

# **SEMINAR ON PERFORMANCE APPRAISAL**

**Performance Appraisal**



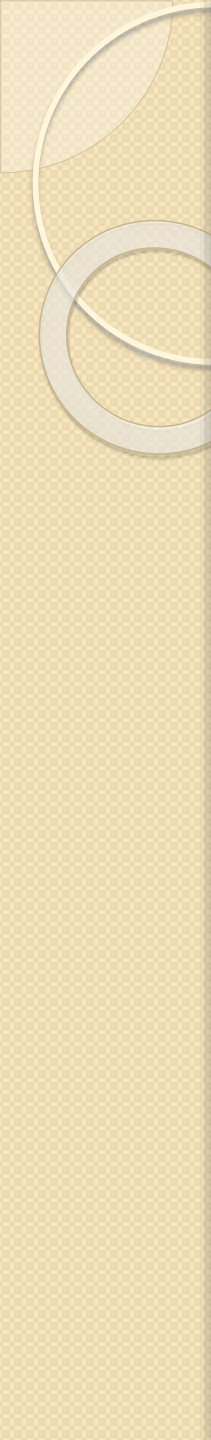
**PRESENTER:**

Mandeep Kaur

# DEFINITION

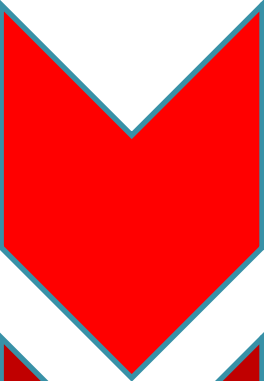
**According to Edwin B Flippo,**

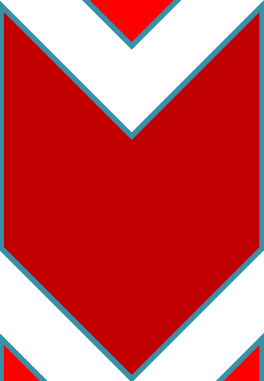
“Performance appraisal is a systematic, periodic and so far as humanly possible, an impartial rating of an employee’s excellence in matters pertaining to his present job and to his potentialities for a better job.”



**According to Scott, Clothier and Spriegal,** “Performance appraisal is a record of progress for apprentices and regular employees, as a guide in making promotions, transfer or demotions, as a guide in making lists for bonus distribution, for seniority consideration and for rates of pay, as an instrument for discovering hidden genius, and as a source of information that makes conferences with employees helpful”.

# OBJECTIVES OF APPRAISAL

- 
- To determine the effectiveness of employees on their present jobs so as to decide their benefits.

- 
- To identify the shortcomings of employees so as to overcome them through systematic guidance and training.

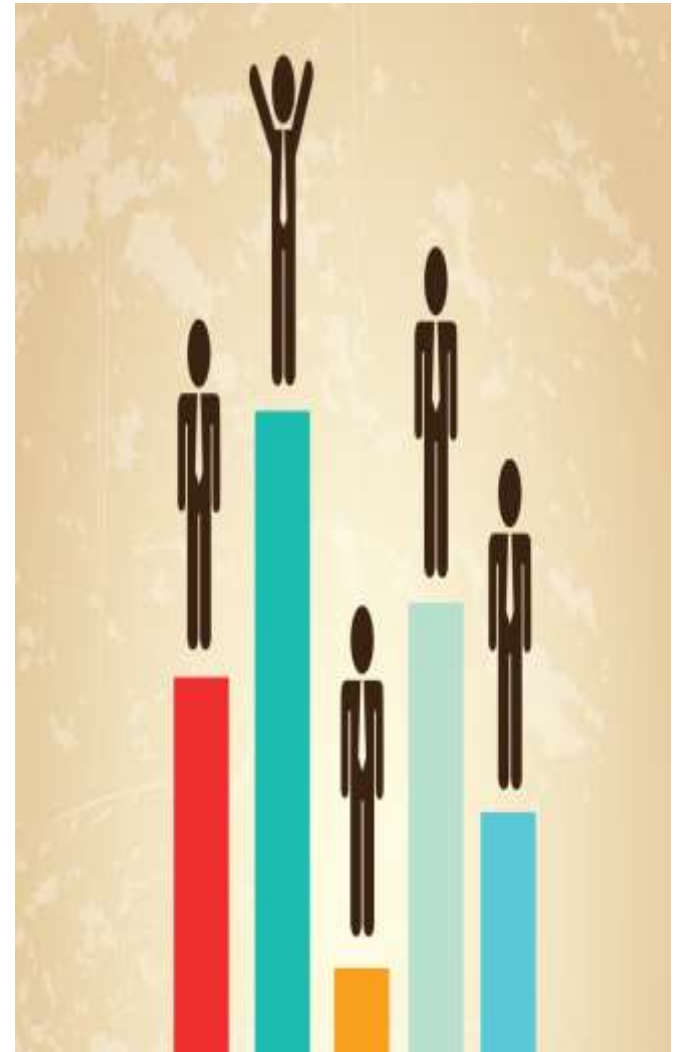
- 
- To find out their potential for promotion and advancement.

