pre-existing belief or attitude and positioning it as a direct determinant of current judgment (Feldman and Lynch, 1988). In other words, this is where a breakdown in information processing can occur (Wexley and Klimoski, 1984). The net result of all this research is that managers will always be unable to completely and fairly rate an employee.

Action inquiry concepts begin with the assumption that individuals' attention spans are limited and their assumptions may be faulty. Yet AI also suggests that people have the potential to enrich and expand the domains of their attention; in fact, action inquiry uses attention limitations as incentive for testing belief systems and reaching new levels of awareness (Torbert, 1991). Thus, managers who admit these limitations may exist and who test them with their employees, will increase their awareness of the situation. Employees, seeing their managers inquiring and trying to reframe, will be encouraged to try the same behavior. These actions will increase a sense of trust and openness in the dialogue and improve its ethical rigor (Buckley, 2001). Obtaining the correct measurement on a scale would become ancillary to this process, as new information is learned. Both the manager and employee would be likely to focus less on the specific rating of a behavior and more on the new knowledge each gains about the other, their joint relationship and the work goals. Yet, as a greater shared understanding of the rating categories develops, the rating would become more reliable and valid (Buckley, 2001). This logic leads to our third research proposition:

P3: Action inquiry behaviors modeled in the appraisal discussion will help create mutual, shared understandings that will be reflected in more accurate evaluations of performance, as well as improved developmental outcomes.

Performance Appraisals as Feedback

The performance appraisal literature has examined the role of feedback in appraisal discussions. Research demonstrates that feedback has strong positive effects on the performance of both individuals and groups, specifically through role clarification, improved self efficacy, the establishment of behavior reward contingencies and increased self-regulatory control processes (Ashford and Cummings, 1983; Chhokar and Wallin, 1984; Guzzo et al., 1985; Waldersee and Luthans, 1994)). One study examined the impact of communication used during the feedback process on employee satisfaction, self-reported motivation and ultimately performance (Bavetta, 1993). Results indicated that a positive relationship exists between supportiveness by the manager and employees' levels of self efficacy, satisfaction and motivation. The more directive the feedback, the higher the employees' self efficacy which in turn, leads to increased satisfaction and motivation. These results suggest that the manager's method of presenting feedback is critical to ways the information is internalized by employees and ultimately, manifested in their attitudes and performance.

While the usefulness of feedback has been demonstrated, the literature still contains many reservations about feedback effectiveness. This is due to the fact that the process typically generates

trepidation for both the manager and employee. Many managers find it hard to exercise the required sensitivity when providing feedback. For example, during the appraisal discussion, the manager needs to provide feedback without animosity, praise as well as critique, confront the employee constructively, listen effectively, and be sensitive to the situations the employee faces (Wells, 1982). Few managers could possibly master all these techniques. Notably, managers may delay the transmission of this feedback or distort it in such a way as to lessen its impact (Klimoski and Inks, 1990). Indeed, one study revealed that when managers had to provide face-to-face feedback to poor performing employees, they tended to provide higher ratings than they would if they did not have to discuss their feedback (Fisher, 1979). Providing feedback is defined as one of the key uses of the appraisal process, yet its effectiveness is dramatically distorted by fear and fumbling.

Employees in turn, feel anxiety about being rated and as a result, some try to manipulate the outcome. When employees suspect they are performing poorly, they will use feedback-seeking strategies to minimize the amount of feedback they receive. In addition, when employees receive negative feedback they are likely to attribute performance problems to factors beyond their control (Ashford and Cummings, 1983; Larson, 1989). One study yielded found that managers, after hearing the employee's explanation for poor performance, came to regard the employee as being less personally responsible (Gioia and Sims, 1986).

Praise can lead to problems as well, specifically that:

- employees tend to not perceive the praise as being offered sincerely; and
- managers seem to couch the criticism in a good-bad-good fashion.

As a result, after hearing a positive remark, employees become conditioned to brace for negative feedback. In fact, one study of feedback to customer service employees revealed that positive feedback may actually be detrimental to the performance of routine tasks (Waldersee and Luthans, 1994).

Research on feedback seems to conclude what practitioners already know. Providing effective feedback is a skill that few individuals have mastered. We suggest the process of testing assumptions through action inquiry's four parts of speech: framing, advocating, illustrating, and inquiring, positions feedback in a way that is not evaluative, presupposing or judgmental (Fisher and Torbert, 1995; Fisher et al., 2000). Instead, this testing process makes feedback an invitation to expand one's view. This form of direct, honest behavior can uncover subtle manipulations and bring them to light in a "testing manner". In this manner, the appraisal discussion can become a process of mutual exchange of information, guided by the manager, with the express purpose of learning new information as well as helping the

employee see areas where performance improvement is needed. This argument leads to our fourth proposition:

P4: Action inquiry behaviors frame performance feedback as an invitation to test assumptions and expand an individual's frame of reference. This will decrease the amount of defensiveness and manipulation that can taint honest dialogue and will increase the value of the appraisal process.

