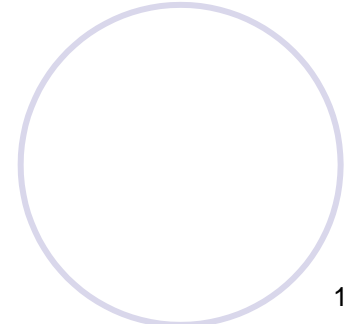
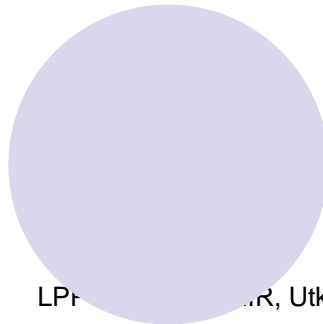
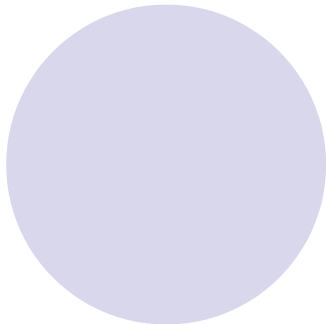


Modern Methods of Performance Appraisal

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Self Appraisal



- Self Appraisal has an important role to play in employee development.
- Self appraisal should be a continuous process
- It is a significant initial step for Performance Development.
- It should start at the end of performance period just before the performance review discussion takes place.

Self Appraisal - Purpose



- To provide an opportunity for an employee to recapitulate:
 - The various activities he has undertaken in relation to different functions associated with his role.
 - His achievements & failures.
 - The capabilities he demonstrated and the capabilities he lacked.

Self Appraisal- Purpose



- To identify his own development needs and plan his development in the organisation.
- To communicate his reporting officer his contributions, accomplishments and reflections to enable him view in performance in right perspective and objective.

360 Degree Appraisal



- This technique is understood as systematic collection of performance data on an individual or group derived from a no. of stake holders – The stake holders being the immediate supervisor, team members, customers, peers and self.
- It is also referred as multi source assessment or multi-rater feedback.

Objectives of 360 Degree Appraisal



- Provide insights into the strong & weak areas of the candidate
- Identification of developmental need and preparing dev. Plan.
- Generate data for personnel related decisions
- Re-enforcing change mgt. efforts and interventions for orgnl. Effectiveness.

Objectives of 360 Degree Appraisal



- Serves as a basis for performance linked pay.
- Aligning individuals and group goals with organisational goals.
- Leadership development
- Potential appraisal and development
- Career planning and development
- Succession planning & Development
- Team Building
- Culture building.

Development & Implementation

- Define objectives
- Decide on recipients
- Decide on who will give the feedback
- Decide on the areas of work & behavior on which feedback will be given.
- Decide on the methods of collecting the data.
- Decide on data analysis and presentation.
- Plan the initial implementation program.
- Analyse the outcome of the pilot scheme.
- Plan and implement the full program
- Monitor and implement

Advantages of 360 Degree Appraisal

- It is more objective than one person's assessment.
- Increased awareness and relevance of competencies.
- More reliable feedback.
- New insights
- Supporting a climate of continuous of improvement.

