"Performance appraisal is an organizational system comprising deliberate processes for determining staff accomplishments to improve staff effectiveness".

---- Winston & Creamer

INTRODUCTION
The history of performance appraisal is quite brief. Its roots in the early twentieth century can be traced to Taylor’s pioneering Time and Motion studies. But this is not very helpful, for the same may be said about almost everything in the field of modern human resources management. As a distinct and formal management procedure used in the evaluation of work performance, appraisal dates from the time of the Second World War - not more than 60 years ago. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay claim to being the world’s second oldest profession.

Appraisal, it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgements made will be lawful, fair, defensible and accurate. Performance appraisal systems began as simple methods of income justification. That is, appraisal was used to decide whether or not the salary or wage of an individual employee was justified.

Over the past three decades, performance appraisal has been one of the most heavily researched topic areas in the fields of Industrial-Organizational, Psychology and Human Resource Management. The interest in performance appraisal is understandable in as much as organizations appraise employee performance for a variety of purposes. For instance, performance appraisals are used for personnel decisions (e.g., promotions, pay increases, identifying employees for remedial training, etc.), employee feedback and development and personnel research (e.g., selection test validation studies). Historically, performance appraisal research has treated performance measurement as a ‘psychometric problem’, whereby the goal has been to improve the psychometric quality of performance appraisal.

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ratings\(^2\). Given that both important personnel decisions and employee feedback are often based upon performance rating data, this focus makes a great deal of sense.

In order to obtain a better understanding of how the performance appraisal has been put together by the Corporation, the researcher has provided an overview of the Corporation's performance appraisal process. The researcher felt that the overview of the performance appraisal process would be necessary, since the process provides a framework for the performance appraisal.

Performance appraisal is perceived to be a critical human resource management function in most organizations. Research estimates that over 90\% of all large private sector organizations in India employ some form of systematic employee appraisal and review. At the same time, the number of public sector organizations employing the formal appraisal process continues to steadily increase.

In recent years, widespread attention has been paid to the role of the formal appraisal process because of the belief that an effectively designed and implemented appraisal system can provide the employee, the manager, and the organization with a host of positive benefits. The literature on performance appraisal generally concludes that the appraisal process can\(^3\):

- Provide managers with a useful communication tool for employee goal setting and performance planning;
- Increase employee motivation and productivity;
- Facilitate discussions concerning employee growth and development;
- Provide a solid basis for wage and salary administration; and


Performnance appraisal means systematic evaluation of the personality and performance of each employee by his supervisor or some other person trained in the techniques of merit rating. It employs various rating techniques for comparing individual employees in a work group, in terms of personal qualities or deficiencies and the requirements of their respective jobs. According to Dale Yoder, “Performance appraisal includes all formal procedures used to evaluate personalities and contributions and potentials of group membership in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees.”

Performance appraisal is a formal programme in an organization, which is concerned not only with the contribution of the members who form part of the organization, but also aims at spotting the potential also. The satisfactory performance is only a part of the system as a whole and the management needs more information than mere performance ratings of the subordinates. There are no two opinions about the necessity of performance appraisal that can meet these requirements of the management to achieve the organizational aims.

In simple terminology, performance appraisal is the systematic evaluation of the individual with respect to his performance on the job and his potential for development. Performance appraisal is concerned with determining the differences among the employees working in the organization. Usually, the individual’s immediate superior in the organization and whose performance is reviewed in turn by his superior in the organization and whose performance is reviewed in turn by his superior who does the evaluation.

Thus, his superiors also rate everyone in the organization. Performance appraisal employs rating techniques for comparing individual employees in the work group, in terms of personal qualities or deficiencies and the requirements of their respective jobs.

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All the employees are appraised on their job performance in some manner or another. Flippo\(^5\) opines that generally the choice lies among three possible approaches:

- A causal, unsystematic and often haphazard appraisal;
- The traditional and highly systematic measurement of employee characteristics, employee contributions, or both; and
- Mutual goal setting through a management by objectives programme.

Thus, performance appraisal is known by different names such as ‘evaluation of employees’ or ‘evaluation of performance’ or ‘measuring of excellence’, etc. The former name of this is ‘merit rating’. Merit rating can also be called ‘employee rating’. Gittel Lester\(^4\) defines “performance appraisal as an orderly, systematic and carefully considered analysis and evaluation of person’s services based both on an observation over a considerable period of time and on a study of available objective records of performance of behaviour”.

Performance appraisal is also said to be a method of evaluating the attitudes of employees, relating to the organizational maintenance and goals. Relevance and the desirability of role behaviour of every role occupant in relation to the organization is assessed through ratings by the superior who possesses the opportunity to watch or observe or closely supervise the former. Yet another view is that the actual measurement of employee attitudes is beneficial, for, it could throw some light on what would be the current as well as future behaviour of employees.

Bata K. Dey\(^7\) described performance appraisal as the pivot around which entire personnel system revolves a hyphen that joins various episodic career events, etc., and a buckle that fastens man to the service or the organization. According to Lawrence L.


Steinmetz⁸, the purpose underlying any standard appraisal method is to determine how an individual’s on-the-job contribution measures-up in comparison with the standards of performance expected of him. Such an accurate evaluation of each man’s performance is useful to management in three ways.

- It enables management to keep track of a man’s performance;
- It serves as a guide to determine who are the promising employees and who are the marginal performers; and
- It also serves as a guide to determine how much an employee should be paid and whether or not he deserves to be promoted.

Performance appraisal is simply an attempt to think clearly about each person’s performance and future prospects against the background of his total work situation. Describing the best aspect of the individual’s work and suggesting possible areas for improvement in performance⁹. Joseph Famularo¹⁰ stated that the purpose of appraisal is to measure and evaluate as fairly as possible the various results brought about, by the employees’ individual contribution. The problem then becomes proper determination of the ways in which the employee can contribute to improved results. A proper weighing of the potential value of maximum contribution in each area and a means for making fair appraisal of the extent to which the employees approach the maximum possible contribution.

1.1 Difference between Performance Appraisal and Job Evaluation

Performance rating should be differentiated from job evaluation, which is concerned with the determination of worth of different jobs. Performance appraisal refers to the task of rating or assessing the individual performance and abilities of the workers. Both the processes differ from each other in regard to the following points:

- Performance appraisal is concerned with the differences among the employees in terms of their performance. But job evaluation is the analysis of various jobs to know the demands, which the normal performance of particular jobs make on average employees. It does not take into account the individual abilities or performance of the employees concerned.

- The purpose of performance appraisal or merit rating is to appraise the performance of individuals for taking decisions like increase in pay, transfer, promotion, etc. But the purpose of job evaluation is very limited, i.e., to determine the worth of the job on the basis of demands made by it on average workers.

- Performance appraisal rates the performance of jobholder and not the job. As a matter of fact, it measures the worth of employees to the organization. But job evaluation rates the jobs in the organization in order to determine their worth and fix the wage or salary level that will be fair and equitable.

- The results of performance appraisal are used for taking important personnel decisions such as training, transfer, promotion etc. But job evaluation is used a basis of wage structure in the organization.

