

Summary

Chapter Seven : Performance Appraisal

7.1 Nature of Performance Appraisal

Performance appraisal is an objective assessment of an individual's performance against well-defined benchmarks. An employee is assessed on several factors like job knowledge, quality and quantity of output, initiatives, leadership qualities etc. The process consists of appraising employees, providing feedback and offering rewards to employees. Earlier only past performance was assessed. These days companies focus on their future potential performance.

7.2 Importance of Performance Appraisal

Organizations utilize performance appraisals for promotions, to identify training and development needs, for confirmation on completion of probation, to grant pay rise and to improve communications between employee and supervisor. Employees benefit from appraisals as they know how they stand compared to their colleagues, department and organization.

7.3 Process of Performance Appraisal

HR has to decide objectives of appraisal in advance. They could be to lay-off or improve poor performers, to effect promotions/transfers or to assess training needs or pay increases. HR then establishes job expectations by informing employee about what is expected from him on the job. Usually these expectations are laid down in Job Description.

To design the programme HR has to decide whose performance is to be appraised, who will rate it and what are parameters for appraisal. Timing and methods for appraisal are determined. Usually employees are

assessed on quality and quantity of their output, timeliness of output, job knowledge, leadership abilities, versatility and team spirit.

It is the responsibility of HR to ensure that all deserving employees are appraised [usually by supervisors] in a timely manner and appraisals are conducted and completed in the specified time period. Appraisal data needs to be stored as decisions on pay hikes, promotions, training assessment, confirmation of employees on probation are based on these records.

7.4 Annual Performance Appraisal cycle.

The annual performance appraisal cycle involves four steps. 1. Self Appraisal, 2. Preparation for performance review, 3. Performance review - the meeting and 4. Completion of performance review form.

7.5 Current methods of Performance Appraisal

Rating Scales, Checklist, Forced Distribution Curve Method, Critical Incidents Method, Behaviorally Anchored Rating Scales and Essay Method are popular current methods for appraisal. Each has its advantages and disadvantages.

7.6 Future methods of Performance Appraisal

Newer methods like Assessment Centres, Human Resource Accounting Method, 360 Degree Feedback, MBO, Team Performance Appraisal and rank and Yank Strategy are gaining ground with larger organizations.

Human resources are valuable assets for every organization. *HR accounting method* tries to find the relative worth of these assets in the terms of money. Performance is judged on the basis of cost and contribution of employees. *MBO* can be defined as a process whereby the employees and superiors come together to identify common goals, the employees set

their goals to be achieved, the standards to be taken as the criteria for measurement of their performance / contribution and deciding the course of action to be followed. *360 Degree Feedback* also known as 'multi rater feedback' is the most comprehensive appraisal where the feedback about the employees' performance comes from all the sources that come into contact with employee on the job.

7.7 Problems faced in Performance Appraisal

Halo effect where appraisers rate only one aspect of the individual's performance and neglect others. Also popular employees are rated high. The rater effect includes favoritism, stereotyping and hostility. Further initial and recent efforts and not those for entire period of review are considered for rating. Next current performance is ignored and past ratings are used in current assessment. Performance is over rated as rater thinks employee's job is of a high level. Sometimes rater is lenient as he thinks rating given by them may reflect on their own performance. Or he can be severe as he is unduly critical. Raters are not trained and do not know how to appraise employee. So they decide to play it safe.

7.8 Related reading

Negative appraisal report can have demoralizing effects on the employee. They may not be able to focus on their jobs. Employees need to cultivate self-confidence and view the negative feedback as a stepping stone to be a better employee. They should reflect on the feedback for sometime so that negative feelings are separated. Then the employee can be crystal clear about what is expected of him and set goals for the future with clear action plans to achieve them.

DO NOT COPY