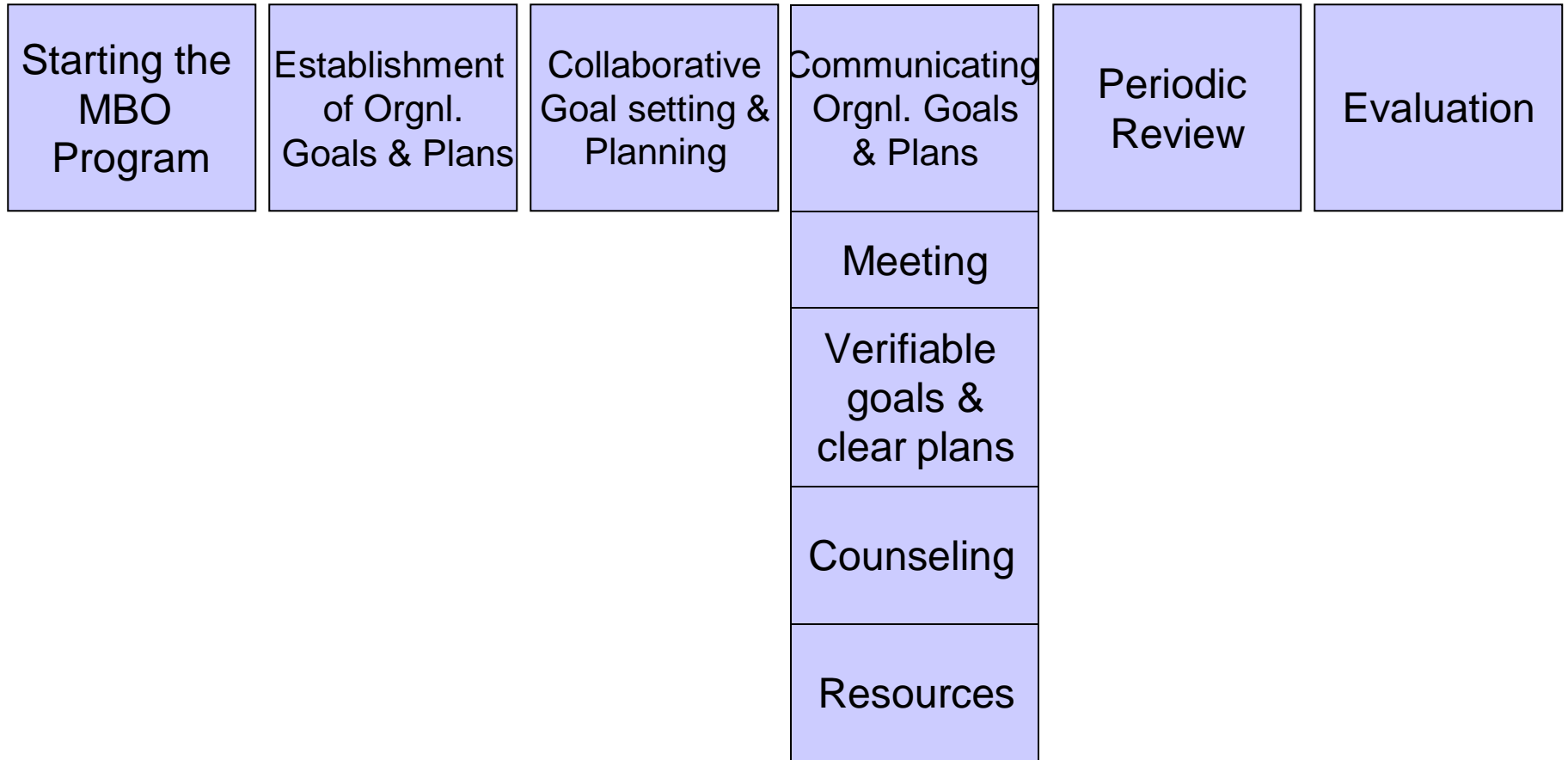
Drawbacks of 360 Degree Appraisal

- People not giving frank and honest feedback.
- People being put under stress in receiving or giving feedback.
- Lack of action following feedback.
- Too much bureaucracy.

Management by Objectives (MBO)

- It is a process of collaborative goal setting by manager & subordinate; the extent to which the goals are accomplished is a major factor in evaluating and rewarding the subordinate's performance.
- This method of PA was introduced by Drucker (1961).
- It is primarily a corporate performance system leads up to individual efforts.