Performance Appraisals as Reflective of the Manager-Employee Relationship

Research has examined the appraisal process in the context of the ongoing relationship between the manager and employee (Nathan et al., 1991). Results suggest that this relationship creates a strong social context that impacts both the content of the review and the employee's reaction to it. For example, appraisal discussions for employees who had strong, positive working relationships with their managers were more participative, as well as more focused on career development, than discussions for those with weaker relationships. In addition, because of managers' limited perceptual abilities, performance appraisal discussions are areas where employees can politically maneuver the impressions they create (Buckley, 2001; Ferris et al., 1994). For example, employees who engage in impression management behaviors tend to have more supportive, positive communications with their managers and receive higher performance ratings (Wayne and Kacmar, 1991). Finally, the manager's leadership approach also matters. Any type of leadership attention helps employees feel more comfortable about performance appraisal processes and more satisfied with the experience. Both transactional and transformational forms of leadership are enacted through performance appraisals, yet aspects of leadership characterized as transformational are more likely to result in improved performance (Waldman et al., 1987).

We contend that managers interested in fostering the development of their employees are likely to engage in action inquiry behaviors. These behaviors will encourage both managers and employees to expand their frames and levels of awareness (Fisher et al., 1987). Managers who adopt this approach realize that their own pre-conceptions are merely assumptions that need to be tested and not uncritically maintained through self-sealing inhibiting loops (Argyris and Schon, 1978). In an atmosphere of both supportiveness and testing, managers can encourage themselves, as well as their employees, to work towards creating honest, valuable dialogue that leads to new ways of framing experience and new levels of growth for both parties. This argument leads to our next proposition:

P5: Managers who use action inquiry behaviors will strengthen the manager-employee relationship, as assumptions are uncovered and tested and new understandings are reached. This in turn, will foster their employees' development, as well as their own.

Self-Appraisals

Allowing employees to appraise their own performance increases the degree of influence they have in the appraisal process. Traditionally, appraisal discussions have taken the form of an authoritative, parent-child relationship (Meyer, 1991). Yet, research shows employees will be more satisfied with their appraisal discussions if their managers can create a two-way dialogue, where the employee's input is a critical component. By its very nature, appraising is a judging process with a high degree of subjectivity (Nathan et al., 1991). Thus, allowing employees to participate in their own evaluation has both real and symbolic importance. In addition to providing a reliability test, it also signals that the manager is fair. In addition, if managers are successful in developing their roles as coaches, they will obtain a more honest self-assessment from their employees (Mabe and West, 1982).

Research suggests that self-appraisals increase participation in the appraisal process, which in turn, leads to increased satisfaction levels (Cederblom, 1982; Farh et al., 1988). But it is important to note that negative results can occur. A manager, on learning that an employee gave himself or herself a high rating, may be tempted to avoid a confrontational appraisal discussion and in turn, also rate the employee higher than objectively warranted (Klimoski and Inks, 1990). Thus, self-appraisals pose difficulty for the appraisal discussion, because the manager's and employee's cognitive schema and information context are never identical and complete agreement about an employee's performance is hard to reach (Campbell and Lee, 1988). In addition, the appraisal process triggers defense mechanisms that cause employees to engage in a self-serving bias, whereby they attribute their successes to themselves and their failures to external causes (Miller and Ross, 1975).

We suggest that a manager who desires a developmental outcome and models action inquiry behavior will encourage their employees to do the same. Thus, an employee can come to see the self-appraisal format as an outline to test their own assumptions with their manager. Knowing this testing will lead to a higher level of mutual understanding, an employee may be less concerned with playing with the ratings in an attempt to manipulate the final score. In fact, if managers believe this playing has happened, they can apply action inquiry dialogue to test their belief and possibly uncover the manipulation. Once uncovered, manipulation loses its own power (Torbert, 1991). The manager and

employee can work towards building an increased understanding of each other, as well as of the employee's performance. This logic leads to the following proposition:

P6: Modeling action inquiry behavior will encourage the employee to do the same. In this context, self-appraisals can become a valuable starting point for employees to test their assumptions and reach new levels of understanding with their managers.

Executive Leadership and Appraisal

Executive leadership is critical to an organization yet, senior executives' development is often neglected. In one study that surveyed executives as appraisers, executives instead, wanted to discuss their own concerns and frustrations as appraisees (Longenecker and Gioia, 1988). The fact that executives kept refocusing the research topic suggests that they that are typically not given appraisals. This may be because their own managers may adopt the view of "I'm too busy with more important issues" and "we are beyond needing to comply with this bureaucratic requirement". Yet, some argue that the very nature of an executive level position, with its ambiguous nature, often shifting priorities and high level of responsibility warrant appraisal and feedback more than any other type of position (Longenecker and Gioia, 1988).