However, the following table also indicates the difference between the performance appraisal and job evaluation.
### Table-1.1: Performance Appraisal vs. Job Evaluation

<table>
<thead>
<tr>
<th>Performance Appraisal</th>
<th>Job Evaluation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance appraisal is concerned with the difference among the employees in terms of their performance. It is also termed as merit rating as it is concerned with the comparative merit of individuals.</td>
<td>Job evaluation is the analysis of various jobs to know the demands, which the normal performance of particular jobs make on average employees. It does not take into account the individual abilities of the jobholder.</td>
</tr>
<tr>
<td>It considers the abilities and performance of individuals.</td>
<td>It considers the requirements of various jobs in terms of job descriptions and job specifications.</td>
</tr>
<tr>
<td>The purpose of merit rating is to appraise the performance of individuals to take decisions like increase in pay, transfer, promotion, etc. It also serves as the guideline for the management to consider the type of training, which should be imparted to the employees.</td>
<td>The propose of job evaluation is limited, i.e., to determine the worth of the job on the basis of demands made by a particular job on the average worker. This facilities fixation of wages for various jobs.</td>
</tr>
<tr>
<td>Performance appraisal rates and not the job as it is concerned with assessing of the abilities of the individuals. As a matter of fact it measures the worth of different employees to the organization.</td>
<td>Job evaluation analyses the jobs to determine their relative worth and fix their wages levels that are fair and equitable.</td>
</tr>
<tr>
<td>Performance appraisal is used as a basis of personnel policies as regarded transfer and promotion.</td>
<td>Job evaluation is used to shape the wage policy of the organization.</td>
</tr>
</tbody>
</table>

### 1.2 What is the Purpose of a Performance Appraisal?

A performance appraisal, or service rating, is a written evaluation of the performance of an employee over a specified time period (few months to one year). Performance appraisals are designed to provide employees with knowledge of their performance over a period of time; to identify strengths and/or areas of concern in an employee’s job performance; and to provide an opportunity for an employee and his/her supervisor to meet and clarify about the job expectations.
An important part of the evaluation process is the discussion of the performance appraisal with an employee. The performance appraisal interview should take place in private. It provides an opportunity for supervisors to give positive feedback to employees whose performance has been satisfactory, and to discuss problem areas with employees whose performance has been short of the mark. A ‘less than good’ performance appraisal is not discipline in and of itself and should not be used as a punitive tool to correct specific violations of rules or incidents of misconduct. These should be dealt with at the time they occur by means of progressive discipline (counselling, warning, suspension, etc.). It is imperative that supervisors point out an employee’s area(s) of weakness, counsel him or her regarding ways to correct the problem, and give an employee a chance to improve before issuing a ‘less than good’ performance appraisal. Filing out the rating form should be the culmination of a process that has been ongoing for several months, and the final outcome should come as no surprise to the employee.

1.3 Objectives of Performance Appraisal

There are two types of objectives of performance appraisal, viz., administrative objectives and self-improvement objectives.

1.3.1 Administrative Objectives

Promotions: This is perhaps the most important administrative use of performance appraisal. It is to the common interest of both the management and employees to promote employees into positions where they can most effectively utilize their abilities. It is mismanagement to promote employees into positions where they cannot perform effectively at the time in question. A properly developed and administered performance appraisal system can aid to determine whether individuals should be considered for promotions. The system must rate for the present job and his

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potentialities for the higher job. A person performing his job well does necessarily mean that he is fit for promotion.

**Transfers:** In an organization, it may be necessary to consider various types of personnel actions such as transfers, layoffs, demotions and discharges. In some cases, such actions are called for because of unsatisfactory performance while in other cases it may be called for due to economic conditions over which the organization has no control due to changes in production process. Such actions can be justified if they are based on performance appraisal.

**Wage and Salary Administration:** In some cases, the wage increases are based on the performance appraisal reports.

**Training and Developments:** An appropriate system or performance appraisal can be helpful in identifying the areas of skills or knowledge in which certain employees are not up to par. Thus pointing out general training deficiencies that presumably should be corrected by additional training, discussions, or counselling. Performance appraisal can also help in spotting the talented employees, train and develop them to create an inventory of executive skills. It can also provide the areas where the employees/executives could be further trained and positioned to meet the organisation growing needs.

**Personnel Research:** Performance appraisal helps in research in the field of personnel management. Various theories in human relationships are the outcome of efforts to find out the cause and effect relationship between the personnel and their performance.

1.3.2 Self Improvement

The performance appraisals being out the deficiencies and shortcomings of the employees. A discussion between the boss and the subordinate conducted in a spirit of cooperation and mutual understanding gives the chance to employee to have an insight on the performance in the general set up of the organization. The way discussions are conducted gives chance to the employees to take suitable steps to improve their
performance or to correct their shortcoming. Performance rating answers the questions of the employees like ‘How am I doing?’ and ‘Where do I stand?’ Performance appraisal helps human resource development in another way also. A promotion minded individual could ask for the target programmes of a position he seeks and use the information given by performance appraisal to prepare him for the job and enhance his candidacy.

Performance appraisal also helps to spot out a person’s ability to see an organization problem, devise ways of solving it, translate his ideas into action, incorporate new information as it arises and carry his plans to meet the end results. It highlights a sort of total managerial action in contrast to things we customarily factor out conceptual entities – things such as the planning function, leadership ability, or financial knowledge. The manager’s will often improve by this emphasis on the whole managerial job. The appraisal programme asks the rater to look at the record of managerial success, not the manager’s personality.

1.4 Why Performance Appraisal?

The important reasons or benefits, which justify the existence of a system of performance appraisal in an enterprise, are as under:

- A good system of performance appraisal helps the supervisor to evaluate the performance of his employees systematically and periodically. It also helps him to assign that work to individuals for which they are best suited;

- Performance rating helps in guiding and correction of employees. The supervisor may use the results of rating for the purpose of constructively guiding employees in the efficient performance of work;

- The ability of the staff is recognized and can be adequately rewarded by giving them special increments;

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• Systematic appraisals with prevent grievances of develop confidence amongst the employees if they are convinced of the impartial basis of evaluation. The records of merit rating are available in permanent form to protect management against subsequent charges of discrimination which might be leveled by the trade union leaders;

• Performance appraisal can be used as a basis of sound personnel policies in relation to transfers and promotions. If the performance of an employee is better than others, he can be recommended for promotion, but if a person is not doing well on a job, he may be transferred to some other job;

• Performance appraisal provides an incentive to the employee to better their performance in a bid to improve their rating over others; and

• Rating can be used to evaluate the effectiveness of training programmes. Merit rating reveals weaknesses of employees and the training programmes can be modified accordingly.

However, performance appraisal has a beneficial effect on both the persons doing the appraisal and being appraised. The appraisal begins prominently to the attention of supervisors or executives the importance of knowing their subordinates as human resources. The necessity of performance appraisal leads the appraiser to a thoughtful analysis of people rated and tends to make him more alive to opportunities and responsibilities in developing the subordinates.

Thus, the objective of appraisal is to derive the point to the appraisee without inviting his resentment of drawing back into the shell or taking defensive attitude. Idea is to give him an insight and that too in a way he takes suitable steps to improve upon his performance by a constructive motivation. To this extent, appraisee is helped. He would feel himself as a part of the organization and would put in his best.
1.5 Different Methods of Appraisal

There are different methods of merit rating that may be classified into –

- Traditional Methods; and
- Modern Methods.