MBO Process



Merits of MBO



- Establishes link between orgnl. & individual performance.
- Easy to implement & measure.
- Employee motivated as he is aware of expected roles & accountability
- Performance oriented diagnostic system.
- Facilitates employee counseling & guidance

Demerits of MBO

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- Difficult to have employees agree on goals.
- Interpretation of goals may vary.
- Goal setting for qualitative function may be cumbersome.
- Time consuming, complicated lengthy & expensive.

BARS: Behaviourally Anchored Rating Scales

- It is a sophisticated rating method in which supervisors construct rating scale associated with behavioural anchors.
- It combines the benefits of critical incidence and graphic rating scale by anchoring rating scale with specific behavioural examples of good or poor performance.
- Developing a BARS requires five steps
 - Generate critical incidence
 - Develop performance dimensions
 - Reallocate incidence
 - Scale the incidence.
 - Develop a final instrument.

BARS

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Advantage

- A more accurate gauge
- Clearer standards.
- Feedback
- Independent dimensions
- Consistency

Disadvantage

- Very time consuming
- Each job requires separate BARS
- Behaviours are activity oriented rather than result oriented.

BOSs: Behavioural Observation Scale

- Here a single scale point is used to represent the performance of an employee who sometimes engages in some very positive behaviour but at other times perform poorly.
- To develop BOS:
 - Job experts first identify groups of similar behavioural incidents and form them into performance dimensions.
 - Job experts evaluate the behavioural incidents to make sure that they are relevant to the dimension and important for distinguishing between successful and unsuccessful employees
 - A five point frequency of occurrence scale is attached to each incident which raters use to indicate how frequently each employee engages in the behaviour.



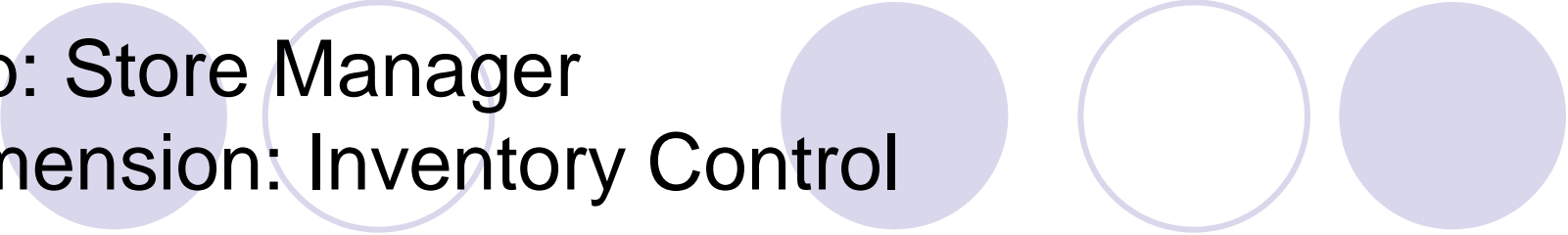
BOSs

Advantages

- They are based on careful analysis of the job
- It is also helpful in providing performance feedback to employees

Job: Store Manager

Dimension: Inventory Control

- 
- 7. Always orders in the right quantities and at right time
 - 6. Almost always orders at the right time but occasionally orders too much or too little of a particular item.
 - 5. Usually orders at the right time and almost always in the right quantities .
 - 4. Often orders in the right quantities and at the right time.
 - 3. Occasionally orders at the right time but usually not in the right quantities.
 - 2. Occasionally orders in the right quantities but usually not at the right time.
 - 1. Never orders in the right quantities or at the right time



Assessment Centre

- It is a central location where managers come together to have their participation in job related exercises evaluated by trained observers.
- It includes or comprises of a no. of in-basket exercises, simulations, role playing and other similar activities.
- The characteristics assessed includes assertiveness, persuasive ability, communicating ability, planning and organisational abilities, self confidence, decision making, resistance to stress, creativity, administrative ability and mental alertness.