# PURPOSES OF PERFORMANCE APPRAISAL

- Performance appraisal helps the management to take **decision about the salary increase of an employee.**
- The continuous evaluation of an employee helps in **improving the quality of an employee in job performance.**
- The Performance appraisal brings out the facilities available to an employee, when the management is prepared **to provide adequate facilities for effective performance.**



- It **minimizes the communication gap** between the employer and employee.
- **Promotion** is given to an employee on the basis of performance appraisal.
- The **training needs of an employee can be identified** through performance appraisal.





- The **decision for discharging an employee.**
- Performance appraisal is used to **transfer a person.**
- The **grievances of an employee are eliminated** through performance appraisal.
- The job satisfaction of an employee **increases morale.**

# CONCEPT OF PERFORMANCE APPRAISAL



Appraisal should be in writing and carried at least once a year.



The performance appraisal information should be shared with the employee.



Employee should have the opportunity to respond in writing to the appraisal.





Employees should have a mechanism to appeal the results of the performance appraisal.



Manager should have adequate opportunity to observe the employees



Anecdotal notes on the employee's performance should be kept during the entire evaluation period.



Evaluator should be trained to carry out the performance appraisal process

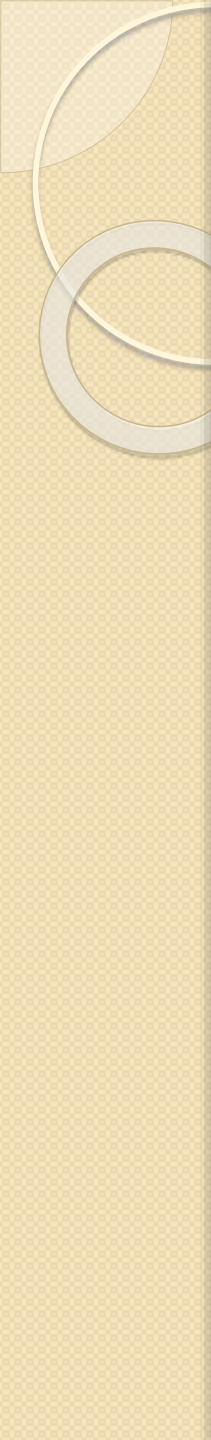


Performance appraisal should focus on employee behaviour and results rather than on personal traits or characteristics.



# PRINCIPLES OF PERFORMANCE APPRAISAL

- ❖ Single employee is rated by two raters.
- ❖ Continuous and personal observation of an employee is essential to make effective performance appraisal.
- ❖ The rating should be done by an immediate superior of any subordinate in an organization.
- ❖ A separate department may be created for effective performance appraisal.

- 
- ❖ The rating is conveyed to the concerned employee.
  - ❖ The plus points of an employee should be recognised. At the same time, the minus points should not be highlighted too much.
  - ❖ The management should create confidence in the minds of employees.
  - ❖ The standard for each job should be determined by the management.
  - ❖ Separate printed forms should be used for performance appraisal to each job according to the nature of the job.

# TOOLS/METHODS OF PERFORMANCE APPRAISAL



**Table 28.4 : Methods of Performance Appraisal**

<i><b>Traditional Methods</b></i>	<i><b>Modern Methods</b></i>
<ol style="list-style-type: none"><li>1. Ranking method</li><li>2. Paired comparison</li><li>3. Grading</li><li>4. Forced distribution method</li><li>5. Forced choice method</li><li>6. Checklist method</li><li>7. Critical incidents method</li><li>8. Graphic scale method</li><li>9. Essay method</li><li>10. Field review method</li><li>11. Confidential report</li></ol>	<ol style="list-style-type: none"><li>1. Management by Objectives (MBO)</li><li>2. Behaviourally anchored rating scales</li><li>3. Assessment centres</li><li>4. 360-degree appraisal</li><li>5. Cost accounting method</li></ol>



# RANKING METHOD

An employee is ranked against the other in the working group under this method.



## **Advantages**

- Each employee be compared with the other person.
- Useful in small organization.

## **Disadvantages**

- Can not be used for big organization.
- Does not evaluate the individuality of an employee.
- It lags objectivity





## **PAIRED COMPARISON METHOD**

Paired comparison method has been developed to be used in a big organization. Each employee is compared with other employees taking only one at a time. The evaluator compares two employees and puts a tick mark against an employee whom he considers a better employee.

Margo

Sam

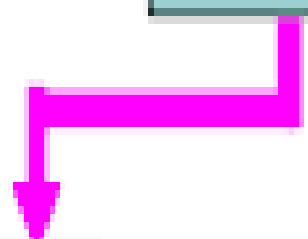
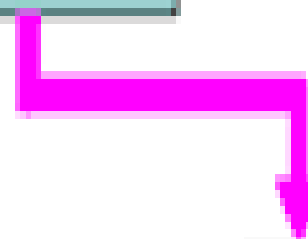
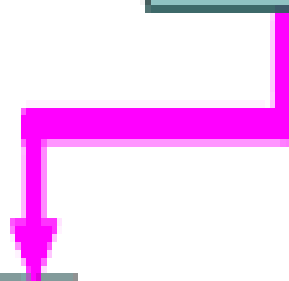
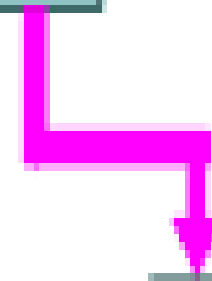
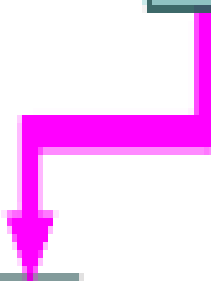
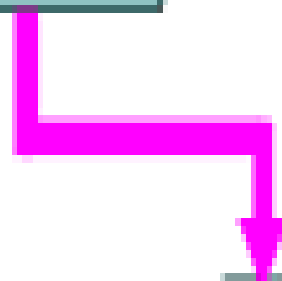
Sally