The methods differ for various obvious reasons. They are:

- First, they differ in the source of traits or qualities to be rated. The qualities may differ due to difference in job requirements, statistical requirements and opinion of the management. For example, cooperation may not be considered at all necessary be the management. Then, it is difficult also to reliably rate such factors as cooperation;

- Second, they differ with respect to the coverage that is being rated, e.g. Executives, salesman, factory workers;

- Third, variations may be caused due to the degree of protection attempted in the evaluation; and

- Finally, they may differ with respect to methods used to obtain weightage for the various traits.

As far as possible merit rating should be based on objective factors; it should be a continuous process and made at regular intervals. Any good methods of merit rating should assess the following personal qualities of the employees:

- Knowledge of work;
- Ability to do the work;
- Quality and quantity of output;
- Personal qualities like dependability, adaptability, initiative, etc.; and
- Special qualities like confidence, leadership, etc.
1.5.1 Traditional Methods

Traditional methods are very old techniques of performance appraisal. They are based on trait-oriented appraisal. Evaluation of employees is done on the basis of standards of personal traits or qualities such as attitudes, judgement, versatility, initiative, dependability, leadership, loyalty, punctuality, knowledge of job, etc. There are seven traditional methods of appraisal as discussed below:

Unstructured Appraisal:

Under this, the appraiser is required to write down his impression about the person being appraised in the unstructured way. However, in some organizations, comments required to be grouped under specific headings such as quality of job performance reasons for specific job behaviour, personality traits, and development needs. This system is highly subjective and has got its merit in its simplicity and is still in use especially in the small firms.

Ranking Method:

Ranking is a simple process of placing employees in a rank according to their job performance. It permits comparison of all employees in any single rating group regardless of the type of work. All workers are judged on the same factors and they are rated on the overall basis with reference to their job performance instead of individual assessment of traits. In this way the best is placed first in the rank and the poorest occupies the last rank. Subjectivity of the appraiser may enter into his judgements. Asking the appraiser to rank employees on certain desirable traits can reduce the subjectiveness in this method. The other difficulty with this method is that it does not indicate the degree of difference between the first and the second man, and so on.

Paired comparison is an improvement over simple ranking: Under this, every employee in a job family is compared with every other employee to determine who is the better worker. The rater is providing with a little booklet containing two names on each

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Perceptibly, the number of rank order would be \( \frac{n(n-1)}{2} \), where \( n \) is the total number of persons to be compared.

In this way, every employee is compared with the every other employee in the same job family. The paired comparison gives a more reliable rating with the order of ranks discussed above although this system is more tedious to construct and use. It cannot be used for periodic employees' ratings, as it does not make evaluation, any improvement in the employees that might have made over a period of time.

**Forced Distribution Method:**

Some appraisers suffer from a constant error, i.e., they either rate all workers as excellent, average or poor. They fail to evaluate the poor, average or excellent employees clearly. The forced distribution system is devised to force the appraiser to fit the employees being appraised into predetermined ranges of scale. It has an advantage over the paired comparison system in that two or more employees can be given equal ratings. This system is based on the presumption that employees can be divided into five points scale of outstanding, above average, average, below average and poor. In this system, the appraiser is asked to distribute the employees into these categories in such a way that about 10% of the men are in group outstanding, 20% above average, 40% average, 20% below average and 10% poor.

Thus, this method eliminates the room for subjective judgement on the part of supervisors. Besides this, the system is easy to understand and administer. The objective of this technique is to spread out ratings in the form of a normal distribution, which is open to criticism. Many times, this categorization is not found in work groups particularly when the size of the group is comparatively smaller. As a matter of fact, forced distribution of rankings is feasible for a large group.

**Graphic Rating Scales:**

Under this method, scales are established for a number of specific factors and qualities. Five degrees are established for each factor and general definitions appear at
points along the scale. Usually, the rater is supplied with a painted form, one for each person to be rated. The selection of factors to be measured on the graphic rating scale is an important point under this system. They are of two types:

- Characteristics, such as initiative and dependability; and
- Contributions, such as quantity and quality of work.

Though certain areas of job performance cannot be objectively measured, it is likely that graphic scale will continue to use a mixture of both characteristic and contributions.

Graphic scales impose a heavy burden upon the supervisor. He must report and evaluate that performance of these subordinates on scales involving as many as five degrees on perhaps ten different factors. The main drawbacks of this system is that the rater may be biased, however, one means of ensuring that the rater has based his scoring upon substantial evidence is to leave space on the form after each factor and require him to explain the reason for his rating. In effect, he is asked to give example of the ratee’s behaviour that justifies the assigned rating. In practice, rating tends to cluster on the high side under this system.

The graphic rating method is easy to understand and easy to use. It permits the statistical tabulation of scores in terms of measures of central tendency, skewness and dispersion. It permits a ready comparison of scores among employees. The scores presumably reveal the merit of value of every individual. Thus, this method has certain serious drawbacks also. There is an implication that a high score on one factor can compensate for a low score on another. This may be counter-balanced by high scores for attendance, attitude, cooperativeness, etc. Often, the ratings tend to cluster on the high side under this system. A supervisor may tend to rate his men high so that they may receive high share of pay raises in some cases. Table-1.2 represents the graphic rating sheet in the organization.

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Check List:

This method also consists of two techniques, viz., weighted check list, and forced choice.

Table 1.2: Graphic Rating Sheet

<table>
<thead>
<tr>
<th>Name of the Employee</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department</td>
<td></td>
</tr>
</tbody>
</table>

Instructions to Rates:

1. 
2. 
3. 

PERFORMANCE RATING SCALES

<table>
<thead>
<tr>
<th>Performance Factor</th>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality of work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Quantity of work</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Job knowledge</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dependability</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Attitude</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>I</th>
<th>II</th>
<th>III</th>
<th>IV</th>
<th>V</th>
</tr>
</thead>
<tbody>
<tr>
<td>Does not meet job requirements</td>
<td>Partiality meets job requirements</td>
<td>Meets job requirements</td>
<td>Exceed requirements</td>
<td>For exceeds job requirements</td>
</tr>
<tr>
<td>Under No. of errors</td>
<td>Occasional errors</td>
<td>Normal accuracy</td>
<td>Seldom inaccurate</td>
<td>Exceptionally accurate</td>
</tr>
<tr>
<td>Slow Worker</td>
<td>Works in supports</td>
<td>Consistent quantity</td>
<td>Above average</td>
<td>Usually fast worker</td>
</tr>
<tr>
<td>Need to learn job</td>
<td>More knowledge required</td>
<td>Possesses adequate knowledge</td>
<td>Good working knowledge</td>
<td>Exceptional understanding of all phases of job</td>
</tr>
<tr>
<td>Requires constant supervision</td>
<td>Needs occasional supervision</td>
<td>Ordinarily can be depended upon</td>
<td>Needs very little supervision</td>
<td>Completely trustworthy</td>
</tr>
<tr>
<td>Reluctant to cooperate</td>
<td>Occasionally uncooperative</td>
<td>Generally associates with others</td>
<td>A good team worker</td>
<td>Very cooperative, inspires others to work</td>
</tr>
</tbody>
</table>

Comments: 

Signature of the Rater
**Weighted Check List:** Under this method, various statements are prepared in such a manner that they describe various types and levels of behaviour for a particular job. Each statement is attached with a scale value. At the time of rating the employees, the supervisor just collects and checks all the statements. After the weights of values are attached to the individual traits, the rating up to this level is gathered on the rating sheet. Then the weights are averaged and employee is evaluated. The persons thoroughly acquainted with job and perfect at preparing and weighing statements should prepare the weighted check list. When this process is over, rating is placed on separate cards. Then raters who actually observe the accomplishment of the work sort these cards. They work from poor to excellent. Weights are then assigned to the statements in accordance with the way are ranked by the raters.

