Performance Appraisal

Performance Appraisal

- **Performance appraisal**, also known as **employee appraisal**, is a method by which the job performance of an employee is evaluated (generally in terms of quality, quantity, cost and time). Performance appraisal is a part of career development.

- Performance appraisals are regular reviews of employee performance within organizations.

Objectives of Performance Appraisal

➢ **Review** the performance .

➢ **Judge the gap** between actual and the desired performance.

➢ **Strengthen** the **relationship** and **communication** between superior – subordinates and management – employees.

➢ **Diagnose** the strengths and weaknesses of the individuals so as to identify the **training and development needs** of the future.

➢ Provide **feedback** to the employees regarding their past performance.

➢ Provide **clarity of the expectations.**

Purpose of Performance Appraisal Systems

☐ Goal: *Maintain Organizational Productivity*

☐ Results:

Organization Productivity ⟷ Individual Performance

☐ Methods: *Individual Performance ⟷ Goals*
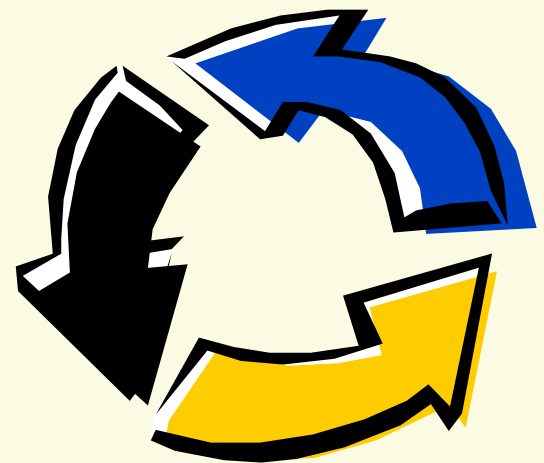
Main Purposes of Performance Management

- **Individual Rewards** (Base and Incentive)
- **Feedback for Sub-Ordinate** (Plus and Minus)
- **Recognition of Superior Performance**
- **Documentation of Weak Performance**
- **Personnel Decision-Making**
- **Future Goal Commitments** (Planned Achievements)

Who Performs the Appraisal?

- Immediate Supervisor
- Higher Management
- Self-Appraisals
- Peers (Co-Workers)

- Evaluation Teams
- Customers
- "360° Appraisals"
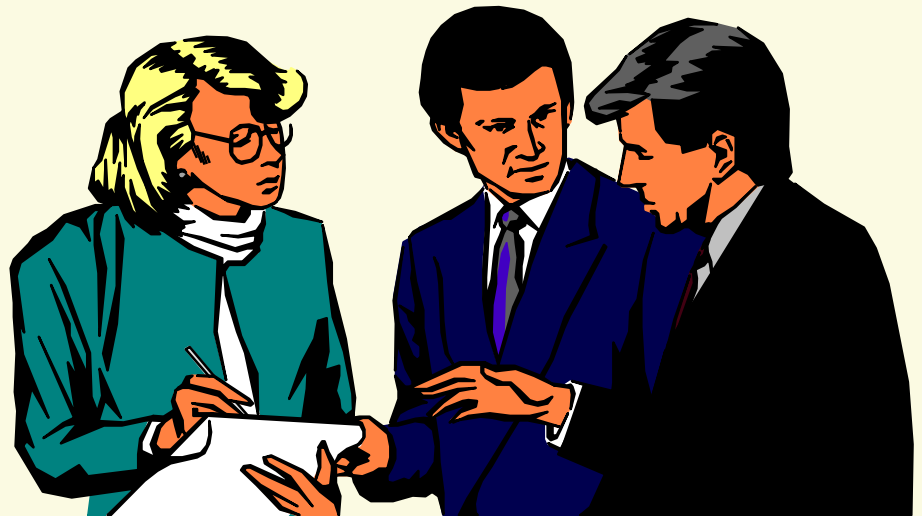
Methods

- **Critical Incidents**. The supervisor's attention is focused on specific or critical behaviors that separate effective from ineffective performance.

- **Graphic Rating Scale**. This method lists a set of performance factors such as job knowledge, work quality, cooperation that the supervisor uses to rate employee performance using an incremental scale.

- **Behaviorally Anchored Rating Scales (BARS)**. BARS combine elements from critical incident and graphic rating scale approaches. The supervisor rates employees according to items on a numerical scale.

Contd..

☐ **Management by Objectives**. MBO evaluates how well an employee has accomplished objectives determined to be critical in job performance.

– This method aligns objectives with quantitative measures such as sales, profits, zero-defect units produced.

☐ **360 Degree Feedback**. This multi-source feedback method provides a comprehensive perspective of employee performance by utilizing feedback from the full circle of people with whom the employee interacts: supervisors, subordinates and co-workers. It is effective for career coaching and identifying strengths and weaknesses. See *360 Degree examples*

360 Degree Performance Appraisal

360 - Degree Appraisal is a system or process in which employees receive confidential, anonymous feedback from the people who work around them..

