

Performance Appraisal

- *This was first time used during the first world war when the US Army adopted the Man-to-Man rating system for evaluating the performance of military personnel.*

Two terms are used:

Performance and Appraisal

Performance means the action or process of performing a task or function.

Appraisal means a formal assessment. Synonyms are estimate, evaluate, rate etc.

I+M2 = Performance Appraisal

Identification+Measurement+Management=performance Appraisal

- **Identification:** Areas of works which have to be examined
- **Measurement:** Making judgment of how good or bad employee performance was.
- **Management:** PA is more than post-mortem examination of past events, criticizing or praising workers, it must take a future oriented view of what workers can do to realize their potential.

- Performance evaluation or appraisal is the process of deciding how employees do their jobs.
 - It is the systematic evaluation of employees's behaviour in the work place which includes employees's job performance and his potential for growth and development.

- In a nutshell it is the systematic and objective way of evaluating both work-related behaviour and potential of employees.

Performance Appraisal.Objectives

- To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
- To identify the strengths and weaknesses of employees to place right men on right job.
- To maintain and assess the potential present in a person for further growth and development.

Cont.....

- To provide a feedback to employees regarding their performance and related status.
- It serves as a basis for influencing working habits of the employees.

Performance Appraisal. Features

- Systematic process. Involves three steps:
 - ✓ Setting work standard,
 - ✓ Assessing employees' actual performance relative to these standards,
 - ✓ Offering feedback to employees.
- Periodically carried out
- Not a past oriented activity, it is future oriented activity.
- Not a job evaluation
- Not limited to "calling the fouls".
- May be formal or informal

Performance Appraisal. Benefits

- **Employer perspectives**
 - Offers a rational basis for constructing a bonus or merit system.
 - Helps to implement strategic goals and clarify performance expectations.
 - Documentation of performance appraisal and feedback may be required for legal defense.
- **Employee perspective**
 - Helps employees to rectify their mistakes and get ahead, focusing more on their unique strength.
 - Assessment and reorganisation of performance levels can motivate employees to improve their performance.

Who will Appraise?

- Supervisors
- Peers
- Subordinate
- Self-appraisal
- Customers, users
- Consultants.

Performance Appraisal.Steps

1.ESTABLISHING PERFORMANCE STANDARDS

- The first step in the process of performance appraisal is the setting up of the standards which will be used to as the base to compare the actual performance of the employees.
- This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives.
- The standards set should be clear, easily understandable and in measurable terms.

Performance Appraisal Steps

2.COMMUNICATING THE STANDARDS

- Once set, it is the responsibility of the management to communicate the standards to all the employees.
- The employees should be informed and the standards should be clearly explained to the employee.
- This will help them to understand their roles and to know what exactly is expected from them.
- The standards should also be communicated to the appraisers or the evaluators.

Performance Appraisal Steps

3.MEASURING THE ACTUAL PERFORMANCE

- ✓ The most difficult part of the Performance appraisal process is measuring the actual performance of the employees that is the work done by the employees during the specified period of time.
- ✓ It is a continuous process which involves monitoring the performance throughout the year.
- ✓ This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work.

Performance Appraisal Steps

4.COMPARING THE ACTUAL PERFORMANCE WITH THE DESIRED PERFORMANCE

The actual performance is compared with the desired or the standard performance.

- ✓ The comparison tells the deviations in the performance of the employees from the standards set.
- ✓ The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance.

Performance Appraisal Steps

5.DISCUSSING RESULTS

- The result of the appraisal is communicated and discussed with the employees on one-to-one basis.
- The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus.
- The feedback should be given with a positive attitude as this can have an effect on the employees' future performance.
- The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better.

Performance Appraisal Steps

6.DECISION MAKING

- The last step of the process is to take decisions which can be taken either to improve the performance of the employees, take the required corrective actions, or the related HR decisions like rewards, promotions, demotions, transfers etc.

Performance Appraisal Errors

First Impression (primacy effect)

- Raters form an overall impression about the ratee on the basis of some particular characteristics of the ratee identified by them.
- The identified qualities and features may not provide adequate base for appraisal.

Performance Appraisal Errors

Halo Effect

- The individual's performance is completely appraised on the basis of a perceived positive qualities, features or traits.

Performance Appraisal Errors

Horn Effect

- The individual's performance is completely appraised on the basis of a negative quality or feature perceived.
- This results in an overall lower rating than may be warranted.
"He is not formally dressed up in the office. He may be casual at work too!"

Performance Appraisal Errors

Excessive Stiffness or Lenience

- Depending upon the raters own standards, values and physical and mental makeup at the time of appraisal, ratees may be rated very strictly or leniently.

Performance Appraisal Errors

Central Tendency

- Appraisers rate all employees as average performers. That is, it is an attitude to rate people as neither high nor low and follow the middle path.
- For example, a professor, with a view to play it safe, might give a class grade near the equal to B, regardless of the differences in individual performances.

Performance Appraisal Errors

Personal Biases

- The way a supervisor feels about each of the individuals working under him - whether he likes or dislikes them - has a tremendous effect on the rating of their performances.

Performance Appraisal Errors

Spill over Effect

- The present performance is evaluated much on the basis of past performance. "The person who was a good performer in distant past is assured to be okay at present also".

Performance Appraisal Errors

Recency Effect

- Rating is influenced by the most recent behaviour ignoring the commonly demonstrated behaviours during the entire appraisal period.

The End