Under this method, the supervisors are not allowed to give vague impressions as a basis for rating. This would compel the supervisor to think in terms of very specific kinds of behaviour. This method involves a lengthy procedure of evaluating employees. It requires certain qualifications to be met on the part of the supervisor regarding the job he is assigned to look after. Moreover, this method is a relatively costlier affair. It puts more strain on the financial resources of the organization particularly in terms of personnel developmental time.

**Forced Choice:** This method is used particularly with the objective of avoiding scope for personal prejudices. Under this method, the rater is forced to choose between descriptive statements of seemingly equal worth describing the person in question. Statements are chosen for both the sides (favourable as well as unfavourable). For instance, the following two pairs of statement may be given to the rater and the may be asked to select one statement from each pair that is represented by supervisor.

- Gives clear instructions to his subordinate;
- Can be depended upon to complete any job assigned;
- Makes promises that he knows he cannot keep them; and
- Shows favoritism to some employees.
The rater may feel that neither of the two statements in a pair is applicable but he must select the one that is more descriptive. Only one of the statements in each pair is correct in identifying the better performance and this scoring key must be secret from the raters. In this way bias is removed from the appraisal process. The main advantage of establishing this system of performance appraisal is that it has greater objectivity than most other methods. Forced choice method is also not free from drawbacks.

- Firstly, it is very expensive to install this system;
- Secondly, the procedure involved is very lengthy and hence more time-consuming;
- Thirdly, it is difficult for a supervisor to discuss rating with subordinates because the personnel department scores the items.

Critical Incident Method:

A critical incident means a significant act by an employee exceeding or failing, any of the requirements of his job. It represents an exceptional behaviour of an employee as work, as for instance –

- Resisted the implementation of charge;
- Became upset over work; refused to help a fellow worker;
- Suggested an improvement in the work method;
- Tried to get a fellow worker to accept the management decision; and
- Welcome new ideas.

This method requires every supervisor to record all significant incidents in each employee’s behaviour that indicate effective or successful action and those which indicate ineffective or poor behaviour. These are recorded in a specially designed network that contains categories or characteristics under which various behaviours can be recorded. Examples of such types of requirements for workers are judgement, learning
ability, productivity, and dependability accuracy of work, responsibility and initiative. Daily recording of these items seems to be essential because, otherwise, the supervisor may forget the incidents with his subordinates.

Thus, under the critical incident method the supervisor is supposed to refrain from passing overall judgements and concentrate on discussing facts as he sees them. Theoretically, this should provide a sound an objective basis for appraisal of an employee performance. Strictly speaking, the critical incident method is not a rating method, as it requires the supervisor to pay close attention to what an employee is doing. This method suffers from the flaw that outstanding incident happens so frequently that individual’s appraisal may not be very markedly difference between any two time periods. It has been observed that most of the time the employees have neither positive nor negative incidents. If the critical event does not happen, it will be difficult to rate an employee.

Moreover, it may be difficult for a supervisor to decide what the critical or exceptional incident is. Here again the human bias may appear in recording the critical incident. To rectify this defect, Gerald Whitlock designed a specimen checklist that consists of a number of behaviour incidents that are considered to be the examples of uncommonly, ineffective or effective job behaviour. The usual procedure in constructing the specimen checklist is to collect behaviour incidents from certain experts in this area. The number of such performance behaviours ranges from 80 to 150 incidents, equally divided between effective and ineffective specimens. A few typical incidents for the appraisal of employees in purchase department are listed in the following checklist.

Field Review Method:

Under this method, an expert from the personnel department interviews the supervisors. The expert questions the supervisor to obtain all the pertinent information on each employee and takes notes in his notebook. Therefore, there is no rating form with factors or degrees, but overall ratings are obtained. The workers are usually classified into three categories as outstanding, satisfactory and unsatisfactory. The interviewer, questions the supervisor about the requirement of each job in his unit and about the performance of each man in his job. He probes to find out not only how a man is
performing but also why he does that way and what can be done to improve his efficiency. The supervisor is required to give his opinion about the progress of his subordinates, the level of the performance of each subordinate, his weaknesses, and strong points, outstanding, ability, promotability and the possible plans of action in cases requiring further consideration. The questions are asked verbally.

Thus, the success of field review method depends on the competence of the interviewer. If he knows his job, he can contribute significantly to accurate appraisals. Field review method relieves the supervisors of the tedious writing work of filling in appraisal forms. It also ensures a greater likelihood that the supervisors will give adequate attention to the appraisals because the personnel department largely controls the process. Superficial judgement can be eliminated if the appraiser investigates intensely.

Criticism of Traditional Methods:

The general criticism of traditional performance appraisal system is that they are too subjective in nature, as they are based on personal judgement of the rater. The personal judgement is always subjected to personal bias or prejudices as well as pressure forms certain other areas. The appraiser may not be able to judge the competence of the employees because of lack of training. Because of the judgmental role of the supervisors under the traditional system, performance ratings are frequently subject to a number of errors and weaknesses that are discussed below:

- **Halo Error:** This type of error occurs when the rater allows one aspect of a man’s character or performance to influence his entire evaluation. It is the tendency of many raters to let the rating they assign to one characteristic. Many supervisors tend to given an employee approximately the same rating on all factors. The error can be recognised quite easily on factor scales. The rating scale technique of performance appraisal is particularly susceptible to the halo supervisor judge all of his subordinates on a single factor or trait before going the next. In this manner, he can consider all of the men relative to a standard or to each other on each trait.

- **Central Tendency:** This error occurs when the rater is in doubt about the subordinates or has inadequate information about them or is giving less attention
and effort to the rating process. Because of these reasons, usually the raters are reluctant to rate people at the outer ends of the scale. The rater knows that he has to appraise his subordinates at periodic intervals. But if he is unfamiliar with some of the subordinates or does not have sufficient time to devote to the rating process, he may play it safe by neither condemning nor praising. So he may rate them 'average'. It is possible in this type of rating i.e., all average to be a true rating, but its probability is less than its frequency.

- **Leniency or Strictness**: Some supervisors have a tendency to be easy raters and others have a tendency to be harsh in their ratings. Lenient or easy raters assign consistently high values or scores to their subordinates and strict or harsh raters give consistently low ratings. Both the trends can arise from varying standards of performance among supervisors and form different interpretations of what they observe in employee performance.

- **Recent Behaviour Bias**: Often some raters evaluate persons on the basis of their performance in recent few weeks; average constant behaviour is not checked. Some employees being aware of this tendency show better results when they feel that they are being observed and the report of their performance is to be compiled soon.