What are 360⁰ Measures ?

☐ 360 degree measures *behaviors* and *competencies*.

☐ 360 degree addresses *skills* such as listening, planning, and goal-setting.

☐ 360 degree focuses on subjective areas such as *teamwork character*, and *leadership effectiveness*.

☐ 360 degree provides feedback on how others perceive an employee.

360 has Four Components..

- **Self Appraisal**

- Superior's Appraisal

- Subordinate's Appraisal

- Peer Appraisal

➤Self appraisal gives a chance to the employee to look at his/her **strengths and weaknesses, his achievements, and judge his own performance.**

360 has Four Components..

- ☐ Self Appraisal

- ☐ **Superior's Appraisal**

- ☐ Subordinate's Appraisal

- ☐ Peer Appraisal

➤ **Superior's appraisal** forms the traditional part of the 360 degree appraisal where the employees' responsibilities and actual performance is rated by the superior.

360 has Four Components..

- Self Appraisal

- Superior's Appraisal

- **Subordinate's Appraisal**

  ➢**Subordinates appraisal** gives a chance to judge the employee on the parameters like **communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc.**

- Peer Appraisal

360 has Four Components

☐ Self Appraisal

☐ Superior's

   Appraisal

☐ Subordinate's

   Appraisal

☐ **Peer Appraisal**

➢feedback given by peers can help to find employees' **abilities to work in a team, co-operation and sensitivity towards others.**

720 Degree Performance Appraisal

☐ Considered an "all-round" appraisal, the 720 degree performance appraisal gives an employee more than feedback from one person.

☐ This appraisal gives the employee a lot of feedback generally from anywhere from 5 to 8 people, to provide the employee with an all round assessment of his or her on the job performance.

720 Degree Performance Appraisal

- 720 degree as the name suggests is 360 degree twice

- It provide for two round of feedback (a pre and post) or a feedback approach which is done again after nine to twelve months.

720° Appraisal

360° Appraisal

Customers

270° Appraisal
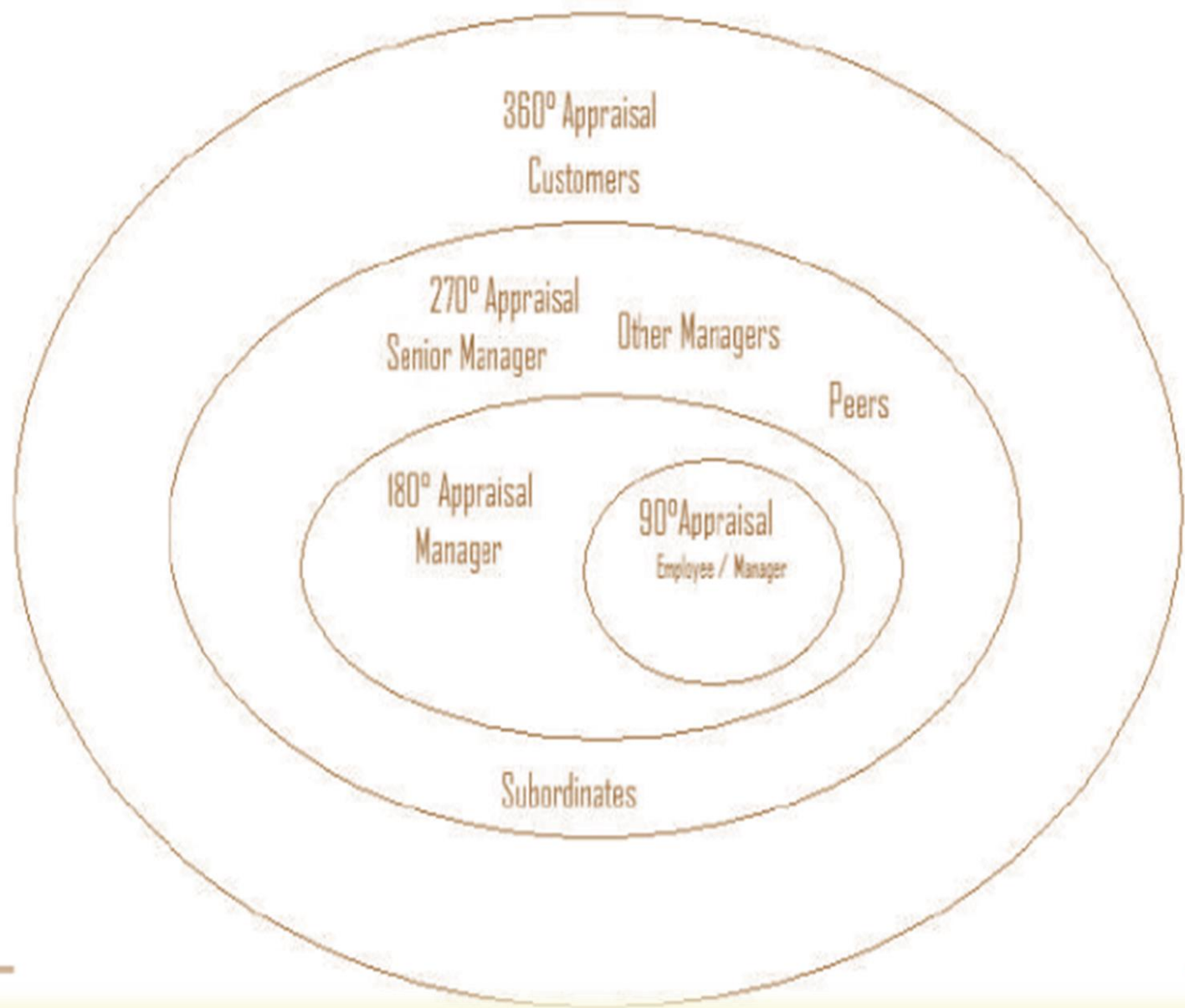
Senior Manager   Other Managers

