UNIT 8 : PERFORMANCE APPRAISAL

UNIT STRUCTURE

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8.1 LEARNING OBJECTIVES

After going through this unit, you will be able to :

- explain the meaning of performance appraisal
- discuss the benefits of performance appraisal
- outline the conflict and confrontation related with performance appraisal
- describe the process of performance appraisal
- discuss methods of performance appraisal
- describe the traditional methods and modern methods

8.2 INTRODUCTION

In this unit, we will discuss about the benefits of appraisal, conflict and confrontation related with performance appraisal as well as the common mistakes made in it. You will also come to know about the bias effect of performance appraisal. In the latter part, we will go in details through the five steps of performance appraisal process and the traditional as well as the modern methods of performance appraisal.

8.3 MEANING OF PERFORMANCE APPRAISAL

Performance appraisal is a part of career development. Performance appraisal is a process of examining and evaluating an employee's job performance (generally in terms of quality, quantity, cost and time) by comparing it with the preset standards. It then provides feedback to the employee from the results of comparison and points out where improvements are needed and why. Performance appraisal identifies employee's training and developmental needs and forms a basis for personnel decisions like salary increases, promotions, disciplinary actions, etc.

The practice of appraisal is a very ancient art. In the scale of history, performance appraisal may be claimed to be the world's second oldest profession. The history of performance appraisal has its roots in the early 20th century and can be traced back to Taylor's pioneering Time and Motion studies. It is used as a distinct and formal management procedure for evaluating the work performance of an employee. The practice of appraisal really dates from the time of the Second World War - not more than 60 years ago.

8.4 BENEFITS OF APPRAISAL

In the rush and bustle of daily working life, probably the most significant benefit of appraisal is that it urges a supervisor and his subordinate to have a discussion on the important work issues that might not otherwise be addressed. When performance appraisal is conducted properly, it ensures both beneficial and positive experiences to the supervisors and subordinates

Appraisal system is very much valuable to an organization. It offers an opportunity to focus on work activities and goals as well as to identify and correct existing problems. Thus it enhances the performance of the whole organization and encourages better future performance.

(a) Motivation and Satisfaction: The profound effect of performance appraisal on employee motivation and satisfaction may be either good or bad. Performance appraisal offers a chance to employees to be recognized for their work efforts.

The genuineness of an organization's interest in its employee's performance and development is reflected through the existence of an appraisal program in there. An individual's sense of worth, commitment and belongingness can be positively influenced only by applying proper performance appraisal system.Performance appraisal considers the strength and prevalence of the natural human desire for individual recognition.

(b) Training and Development: Probably through performance appraisal, both the supervisor and the subordinate gets an excellent opportunity to recognize and agree upon individual training and development needs. It shows the presence or absence of work skills in an employee's work performance

As training and development has a relevant linkage with performance outcomes and future career aspirations, their importance becomes very obvious.

From the organizational point of view of as a whole, the consolidated appraisal data depicts a clear picture of the overall demand for training. This data may be analyzed based on different variables such as sex, department, etc.

(c) Recruitment and Induction; The fruitfulness of an organization's recruitment and induction practices can be analyzed form the appraisal data. For example, how well are the employees performing who were hired in the past two years?

Appraisal data can be used to evaluate the effectiveness of changes in recruitment strategies. It is also possible to assess the progress in terms of general quality of the workforce, (whether it is improving, staying steady, or declining) by comparing the yearly appraisal data.

(d) Employee Evaluation: Evaluation is a legitimate and major objective of performance appraisal even though it is understated or denied very often. Performance appraisal is the process of examining and evaluating the performance of an individual at its most basic level. However, there is a frequent clash for the evaluative and developmental priorities, so, there prevails an ongoing source of tension for this. It is said that appraisal cannot serve the needs of evaluation and development at the same time. But there may be an acceptable and balanced middle ground, where it is possible to serve the needs of evaluation and development at the same time.

8.5 CONFLICT AND CONFRONTATION

Being an appraiser, it is your responsibility to give accurate feedback to the appraisee rather than flattering feedback. The feedback delivering session is always critical. It needs skill and sensitivity to handle the matter.