Margo is  
Better

Sally is  
Better

Margo is  
Better

Ranking:  
Margo  
Sally  
Sam





## **Advantages**

- This method is suitable for big organizations.
- Individual traits are evaluated.

## **Disadvantages**

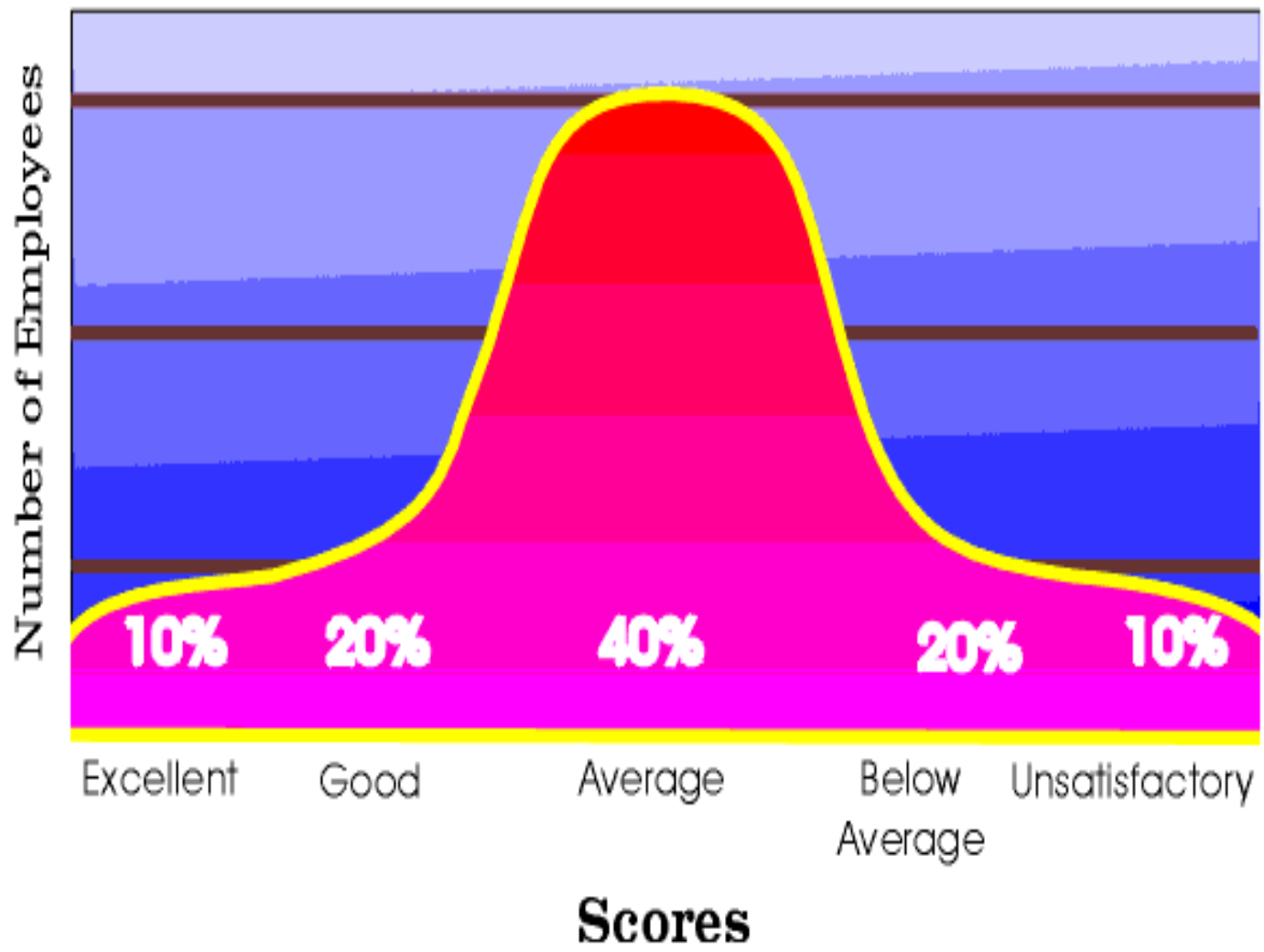
- The understanding of this method is difficult one.
- It involves considerable time.

# FORCED DISTRIBUTION METHOD

A method which forces the rater to distribute the ratings of the overall performance of an employee is known as forced distribution method.

