7. Performance Appraisal And Its Methods

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Abstract:

Performance appraisal means to appraise or evaluate the job performance of employees after a particular point of time so that can know the abilities and their lacking in the performance. If employees has abilities then prepare them for future growth and if have lacking then how can overcome it .Companies use performance appraisal to give employee big picture feedback on their work and to justify pay increases and bonuses(promotion) as well as termination decision The purpose of this paper is to explain the various methods (traditional and modern) of performance appraisal through which performance is appraised.

Keywords:

performance appraisal, promotion, termination

Introduction

It is the process or regular review of an employee's job performance and overall contribution to a company by manager / appraiser, consultant. Also known as performance review, performance evaluation, career development discussion or employees appraisal.it is the systematic evaluation of the employee's job performance so that can know the abilities of the employee. This actually evaluates an employees` s skills, achievement ,growth and lacking.

Methods Of Performance Appraisal:

Traditional Methods:

- Confidential report
- Essay method
- Ranking method
- Graphic rating method
- Checklist method
- Group appraisal
- Field review method
- Forced choice rating method

1. Confidential Report:

It's a traditional method of appraisal. As the name suggests in this employees ` strength and weakness (S&W) is evaluated by immediate superior and being kept confidential. It is descriptive appraisal used for promotion and transfer based on (S&W). but it involves a lot of subjectivity as it is based on impressions rather than data. One more lacking of this method is that no feedback is provided to employees regarding their job performance, being appraised, by this lacking an employee never knows about his (S&W) so no chance for overcome them. Hence its evaluating only rather than developing.

2. Free Form / Essay Method:

Questions and guidelines are provided to Appraiser based on which he analysis and prepares a document describing the performance of an employee. The description must be factual and concrete as possible. Advantage of this method is that appraiser can express all his views on the employees performance but lacking are firstly involves bias as evaluation is not based on specific performance dimension related to the job. Secondly quality of appraisal depends upon the writing ability of the evaluator rather than employee performance. Thirdly its time consuming and lastly cannot compare two essay appraisal due to variation in length and contents.

3. Ranking Methods:

Alternation (straight ranking) appraiser ranks all his employees from best to worst.

Paired comparison, in these employee's performance compared with one another

Forced distribution (stacked ranking, bell curve rating)it is very popular method and used in large organizations like GE MICROSOFT WIPRO. The rater is required to distribute his ratings in the form of a normal frequency distribution as sown in figure. The purpose is to eliminate the rater`s bias of central tendency that is not possible under above two ranking methods. Appraiser must placed each employee in specific category like top standard bottom , poor good excellent.

4. Graphic Rating Method:

In this method the rater to rate the employee on factors like quantity and quality of work, job knowledge, dependability, punctuality, attendance, leadership skills etc. this scale includes numerical ranges as well as written description. In other words, a scale that list a number of traits and range performance of each employee. Ratings scale are of two types

- Continuous scale, the degree of a trait are measured in numbers ranging from 0to5 whereas
- Discontinuous scale , appropriates boxes or squares are used.
- This method has certain disadvantage like it is assumed that each trait is equally important for all the jobs, descriptive words are used in rating scale ; 'dependable' may have different meanings to different raters.
- Checklist method
- In this method appraiser respond in yes (positive) or no(negative) to a set of questions which the employee 1s performance and behavior. Employee is rated on the basis of positive checks .there are 3 types of checklists:-
- Simple checklist, where equal importance is given to each statement
- Weighted checklist, weights are assign to different statement to indicate their relevant importance
- Forced choice checklist , wherein five statements are given for each trait, two most descriptive statements, two least descriptive statement and one neutral statement

CHECKLIST METHOD

1. Is regular on the job? ☐ Yes ☐ No

2. Does maintain discipline well? ☐ Yes ☐ No

3. Shows consistent behaviour to all colleagues? ☐ Yes ☐ No

4. Is interested in their job? ☐ Yes ☐ No

5. Keeps making mistakes? ☐ Yes ☐ No

6. Shows favouritism towards particular colleagues? ☐ Yes ☐ No

5. Critical Incident Method:

In this method, appraiser makes a note of all the critical events which measure the performance /behavior of employee as and when critical events occur. These critical events are identified after thorough study of the job and discussion with the staff member. For eg, fire, a sudden breakdown of machinery is serious accident etc.