- **Miscellaneous Biases**: In many cases, the rater may give higher ratings because he thinks it would look bad for him if employees in the other departments received higher pay increases than his group. Supervisors will tend to rate their subordinates near the middle of the spectrum (average) if their bosses put pressure on them to correct the worker's average rates or to get rid of the subordinates. Some supervisors show bias against members of the opposite sex or of another caste, religion or nationality. They also give higher ratings to senior employees because they are not ready to admit that they have not improved under their leadership. Many a times, a rater is influenced by organizational positions and may give higher ratings to those holding the higher positions.
However, many people have attacked the reliability and validity of traditional systems on different grounds, but the fundamental criticism has been founded upon the judgement role of the supervisor and the antagonistic response of the subordinates. In a study of appraisal system in General Electric Company, USA\textsuperscript{16}, the investigators, found that traditional approach to performance appraisal resulted in the following responses:

- Criticism arises from the very nature of the system;
- Criticism has a negative effect upon achievement of goals;
- Criticism increases antagonism and defensiveness which lead to inferior performance; and
- Praise has little effect, one way or the other.

In this study, 92 appraisal interviews based on traditional measurements were analyzed. Those subordinates with above average criticism showed less improvement in ensuring ten to twelve weeks than those receiving less criticism. When the alternative behavioural approach was introduced by the supervisors, differences in subordinate response pattern remained unchanged. For the appraisee of behavioural supervisor, all reported more favourable attitudes on such items as amount of help received, respectability of their supervisors, ability of the supervisors to plan, the extent to which their abilities were utilised, acceptance of organisation goals and value of the appraisal interviews. That is why it was observed:

- Coaching should be a day-to-day, not a once a year activity;
- Mutual goal setting not criticism improves performance; and
- Participation by the employee in the goals setting procedure helps favourable results.

1.5.2 Modern Methods

There are two important methods of performance appraisal that are used by the modern concerns.

- The first is Management by Objectives (MBO) which represents result-oriented appraisal; and

- The second is Behaviourally- Anchored Rating Scale that is based on rating the behaviour of the subordinates.

Management by Objectives:

It was Peter Drucker\(^\text{17}\) who proposed goal-setting approach to performance appraisal, which he called 'Management by Objectives and Self Control'. Douglas Mc. Gregor further strengthened this approach. He was concerned with the fact that most traditional appraisal systems involved ratings of traits and personal qualities that he felt were highly unreliable. Besides, the use of such trait ratings produced two main difficulties:

- The manager was uncomfortable about using them and resisted making appraisals; and

- It had a damaging effect on the motivation and development of the subordinate.

The MBO is the same as behavioural approach to subordinate appraisal, actually called 'work planning and review' in case of General Electric Company, USA. Under this approach, an employee is not appraised by his recognizable traits, but by his performance with respect to the agreed goals or objectives. Thus, the essential features of this approach are mutual establishment of job goals. The application of goal setting approach to performance appraisal involves the following steps:

The subordinate discusses his job description with his superior and they agree on the contents of his job and the key results areas;

The subordinate prepares a list of reasonable objectives for the coming period of 6 to 12 months;

He sits with his superior to discuss these targets and plans, and a final set is worked out;

Check points are established for the evaluation of progress, and the ways of measuring progress are selected; and

The superior and the subordinate meet at the end of the period to discuss the results of the subordinate’s efforts to meet the targets mutually established.

Hence, the MBO approach is based on clear and time bound objectives from the corporate level to the operative level. This approach can be applied with great success if the performance appraisal programme consists of the following elements:

Good job descriptions are available to help setting of goals for different position;

Superiors have trust in the subordinates to establish reasonable goals; and

There is emphasis or problem solving rather than criticism of the performance of the subordinates.

The MBO approach has done away with the judgmental role of the superiors in the appraisal of their subordinates. It had led to greater satisfaction, greater agreement, greater comfort and less tension and hostility between the workers and the management. This approach is superior to the traditional approach of performance appraisal. It emphasizes training and development of individuals. It is problem-solving approach rather than tells and sells approach. This approach has also got a built-in drive of self-appraisal by the subordinates because they know their goals and the standards by which their performance will be measured. The MBO approach suffers from the following limitations:
• The subordinates can apply this approach only when the goal setting is possible. It is doubtful if such a procedure can be applied for the blue collar workers;

• This approach is not easy to administer. It involves considerable time, thought and contact between the superior and the subordinate. If the span of supervision is very large, it will not be possible for the superior to have discussion with each and every subordinate for setting up mutually agreed goals;

• It emphasises counselling, training and development. It is argued that critical evaluation and modification to improve are incompatible. But, in practice, it is not possible to forego the critical aspect of performance appraisal; and

• It is appropriate for the appraisal of executives and supervisory personnel who can understand it in a better way. Operative workers cannot understand this approach and moreover, a vast majority of them do not want to take initiative in setting their own goals.

Behaviourally Anchored Rating Scales (BARS):

The BARS are designed to identify the critical areas of performance for a job, and to describe the more effective and less effective job behaviour for getting results. Performance is evaluated by asking the rater to record specific observable behaviours of an employee and then to compare these observations with BARS. As a result, the supervisor is in a position to compare the employee’s actual behaviour with the behaviour that has been previously determined to be more or less effective.\(^{18}\)

Thus, proponents of BARS claim many advantage of this approach. They argue that such a system differentiates among behaviour, performance and results, and consequently, is able to provide a basis for setting developmental goals for the employee. Because it is job-specific and identifies observable and measurable behaviour, it is a more reliable and valid method for performance appraisal. Empirical studies to BARS have

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provided a fertile group for study by both theorists and practitioners. The BARS experience has helped to clarify three major controversies of the appraisal process.

- The first controversy was rating content (trait vs. job related);

- The second controversy involved the multidimensional nature of performance. The administrative uses of appraisal had encouraged rating systems to produce an overall measure of performance, which tended to mask differences in performance in the key result areas (performance dimension) critical to job results; and

- The third controversy involved the issue of the most effective way to anchor the rating scales (numerical or behavioural). By anchoring the scales behaviourally, the BARS approach is expected to produce more valid and reliable results by reducing measurement errors (leniency, halo effect, central tendency, and so on).

1.6 Designing an Appraisal Programme

Determining the Objectives of Performance Appraisal:

Before any performance appraisal programme is initiated, it is essential to determine its objectives. The objective of the appraisal programme may be either to appraise the actual performance of individuals on their present jobs or to determine the potential of individuals to do higher jobs or both. Sometimes, performance appraisal programmes are associated with specific objectives like training and development, transfer and promotion, increase in pay, etc.

Establishing Standards of Performance:

For effective rating of employees, it is necessary to establish standard or performance against which their performance should be compared. However, an approach that is more preferable is to establish, in writing, definite standards of accomplishment that the employee can reasonably be expected to meet. Such a method will make it possible for both supervisor and his subordinate to reach agreement on just what is expected in terms of performance. It should be noted that performance standards are relative to the group and the organization. Not only are the needs of each organisation
different, but the talents of manpower also differ from organization to organization. The expectations of management are also higher in some organizations than in others.

Who is to do Appraisal?