Group wise rating is done under this method. This method is suitable to large organizations, but the individual traits could not be appraised under this method.

Example: a group of workers doing the same job would fall into the same group as superior, at and above average, below average and poor.



# GRADING

Certain categories of abilities or performance of employees are defined well in advance to fall in certain grades under this method. Such grades are very good, good, average, poor and very poor. Here the individual traits and characteristics are identified.



A close-up image of a performance rating form. The form has a column labeled 'RATING' with three checkboxes. The first checkbox is checked, and the second is empty. To the right of the checkboxes are three rows of text: 'Exceptional', 'Exceeds requirements', and 'Meets requirements'. A silver pen with a gold tip is positioned over the first checkbox.

RATING	
<input checked="" type="checkbox"/>	Exceptional
<input type="checkbox"/>	Exceeds requirements
<input type="checkbox"/>	Meets requirements

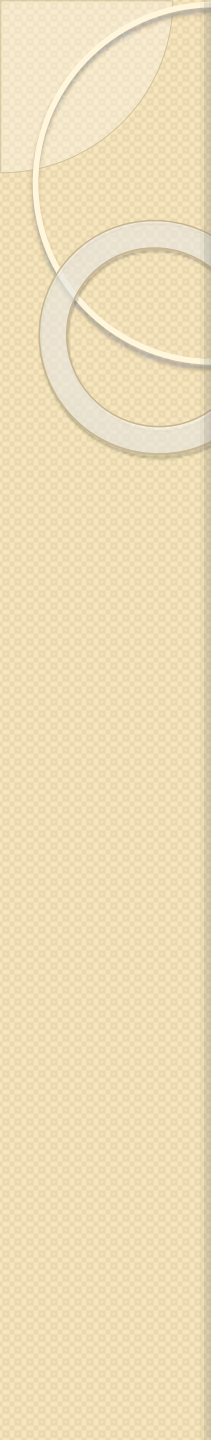
	Unsatisfactory	Fair	Satisfactory	Good	Outstanding
<b>Quantity of work:</b> Volume of work under normal working conditions					
<b>Quality of work:</b> Neatness, thoroughness and accuracy of work Knowledge of job					
<b>Knowledge:</b> A clear understanding of the factors connected with the job					
<b>Attitude:</b> Exhibits enthusiasm and cooperativeness on the job					
<b>Dependability:</b> Conscientious, thorough, reliable, accurate, with respect to attendance, reliefs, lunch breaks, etc.					
<b>Cooperation:</b> Willingness and ability to work with others to produce desired goals.					

# CHECKLIST

The appraisal of the ability of an employee through getting answers for a number of questions is called the method of check list. These questions are related to the behavior of an employee.





- 
- Is the employee satisfied with the job?  
Yes/ No
  - Does he finish the job accurately?  
Yes/ No
  - Does he respect the superiors?  
Yes/ No
  - Is he ready to accept responsibilities?  
Yes/ No
  - Does he obey the orders?  
Yes/ No

# FORCED CHOICE METHOD

A series of groups of statements are prepared positively or negatively under this method, both these statements describe the characteristics of an employee, but the rater is forced to tick any one of the statements either out of positive statements or out of negative statements.



### Format 1

Instruction – Choose one of the options following the Q.

Q- Which of the following describes you best?

- a) I am outgoing
- b) I work hard'

### Format 2

Instruction – Mark your answer on the scale given below the question.

Q- Which of the following describes you best?



I am outgoing

I work hard

Forced Choice Performance Evaluation Form	Employee: _____ Department: _____				
	Supervisor: _____ Date: _____				
Performance Factors	Performance Rating				
	Low	Below Average	Average	Above Average	High
Understands department functions	Poorly informed about depart- ment functions	Has fair knowledge of the department functions	Can answer most questions about the department	Understands all phases of the department.	Has complete mastery of all phases of the department.
Follows directions and company policy without supervision	Requires constant supervision	Requires occasional follow-up	Can usually be counted on	Requires very little supervision	Requires absolute minimum supervision
Accuracy, skill, completeness, and quality of work performed	Seldom meets the requirements and is almost always unsatisfactory	Work is often unsatisfactory and often does not meet requirements	Work is consistently satisfactory and usually meets requirements	Work is sometimes superior and rarely contains mistakes	Work is consistently superior and never contains mistakes

# CRITICAL INCIDENT METHOD

The performance appraisal of an employee is done on the basis of the incidents occurred really to the concerned employee. Some of the events or incidents are given below:

- Refused to co-operate with other employees.
- Unwilling to attend further training.
- Got angry over work or with subordinates.
- Suggested a change in the method of production.
- Suggested a procedure to improve the quality of goods.

# CRITICAL INCIDENT METHOD

Ex: A fire, sudden breakdown, accident

Workers	Reaction	scale
A	Informed the supervisor immediately	5
B	Become anxious on loss of output	4
C	Tried to repair the machine	3
D	Complained for poor maintenance	2
E	Was happy to forced test	1

# GRAPHIC RATING SCALE METHOD

- It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee.
- The form lists traits (such as quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each trait.
- The rating is done on the basis of points on the continuum. The common practice is to follow five points scale.



