

Industrial Psychology: Summary

Chapter 06

PERFORMANCE APPRAISALS

1. Introduction to Performance Appraisals

A performance appraisal, employee appraisal, performance review or career development discussion is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. The performance appraisal further considers other aspects of individual employee such as behavior, accomplishments, potential for improvement, strengths and weaknesses. It is claimed that if there is effective total quality management (TQM), performance appraisals are unnecessary.

2. The Process of Performance Appraisals

The process can be completed in five steps. 1. Job analysis. 2. Develop standards and measurement methods. 3. Informal performance appraisal - coaching and disciplining. 4. Measuring the actual performance and 5. Discussing the results.

The factors considered in appraisals are quality, quantity, timeliness, cost-effectiveness, tardiness /absenteeism, creativity, adherence to policy, personal habits, gossiping and personal appearance and grooming.

The feedback of appraisal results should be given with a positive attitude as this can have an effect on employee's future performance.

3. The Types of Performance Appraisals

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Supervisor Appraisal: A supervisor appraises the employee's performance and delivers the appraisal to employee. Supervisors have to appraise employees formally once a year and informally on regular basis and provide feedback in order to achieve the required standard of performance.

Self-appraisal: is an important part of the performance appraisal process where the employee himself gives the feedback and views regarding the past performance.

Peers Appraisal: Employees in similar positions appraise an employee's performance. This method is based on the assumptions that co-workers are most familiar with employee's performance. Peer appraisals are quite accurate in predicting who will be promoted.

Team Appraisal: An extension of the peer appraisal is the team appraisal. Similar to peer appraisal, members of a team, who may hold different positions, are asked to appraise each other's work and work styles.

Customers Appraisal: Performance appraisal seeks evaluation from both internal and external customers. An increasing number of organizations use internal and external appraisal as a source of performance appraisal information. The aim is to produce more objective evaluations, more effective employees, more satisfied customers and better business performance.

360° Appraisal: 360° evaluation also known as 'multi-rater feedback' is a powerful tool that analyzes individuals' performance from all sides - from their supervisor's, their subordinates', peers' and customers' viewpoints, using their own self-evaluation. Thus it is an evaluation that gives the most accurate,

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best possible analysis of individuals and their performance within the company.

4. Methods of Rating Performance

Six different methods are in use for rating performance. 1. Ranking Method. 2. Graphic Rating Scales Form. 3. Behaviorally Anchored Rating Scales (BARS) Form. 4. Narrative Method or Form. 5. Management by Objectives (MBO) Method and 6. Critical Incidents Method (CIT).

The Management by Objectives method is a process, in which managers and employees jointly set objectives for the employees periodically evaluate performance and reward according to the results.

The Critical Incident Theory is a set of procedures used for collecting direct observations of human behavior that have critical significance and meet methodically defined criteria.

5. Types of Rating Errors in Appraisals

As with all areas of industrial psychology, performance appraisal tools must be valid and reliable. If the method of measurement is not valid and reliable then it makes no sense to use it. A reliable measure is consistent, it works in generally the same way each time we use it. Some errors encountered are as under: 1. Leniency Error. 2. Halo Error. 3. Recency Error. 4. Attribution Error. 5. Personal Biases.

6. The Role of Industrial Psychologists

Identify the knowledge, skills, abilities, and other qualities necessary to perform. Create standards for performance: What is acceptable, good or excellent.

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Train supervisors to observe / evaluate performance accurately. Train supervisors to focus on only job-related issues. And study why and how rating errors happen.

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