

Unit II: PERFORMANCE APPRAISAL

METHODS

METHODS OF PERFORMANCE APPRAISAL

There are **TWO METHODS** of performance appraisal

1. **TRADITIONAL METHOD**
2. **MODERN METHOD**

TRADITIONAL METHODS

- Confidential report
- Essay method
- Straight Ranking
- Paired Comparison
- Forced Distribution
- Graphic Rating
- Checklist
- Critical
- Group Appraisal

Confidential report

- Confidential report system is well known method of performance appraisal system mostly being used by the Government organisations. In this method of appraising system, subordinate is observed by his superiors regarding his performance in the job and on his duties done. Thereafter Superior writes confidential report on his performance, mainly on his behaviour in the organisation and conduct and remarks if any.

Essay Method

- This traditional form of appraisal, also known as “Free Form method”. Under this method, the rater is asked to express the strong as well as weak points of the employee’s behaviour. While preparing the essay on the employee, the rater considers the following factors:
- Job knowledge and potential of the employee;
- Employee’s understanding of the company’s programmes, policies, objectives, etc.;
- The employee’s relations with co-workers and superiors;

Straight Ranking Method

- In the Ranking Method, superiors give the rank from best to worst, to their subordinates on the basis of their merits. Here, the detailed description of why best or why the worst is not given.

Employee	Rank
A	2
B	1
C	3

Paired Comparison

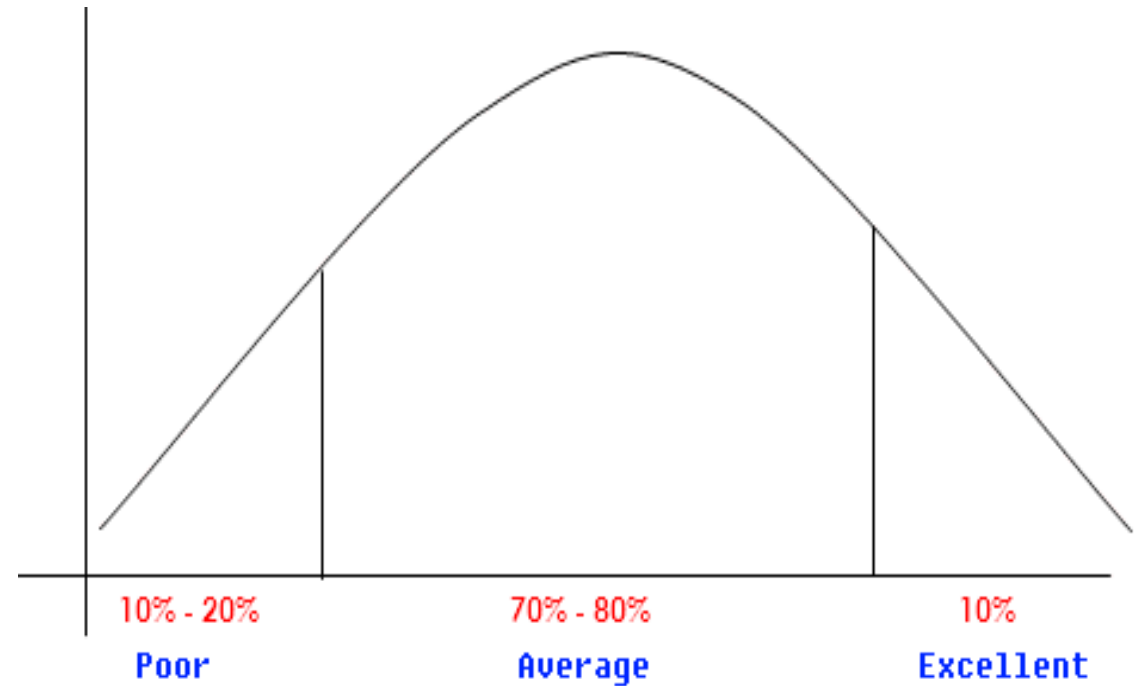
- A better technique of comparison than the straight ranking method, this method compares each employee with all others in the group, one at a time. After all the comparisons on the basis of the overall comparisons, the employees are given the final rankings.

Forced Choice Distribution Method

- Involve HR and external experts
- Two groups of statements
- Best and least describing
- Rater is unaware about weights

Forced Distribution

- The bell curve is nothing but a graphical representation of the fact that everybody's performance is not the same. Some employees will be outstanding, some average, and others at the bottom.