**Fig. 28.3: Sample of Graphic Rating Scale Items and Format**

<i>Performance Factor</i>	<i>Performance Rating</i>				
<i>Quality of work is the accuracy, skill, and completeness of work.</i>	<input type="checkbox"/> Consistently unsatisfactory	<input type="checkbox"/> Occasionally unsatisfactory	<input type="checkbox"/> Consistently satisfactory	<input type="checkbox"/> Sometimes superior	<input type="checkbox"/> Consistently superior
<i>Quantity of work is the volume of work done in a normal workday.</i>	<input type="checkbox"/> Consistently unsatisfactory	<input type="checkbox"/> Consistently unsatisfactory	<input type="checkbox"/> Consistently satisfactory	<input type="checkbox"/> Sometimes superior	<input type="checkbox"/> Consistently superior



<i>Performance Factor</i>	<i>Performance Rating</i>				
<i>Job knowledge</i> is information pertinent to the job that an individual should have for satisfactory job performance.	<input type="checkbox"/> Poorly informed about work duties	<input type="checkbox"/> Occasionally unsatisfactory	<input type="checkbox"/> Can answer most questions about the job	<input type="checkbox"/> Understands all phases of the job	<input type="checkbox"/> Has complete mastery of all phases of the job
<i>Dependability</i> in following directions and company policies without supervision.	<input type="checkbox"/> Required constant supervision	<input type="checkbox"/> Requires occasional follow-up	<input type="checkbox"/> Usually can be counted on	<input type="checkbox"/> Requires very little supervision	<input type="checkbox"/> Requires absolute minimum of supervision

# FIELD REVIEW METHOD

- An employee's performance is appraised through an interview between the rater and the immediate superior or superior of a concerned employee.
- The rater asks the superiors questions about the performance of an employee; the personnel department prepares a detail report on the basis of this collected information.
- A copy of this report is placed in the personnel file of the concerned employee after getting approval from the superior.

# ESSAY EVALUATION

With easy evaluation technique the nurse manager is required to describe the employee's performance over the entire evaluation period by writing a narrative detailing the strength and weaknesses of the appraisee.

# PEER REVIEW

- The employee selects peers to conduct the evaluation. Usually two to four peers are identified through a pre determined process.
- The employee submits self evaluation port folio. The port folio might describe how he or she met objectives and/or pre-determined standards during the past evaluation cycle. Supporting materials are included.

- The peer evaluates the employee. This may be done individually or in a group.
- Manager and employee meet to discuss the evaluation.



# APPRAISAL INTERVIEW

- Once the manager completes an accurate evaluation of performance, he/she should arrange an appraisal interview. The appraisal interview is the first step in employee development.
- They provide feedback to an employee which enables him to improve his performance in future.

# Types of appraisal interview

- *Tell and sell interview*
- *Tell and listen interview*
- *Problem solving interview*



# **Key behaviors for an appraisal interview**

- Put the employee at ease
- Clearly state the purpose of the appraisal interview
- Go through the ratings one by one with the employee.
- Draw out the employee reactions to the ratings.
- Decide on specific ways in which performance areas can be strengthened.
- Set a follow up date.
- Express confidence in the employee.



# **FUTURE ORIENTED METHODS**



**Management  
by Objectives**



**Assessment  
centers**



**Psychological  
Appraisals**



**360-Degree  
Feedback**



**Human resource  
accounting method**

# MBO

It means management by objectives and the performance is rated against the achievement of objectives stated by the management. MBO process goes as under.

- ❖ Establish goals and desired outcomes for each subordinate
- ❖ Setting performance standards
- ❖ Comparison of actual goals with goals attained by the employee
- ❖ Establish new goals and new strategies for goals not achieved in previous year.



CONFIDENTIAL

PA Form: 2B

NAME

EMP. P. S.No.

CADRE

GROUP

DEPT.

EXECUTIVES &  
SUPERVISORS

**LARSEN & TOUBRO LIMITED**  
**HUMAN RESOURCE DEVELOPMENT—PERFORMANCE APPRAISAL SYSTEM**  
**PERFORMANCE ANALYSIS AND REVIEW**  
**APRIL ... TO MARCH .....**

	NAME	DATE	SIGNATURE
EMPLOYEE			
IMMEDIATE SUPERIOR			
NEXT SUPERIOR	1.		
	2.		
PERSONNEL/HRD DEPT.			

A PERFORMANCE REVIEW AGAINST OBJECTIVES				B1 By Immediate Superior				
A1 By Employee				Outstanding	V. Good	Good	Adequate	Inadequate
AGREED OBJECTIVES & TARGETS (Not more than five)		RESULTS ACHIEVED						
1.								
2.								
3.								
4.								
5.								

<b>A2 SELF REVIEW (By Employee)</b>
SIGNIFICANT CONTRIBUTORS (JOB OR PROFESSION RELATED—NOT COVERED ABOVE)
IMPORTANT FACTORS FACILITATING PERFORMANCE
IMPORTANT FACTORS HINDERING PERFORMANCE

<b>B2 PERFORMANCE AGAINST OBJECTIVES (By Immediate Superior)</b>
OUTSTANDING    V. GOOD    GOOD    ADEQUATE    INADEQUATE (Contd..)



