

# Performance Appraisal Methods

A comprehensive guide to evaluating employee performance through traditional and modern approaches

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# Understanding Performance Appraisal

## What is Performance Appraisal?

Performance appraisal is a systematic evaluation of an employee's job performance and contribution to the organization. It provides structured feedback, identifies strengths and weaknesses, and guides professional development decisions.

## Why It Matters

Effective appraisal methods drive organizational success by aligning individual performance with business goals, motivating employees, and informing critical HR decisions like promotions, compensation, and training needs.

# Traditional Appraisal Methods

Time-tested approaches that have formed the foundation of performance evaluation for decades



## Ranking Method

Employees are ranked from best to worst based on overall performance



## Paired Comparison

Each employee is compared with every other employee in pairs



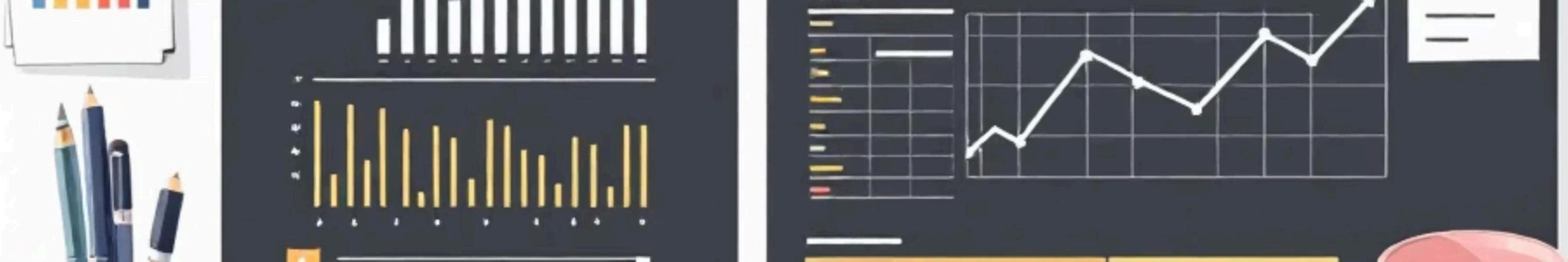
## Graphic Rating Scale

Performance traits are rated on a numerical or descriptive scale



## Checklists Method

Evaluators check statements that describe employee behavior



## More Traditional Methods

1

### Critical Incident Method

Managers record specific examples of effective and ineffective employee behaviors throughout the evaluation period. These documented incidents provide concrete evidence for performance discussions.

2

### Forced Distribution Method

Employees are distributed across performance categories following a predetermined percentage distribution, similar to a bell curve. This prevents rating inflation but can create competition.

3

### Forced Choice Method

Evaluators must choose between sets of statements that describe employee performance. This reduces bias by making it difficult to consistently rate favorably or unfavorably.

4

### Field Review Method

An HR specialist interviews supervisors to evaluate employees, ensuring consistency and objectivity across departments. The specialist prepares the final appraisal report.



# Traditional vs. Modern Approaches

## Traditional Methods

- Focus on past performance
- Manager-centric evaluation
- Emphasis on traits and behaviors
- Annual or periodic reviews
- Top-down assessment

## Modern Methods

- Forward-looking and developmental
- Multi-source feedback
- Focus on outcomes and competencies
- Continuous feedback loops
- Collaborative goal-setting

# **Modern Appraisal Methods**

Contemporary approaches that emphasize development, objectivity, and comprehensive feedback