Everything is good and well if the appraisee accepts the negative feedback without any objection and resolves to improve himself. But the situation may be a reverse one when the negative feedback results in an angry or hurt employee. Then the process of correction fails and the performance of an employee is unlikely to improve and may even deteriorate further.

(a) Self-Auditing: Self-Auditing means self accessing. The term is related with the poor performers of an organization. The aim of this technique is to prove or emerge the evidence of poor performance “naturally” during the course of appraisal interview. This has to be done by asking open-ended question because it provides no limit to the employee in expressing their views. Thus, it encourages the employee to identify their own performance problems.

For example, consider the case of an employee who was absent for too

many days. The appraiser may ask the employee the reason of his absence. An appraiser can feel that he has won half the battle when an employee voluntarily admits his fault. The self-auditing technique was described by Krein[1990] according to whom appraiser should not confront employees directly with criticism. Rather the employee should be encouraged to confront themselves with their own work and performance issues.

Confrontation techniques rely on "charge and counter-charge" process and promote adversarialism and thus subsequently lead to denial and resentment. On the contrary, self-auditing technique is more likely to promote discussion and agreement on the need for change.



Adversarial —

Involving opposition.

(b) Ownership of Problem: The most powerful aspect of the self-auditing process has been noted as the employee's voluntary admission of their own poor performance. It also facilitates the employee's willingness to accept personal "ownership" of problems that have been self-identified. This sense of ownership stimulates the pace of change and development in them.

But there are some individuals who refuse to admit a thing that reflects poorly on them. They do not co-operate with the process of self-auditing due to ego. Instead , they resist it very strongly. In such cases, appraisers are left with no other option but to confront the poor performer directly and firmly with the evidence they have.

Sometimes the direct confrontation makes the employees to be shocked and they feel ashamed of their doings. So, they admit the need to make improvements. On the contrary, the problem worsens when the employees disagree to their faults.

In providing any feedback - especially negative feedback - appraisers must be careful about the sentiment of the employee. They must try to support their opinions with specific and clear examples. Use of vague generalized example should be avoided.

The focus should be on job-related behaviors and attitudes. It is better to exclude personal matter or any specific observation that cannot be

supported by clear evidence. Appraisers must carefully scrutinize their own perceptions, motives and prejudices because all these have an impact in the appraisal process.

8.6 PROCESS OF PERFORMANCE APPRAISAL

1. **ESTABLISHING PERFORMANCE STANDARDS**: In this step, first the standards are set up which must be clear, easily understandable and in measurable terms. Then considering the standards as the base, the actual performance of the employees is compared. Here the criteria are set to judge the performance of the employees as successful or unsuccessful and their degrees of contribution to the organizational goals and objectives.

2. **COMMUNICATING THE STANDARDS:** Once the standards are set, it is the responsibility of the management to inform and explain the standards clearly to all the employees of the organization. Then only employees can understand their roles and know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators. And at this stage itself, the standards can be modified on demand, according to the relevant feedback from the employees or the evaluators.

3. **MEASURING THE ACTUAL PERFORMANCE**: Probably this is the most difficult part of the performance appraisal process. Measuring the actual performance of the employees means the work done by the employees during the specified period of time. It is a continuous process which involves monitoring of employee performance throughout the year. The appropriate techniques of measurement should be selected very carefully so that personal bias does not affect the outcome of the process. It should provide assistance rather than interfering in an employee's work.

4. **COMPARING THE ACTUAL WITH THE DESIRED PERFORMANCE**: In this stage, 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 will show whether the actual performance is more than the desired performance or just opposite of it which depicts a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employee's performance.

5. **DISCUSSING RESULTS**: Then the result of the appraisal is communicated and discussed with the employees on one-to-one basis with the aim of problem solving and reaching consensus. The focus of this discussion is on the problems and its possible solutions. The feedback should be given with a positive attitude because this usually has an influence on the employee's future performance. One of the purpose of the meeting is to motivate the employees to perform better.
6. **DECISION MAKING**: In this last step, decisions are taken which may be either to improve the performance of the employees or to adopt the required corrective actions. Decision is also taken on the HR related issues like rewards, promotions, demotions, transfers etc.