1	informed the supervisor immediately	5
2	became anxious of loss of output	4
3	tried to repair the machine	3
4	complaint of poor maintenance	2
5	was happy to get forced test	1

This method avoid vague impression as events are based on real situation but suffers with some limitation *firstly* this is rarely used as ambiguity involved *secondly* critical incidents occur infrequently therefore continuous records might not be available *thirdly* supervisor may commit errors in recording behaviors of different employee during a short duration event. *Fourthly* subjective judgement involved of supervisor is involved as deciding critical incidents. *Fifthly* difficult to rate /rank employees relative to one another.

7. Group Appraisal Method (Team Appraisal Method):

In this method, individual team members evaluate their colleagues in the team and provide feedback. This help in synergizing individual efforts and taking the group performance to higher levels. advantage of this method it is simple yet more thorough. Due to multiple appraiser biasness is reduced but it is very time consuming.

8. Field Review Method:

The rater interviews the supervisor to evaluate their respective subordinates then supervisor give his opinion about the subordinates `s strength and weakness and his potential towards promotion and his other abilities etc. Rater is appointed usually from the HR department. The success of this method is depending on interviewer/rater ` s competence and supervisor `s responses as he noticed the actual behavior of his subordinates. In this process Biasness is reduced as active involvement of rater. The rater goes at the field where employees are actually working then examine, analysis their performance by observing them at their field(workplace).

9. Forced Choice Rating Method:

Developed by J.P. Guilford. The appraiser is required to assign ranks (prepare a list of statements; positive or negative) to different attributes of the employee. It is one of the most systematic and reliable approach to evaluate employees accurately.

Some example of positive statements:

1. Punctuality
2. Honesty

Some example of Negative statements are:

1. Bad communication with peer
2. Passive role in events.

Modern Methods:

- MBO
- BARS
- Assessment center
- Human resource accounting method
- 360-degree appraisal method

1. Management By Objective (MBO):

This devolved by Peter Drucker in 1954. MBO is the process whereby employer and employee jointly set the organization common goals. During this process employer identifies the responsibility and active involvement of his employees in deciding the goals. By this employer can appraise the performance of employees effectively. Its also known as goal setting approach, employer employee approach, appraisal by results, work panning and self control.

2. Behaviorally Anchored Rating Scale:

BARS concentrate on the behavioral traits demonstrated by employees instead of actual behavior. Its both qualitative and quantitative method as it combines the benefit of graphic rating scale and critical incidents method, also based on Likert scale ranging from five to eight.

Process Of BARS:

1. Identify Critical Incidents:

First step of BARS is to identify the critical incidents which compares the employee's performance against specific performance.

2.   **Develop Performance Dimension:**

Employees cluster the behavioral set into a smaller set of performance dimension which have to be rechecked.

3.   **Reallocate Incidents**
4.   **Assign scaling incidents.**
5.   **Develop final instrument.**

Benefits of this method is that highly reliable as employees are appraised on the basis of specific standards and appraisal remains the same even different raters rate them.

4.   Assessment Center:

This technique first developed in USA, UK in 1943. An assessment center is a Centre location where managers may come together to have their participation in job related exercise, evaluated by trained observer. It is more focused on observation of behaviors and evaluates employees by using Role playing, in basket exercise, simulation techniques. In this method many evaluators join together to judge employees `s performance in several situation with the use of a variety of criteria.

5.   Human Resource Accounting Method:

In this method performance of employees is evaluated on the basis of their cost of recruitment and contribution. HR cost includes, all expenses which are incurred on employees like recruitment cost, selection, training, development etc HR contribution includes, basically relates to the productivity which enhance the revenue for the organization.

HR (employees) performance is highly appreciable when difference between cost and contribution is more and vice versa.

6.   360-Degree Appraisal Method:

This method was first used by GE co. of USA. Its not the individual method of performance appraisal. This reduce the limitation of confidential report and other traditional methods, as in this method, feedback is provided to employees, also called feedback(multisource) appraisal system. In this

employee are appraised not only by raters but also collected by supervisors, peers, subordinates, customers and other person to whom they interact during their job performance.

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