

Limitations of Performance Appraisal and Potential Appraisal

Limitations of Performance Appraisal

1. Bias of Appraiser:

The presence of 'Halo Effect' in evaluation of employees is the biggest weakness of this method.

A high rate is given to favored employees whereas unfriendly employees are rated low.

2. Ambiguity in Standards:

If the standards are not clear, the supervisors may follow different standards for different employees.

3. Insufficient Evidence:

An employee who can impress the boss may get a positive evaluation though his impression in his own department may be very poor. In such cases, the performance appraisal will be superfluous.

4. Several Qualities Remain Without Appraisal:

Through performance appraisal, only few qualities of employees can be measured. All individuals differ from each other in terms of background, values and behavior.

5. Leniency or Strictness Tenancy:

Every evaluator has his own valuation procedure which is regarded as his own standard for evaluation. For example, some teachers are strict in evaluation of answer books whereas others are lenient. The lenient tendency is known as 'Positive Leniency Error' whereas strict tendency is called as 'Negative Leniency Error'. The rating may be high or low depending upon the nature of evaluators.

6. Average Rating Problem:

In order to give very low or very high rating, the top managers are required to give reasons to justify the rating. The most common error committed in performance appraisal is to give average rating to all employees. Moreover, low rating antagonizes the subordinates.

7. Influence of Man's Job:

There is a tendency to give a high rating to highly paid jobs. So a senior employee may get a higher rating than a junior employee.

8. Similarity Error:

The evaluator tries to look those qualities in subordinates which he himself possesses. Those who show the similar characteristics are rated high.

Potential Appraisal

Introduction

The potential appraisal refers to the appraisal i.e. identification of the hidden talents and skills of a person. The person might or might not be aware of them. Potential appraisal is a future oriented appraisal whose main objective is to identify and evaluate the potential of the employees to assume higher positions and responsibilities in the organizational hierarchy. Many organizations consider and use PA as a part of the performance appraisal processes.

Meaning

The potential appraisal is made up of two words viz. potential and appraisal. Potential means the abilities of an employee which are required for meeting the challenges of future assignments while appraisal means the evaluation of those abilities in present status of an employee.

Thus, potential appraisal is the process of evaluation of the abilities of employees that uses by employee in the future assignments. It is different from performance appraisal and needs to be carried out at regular intervals.

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Example:

A good salesman need not be a good manager in the sales function since the job of a sales manager requires managerial qualities apart from selling skills.

Potential appraisal aims at identifying and assessing the capabilities of an individual to perform higher level of functions or responsibilities. It forms the basis for decisions associated with the promotions and succession planning.

In potential appraisal, attributes like velocity (speed and direction in which the employee is progressing), people and customer (listening skills, interpersonal relationship) orientation, focus on results, initiative etc. are assessed.

Objectives of Potential Appraisal

The basic objectives of potential appraisal are to:

1. Identify the abilities of an employee in order to evaluate whether that employee is suitable for future assignments or otherwise, and
2. Occupy higher positions in the organizational hierarchy and undertake higher responsibilities because past performance may not be a good indicator for future and higher role.
3. Inform employees about their future roles;
4. Make suitable corrections in training efforts from time to time;
5. Inform employees about they must do something for their career prospects;
6. Help organization for suitable succession plan;
7. Improve quality and quantity of performance of an employee; and

8. Give proper feedback to the employees for their potential.

Potential Appraisal – Important Techniques

The techniques of potential appraisal are as follows:

1. Self-Appraisals: A self-appraisal form is prepared, which is required to be filled by the employee.

2. Peer Appraisals: The HR Head may design a form for peer appraisal or ask the peers in confidence in small size companies, to take feedback on the employee

3. Superior Appraisals: The superiors are always required to carry out appraisal in every setup, which may be defined annual appraisals by way of confidential reports or any other method

4. MBO: The use of management objectives was first widely advocated in the 1950s by the noted management theorist Peter Drucker. MBO (management by objectives) methods of performance appraisal are results-oriented. That is, they seek to measure employee performance by examining the extent to which predetermined work objectives have been met.

Usually the objectives are established jointly by the supervisor and subordinate. Once an objective is agreed, the employee is usually expected to self-audit; that is, to identify the skills needed to achieve the objective. Typically they do not rely on others to locate and specify their strengths and weaknesses. They are expected to monitor their own development and progress.

5. Psychological and Psychometric Tests: Since the early 1900's, psychologists have employed testing in an effort to quantify people's intelligence, preferences, and behaviors. Today these assessments, called psychometric tests are used in schools, the military, mental health clinics, psychotherapists' offices, correctional facilities, and in companies. Market analysts commonly use psychometric testing to determine people's preferences for products, packaging, and branding.

A consumer might be asked, for example, if he or she prefers one product color to another, or which packaging type they are most likely to purchase. Employment specialists use these tests to determine if someone is a good fit for a job. For example, personality, intelligence, and aptitude

tests can be used to capture specific preferences and skills for required tasks and responsibilities. Those preferences are then matched by the employer to particular job functions.

6. Management Games like Role Playing: Employee motivation commonly benefits from suitable and well run team building games, exercises, and activities, including puzzles and quizzes. The company can also use team building games and exercises ideas as ice-breakers and energizers to warm up meetings, workshops, training, and conferences. Many of these group activities are also effective in specialized training sessions and seminars.

Team building games and activities are also useful in serious business project meetings, as games and activities help delegates to see things differently and use different thinking styles. Games, exercises and quizzes help to stimulate the brain, improving retention of ideas, learning, and increasing fun and enjoyment.

7. Leadership Exercises: Team coaching programs have a lot of merit; one-on-one leadership coaching can be a very fulfilling process. Having some insight into the life of someone who has walked a similar path can often be encouraging management/HR Head can give the employee, specific leadership development activities where employees learn to lead by leading.

Potential Appraisal – Advantages for the Organization and Individuals

i. Advantages for the Organization:

1. It enables the organization to identify the future leaders at various levels.
2. Organization gets a pool of recognized persons for future vacancies.
3. Corrective actions can be initiated well in time to steer and guide the individuals.
4. Motivates others to perform equally well as the identified potential leaders who set standards.
5. Company can get rid of employees with below average potential.

ii. Advantages for the Individuals:

1. Motivates individuals to perform still better.

2. Helps in dealing with weaknesses to achieve desired results.
3. Forces individuals to ensure maintaining of their performance level to a high degree of proficiency.
4. Helps career planning.
5. Those with low potential in a particular job can plan for a career where there are better chances.

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