

Performance Appraisal, Definition, Objective, & Methods

Performance appraisal is an important part of human resource management. The results of performance appraisals serve many important functions in organizations. In this article, we will discuss in detail the concept of performance appraisal, its objectives and different techniques of performing performance appraisal.

Performance Appraisal Overview

Performance appraisals help provide employees with information on how they can best manage their own careers. Appraisal systems and their implications for how individuals manage their careers. This is done by the human resource manager in order to analyse whether the set standards and targets are being met by the employees

Performance Appraisal Meaning

Performance appraisal is the systematic description of an employee's job-relevant strengths and weaknesses." In a Performance appraisal, the employee's merits such as initiative, regularity, loyalty, personality, etc. are compared with others. Then each employee is rated or ranked. It is a process for evaluating and analysing how well an employee is carrying out his or her job.

Objectives of Performance Appraisal

Performance appraisal has become very important in human resource management functions. Below are the major objectives of performance appraisal

- To review the performance of the employees over a given period of time.
- To judge the gap between the actual and the desired performance.
- To help the management in exercising organizational control.
- Helps to strengthen the relationship and communication between superior subordinates and management – employees." To diagnose the strengths and weaknesses of the individuals so as to identify the training and development needs of the future.
- To provide feedback to the employees regarding their past performance.

Performance Appraisal Methods

For appraising the performance of employees there are numerous methods available. These are enlisted below

Critical Incident Method

The critical incidents for performance appraisal is a method in which the manager writes down positive and negative performance behaviour of employees throughout the performance period

Weighted Checklist

This method describes a performance appraisal method where a rater familiar with the jobs being evaluated prepares a large list of descriptive statements about effective and ineffective behaviour on jobs

Paired Comparison Analysis

Paired comparison analysis is a good way of weighing up the relative importance of options. A range of plausible options is listed. Each option is compared against each of the other options. The results are tallied and the option with the highest score is the preferred option.

Graphic Rating Scales

The Rating Scale is a form on which the manager simply checks off the employee's level of performance. This is the oldest and most widely method used for performance appraisal.

Essay Evaluation

This method asked managers/supervisors to describe the strengths and weaknesses of an employee's behaviour. Essay evaluation is a non-quantitative technique. This method is usually used with the graphic rating scale method.

Behaviorally Anchored Rating Scales

This method is used to describe a performance rating that focuses on specific behaviours or sets as indicators of effective or ineffective performance. It is a combination of the rating scale and critical incident techniques of employee performance evaluation.

Performance Ranking Method

Ranking is a performance appraisal method that is used to evaluate employee performance from best to worst. Managers will compare an employee to another employee, rather than comparing each one to a standard measurement.

Management By Objectives (MBO)

MBO is a process in which managers/employees set objectives for the employee, periodically evaluate the performance, and reward according to the result. MBO focuses attention on what must be accomplished (goals) rather than how it is to be accomplished (methods).

360-Degree Performance Appraisal

360-degree feedback is a system or process in which employees receive confidential, anonymous feedback from the people who work around them.

Forced Ranking (Forced Distribution)

Forced ranking is a method of performance appraisal to rank employees but in order of forced distribution. For example, the distribution requested with 10 or 20 percent in the top category, 70 or 80 percent in the middle and 10 percent in the bottom.

360 Degree Performance Appraisal

An appraisal made by top management, immediate superiors, peers, subordinates, self and customers is called 360 Degree Appraisal. Here, the performance of the employee or manager is evaluated by six parties, including himself. So, he gets feedback on his performance from everyone around him. This method is very reliable because evaluation is done by many different parties.

These parties are in the best position to evaluate the employee or manager because they are continuously interacting and working with him. This method is mostly used to evaluate the performance of the employees. However, it is also used to evaluate other qualities such as talents, behaviour, values, ethical standards, tempers, loyalty, etc

The 360-degree appraisal was first developed by General Electric (GE), USA in 1992. Today it is used by all major organizations. In India, it is used by Crompton Greaves, Wipro, Infosys, Reliance Industries, etc

Participants of 360 Degree Appraisal

1. **Top Management:** The top management normally evaluates the middle-level managers. However, in a small organisation, they also evaluate the performance of the lower-level managers and senior employees.
2. **Immediate Superior:** The immediate superior is in a very good position to evaluate the performance of his subordinates. This is because they have direct and accurate information about the work performance of their subordinates.
3. **Peers/Co-workers:** Peers or colleagues also evaluate each other's performance. They work continuously with each other, and they know each other's performance. Peer evaluation is used mostly in cases where teamwork is important.
4. **Subordinates:** The Subordinates can also evaluate the performance of their superiors. Nowadays students are asked to evaluate the performance of their teachers.
5. **Self-Appraisal:** In the self-appraisal, a person evaluates his own performance. He should be honest while evaluating himself. This results in self-development.
6. **Customers:** Customers can also evaluate the performance of the employees who interact with them. This evaluation is best because it is objective. It is also given a lot of importance because the customer is the most important person for the business. Organisations use customer appraisals to improve the strengths and remove the weaknesses of their employees.

Other Participants of 360 Degree Appraisal

In addition to these six parties, appraisal can also be done by an Appraisal Panel. This panel consists of 5 to 6 different types of members. Outside Consultants are also used for conducting appraisals. In some cases, the Personnel Department also conducts an appraisal of employees and managers. 360 Degree Appraisal is becoming more popular because many parties are available for evaluation. Therefore, there is no "bias" or "halo effect". Hence the evaluation will become more realistic.

Conclusion

In a nutshell, performance appraisal not only helps management but also the employees in order to ascertain whether the predetermined targets have been met. The concept of 360-degree appraisal is getting major limelight and has been used by many MNCs. The appraiser can choose any of the appraising tools as per the requirement of the situation.