Because they do not receive regular performance feedback, executives may depend on assumptions that are no longer valid and behave in ways that no longer work. We believe that executive-level leaders can foster their own development and improve their effectiveness through using action inquiry behaviors, with both their superiors (boards of directors) and employees (direct reports) AI can improve communication patterns and working relationships and at this high a level, can potentially transform the entire organization (Fisher and Torbert, 1995; Fisher et al., 2000). For example, if senior executives use appraisals to create a shared mission with their managers, these managers will be encouraged to model the same behaviors with their own groups of employees. Alignment of purposes and actions can happen throughout the organization. This type of behavior typifies organizations engaged in a continual learning and improvement process. This line of reasoning leads to our final propositions:

P7a: Adopting an action inquiry approach for executive appraisals will foster the development of these individuals as executive-level leaders.

P7b: Adopting an action inquiry approach for executive appraisals can potentially transform an organization into a higher level of learning and development, where continual improvement is an ongoing practice.

Action Inquiry and Performance Appraisals: Where Are We Now?

We contend that an action inquiry approach can add to the field's current understanding of performance appraisals and appraisal discussions, and at the same time, guide managers towards more effective practice. The goal of this article has been to identify gaps in the literature and limitations in the process that can be addressed through AI (Thomas and Bretz, 1994). Bretz et al.'s (1992) review was conducted because they saw that performance appraisal research, as well as the methodological designs used in this research, seemed at odds with organizational realities. As a result, audiences such as policy makers and managers find little use with research findings (Bedeian, 1989; Thomas and Bretz, 1994). This may help explain why so many organizations fail to effectively integrate the appraisal process into their existing culture and strategy (Lawler et al., 1983). Currently, the appraisal is not considered a valuable strategic tool (Shellhardt, 1996), especially as it fails to make individuals accountable for their performance (Erdogan, 2002).

We temper our arguments, however, with a caveat. To effectively incorporate action inquiry into one's frame of reference and pattern of speech requires a high level of skill mastery and practice. Action inquiry dialogue can call into question individuals' use of single-loop behaviors. When individuals engage in single-loop behaviors they alter their strategy or approach to an issue, without examining the governing values that underlie their actions (Argyris and Schon, 1978). These behaviors often act as defense mechanisms and they cause disconnects between an individual's espoused and enacted theories. Individuals will engage in the same unproductive behaviors unaware that these behaviors have unintended negative consequences (Argyris et al., 1985). An example would be the employee who consistently refuses to take responsibility for missing project deadlines.

Similar to engaging in double-loop dialogue, when individuals use action inquiry, they hold their governing values and frames of reference open for examination and invite others to do the same (Argyris et al., 1985). For example, using the four parts of speech, a manager can advocate and illustrate ways the employee has control over meeting project deadlines and invite the employee to brainstorm ways to take responsibility. This is not an easy process; most individuals are unaccustomed to examining their implicit beliefs in any regular way. In addition, if it is not appropriately framed, action inquiry dialogue can escalate an employee's sense of fear and defensiveness and shut down learning.

Thus, it is crucial that managers understand how to effectively use appraisal discussions as opportunities to model action inquiry frames, language and behaviors, and develop the necessary skill set to do so. Organizational leaders wishing to transform the performance appraisal process first need to teach and model concepts of action inquiry and next, provide managers and employees opportunities to practice incorporating the four parts of speech into their everyday behaviors. With skill practice, action inquiry can become a fluid form of conversation that encourages employees to shift their thinking and behavior in ways that improve their effectiveness. But the success of realizing the transformative potential of performance appraisals lies in the skill mastery of AI. We currently do not know of any organization that has reached this level of proficiency with its appraisal process and related conversations. The research agenda for action inquiry is wide-open and the developmental opportunities for organizations and its members are substantial.

Conclusion

An action inquiry approach can address many of the limitations inherent in the appraisal process and refocus appraisals as developmental tools. Potentially, appraisals can act as forums to open dialogue, invite participation and build relationships around re-visioning one's work and career. The process can become instrumental to continual quality improvement and organizational growth. Currently, we know of no organization that fully realizes this potential. We invite organizational researchers and leaders to consider the value of an action inquiry approach to the appraisal process. It is important to note that all propositions assume a highly skilled use of the action inquiry process. In practice, time is required to master action inquiry on both an individual and eventually, organization-wide basis. Our review suggests that a rich opportunity exists to make the performance appraisal process developmentally meaningful for individuals and potentially transformative for organizations.

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