<b>C Appraisal of Critical Attributes (By Immediate Superior)</b>			OUTSTANDING	VGOOD	GOOD	ADEQUATE	INADEQUATE
<b>C1 Critical Attributes</b>							
1.	INNOVATIVENESS	Ability to think new and better ways of doing things that result in introduction of new ideas or improvements of the systems and operations.					
2.	INITIATIVE	Ability to determine and initiate actions that result in improved handling of jobs, without waiting to be told.					
3.	INTERPERSONAL & TEAM RELATIONSHIP	Ability to interact effectively with people at all levels to gain their confidence and respect and work in a collaborative and participative manner.					
4.	RESOURCEFULNESS	Ability to muster resources to achieve desired results and devise ways and means of solving problems in difficult situations.					
5.	COMMUNICATION SKILLS	Ability to convey thoughts and feelings clearly both through oral as well as written expressions for better understanding.					
Specific role related attributes (Identified in the beginning of the year)							
6.							
7.							
<b>C2 Areas of Strengths &amp; Improvements (By Immediate Superior)</b>							
MAJOR STRENGTHS							
AREAS OF IMPROVEMENTS							
<b>C3 Potential Areas for Growth (By Immediate Superior)</b>							
<b>D Recommendations for Training &amp; Development (By Immediate Superior)</b>							
<b>D1 IN-COMPANY TRAINING PROGRAMMES</b>							
Description		Code	Description		Code		
1.			2.				
<b>D2 OTHER TRAINING PROGRAMMES</b>							
1.			2.				
<b>D3 SPECIFIC DEVELOPMENT PLANS</b>							
Proposed Action (Tick as applicable)				Details of Actions Required			
<input type="checkbox"/> Job Rotation		<input type="checkbox"/> Job Enlargement		<input type="checkbox"/> Special Assignment			
<input type="checkbox"/> Deputation to Other Dept.		<input type="checkbox"/> Other (Please Specify)					
<b>E Comments by Next Superior (S)</b>							
<b>E1</b> On Specific Development Plans Stated Above in D3							
<b>E2</b> Overall Observations:							
<b>F For Use by Personnel/HRD Co-ordinator</b>							

Fig. 28.4 : MBO Method of Performance Appraisal at Larsen and Toubro Limited



## **Advantages**

It is more useful for managerial positions.