CHECK YOUR PROGRESS

Q1: Write the steps of Performance Appraisal in sequential order

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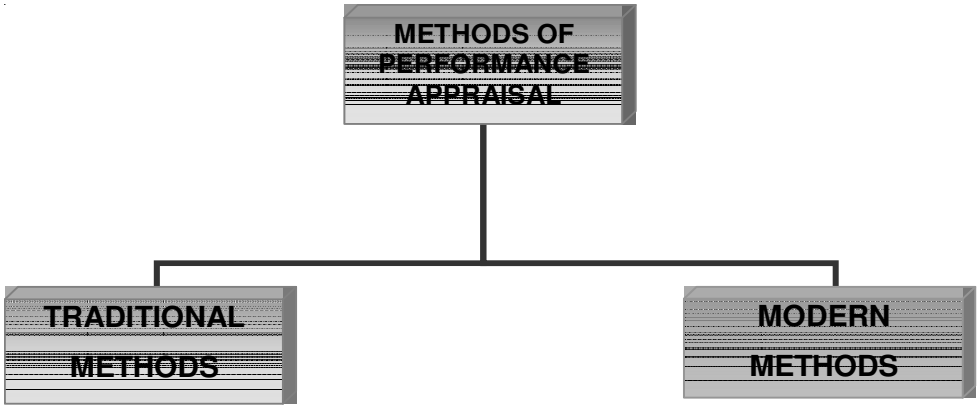
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8.7 METHODS OF PERFORMANCE APPRAISAL

The methods and techniques used for evaluating employee performance can be classified into two broad categories as shown in the following:



8.7.1 Traditional Methods of Performance Appraisal

a. **Confidential report:** It is a practice followed in most of the government departments and public enterprises where performance appraisal is done through annual confidential reports .The confidential report is based on the performance, ability and character of the employee for a unit of one year. The report is subjective. The credibility of this appraisal method is very low as no feedback is provided to the employee being appraised. The method focuses on evaluation rather than development of the employee. The employee who is appraised never knows his weaknesses and the opportunities available for overcoming these.

b. **Graphic rating scale:** in this method, an employee's quality and quantity of work is assessed in a graphical scale. There are different degrees of a particular trait. Here both the personal characteristics and the characteristics related to the on-the-job performance of the employees are taken into consideration. For example a trait like Job Knowledge may be judged on the range of average, above average, outstanding or unsatisfactory. Rating scales are of two types viz. continuous and discontinuous. In continuous scale the degree

of a trait are measured in numbers ranging from 0 to 5 whereas in a discrete or discontinuous scale, appropriate boxes or squares are used.

c. **Straight ranking method**: it is one of the oldest and simplest techniques of performance appraisal. Here the appraiser ranks the employees from the best to the poorest on the basis of their overall performance. A list is then prepared for ranking the workers in order of their performance on the job, keeping the excellent employee at the top while the poor one at the bottom. It is quite useful for a comparative evaluation. It compares all the employees in any single rating group regardless of the types of work they do. Though the method is suitable in a small organization with less number of employees, yet it is difficult to compare the persons having different qualities, attitudes etc as a whole. This method only tells us the standing of various persons like 1,2,3,4..... and so on, but not the actual difference among them ,that means, how much the person at number 1 is better than that at number 2.

d. **Paired comparison**: in this method, each employee is compared trait-wise with all others in the group, one at a time. Here, the number of times one person is compared with others is tallied on a piece of paper .These numbers help in yielding rank orders of employees .For example, if there are five persons to be compared, A's performance is first compared with that of B to find out who has better performance, then A is compared with C,D and E respectively and performance is recorded .Then B is compared to C,D and E, since he has already been compared with A. In turn C is compared with D and E and so on. Then, the results of these comparisons are tabulated and a rank is assigned to each employee. This method is suitable in a small

organization where number of employee is less.

e. **Grading system:** certain features like analytical ability, cooperativeness, dependability, job-knowledge etc. are selected for evaluation in this system. The employees are given grades according to the judgment of the rater. For example, the grades may be such as:

A= Outstanding

B= Very Good

C= Satisfactory

D= Average

E= Below average

The actual performance of every employee is rated with various grades in mind.

f. **Forced distribution:** forced distribution method is used to eliminate the element of bias from the rater's ratings. Here, the evaluator uses to distribute the employees in some fixed categories of ratings like on a normal distribution curve. The rater places these categories on the appropriate fits based on his own discretion. Though the employees are placed in a certain category yet they are not ranked within a category. The assumption of this method that all groups of employees have the same distribution of good and poor performance is not exempted from the question. There is no explanation for placing an employee in a particular category .Moreover no specific job related criteria is used for ratings. Forced distribution of rankings is feasible for a large group of employees.

g. **Checklist method:** the rater is given a checklist which contains a list of statements, based on which the rater describes the job performance of the employees. The statements in the checklist describe the behaviour of the employees on job. Then each statement is checked by the

rater to indicate whether the behaviour of an employee is positive or negative. Ultimately, the performance of the employee is rated based on the numbers of positive checks. There are three types of check lists that can be used:

(1) Simple checklist
(2) Weighted checklist
(3) Forced choice checklist

(1) Simple checklist:- Under this method, only double barrel questions are put in the checklist and so the supervisor has to answer it either as yes or no. After filling these questions the checklists are sent to personnel department where final rating is done. The questions in the form may be weighed equally or certain questions may be given more weightage than others.In this method, there may also be the supervisory bias because he can distinguish between positive and negative questions. Moreover it is impossible to put all the necessary questions in the check list considering its length.

(2) Weighted checklist:- This method is also used to avoid personal prejudices. In this method, depending on the relative importance, weights are assigned to different statements in the checklist which is as follows:-

Traits	Weights	Performance Scale Ratings(1-5)
1. Regularity	0.5	
2. Dependability	1.0	
3. Loyalty	2.0	
4. Leadership potential	1.5	

This method is a very lengthy, time consuming and relatively costly affair.

(3) Forced choice checklist:- In this checklist, five statements are given for each trait. Out of these statements, two are the

most descriptive type while the other two are the least descriptive statements with one neutral statement. The aim is to minimize the rater's personal bias. A specimen of forced checklist is as follows:

For example, Statement no.(5) Regularity of the employee.

Options are (i) Always regular.
(ii) Informs in advance for absence or delay.
(iii) Never regular.
(iv) Remains absent without prior notice.
(v) Neither regular nor irregular.

The method is expensive, lengthy and time consuming. But it has greater objectivity than the other methods. The supervisor get no chance to discuss the rating with subordinates because these items are scored by the personnel department.

h. Critical incidents methods: In this method of performance appraisal, the evaluator rates the employee on the basis of their behaviour at the time of critical events that occur during the course of work. The assumption made in this method is that the performance of the employee on the happening of critical incidents determines his failure or success. Examples of critical events are:-

(a) Refused to accept instructions even when these were clear.
(b) Increased his efficiency despite resentment from other workers.

Critical incident method has both negative and positive point. It provides an objective basis to discuss an employee's performance. Here the evaluation is based on employee's actual job behaviour. Finally, this method is considered to improve the employee performance because they learn precisely what is expected of them.

i. **Free essay appraisal method** [also known as "free Form method"]: This is a traditional, non-quantitative form of appraisal and involves a description of the performance of an employee by his superior. The description is an evaluation of the performance of an individual and often based on the facts, examples and evidences that support the information. The supervisor should have a continuous watch on the subordinates and write his assessment in the report .While preparing an essay on the employee, the rater generally considers the following factors:

   (I) Job knowledge of the employee

   (ii) Employee's relation with co-workers and supervisors

   (iii) Employee's traits and attitudes

   (iv) Employee's understanding of the company's programmes, policies, objectives etc.

   (v) Development needs for future etc.