Usually, the appraiser is the immediate superior of the man to be appraised. He is familiar with the employee’s work and is in contact with him and so he is considered to be able to appraise him well. But there are certain limitations of appraisal by one person. That is why some organizations try to obtain two or more ratings on each employee. But again the difficulty may arise because the second rater may not have the necessary contact with the individual who is to be rated. The possibility is the constitution of a rating committee that may consists of a number of supervisors and specialists from personnel department and a representative of the workers. The committee will rate each individual collectively\(^\text{19}\). Some people feel that employees should be allowed to rate themselves. When this is done, their immediate superiors may offer their ratings in conjunction with ratings.

Whosoever the appraiser may be, the subjectivity invariably steps in. A well-adjusted person is less subject to projecting himself into others than a poorly adjusted person and, therefore, he is able to judge them better. It is often assumed that qualified psychologists are more capable than laymen of making unbiased judgements since they receive training in the dynamics of the personality and also in the correct manner of making the judgement.

Frequency of Appraisal:

This differs from organizations to organizations and with nature of duties performed. There are spot appraisals, monthly, quarterly, and half yearly or yearly appraisals. But most of the organization conducts yearly or half yearly appraiser or raters may create a sense of fear amongst the ratees. Idea frequency is one that fits into the

objectives of the appraisal. Thus, new employees should be rated more frequently than the older ones.

**Designing of Forms:**

This is important step in performance appraisal to design the rating forms to be utilised in the programme. The forms should be related to job families such as clerical, mechanical, sales, technical and supervisory. All require a different evaluation form. Performance forms may be classified as those involving comparative ranking and others involving the comparison of each employee's actual performance with predetermined standards. The first category of forms is designed to evaluate employee performance for the purpose of making wage adjustments, lay offs, promotions, etc. and second category of forms is used to improve the performance of workers on their present jobs.

### 1.7 Sound Performance Appraisal

The following are the requirements of a sound performance appraisal programme of any organisation\(^{20}\):

- When the appraisal system is complicated, employees may not understand it fully and may look at the plan with suspicion. The plan should not be very time-consuming;

- The performance appraisal system should be performance-based, uniform and non-variable, fair, just, and equitable. It should be ensured that the appraisers are honest, rational and objective in their approach, judgement and behavioural orientation;

- The employees should be made aware of the performance in terms of goals, targets, behaviour etc. expected of them. A personal equation between the appraiser and the employee has to be developed to achieve mutual understanding of the criteria of evaluation;

• The appraisal plan should be devised in consultation with the subordinates. This will increase their commitment to the plan and their understanding or expected performance;

• The appraisal plan should take into account the appraisal practices prevailing in other units in the industry as well as the latest thinking on performance appraisal. It should fit in the structure and operations of the organization;

• The top management must create climate of reliable appraisal throughout the organization. Goal-orientation, open communications, mutual trust informal relationships etc. are the basic elements of such climate;

• The appraisal plan should be designed to achieve specific objectives. The objectives of the appraisal programme may be to evaluate current performance on the job and to determine the potential for higher jobs. In some cases, performance appraisal is linked with specific objectives like pay raise, training, promotion, transfer, etc. The number of factors to be considered and the date to be collected should be tailor-made to achieve the objective of the appraisal;

• The appraisers should be selected and trained properly so that they have no personal bias and possess the necessary capabilities for objective evaluation of employees. In order to ensure objectivity in appraisal, an individual may be rated by more persons independently; and

• There should be provision of appeals against appraisals to ensure confidence of the employees and their associations or unions. The results of appraisal must be discussed with the rates so that they may get an opportunity to express their feelings on their progress reports.

1.8 Primary Considerations of an Appraisal Programme.

There are five fundamental considerations of any appraisal programme viz., the rater, factors to be rated, periodicity, appraisal interview and the responsibility of the appraiser.
Rater:

One of the primary considerations of an appraisal system is who should be the rater. The primary aspect is whether superiors or peers or subordinates or a committee should make appraisal. Generally, in most of the organizations, the immediate superiors rate the performance of his subordinates. It is justified for the immediate superior interacts constantly with the subordinates. In practice these supervisor ratings are reviewed and approved by higher management.

Group Evaluation:

In order to bring about a greater involvement in appraisal, the rating process can be undertaken by a team of raters. The team may consist of members representing superiors, peers and subordinates. If the team constitutes only the superiors, it may not be different from classical management theories. The appraisal by a team consisting of only subordinates, involves a considerable application of behavioural theories. According to a research finding, peers can accurately predict actual success of the promoted personnel.

Certain other researches reveal that peer ratings are significantly higher on system scales than manager ratings of particular subordinates. Superiors tended to emphasize initiative and work knowledge, while peers deemed getting along with others to be more important in the overall rating.

Joint Evaluation:

This system is somewhat similar to ‘Group Rating’ mentioned above, wherein both the appraiser and the appraisee sit together to evaluate jointly the performance of the appraisee by means of discussion and review of progress of the work assigned to the appraisee. This method of evaluation is advocated in MBO, wherein both superior and

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subordinate not only set goals jointly but also analyse and review periodically the accomplishment of such goals.

Self-Evaluation:

One of the behavioural approaches relating to appraisal is ‘self-evaluation’. This approach helps in improving communication between superior and subordinate and improves motivation as a result of greater participation. One great disadvantage of the system consists in bringing about excessively, high ratings. But some experiences prove exactly, for instance, Citibank Senior Vice President felt that “it’s amazing how honest people are, they put things that are detrimental to their own progress and promotion”23.

Subordinate Evaluation:

A theorist on appraisal system can imagine is that of ‘subordinates evaluating the performance of their superiors’. This may be done by a group of subordinates constituted for the purpose. The limitation of this system is its ‘remote practicability’. Managements express serious objections for a complete departure from the traditional system of ‘superior evaluation’ to that of ‘subordinate evaluation’. At the same time even subordinates can neither accept nor appreciate the implications of the system for they tend to treat ‘evaluation’ as something of managerial activity to be carried out by superiors alone. Hence a great deal of preparatory work should precede the introduction of this system in the form of developing awareness among the subordinates as to the purposes and advantages of the system and to enhance their skills and capabilities necessary for effective appraisal.

What to Rate:

Most of the yardsticks provided to measure merit are focused on manual production rather than on factors relating to performance. Edward Lee Thorsdike, the eminent psychologist and educator observes, ‘anything that exists can be measured’. Managers need to know how to identify and measure the differences in performance.

Satisfaction on the part of both the parties leads to be higher
supportive information contributions and shared definitions. Hence, the level of
which the interactions are conducted is determined by engine, mutual impact, empathy,
become affected under an influence of development criterion. Thus, the appropriateness in
deliver it. At the same time the evaluator must be careful enough not to copy the person
be useful and meaningful, someone who is capable of imparting some potential within
essential part of any systemic performance appraisal program. For evaluation to
The appraisal interview that is also known as progress interview consists in

Appraisal Interview:

whereas when knowing depends on the context of the interview organization.
development of the means. The question of which of factors should be accorded in higher
with other employees and finally the growth potential. Le, the prospect for the future
return in the performance on the job, name of work and the inter-personal relations
include the individual’s performance on the job, personal traits in so far as they are
assessment to specify the person’s potential for growth. Hence the factors to be used must
appraiser forms to include of column. Le, scope of development, which enables the
make an individual’s potential ability also needs to be measured. This report requires the
their growth potential suitable for future promotion. So, along with performance and personal
One of the other purposes of performance appraisal is to identify employees with
unacceptable and he must be down-rated for the same.

prestigious and yet behave in such a way as to influence customer, the behavior is
employers’ job (e.g. deficiencies) requires him to meet and keep people friendly and
opportunity to a specific job performance has to be identified. For instance, if an
behavior of the individual on the job. The behavior that is described or
The other aspect of individual to be measured in the milieu of the personal
function is unknown it can be eliminated. If it is known, it can be measured.

