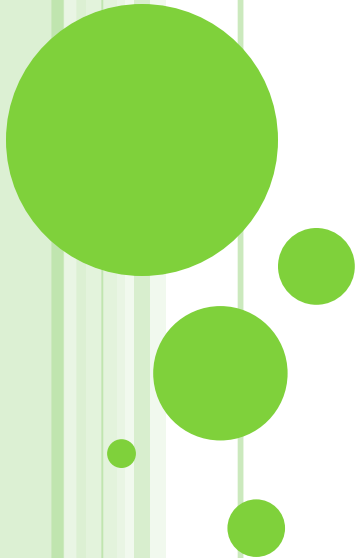


WHAT IS PERFORMANCE APPRAISAL ? EXPLAIN ITS PROCESS AND METHODS.

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DEFINITION:

- Performance Appraisal is defined as a systematic process, in which the personality and performance of an employee is assessed by the supervisor or manager, against predefined standards, such as knowledge of the job, quality and quantity of output, leadership abilities, attitude towards work, attendance, cooperation.



Objectives of Performance Appraisal

- **Make promotion decisions based performance**
- **To confirm services of employee on probation**
- **To identify training and development needs of employees**
- **To decide compensation**
- **To inform employees of their performance and give them feedback and guidance to improve performance**
- **Performance appraisal helps to know the effectiveness of other HR functions such as recruitment and selection, training, and promotion etc.**

Importance of Performance Appraisal

Enhances motivation & productivity

Assists in validation studies

Detects problems

Helps evaluate change efforts

Provides basis for making decisions

Differentiates employees in job-related areas

Helps ensure legal compliance

PROCESS OF PERFORMANCE APPRAISAL

Establish Performance Standards with Employees



Mutually Set Measurable Goals



Measure Actual Performance



Compare Actual Performance with Standards



Discuss the Appraisal with the Employee



If Necessary, Initiate Corrective Action

Step 1: Establish performance standards :

This first step is basically about setting the specific criteria that will assist you as a manager to determine whether or not the performance of the employees are satisfactory as well as the levels of contribution towards goals and objectives of the organization.

Step 2 : Communicate Performance Expectation to Employees :

Once performance standards are established, it is necessary to communicate these expectations. Communication only takes place when the transfer of information has taken place and has been received and understood by the subordinate.

Step 3 : Measure Actual Performance :

The third step in the appraisal process is the measurement of performance. To determine what actual performance is, it is necessary to acquire information about it. We should be concerned with how we measure and what we measure.

Step 4 : Compare Actual Performance with Standards :

The attempt in this step is to note deviations between standard performance and actual performance so that we can proceed to the next phase of the appraisal process the discussion of the appraisal with the employee.

Step 5 : Discuss the Appraisal with the Employees :

One of the most challenging tasks facing managers is to present an accurate appraisal to the subordinate. Of course conveying good news is considerably less difficult for the manager than conveying the bad news that performance has been below expectations.

Step 6 : Initiate Corrective Actions :

The final step in the appraisal is the initiation of corrective action when necessary. Coaching and counselling may be done or person may be deputed for formal training courses and decision-making responsibilities and authority may be delegated to the subordinates.

METHODS OF PERFORMANCE APPRAISAL

Traditional Performance Appraisal Methods

1. Ranking Method
2. Paired Comparison
3. Grading Scale
4. Forced Distribution Method
5. Forced Choice Method
6. Checklist Method
7. Critical Incidents Method
8. Graphic Scale Method
9. Essay Evaluation Method
10. Field Review Method
11. Confidential Method

Modern Performance Appraisal Methods

1. Management By Objectives (MBO)
2. 360-Degree Feedback
3. Assessment Centre Method
4. Behaviourally Anchored Rating Scales (BARS)
5. Psychological Appraisals

TRADITIONAL METHODS

○ **Ranking Methods :**

In this, the superior ranks his or her subordinates in the order of their merit, starting from the best to the worst. It is the simplest and old method of merit rating.

○ **Paired Comparison :**

Every person is compared trait wise with the other persons one at a time. The number of times one person is compared with others is tallied on a paper. With the help of these numbers, ranks are allotted to the employees.

○ **Grading Scale :**

In this certain characteristics or abilities of performance are identified in advance and the employees are put into the category according to their behaviour and traits. Such categories are defined as outstanding, good, average, below average, and poor in terms of letters like A, B, C, D, E where A indicates the best, and E the poorest.

○ **Forced Distribution Method :**

This system is based on the assumption that all employees can be divided in five categories i.e., outstanding, above average, average, below average, and poor.

○ **Forced Choice Method :**

This method requires the rater to choose from statements, often in pairs, that appear equally favorable or equally unfavorable. The rater selects one statement from the pair without knowing which statement correctly describes successful job behavior.

○ **Checklist Method :**

Under this method, a checklist of statements on the traits of the employees and his or her job is prepared in two columns a 'Yes' column and a 'No' column. It is a list of statements that indicate the performance of the employees on the job.

○ **Critical Incident Method :**

Critical incidents refer to certain key acts of behaviour that make the difference between success and failure on a job. The supervisor keeps the record of positive and negative acts/events of a subordinate's work-related behaviour.

○ **Graphic Scale Methods :**

In this method, each trait or characteristic to be rated is represented by the scale on which a rater indicates the degree to which an employee possesses that trait or characteristic. This is the simplest and most popular technique for appraising employee performance.

○ **Essay Methods :**

This method requires the appraiser to compose a statement that best describes the employee being appraised. The appraiser is usually instructed to describe the employee's strengths and weaknesses and to make recommendations for his or her development.

○ **Field Review Method :**

In this method, an employee is not appraised by his direct superior but by another person usually from the HR department. This is an appraisal by someone outside the assessee's own department, usually someone from the corporate office or the HR department.

○ **Confidential Method :**

The confidential report is written for a unit for one year and relates to the performance, ability, and character of the employee during that year. The report is not data based but is subjective. No feedback is provided to the employee being appraised and therefore, its credibility is very low.



MODERN METHODS

- **Management by Objectives (MBO) :**

It was Peter F. Drucker who first gave the concept of MBO. It is a system involving a cycle that begins with setting the organisation's common goals and objectives.

- **360 degree feedback :**

In this method of performance appraisal, information is collected from all persons around the employees — superiors, subordinates, peers, and internal and external customers.

- **Assessment Centre Method :**

It is a central location where the managers may come together to participate in job related exercises, who are then evaluated by the trained observers.



- **Behaviourally Anchored rating Scales (BARS) :**

A BARS rating form, usually contains 6 to 10 specifically defined performance dimensions each with five or six critical incident anchors. The dimensions have both negative and positive job- related critical incidents.

- **Psychological Appraisal :**

This method focuses on analyzing an employee's future performance rather than their past work. Qualified psychologists conduct a variety of tests (in-depth interviews, psychological tests, discussions, and more) to identify an employee's emotional, intellectual, and other related traits.



*Thank
you!*