The essay method not only suffer from personal bias but also from human bias because here comes the liking or disliking of a subordinate by the supervisor. The another drawback is that an appraiser may be unable to express his judgment in appropriate words limiting the utility of appraisal report. Moreover, a busy appraiser may be too hurry to write the essay .So, the actual performance of employee may not be reflected properly. The appraiser may take lots of time in preparing the essay. So, the method becomes uneconomical from the time factor point of view.

j. **Group appraisal:** under the group appraisal method, employees are rated by a group of people known as appraisal group. The appraisal group consists of a supervisor and three or four other persons who have some knowledge on the employee performance .The supervisor explain the nature of

his subordinate's duties to the group members. Then the group discusses the standard performance for that job and compares it with the actual performance of the employee and offers suggestions for future improvements, if required.

This method is devoid of personal bias because appraisal result is given taking the consents of multiple judges. Moreover, it is a very thorough and simple method. The only drawback is that this method is very time consuming.

k. Field review: in this method, there is a session of discussions and interviews between a senior member of the HR department or a training officer and the line supervisors to evaluate and rate their respective subordinates. The interviewer questions the supervisor about the requirement of each job in his unit and enquires whether the performance of each man in his job is satisfactory or not. Thus, the expert gathers all the important information on each employee from the supervisor and takes notes in his note book .There is no rating form with factors or degree, but overall ratings are obtained. Here the performance of employees is usually categorised as outstanding, satisfactory and unsatisfactory.

The success of this method depends upon the competence of the interviewer. When this method is used, the supervisors get rid of the tedious writing work of filling in appraisals forms as here questions are asked and answered verbally. Personal bias of supervisor is likely to minimise in this method because the process is largely controlled by the personnel department.

This method requires lots of time and keeps two managerial personnel busy with the appraisal system

l. Nominations: In this method, appraisers are asked to identify the exceptionally good and exceptionally poor performers and they are then singled out for special treatment.

k. Work sample test: In this method, from time to time, employees are given some work related tests to work out which are then evaluated to judge them.



***Akin* —**

Similar or relatedin quality or character

8.7.2 Modern Methods of Performance Appraisal

i. Assessment centres: In this method, the competency of an employee is assessed to take higher responsibilities in the future. Generally, employees are given an assignment akin to the job they are expected to perform, if promoted. Then their performance on the assigned jobs are observed and evaluated by a team of trained evaluators limiting the rater's personal bias.

Interpersonal skills, intellectual capability, planning and organizing capabilities, motivation, career orientation etc are the major competencies of an employee that are judged in assessment centre method. This method also determines the training and development needs of the targeted employees as well as provides the necessary data for human resource planning.

Drawback of this method is that the candidates may feel demoralized on receiving a negative report from the evaluators. There creates an environment of strong and unhealthy competition among the employees due to the assessment centre method. It is impossible to conduct the tests frequently and there is a possibility of over emphasizing the test performance.

Effectiveness of this method can be increased by –

[a] stating the goals clearly,

[b] obtaining the top management support,

[c] conducting job analysis,

[d] imparting proper training to the evaluators; and

[e] periodically evaluating and revising the assessment programme.

ii. Management By objectives: The concept of 'Management by Objectives' (MBO) was first given by Peter Drucker in 1954. It is a process where the subordinates and their superiors come together to identify and set the common goals to be achieved and the standards to be taken as the criteria for measurement of their performance and contribution as well as to decide the course of action to be followed.

Participative goal setting, choosing course of actions and decision making are the essence of MBO. In MBO process, employee's actual performance is measured and compared with the set standards. There is found more eagerness to fulfill their responsibilities when the employees themselves have been involved with the goal setting and choosing of the course of action process to be followed by them.

UNIQUE FEATURES AND ADVANTAGES OF MBO: The principle behind Management by Objectives (MBO) is to create empowered employees who have a clear knowledge of their roles and responsibilities and understand the objectives to be achieved. Thus this method helps in achieving the organizational as well as personal goals. Some of the important features and advantages of MBO are:

Clarity of goals – With MBO, came the concept of **SMART** goals i.e. goals that are:

- **Specific**
- **Measurable**
- **Achievable**
- **Realistic, and**
- **Time bound**

The goals, thus, set are clear, motivating and have a linkage with the performance targets of the employees. Here the future is focused rather than the past. Goals and standards are set to measure the performance in future with periodic reviews and feedback. Employees are tried to be motivated so that they give their full co-operation in the whole process of goal setting. Increasing employee empowerment dedicates to the employee job satisfaction and commitment. There is a better communication and coordination with frequent reviews and interactions between superiors and subordinates in MBO which maintains a harmonious relationship within the enterprise and solve many problems faced during the period.