Even in a setting where the individual contribution is somewhat hidden, the managers
When to Rate:

Generally, appraisals are conducted once or twice a year. New employees are rated more frequently than older ones. In the case of probationers, ratings are to be made often in order to determine their confirmation, or extension of probation. It is felt desirable that an employee be rated on the expiry of third month after being assigned a job, after the six months on the job and for every six months thereafter. This practice enables the appraiser to devote adequate time and attention to the task as appraisals of all employees will not fall due on the same day.

Rating, Who's Responsibility?

The question of whether line or staff, which agency should be entrusted with the task of appraisal gains significance in organizational context. Usually, Personnel Department is entrusted with this task while, in reality, the line agency possesses an opportunity for an actual observation of the performance. Performance appraisal forms a necessary part of managerial task of developing the human resources in the organization. Performance Appraisal forms a necessary part of managerial task of developing the human resources in the organization. Performance appraisal is ultimately a line responsibility to be met with the assistance of the personnel administrator and his staff.

Moreover, almost all plans will be worthless, if it lacks the support of top management. Participation for line agency in evolving the programmes and in fixing the targets on par with the staff is desirable to obtain realistic appraisal reports at a later date about the performance. A typical appraisal programme run by a Personnel Department in cooperation with the line departments stipulates the following conditions as:

- In the formulation of policies and the purpose of the performance appraisal, the Personnel Department should consult and associate the line departments;

- During the course of dividing the policies into various programmes and procedures, dealing with periodicity, fixation of appraisers, etc., both the departments must work in close coordination;
• Once the system is designed in all its aspects, the responsibility of the overall administration and control of the system should be with the Personnel Department. For instance, it may start with sending the Appraisal Forms to the various departments, specifying the period within which the duly filled in forms must be returned. Similarly, it may send instructions and guidelines to the appraisers;

• With regard to the control of the system, the Personnel Department has to send circulars to all the departments about the changes that are affected in the system now and then; and

• Appeals for review should either be made to the Personnel Department or to the Line Officials appointed for the purpose in each department.

1.9 Five ways to tell if your Performance Appraisal System is working

As long as there are supervisors and employees, there will be performance appraisal systems. Usually we think of a formal performance appraisal system as being a fixture in the organization-something that cannot be changed significantly. Some employees even consider an annual formal performance review to be an employee 'right'. However, organizations in which the annual performance appraisal is more dreaded than appreciated. Supervisors dread the work involved and employees dread the discouragement they feel when confronted with the rating the supervisor chooses for them.

Organizations are not required to have a formal performance appraisal system in place. The reasons for a system are threefold. The primary goal is to communicate performance issues in a clear and productive manner, correct problems, and thank employees for a job well done. A secondary goal is to document performance issues for future reference. And last, if a pay-for-performance program is in place, the performance appraisal provides the basis for changes in compensation.

Sometimes, however, performance appraisal systems do not address any of these goals. They have become paper-moving programs that take organizational time but don't
return any value for the investment. Joan M. Rennekamp\textsuperscript{25} suggested some indicators that might warn of trouble in your performance appraisal process:

1. \textit{Employees are unpleasantly surprised by the ratings they have been given:}\ Performance appraisals should not contain surprises. They should be a summary of comments employees have already heard throughout the evaluation period. Unpleasant surprises indicate that supervisors are not being candid or communicative with employees. Remember that communication is the overall goal. Be sure to set in place training or other systems that foster better communication on performance issues.

2. \textit{Ratings by one supervisor or department are uniformly excellent:}\ Although it is inappropriate to apply a 'bell curve' to employees' performance, it is also inappropriate to rate everyone at the same level, whatever that might be. This type of rating problem is an indicator that a supervisor is either untrained or doesn't have the time to identify performance plans.

3. \textit{Great employees don't receive great ratings:}\ Look around at the employees who are the strongest in the organization. These might be the people who have the best ideas, the best ability to motivate others, or the best work ethic. These are the people who should be receiving the best ratings. If not, your performance appraisal is not rewarding those it should be.

4. \textit{Employees who are dismissed have received recent excellent performance appraisals:}\ One purpose of performance reviews is to provide documentation for the organization in case a dismissal is necessary. When the performance appraisal doesn't support a later decision, it can make it more difficult for the employer to defend its actions. In some cases, an organization may want to limit a supervisor's

\textsuperscript{25}Joan M. Rennekamp is a human resources professional in RJ & L's Colorado Springs office where she works with attorneys in the firm's employment law practice area, providing human resources assistance to clients. With more than 25 years of experience, she provides human resources advice to clients in a wide variety of areas, including policy development, handbook design, compensation philosophy, and performance management assistance and training.
ability to dismiss a worker until he or she can adequately and consistently document problems.

5. **Productivity generally goes down during appraisal time:** Remember that the overall purpose of human resource policies and procedures is to increase the productivity of the organization. Any process that is not contributing to that goal should not be continued, including performance appraisal programs.

It is always wise to step back from your performance appraisal system and examine its overall goals. Is it the basis for a pay-for-performance system or is it a communication tool? How much time does the average supervisor have to invest in the system? How much time and money does the organization have to invest in the system? All of these questions might lead you to the conclusion that your system needs an overhaul. Remember that formal systems should contribute to productivity. If your system is not doing so, don’t hesitate to rate it as ‘unsatisfactory’ and design a new one.

**1.10 Seven Stupid Things EMPLOYEES Do to Screw up Performance Appraisal**

Generally, when performance appraisal goes awry, the primary cause has little to do with employees. For the most part, employees take their cues from management and human resources. However, when individual employees perceive the process in negative ways, they can create or damage even the best of appraisal processes. In this context, Robert Bacal suggested seven stupid things employees do to screw up performance appraisal.

*Stupid Thing #1: Focusing on the Appraisal Forms:* Performance appraisal isn’t about the forms (although, often managers and HR treat it as such). The ultimate purpose of performance appraisal is to allow employees and managers to improve continuously and to remove barriers to job success. In other words, make everyone better. Forms don’t

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26 Robert Bacal is a noted author, keynote speaker, and management consultant. His most recent books include Performance Management - A Briefcase Book, and The Complete Idiot's Guide To Dealing With Difficult Employees. www.work911.com
make people better, and are simply a way of recording basic information for later reference. If the focus is getting the forms ‘done’, without thought and effort, the whole process becomes at best a waste of time, and at worst, insulting.

**Stupid Thing #3: Not Preparing Beforehand:** Preparing for performance appraisal helps the employee focus on the key issue - performance improvement, and to examine his or her performance in a more objective way (see defensiveness below). Unfortunately, many employees walk into the appraisal meeting not having thought about the review period, and so are unprepared to present their points of view. Being unprepared means, being a reactive participant or being a passive participant. Neither is going to help manager or employee. Employees can prepare by reviewing their work beforehand, identifying any barriers they faced in doing their jobs, and re-familiarizing themselves with their job descriptions, job responsibilities, and any job performance expectations set with the manager.