Peers

180° Appraisal

Manager

90° Appraisal

Employee / Manager

Subordinates

Needs for 720 System..

- Assessment system should be 360 degrees.

- Assessment should be done twice a year.

- Different assessments should be tabulated and compared for a given period.

- Ensure that the rating instruments are relevant, valid and reliable

- Treat employees with sensitivity and respect

WHY USE 720….

☐ This system is **more development focused than performance alone,** and **supplements training and development** functions in a better way

☐ Without these critical competencies, executives and managers are less likely to be able to lead these organizations toward successful implementation of strategic changes.

☐ A powerful developmental tool because when conducted at regular intervals it helps to keep a track of the changes, others' perceptions about the employees

Advantages

- ☐ Improved Feedback From More Sources
- ☐ Performance Development
- ☐ Responsibility for Career Development
- ☐ Improved Customer Service
- ☐ Training Needs Assessment

Disadvantage

- Exceptional Expectations for the Process
- Insufficient Training and Process Understanding
- Focus on Negatives and Weaknesses
- Rater Inexperience and Ineffectiveness
- Requires commitment of top management and the Human resources (time, financial resources etc)\

Types of Rating Errors

☐ Leniency/Strictness Error

- Define Anchors (Dimensions)

☐ Central Tendency

- Reluctant to Give High/Low
- Explain Need for Variability
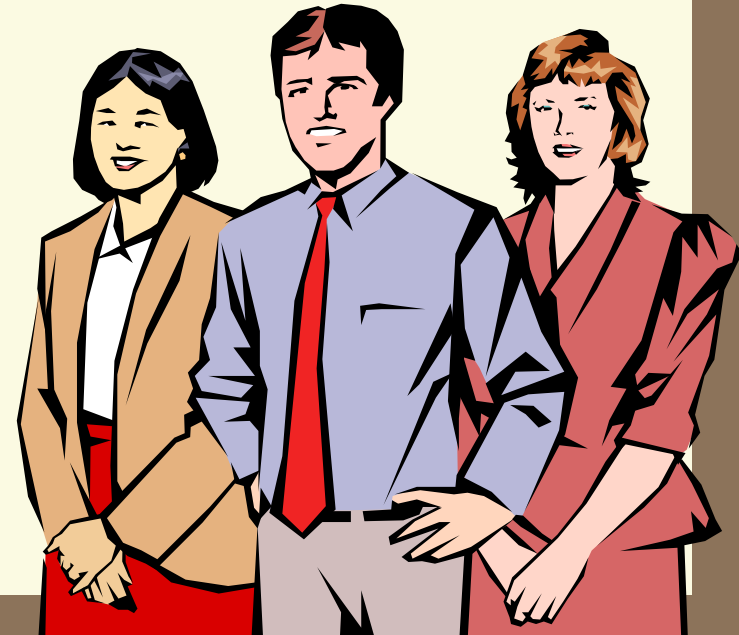
☐ Recency Error

- Last Action Halo
- Encourage Frequent Evaluation

Error of Central Tendency

☐ Performance-rating error in which all employees are rated about average.

Leniency or Strictness Error

☐ Performance-rating error in which the appraiser tends to give employees either unusually high or unusually low ratings.

Recency Error

- Performance-rating error in which the appraisal is based largely on the employee's most recent behavior rather than on behavior throughout the appraisal period.

Rating Errors Example

Halo ———————————————→

	Job Rating Scale EXCELLENT on all factors		
Leniency	Job Rating Scale Employee A EXCELLENT	Job Rating Scale Employee B EXCELLENT	Job Rating Scale Employee C SUPERIOR	Job Rating Scale Employee D EXCELLENT
Central Tendency	Job Rating Scale Employee A AVERAGE	Job Rating Scale Employee B AVERAGE	Job Rating Scale Employee C AVERAGE	Job Rating Scale Employee D AVERAGE
Recency Bias		Job rating scale behavior during the last month has been POOR.		

Similar-To-Me Error

☐ Performance-rating error in which an appraiser inflates the evaluation of an employee because of a mutual personal connection.