However the term, MBO almost always refers to a comprehensive, organization wise goal setting and appraisal programme that consists of the following steps:

(a) Set the organization's goal: Here an organization wise plan is established for next year and thus goals are set to make the plan successful.

(b) Set departmental goals: In this step, departmental heads and their superiors jointly set their departmental goals.

(c) Discuss departmental goals: Departmental heads discuss the departmental goals with all the subordinates in the department and ask them to develop their own individual goals. In other words, every employee is involved in deciding his contribution to the department's in attaining its goals.

(d) Define expected results (set individual goals): In this step, department heads and their subordinates set short term performance targets.

(e) Performance reviews: In this step, results are measured. Department heads compare the performance of each employee with the expected result.

(f) Provide feed back: Department heads hold periodic performance review meetings with subordinates to discuss and evaluate the progress of them in achieving the expected results.

This approach is considerably superior to the traditional approach of performance appraisal. It is a self appraising as well as problem solving approach and emphasizes the training and development needs of individuals.

Some of the limitations of MBO method is as follows:

(a) This method is unsuitable where the subordinates can not set their own goals. This problem is usually happened with the blue collar workers because they often unable to do so.

(b) The method is appropriate for the appraisal of executives and supervisory personnel who have a good command over goal setting and so, they can understand it in a better way.

(c) MBO programme requires a considerable time, energy and expenditure for its success.

(d) There may arise some conflicts while setting the objectives because when management pushes for higher quotes, then subordinates pushes for lower ones.

(e) Rating of every employee is based on the specific target sets for each of them. So, it makes the ratings difficult to compare with.

iii. **Human resource accounting method:** It is known to everyone that human resources are the most valuable assets for every organization. So, in this method, it is tried to find the relative worth of these assets in the terms of money. Here, the performance of employees is judged by comparing the cost (like their compensation, recruitment and selection costs, induction and training costs etc) incurred on them and the contribution that the employees made in terms of the total value added (in monetary terms). In simple language, this method tries to reflect the value of a firm's internal human resources and its external customer goodwill in terms of money value. The difference between the cost and the contribution tells us about the performance of employees. It is an ideal situation when the contribution of the employees is greater than the cost incurred on them.

This method is still in infancy stage and is therefore, not very popular at present.

iv. **Behaviourally Anchored Rating Scales:** Behaviourally Anchored Rating Scales (BARS) is a relatively new technique. It combines both the graphic rating scale and critical incidents method. It consists of predetermined critical areas of job performance or sets of behavioral statements which are developed from critical incidents and describe important job performance qualities as good or bad (for eg. the qualities like inter-personal relationships, adaptability and reliability, job knowledge etc). In this method, an employee's actual job behaviour is measured with the desired behaviour by comparing the behaviour with BARS.

BARS typically requires five steps:-

(a) **Generate critical incidents:-** Persons who know the job being appraised (i.e job holder and/or supervisors) are asked

to describe specific illustrations (critical incidents) of effective and ineffective performance.

(b) Develop performance dimension:- These people then cluster the incidents into a smaller set of performance dimensions (say 5 or 10).Each cluster (dimension) such as 'conscientiousness' is thus defined.

(c) Reallocate incidents:- Another group of people who also know the job then reallocate the original critical incidents. They are given the cluster's definitions and the critical incidents and are asked to reassign each incident to the cluster they think it fits best.

(d) Scale the incidents:- The second group is generally asked to rate the behaviour described in the incident as to how effectively or ineffectively it represents performance on the appropriate dimension (seven or nine point scales are typical)

(e) Develop final instrument:- A subset of the incidents (usually six or seven per cluster) is used as behavioural anchors for each dimension.

v. 360 degree performance appraisal: 360 degree feedback, also known as 'multi-rater feedback', is the most comprehensive appraisal method where the feedback about the employee's performance comes from all the sources ,that means, his/her peers, managers (i.e. superior), subordinates, team members, customers, suppliers/ vendors - anyone who come in contact with him on his job and can provide valuable insights and information or feedback regarding the "on-the-job" performance of the employee. But these respondents should assess the performance of the employee without bias.