**Stupid Thing #3: Defensiveness:** We tend to take our jobs seriously and personally, making it more difficult to hear others’ comments about our work, particularly when they are critical. Even constructive criticism is often hard to hear. If employees enter into the discussion with an attitude of ‘defending’, then it’s almost impossible to create the dialogue necessary for performance improvement. That doesn’t mean employees can’t present their own opinions and perceptions, but it does mean that they should be presented in a calm, factual manner, rather than a defensive, emotional way. Of course, if managers are inept in the appraisal process, it makes it very difficult to avoid this defensiveness.

**Stupid Thing #4: Not Communicating During the Year:** Employees need to know how they are doing around the year, not just at appraisal time. Generally it is primarily management’s responsibility to ensure that there are no surprises at appraisal time. Often managers discuss both positives and negatives of employee performance throughout the year, but this is unfortunately, not a universal practice. It’s in the employees’ interests to open up discussion about performance during the year, even if the manager does not initiate it. The sooner employees know where they are at, and what they need to change (or keep doing), the sooner problems can be fixed. In fact many problems can be
prevented if they are caught early enough. Even if managers aren't creating that communication, employees can and should. It's a shared responsibility.

**Stupid Thing #5: Not Clarifying Enough:** Life would be much easier if managers were perfect, but they aren't. Some communicate and explain well. Some don't. Some are aggravating and some not. At times employees won't be clear about their managers' reasoning or comments, or what a manager is suggesting. That could be because the manager isn't clear him/herself, or simply isn't good at explaining. However, unless employees clarify when they aren't sure about the reasoning or explanations, they won't know what they need to do to improve their future job performance. It's important to leave the appraisal meeting having a good understanding of what's been said. If that's not possible clarification can occur after the meeting, or down the road, if that's more appropriate.

**Stupid Thing #6: Allowing One-Sidedness:** Performance appraisals work best when both participants are active, and expressing their positions and ideas. Some employees are uncomfortable doing that, and while managers should be creating a climate where employees are comfortable, some managers aren't good at it. Performance appraisal time is an excellent time for employees to make suggestions about things that could be changed to improve performance, about how to remove barriers to job success, and ways to increase productivity. Remember also that managers can't read minds. The better managers will work with employees to help them do their jobs more effectively, but they can't know how they can help unless employees provide them with good, factual information, or, even better, concrete ideas.

**Stupid Thing #7: Focusing on Appraisal as a Way of Getting More Money:** Unfortunately, many organizations tie employee pay to appraisal results, which puts employee and manager on opposite sides. Employees in such systems tend to focus too much on the money component, although that focus is certainly understandable. It's also understandable when employees in such systems become hesitant to reveal shortcomings or mistakes. But it's still dumb. If employees' main purpose is to squeeze as much of an increase out of the company, and the managers try to keep increases as small as possible,
it becomes totally impossible to focus on what ultimately matters over the long term, which is continuous performance improvement and success for everyone.

The major responsibilities for setting performance appraisal tone and climate rest with managers and the human resources department. However, even when managers and human resources do their jobs well, employees who come to the process with a negative or defensive approach are not likely to gain from the process or to prosper over the long period. The constant key is for employees to participate actively and assertively, but to keep a problem-solving mindset, and keep focused on how things can be improved in the future. No matter who initiates it, performance appraisal is about positive open communication between employee and manager.

1.11 Limitations of Performance Appraisal

Performance Appraisal is probably sound in theory, but it presents a number of problems in actual practice. Apart from its merits, the concept of performance appraisal has its limitations. To quote for example, foremen are only human and they are not exempt from committing errors in their judgments. The rating form does not necessarily mean the same to all foremen. Sometimes an employee may be rated low because he is a poor performer, some times he may be rated low because his supervisor just does not give any high ratings. According to Kellog, "The appraisal of one human being by another is not scientific but subjective and that the process involves some important ethical questions. There are a great number of shortcomings that generally come in the way of accurate rating. The list of shortcomings which are quite common and more frequent include personal bias, vindictiveness, incompetence, inadequacy of time for appraisal, infrequency, one-sidedness, incompatibility of ratings among raters, incompatibility between the appraiser and appraisees past record, regency effect and halo.

Another limitation evidenced in practice is that performance appraisals are so often made, recorded, filled and forgotten. The personnel decisions that are made at a later date may not have any reference to the records. Often employees are rated lower than what they deserve. A few factors responsible for this effect are:
• Appraisers perfectionist attitude;

• Appraisees non-conformism;

• Appraisee's replacement in a weak team and

• The personality traits of the ratees.

All the limitations listed above are not indispensable. By taking necessary precautions, some of them can be eliminated while certain others can be minimized. Finely\textsuperscript{27} felt that many of the limitations of the appraisal systems can be overcome by effectively communicating the appraisal reports to the employees. Thus, the following table-1.3 indicates a shift in emphasis relating to the several aspects of Performance Appraisal.

Table-1.3: Shift of Performance Appraisal

<table>
<thead>
<tr>
<th>Sl. No.</th>
<th>Item</th>
<th>Former Emphasis</th>
<th>Present Emphasis</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Technology</td>
<td>Merit-rating</td>
<td>Employee Appraisal or Performance Appraisal</td>
</tr>
<tr>
<td>2.</td>
<td>Purpose</td>
<td>Determining qualifications for wage increases, transfers, promotions</td>
<td>Development of the individual, improved performance on the job</td>
</tr>
<tr>
<td>3.</td>
<td>Application</td>
<td>For certain categories of employees</td>
<td>For all including technical, non-technical, profession and managerial employees</td>
</tr>
<tr>
<td>4.</td>
<td>Factors rated</td>
<td>Personality traits</td>
<td>Results, Accomplishments</td>
</tr>
<tr>
<td>5.</td>
<td>Techniques</td>
<td>Rating scales with an emphasis upon scores and statistical computation of data for purposes of comparison</td>
<td>Grading, graphic presentation, quantification, etc.</td>
</tr>
<tr>
<td>6.</td>
<td>Post-appraisal interview</td>
<td>For communicating results and to seek conformity</td>
<td>For fixing future targets in the light of present evaluation</td>
</tr>
</tbody>
</table>

Flippo\textsuperscript{28} opines that traditional systems can vary from the simple ranking and easy description plans to the enormously complicated forced-choice and behaviourally anchored rating scales. The popular graphic scale with its hazy definitions will have to be bolstered in some manner to increase objectivity, e.g., provide an example of behaviour to justify ratings on each factor. The key to the process is the rater, and considerable attention should be given to the avoidance of halo, leniency, harshness and central tendency errors.

Management by objectives is a philosophy of management that incorporates a differently oriented appraisal process. Central to MBO is joint and mutual establishment of end results for individual key personnel. Equally essential is periodic joint appraisal when assessments are made concerning degrees of accomplishment. When organizational activities are closely interlocking, it is recommended that team or group goal establishment precede the identification of individual responsibilities and goals.

However, the above theoretical discussion on performance appraisal leads to the examination of appraisal procedures in the selected sample of the present study. The knowledge about the current theoretical status of performance appraisal enables the researcher to make a realistic and useful assessment of the stage and status of appraisal procedures in the sample.