Balanced Score Card



- It is a way of measuring organisational, business unit or department success, balancing long term and short term actions & balancing different measures of success:
 - Financial
 - Customer
 - Internal Business Processes
 - Learning & Growth

It is a conceptual framework for translating an organisations vision into a set of performance indicators distributed among four perspectives

Balance Score Card Perspective

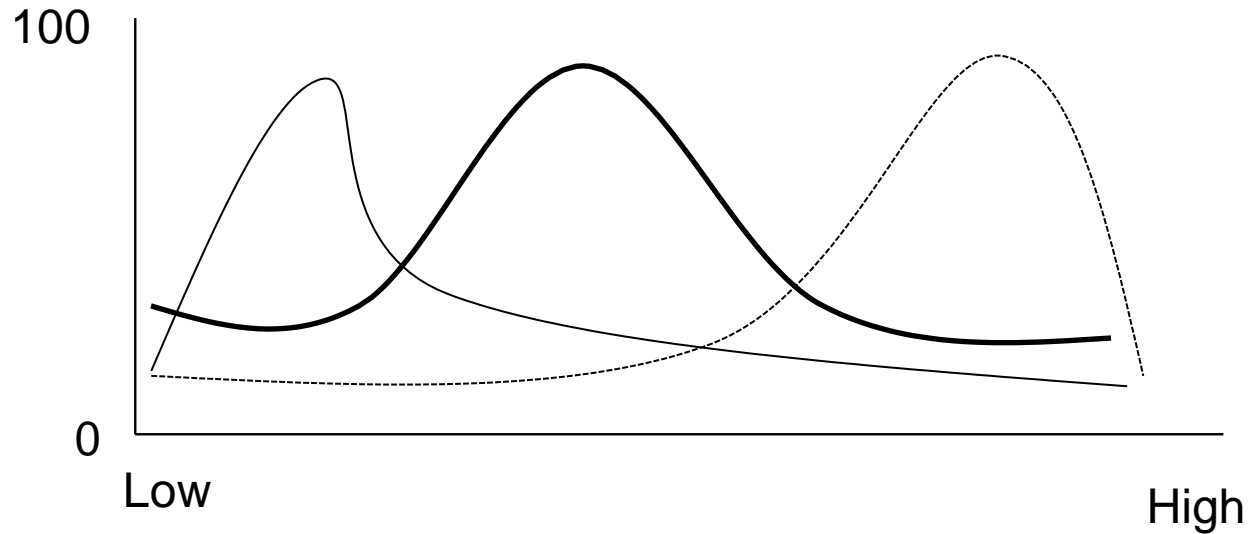
Financial	<ul style="list-style-type: none">• Optimum cost efficiency of operations• Maximise benefits/ costs
Customer	<ul style="list-style-type: none">• Customer satisfaction• Effective partnership• Customer value creation• Enhanced Customer service
Internal Processes	<ul style="list-style-type: none">• Improves productivity• Streamline processes• Process Control• Supplier satisfaction
Learning & Growth	<ul style="list-style-type: none">• Access to strategic information• Employee satisfaction• Quality workforce• Organisational structure for continuous improvement