## **Behaviourally Anchored Rating Scale (BARS)**

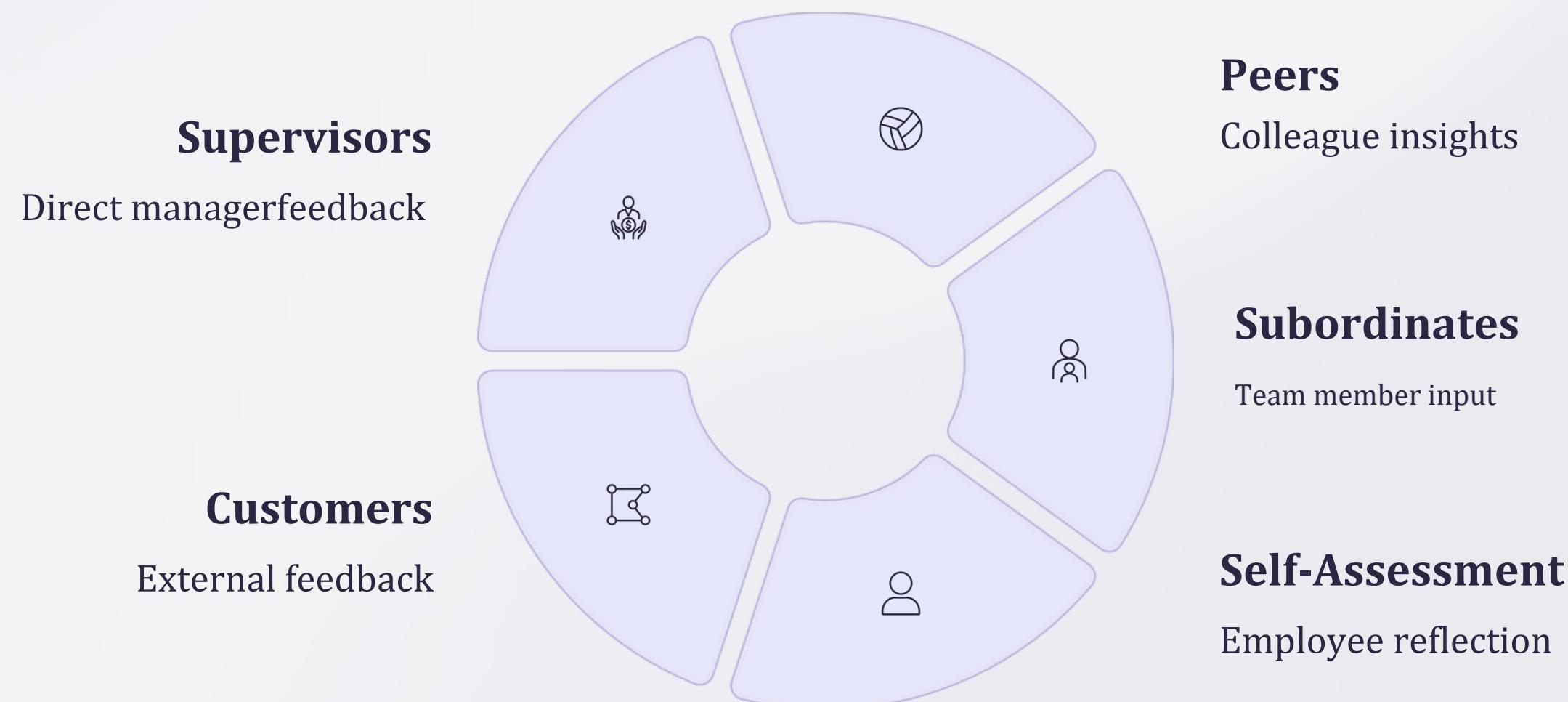
Combines qualitative and quantitative approaches by using specific behavioral examples to anchor rating scales, providing clear performance standards.

## **Management by Objectives (MBO)**

Employees and managers collaboratively set specific, measurable goals. Performance is evaluated based on achievement of these predetermined objectives.

# 360-Degree Appraisal

The 360-degree appraisal method gathers performance feedback from multiple sources, creating a holistic and unbiased view of employee performance. This multi-rater approach provides diverse perspectives on an employee's contributions, behaviors, and impact across the organization.





# Assessment Centre Appraisal

Assessment centres use multiple evaluation techniques to assess employee competencies through simulated work situations and exercises.

01

## Simulation Exercises

Candidates participate in role-plays, case studies, and group discussions that mirror real workplace challenges

02

## Multiple Assessors

Trained evaluators observe and rate performance across various competencies to ensure objectivity

03

## Comprehensive Evaluation

Results from multiple exercises are combined to create a detailed performance profile

04

## Development Planning

Insights guide targeted training and career development initiatives



# Human Resource Accounting

## Measuring Human Capital Value

Human Resource Accounting (HRA) quantifies the economic value of employees to the organization. This method treats human resources as organizational assets rather than expenses.

HRA measures the cost of recruiting, training, and developing employees, as well as their contribution to organizational performance. It provides financial metrics for human capital investment decisions.

# Choosing the Right Method

Selecting the appropriate appraisal method depends on organizational culture, resources, and strategic objectives.

## Assess Organizational Needs

- 1 Consider company size, industry, and performance culture when selecting methods

## Combine Multiple Approaches

- 2 Hybrid systems often provide the most comprehensive and balanced evaluations

## Train Evaluators

- 3 Ensure managers understand the chosen method and can apply it consistently

## Review and Adapt

- 4 Regularly evaluate the effectiveness of your appraisal system and make improvements



Thank  
You