360 degree appraisal has four integral components:

1. Self appraisal
2. Superior's appraisal
3. Subordinate's appraisal
4. Peer appraisal

Self assessment is an indispensable part of 360 degree appraisals. This method has a high degree of employee involvement and also has the strongest impact on their behavior and performance. This appraisal method is effective in identifying and measuring certain skills of an employee like interpersonal skills, customer satisfaction and team building skills etc. This credible method provides a "360-degree review" of the employee's performance. Moreover, an employee gets a chance to look at his/her strengths and weaknesses, his achievements, and can judge his own performance through self appraisal.

There is a traditional part in 360 degree appraisal method in the form of superior's appraisal where the employee's responsibilities and actual performance is rated by the superior.

Certain parameters of the employee like communication and motivating abilities, ability to delegate the work, leadership qualities etc. can be judged from the subordinates' appraisal. If the correct feedbacks are provided by peers [also known as internal customers], then it can help in measuring the employee's abilities to work in a team, co-operation and sensitivity towards others.

360 degree appraisal is also a powerful developmental tool. When conducted at regular intervals (say yearly), it helps to keep a record of the changing perceptions of other's about the employee's performance. The method is more suitable for the managers as it

helps them to assess their leadership quality and managing style by knowing other's perceptions about them. This technique is being effectively used in some of the organizations like Wipro, Infosys, and Reliance Industries etc for performance appraisals.

This method also has some limitation. Receiving feed back on performance from multiple sources may be an intimidating situation. Further, the organization has to devote a long time in selecting the rater, designing questionnaires and analyzing the data which is not justifiable in this busy working environment. In addition, multiple raters are less likely to provide a balanced and objective feed back than the supervisors who are sought to be replaced. Personal differences and biases may also be the limiting factors in this method.



CHECK YOUR PROGRESS

Match the followings:-	
A. SMART goals i.e. goals that are: Specific, Measurable, Achievable, Realistic and Time bound	A. 360 degree appraisal
B. Four integral components: 1. Self appraisal 2. Superior's appraisal 3. Subordinate's appraisal 4. Peer appraisal	B. Checklist method
C. Three types of check lists that can be used: (a) Simple checklist (b) Weighted checklist (c) Forced choice checklist	C. Management by Objectives



8.8 LET US SUM UP

After going through this unit, we have learnt the meaning of performance appraisal, the benefits, conflict and confrontations associated with performance appraisal. The methods of performance appraisal includes –

(a) Traditional Methods

(I) Confidential Report

(II) Graphic Scales

(III) Straight Ranking

(IV) Paired Comparisons

(V) Grading System

(VI) Forced Distribution

(VII) Check List Method

(VIII) Critical Incident Method

(IX) Free Essay Method

(X) Group Appraisal

(XI) Field Review

(XII)Nominations

(XIII) Work Sample Tests

(b) Modern Methods

(I) Assessment Centre

(II) Management By Objectives

(III) Human Resource Accounting

(IV) Behaviourally Anchored Rating Scales

(V) 360 Degree Performance Appraisal

8.9 FURTHER READINGS

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8.10 ANSWERS TO CHECK YOUR PROGRESS



Ans. to Q. No.1

a. Establishing Performance Standards

b. Communicating the Standards

c. Measuring the Actual Performance

d. Comparing the Actual with the Desired Performance

e. Discussing Results

f. Decision Making

Ans. to Q. No.2

A — C B — A C — B



8.11 MODEL QUESTIONS

Q.1. Explain the importance of performance appraisal in human resource management.

Q.2. Briefly discuss the various methods of Performance Appraisal.

Q.3. Discuss the problems in Performance Appraisal. How can performance appraisals be made more effective?

Q.4. Write short note on :

(i) Graphic rating scale

(ii) Check list method

(iii) Management by Objectives

(iv) 360 degree performance appraisal.

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