Common Rating Errors



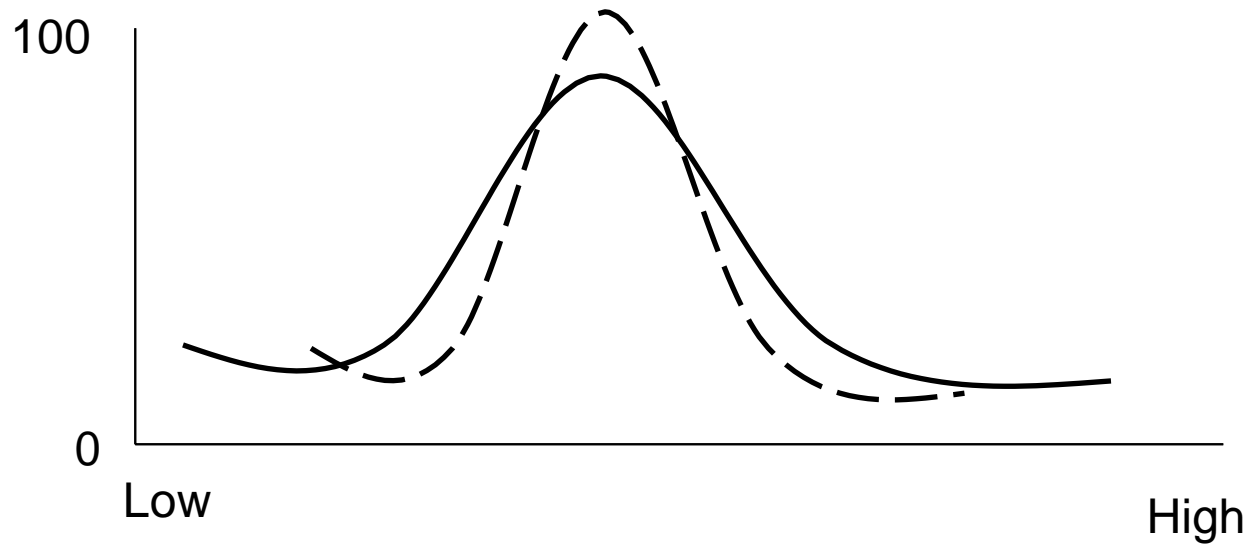
- Leniency Error
- Severity Error
- Central Tendency Error
- Halo Error
- Horn Error
- Primacy Error
- Recency Error
- Status Effect

Leniency & Severity Errors



- True distribution of performance
- Distribution resulting from leniency error
- Distribution resulting from severity error

Central Tendency Error



- True distribution of performance
- - - Distribution resulting from Central tendency error

Why do rating errors occur ?

Rating errors occur through:

- Unintentional Processes
- Intentional Processes

Unintentional Processes

- Rating errors occur as a result of **cognitive information processing (CIP)**
- Proponents of CIP argue that performance assessment is best viewed as a complex memory task in which the assessor must do the following:
 - Acquire performance information about an employee.
 - Encode and store that information in their memory.
 - Retrieve that information at a later date when asked to assess the employee's performance
 - Weight and combine the information into an overall performance judgment.

Schemas & Prototypes



- One cognitive shortcut that is used in processing information is the schema.
- **Schemas** are simply mental categories that an individual uses to organise information and classify people.
- For example; a supervisor uses two schemas in classifying employees: The good worker schema & The bad worker schema.
- Associated with each schema is a set of attribute called a **prototype**, that represents the essential characteristics associated with that schema.
- For example: the prototype for good workers include: never absent, writes well, always gets projects done on time & get along well with co-workers.



Intentional Errors

- Sometimes the supervisors intentionally rate employees inaccurately for political or other reasons

One employee's view is:

“ In the end it still comes down to this: my boss can give me any rating he wants and there isn't a lot I can do about it. I can hit my numbers but he might think I should have exceeded them....Perhaps he didn't like my style or the way I handled a certain deal. In the end I will get what he wants me to have.”

Why Supervisors Inflect or Deflect Ratings

- Reasons for inflecting

- To maximise the merit raise an employee is eligible to receive, particularly when the merit raise ceiling is low.
- To protect or encourage an employee whose performance has suffered because of personal problems.
- To avoid creating a written record of an employees poor performance.
- To reward an employee who has shown improvement in performance, even the performance is still no high.

Why Supervisors Inflect or Deflect Ratings

- Reasons for deflecting

- To teach a rebellious employee a lesson.
- To shock an employee back onto a higher performance track.
- To send a message to an employee that he or she should consider leaving the organisation.
- To build a strongly documented written record of poor performance so that an employee can be fired.

Enhancing The Measurement of Employee Performance



- Training Evaluators
 - Rater-Error training
 - Frame-of-Reference training
 - Information-Processing Approaches
- Feedback to Evaluators