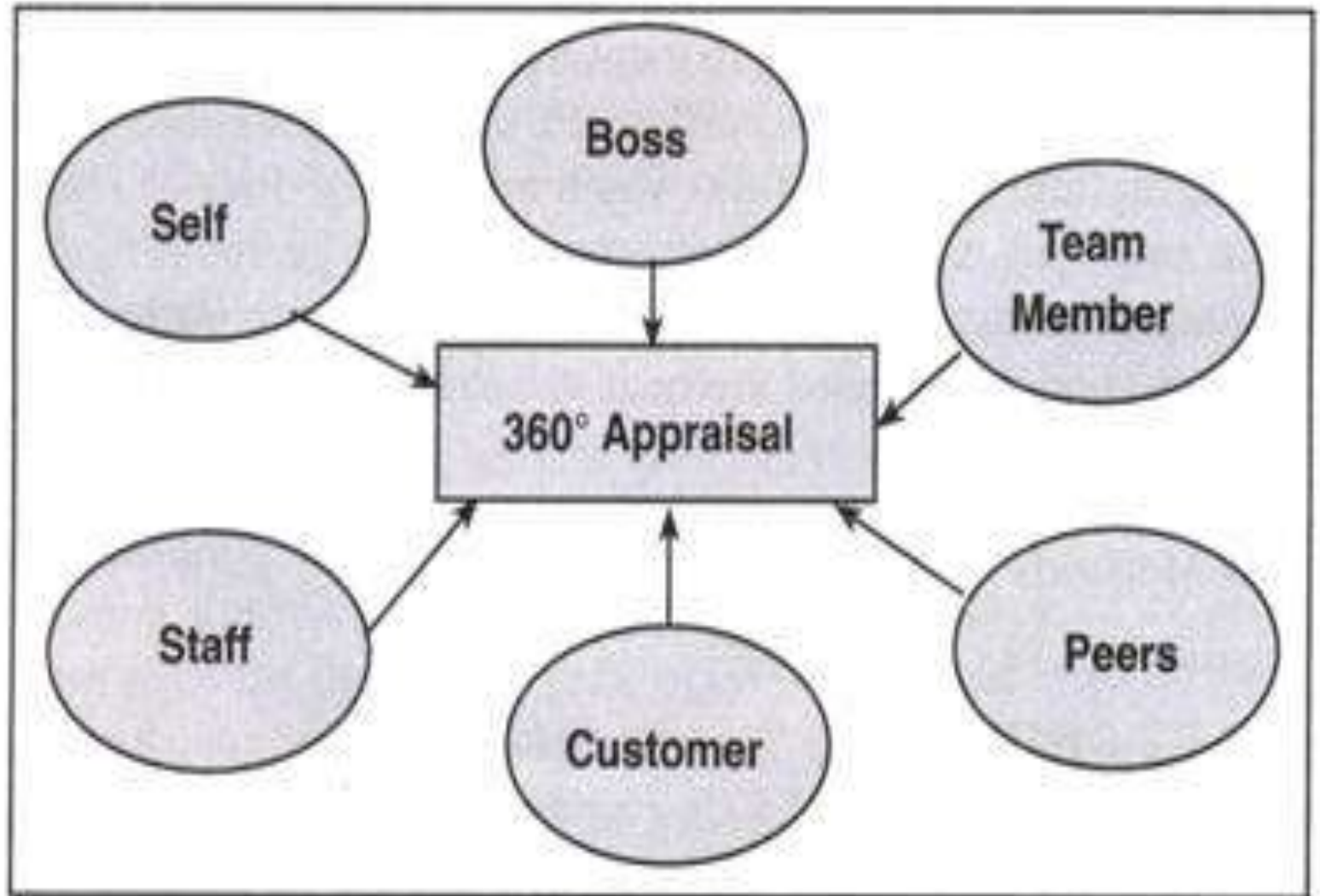
## **Disadvantages**

Not applicable to all jobs, allocation of merit pay may result in setting short-term goals rather than important and long-term goals etc.

# 360-DEGREE FEEDBACK

- ❑ It is a technique which is systematic collection of performance data on an individual group, derived from a number of stakeholders like immediate supervisors, team members, customers, peers and self.
- ❑ This technique is highly useful in terms of broader perspective, greater self-development and multi-source feedback is useful.
- ❑ 360-degree appraisals are useful to measure inter-personal skills, customer satisfaction and team building skills.





**Figure 18.10: 360-degree Respondents**



# **PSYCHOLOGICAL APPRAISALS**

These appraisals are more directed to assess employee's potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance.

# ASSESSMENT CENTERS

- An assessment centre typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees to assess their competencies to take higher responsibilities in the future.
- The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics.

# HUMAN RESOURCE ACCOUNTING METHOD

- Human resources are valuable assets for every organization. Human resource accounting method tries to find the relative worth of these assets in the terms of money.
- In this method the Performance appraisal of the employees is judged in terms of cost and contribution of the employees.
- The cost of employees include all the expenses incurred on them like their compensation, recruitment and selection costs, induction and training costs etc whereas their contribution includes the total value added (in monetary terms).
- The difference between the cost and the contribution will be the performance of the employees.

# Employee Performance Appraisal

Employee Name \_\_\_\_\_ I.D. Number \_\_\_\_\_

Job Title \_\_\_\_\_ Manager Name \_\_\_\_\_

O - Outstanding    A - Above Satisfactory    S - Satisfactory    B - Below Average    U - Unsatisfactory

## Evaluation

Communication Skills \_\_\_\_\_ Rating \_\_\_\_\_

Knowledge of Job \_\_\_\_\_ Rating \_\_\_\_\_

Knowledge of Company \_\_\_\_\_ Rating \_\_\_\_\_

Initiative \_\_\_\_\_ Rating \_\_\_\_\_

Problem Solving Skills \_\_\_\_\_ Rating \_\_\_\_\_

Attendance \_\_\_\_\_ Rating \_\_\_\_\_

Teamwork \_\_\_\_\_ Rating \_\_\_\_\_

## Overall Performance

Rating: \_\_\_\_\_ Outstanding    Above Satisfactory    Satisfactory    Below Satisfactory    Unsatisfactory

Notes: \_\_\_\_\_

By signing this form, you indicate that all information in this performance appraisal has been read through thoroughly and is understood. The employee's signature does not in any way indicate whether he/she agrees or disagrees with the content provided in this appraisal.

