Performance Appraisal Methods

The type of performance appraisal system utilized depends on its purpose. If the major emphasis is on selecting people for promotion, training, and merit pay increases, a traditional method such as rating scales may be most appropriate. Collaborative methods are designed to assist employees in developing and becoming more effective.

a. **360-Degree Feedback:** Involves input from multiple levels within the firm and external sources as well.

b. **Rating Scales:** Rates employees according to defined factors. The factors chosen for evaluation are typically of two types: job related and personal characteristics.

c. **Critical Incidents:** Requires written records be kept of highly favorable and highly unfavorable work actions.

d. **Essay:** The rater simply writes a brief narrative describing the employee’s performance. This method tends to focus on extreme behavior in the employee’s work rather than routine day-to-day performance.

e. **Work Standards:** Compares each employee’s performance to a predetermined standard, or expected level of output.

f. **Ranking:** The rater simply places all employees in a given group in rank order on the basis of their overall performance. Paired comparison is a variation of the ranking method that involves comparing the performance of each employee with every other employee in the group.

g. **Forced Distribution:** An appraisal approach where the rater is required to assign individuals in the work group to a limited number of categories similar to a normal frequency distribution.

h. **Forced-Choice And Weighted Checklist Performance Reports:** The forced-choice performance report is a technique in which the appraiser is given a series of statements about an individual and the rater indicates which items are most or least descriptive of the employee. The weighted checklist performance report is a technique whereby the rater completes a form similar to the forced-choice performance report, but the various responses have been assigned different weights.
i. **Behaviorally Anchored Rating Scales**: A performance appraisal method that combines elements of the traditional rating scales and critical incidents methods.

j. **Results-Based Systems**: In a result-based system the superior and the subordinate jointly agree on objectives for the next appraisal period.

k. **Assessment Centers**: Recognizing the differences in purposes, and the difficulty that a PA system will have in achieving both aims, some firms opt to use an assessment center as an adjunct to their appraisal system.

l. **Management by Objectives (MBO)**: It is a goal-oriented performance appraisal method, requires that supervisors and employees determine objectives for employees to meet during the rating period, and the employees appraise how well they have achieved their objectives.

m. **The Appraisal Interview**

The appraisal interview is the Achilles' heel of the entire evaluation process.

- **Scheduling the Interview**—Supervisors usually conduct a formal appraisal interview at the end of an employee's appraisal period.

- **Interview Structure**—A successful appraisal interview should be structured in a way that allows both the supervisor and the subordinate to view it as a problem-solving rather than a faultfinding session.

- **Use of Praise and Criticism**—Praise should be provided when warranted, but it can have only limited value if not clearly deserved. Criticism, even if warranted, is especially difficult to give.

- **Employees' Role**—Two weeks or so before the review, they should go through their diary or files and make a note of every project worked on, regardless of whether they were successful or not.

- **Use of Software**—Computer software is available for recording the appraisal data.

- **Concluding the Interview**—Ideally, employees will leave the interview with positive feelings about management, the company, the job, and themselves.