

# Pitfalls of Performance Appraisal

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## Definition:

- Performance appraisal is a system of review and evaluation of an individual's (or team's) performance.
- It generally represents how successfully an individual satisfies the job requirement.
- Performance is constantly evaluated on the basis of outcomes.



# Objectives of Performance Appraisal :

■ The performance appraisal process serves several important purposes

- ❖ Compensation decisions
- ❖ Promotion decisions
- ❖ Training and development programmes
- ❖ Feedback to the employee
- ❖ Personal growth and development

# Benefits of Performance Appraisal



# Pitfalls of Performance Appraisal:

- Central tendency.
- Halo effect.
- Rater effect.
- Leniency or Strictness.
- Recency effect.
- Contrast effect.
- Attribution error.
- Spill over/ Past performance effect.
- Status effect.
- Similar-to-me effect.
- Stereotyping.

### **1. Central Tendency:**

- The inclination to rate people in the middle scale even when the performance clearly warrants a substantially higher or lower rating.
- The attitude of the rater is to play safe.

### **2. Halo Error/Effect:**

- Inappropriate generalizations from one aspect of an individual's performance to all areas of that person's performance.
- Here, one negative aspect might influence an employee's overall performance assessment.

### **3. Rater Effect:**

- Includes favoritism, stereotyping, and hostility to influence the evaluation.
- Evaluation determined by rater's attitude towards the subject and not on actual outcome or behaviour.

#### **4. Leniency or Severity:**

- The error caused by the tendency of the rater to rate an employee higher or lower than what his/her actual performance warrants.
- Influenced by a rater's style of evaluation either being too easy on the employee or being overly critical of the employee's performance.

#### **5. Primacy & Recency Effect:**

- The rater's ratings are heavily influenced either by behaviour exhibited by the subject during the early stages of the review period (Primacy) or by outcomes or behaviours exhibited near the end of the review period (Recency).
- Error caused by drawing judgment of employee performance too soon or too late in the review period.



## **6. Contrast Effect:**

- Tendency of a rater to evaluate people in comparison with other individuals rather than against the standards of the job.

## **7. Attribution Error:**

- The tendency to attribute performance failings to factors under the control of the individual and performance success to external causes/factors.

## **8. Spill Over Effect:**

- Refers to allowing past performance appraisal ratings to unjustifiably influence current evaluation.
- Past Rating, Good or Bad, result in similar rating for current period although the demonstrated behaviour does not deserve the particular rating.



## **9. Status Effect:**

- It refers to overrating of employees in higher level job or jobs held/perceived high esteem & underrating employees in lower-level job or jobs held/perceived in low esteem.

## **10. Similar to me Effect:**

- The tendency of the rater to rate employee's who resemble themselves more highly than they rate others.

## **11. Stereotyping:**

- The tendency to generalize across groups and ignore individual differences.

*Thank  
you!*