Employee \_\_\_\_\_ Date \_\_\_\_\_

Supervisor \_\_\_\_\_ Date \_\_\_\_\_

Manager \_\_\_\_\_ Date \_\_\_\_\_

Human Resources \_\_\_\_\_ Date \_\_\_\_\_



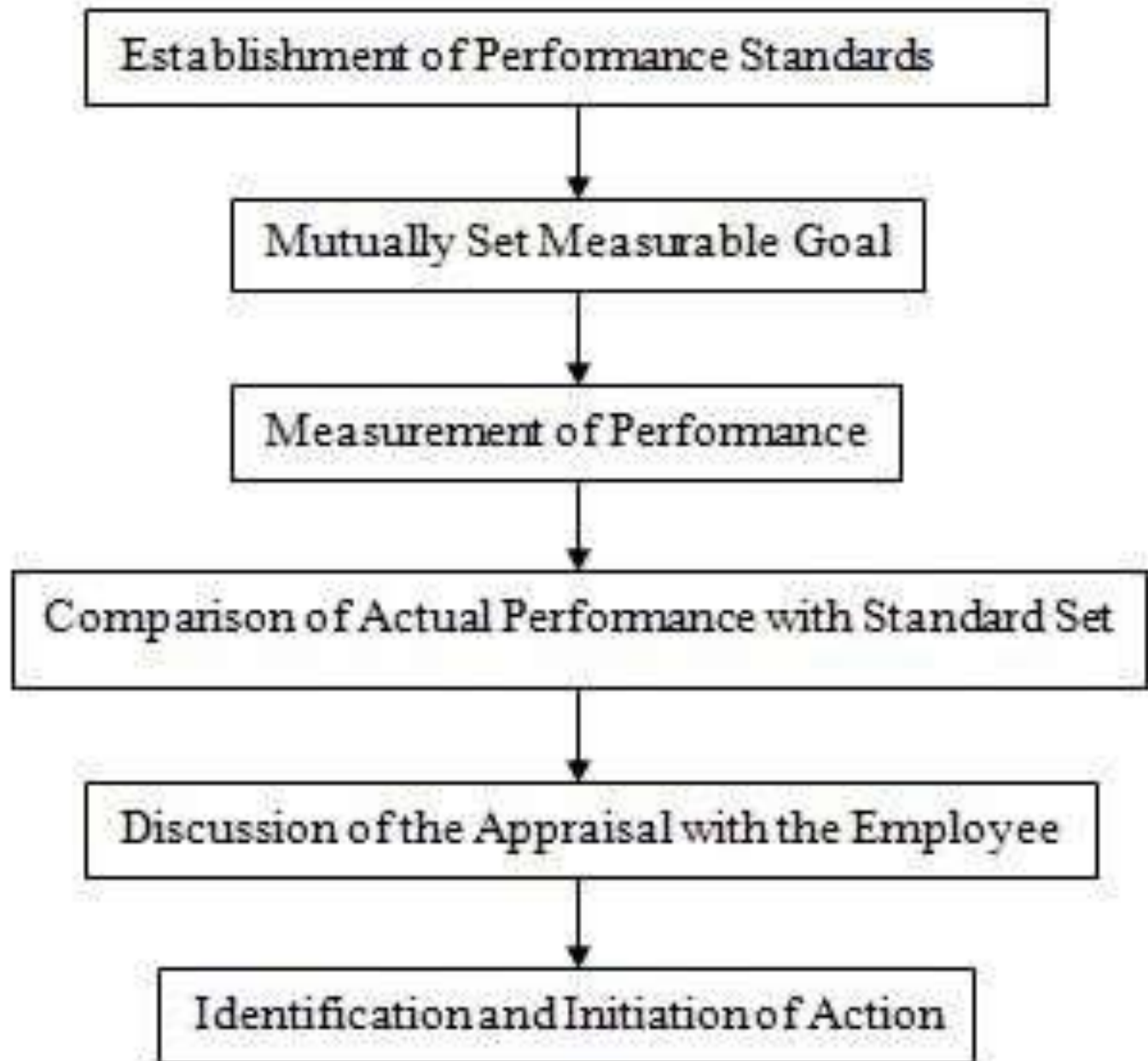
# COMPONENTS TO BE EVALUATED

- ❖ Use of nursing process
- ❖ Professionalism
- ❖ Maintaining safety
- ❖ Continuing education
- ❖ Initiative character
- ❖ Managing interpersonal relationships
- ❖ Technical ability
- ❖ Organizing ability
- ❖ Flexibility
- ❖ Communication skills

# PERFORMANCE APPRAISAL-PROCESS

- Establishing Performance Standards
- Communicating the standards
- Measuring the actual Performance
- Comparing the Actual with the Desired Performance
- Discussing Results
- Decision Making





# **LIMITATIONS OF PERFORMANCE APPRAISAL**

- ❖ The performance appraisal methods are unreliable.
- ❖ If an employee is well known to an employer, the performance appraisal may not be correct.
- ❖ The inability of supervision to appraise an employee does not bring out the accurate performance appraisal.
- ❖ Some qualities of an employee can not be easily appraised through any performance appraisal method.
- ❖ A supervisor may appraise an employee to be good to avoid incurring his displeasure.
- ❖ Uniform standards are not followed by the supervisors in the performance appraisal.

## **The principal obstacles to effective performance appraisal are:**

- Lack of support from top management.

Resistance on the part of evaluators because:

- Performance appraisal demands too much of supervisors efforts in terms of time, paperwork, and periodic observation of subordinates performance.
- Supervisors are reluctant to play god by judging others.
- Supervisors do not fully understand the purpose and procedures of performance appraisal.
- Supervisors lack skills in appraisal techniques.
- Performance appraisal is not perceived as being productive.
- Evaluation biases and rating errors, which result in unreliable and invalid ratings.
- Lack of clear, objective standards of performance.
- Failure to communicate purposes and results of performance appraisal to employees.
- Lack of a suitable appraisal tool.
- Failure to police the appraisal procedure effectively.

# POTENTIAL APPRAISAL PROBLEMS

**Leniency  
error**

**Recency  
error**

**Halo error**

**Horn  
Effect**

**Ambiguous  
evaluation**





The image features a soft-focus background of numerous pink flowers, likely cherry blossoms, with delicate petals and visible stamens. A vertical gold border with a fine, repeating dot pattern runs along the left edge. In the upper-left corner of this border, there are two overlapping circular motifs. The words "Thank You" are written in a large, elegant, black cursive script, centered on the page. The word "Thank" is on the top line, and "You" is on the bottom line, with the 'Y' having a long, sweeping tail that extends downwards and to the left.

Thank  
You