

Promoting Employees based on Performance Appraisal Results



Performance Appraisal

Performance Appraisal

- Performance Appraisal is the systematic, periodic and impartial rating of an employee's excellence, in matters pertaining to his present job and his potential for a better job.

- Edwin Flippo

- Performance Appraisal is the systematic evaluation of the individual with regards to his or her performance on the job and his potential for development.

- Dale Beach

Steps in Performance Appraisal Process

- Establish the Standards of Performance
- Communicate these standards to employees
- Measure the actual performance
- Compare actual performance with the standards established
- In case of variation, initiate corrective action
- Communicate the rating to the employee
- Discuss the feedback with the employee
- Conduct post-appraisal Interview
- Initiate corrective action, if required.

Contents of Performance Appraisal

- Regularity of Attendance
- Ability to Work With Others
- Self Expression – Written And Oral
- Leadership Styles and Abilities
- Initiatives
- Technical Skills and Knowledge
- Ability to Grasp New Things
- Ability to Reason
- Originality And Resourcefulness

Contents of Performance Appraisal

- Creative skills
- Areas of interests and suitability
- Judgement skills
- Integrity
- Capability for taking on responsibility
- Level of acceptance by subordinates
- Honesty and sincerity
- Thoroughness in job and organisational knowledge
- Quality of suggestions for improvement

Situation based Role Play

Issue: Betty is a 45 year old accountant who has been with the organization for 4 years. She has expressed concerns over her ability to continue to work at the level of stress in the job. She thinks she is very organized and enjoys working with the everyone. However, she continually has a difficult time in getting to work on time. Everyone really enjoys working with Betty.

Exercise:

1. Assign one person as the employee, and one person as the supervisor.
2. Discuss what the issue(s) are that need to be discussed with the employee.
3. Role play the actual discussion.
4. Provide direct feedback to the supervisor on what would make the delivery of the discussion more effective.

Use of Performance Appraisal



Limitations of Performance Appraisal

➤ *Personal Bias:*

The biggest limitation of performance Appraisal is **subjectivity**. Due to human element in Appraisal, there is always a fear of one's own opinion coming in the way of Appraisal.

➤ *Halo Effect:*

The tendency of an individual to **rate an employee consistently high due to some earlier good performance** rather than his existing performance is called as carrying a halo around oneself.

➤ *Horn Effect:*

The tendency of a superior to **rate a subordinate lower than his performance** justifies due to some recent/ earlier failures.

Limitations of Performance Appraisal

➤ ***Lack of Uniform Standards:***

The standards used by different departments in the organization may not be the same. Therefore, rating becomes unscientific and employees suffer. Some rates are too liberal, while others are too strict - causing lack of uniformity.

➤ ***Wrong Appraisal by Superior:***

Superiors have continuous and daily relations with the subordinates, giving accurate ratings may lead to spoiling relations with them which the superiors may want to avoid – leading to higher rating to the subordinates.

➤ ***Appropriate Appraisal Technique:***

Selection of appropriate appraisal technique is important to give the correct result. Some of the techniques are time-consuming and costly and so avoided. If wrong techniques are applied performance appraisal results may prove defective.

Limitations of Performance Appraisal

- ***Stress on Individual and Not on Performance:***
Performance Appraisal must lay stress on the performance of the individual and not on his individual and not on his personal characteristics.
- ***Lack of Importance to Self-Development:***
Performance Appraisal is not for witch-hunting but **for finding out strengths as well as weaknesses**. The strengths can be consolidated upon and the weaknesses to be removed through appropriate training. However, at times, this main objective of performance appraisal is neglected.

Limitations of Performance Appraisal

➤ ***Lack of Communication and Participation with Employees:***

Performance appraisal is not complete without communicating to the employee the results of the appraisal and to provide a chance to give his opinion. Otherwise, it is a one-sided affair without participation of employee and will not lead to his development.

➤ ***Time-Consuming and Huge Paperwork:***

Performance appraisal is a continuous job for the superiors. There is need to continuously observe the subordinates, keep records, fill documents, write reports, hence time-consuming and costly.



Methods of Performance Appraisal

TRADITIONAL	MODERN
Ranking Method	MBO
Paired Comparison Method	BARS
Forced Distribution	Assessment Centres
Forced Choice Method	360 Degree Appraisal
Check List Method	Cost Accounting Method
Critical Incident Method	
Graphic Rating Scale	
Essay Method	
Field Review Method	
Confidential Report	
Person-to-Person Method	

Traditional Methods

- Traditional methods lay more emphasis on rating of individuals' personality traits, such as initiative, dependability, drive, creativity, integrity, intelligence, leadership potential, etc.

Ranking Method: -

- It is the **oldest and simplest method** of performance appraisal. In this method the **employee is ranked from the highest to the lowest or from best to the worst.**
- The Best employee is given the first rank in the group.
- However, this method has **some limitations** namely :
 - ✓ It is difficult to adopt this method, in case of evaluating **large number** of employees.
 - ✓ It is **difficult to compare one individual with other** having varying behavioural traits.

Check-list Method: -

- The main purpose of this method is to reduce the evaluator's burden of rating the employee. In this method a **dichotomous questionnaire (A question with two answer choices namely 'Yes' or 'No')** is used. A rater is required to put a tick mark against the respective column.
- This questionnaire is prepared and scored by the HR department.
- The main **disadvantage of this method is the rater is not given the flexibility to add or delete the statements.**

Critical Incident Method: -

- This method evaluates an employee on the basis of certain 'events' or 'episodes' known as critical incident. The underlying principle of this method is **"there are certain significant acts in each employee's behaviour and performance, which can make all the difference between success and failure on the job."**
- Thus, in this method the **Rater focuses his attention on all those factors, that can make a difference between performing a job in a noteworthy manner.**

Modern Methods of Performance Appraisal

MBO (Management by Objective or Joint Target Setting)

- This method was propounded by Alfred Sloans/ Donaldson Brown in 1920 and popularised by Peter Drucker in 1954.
- MBO can be described as "a process whereby the superior and the immediate subordinate of an organization jointly identify the common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members."
- Emphasis is laid on stating objectives for Key Result Areas (KRAs) in Quantifiable terms.

Assessment Centres:

- This method was used to appraise army officers in Germany way back in 1930s and adapted in business arena in 1960s. In India, the concept has been adopted by organizations such as Crompton Greaves, Eicher, Hindustan Lever and Modi Xerox recently.
- Evaluates executive and supervisory potential through a **series of tests and exercises** at offsite locations.
- E.g. employees are asked to participate in; **in-basket exercise, simulations, group exercise and role plays**.
- Performance of the employee is evaluated in each of these tests and feedback is provided to the Ratee, in terms of strengths and weaknesses.

360 Degree Appraisal Method:

- Where **multiple Raters are involved in evaluating performance**, the technique is called 360-degree appraisal.
- 360 degree technique is understood as systematic collection of performance data on an individual or a group **derived from a number of stakeholders—the stakeholders being the immediate, team members customers peers and self**.
- In this method an employee's performance is evaluated by his **supervisor, subordinates, peers and customers (or an outside expert)**.
- 360 degree appraisal provides a broader perspective about an employee's performance. It **enables an employee to compare his evaluation about self with perceptions of others and facilitates greater self-development**.
- Though this method was developed to bring about a degree of objectivity, it still suffers from subjectivity.