Graphic Method

- This is the very popular, traditional method of performance appraisal. Under this method, core traits of employee pertaining to his job are carefully evaluated.
- This method is popular because it is simple and does not require any writing ability. The method is easy to understand and use. Comparison among pairs is possible. This is necessary for decision on salary increases, promotion, etc.

Example of Graphic Rating Scales Method

Performance Trait	Excellent	Good	Average	Fair	Poor
Attitude	5	4	3	2	1
Knowledge of Work	5	4	3	2	1
Managerial Skills	5	4	3	2	1
Team Work	5	4	3	2	1
Honesty	5	4	3	2	1
Regularity	5	4	3	2	1
Accountability	5	4	3	2	1
Interpersonal relationships	5	4	3	2	1
Creativity	5	4	3	2	1
Discipline	5	4	3	2	1

Checklist method

- Dichotomous questions
- Pre scaled descriptions
- Value hidden from rater

Checklist Method

Is the employee really interested in the task assigned?

Yes/No

Is he respected by his colleagues (co-workers)

Yes/No

Does he give respect to his superiors?

Yes/No

Does he follow instructions properly?

Yes/No

Does he make mistakes frequently?

Yes/No

Critical Incident Method

- Critical incident method or critical incident technique is a performance appraisal tool in which analyses the behaviour of employee in certain events in which either he performed very well and the ones in which he could have done better.

Group Appraisal Method

- Under this method a group of evaluators assesses employees.
- The group consists of the immediate supervisor of the employee, other supervisors having close contact with the employee's work.
- The group determines the standard performance for the job, measures actual performance of an employee.
- But it's a time consuming process yet a thorough one.

MODERN METHODS

- **Assessment Centre**
- **Human Resource Accounting**
- **Behaviourally Anchored Rating Scales**
- **Management by Objective**
- **360 Degree Appraisal**

Assessment Centre

- Where two or more employees are put together to work on a same assignment like the one they would be handling when promoted
- Experienced managers will be assigned as evaluators. Job related characteristics are tested in this method as they complete the task given to them

Testing points include:

- Interpersonal skills
- Intellectual capability
- Planning and organisational skills
- Career orientation

Human Resource Accounting

Human resources are valuable asset of any organisation this is it can be valued in terms of money. Under this method performances just in terms of cost and contribution of employees.

Cost of human resources consists of:

- expenditure on human resource planning
- recruitment
- selection
- induction
- training
- compensation etc.

BARS

- **Behaviourally Anchored Rating Scales (BARS)** is a relatively new technique which combines the graphic rating scale and critical incidents' method in the traditional types.
- In this method and employee is actual job behaviour is judged against the desired behaviour by recording and comparing behaviour with **BARS**.

An Example of Behaviorally Anchored Rating Scale (BARS)

Performance	Points	Behavior
Extremely good	7	Can expect trainee to make valuable suggestions for increased sales and to have positive relationships with customers all over the country.
Good	6	Can expect to initiate creative ideas for improved sales.
Above average	5	Can expect to keep in touch with the customers throughout the year.
Average	4	Can manage, with difficulty, to deliver the goods in time.
Below average	3	Can expect to unload the trucks when asked by the supervisor.
Poor	2	Can expect to inform only a part of the customers.
Extremely poor	1	Can expect to take extended coffee breaks and roam around purposelessly.

This method is used to distinguish between successful and unsuccessful job performance by collecting and listing critical job factors with which critical behaviours are categorised and appointed in a numerical value used as the basis for rating performance

Management by Objective

- This method was developed by Peter Drucker in 1954. MBO involves the setting out clearly defined goals of an in agreement with a superior



The key features of management by objectives are as under:

- Superior and subordinate get together and jointly agree upon. They list the principal duties and areas of responsibility of the individual's job.
- The subordinate sets his own short-term performance goals or Targets in cooperation with his superior.
- They agree upon criteria for measuring and evaluating Performance.
- From time to time, as decided upon, the superior and subordinate get together to evaluate progress towards the agreed-upon goals. At those meetings, new or modified goals are set for the ensuing period.
- The superior plays a supportive role. He tries, on a day-to-day basis, to help the subordinate achieve the agreed upon goals. He counsels and coaches.
- In the appraisal process, the superior plays less of the role of a judge and more of the role of one who helps the subordinate attain the organisation goals or targets.

360 Degree Appraisal

360-degree feedback or multi-source feedback is an appraisal or performance assessment tool that incorporates feedback from all who observe and are affected by the performance of a candidate.



Key points:

- Self appraisal
- Superior's appraisal
- Subordinate's appraisal
- Peer appraisal.