CHAPTER 6: LIMITATIONS OF PERFORMANCE APPRAISAL

6.01 Summing up performance.

Careful appraisals help each superior to prepare adequately for the periodic discussion which he should have with each of his subordinates in the group. Many managers find this task viz. face to face talk the hardest part of their job. They are willing to go through all the preliminary paper work, but they recoil at the thought of having to tell another man how he stands or what he needs to improve himself. They feel themselves into believing that the subordinate knows all this from day to day contacts on the job, and they are often shocked to hear, "The boss never told me how I was doing". Periodic discussions are, of course, no substitute for "coaching" that goes on constantly through a superior's dealings with his subordinates on the job. But they do provide an orderly and systematic way of summing up a manager's performance at periodic intervals, particularly when the evaluation is the result of careful discussions by several people who know the individual's work.

6.02 Discussions of performance and potential.

Discussions of performance and potential are, of course, the responsibility of the manager's own superior in the organisation. This responsibility
cannot be delegated to any one else if the superior subordinate relationship is to be strengthened and the objectives of a management development programme are to be achieved. Most employees state that they want to know how well they are doing, but as is pointed out in one research report, "when subordinates say they want to know how they stand with their boss, they really are asking for reassurance as to their future with the organisation. They want to be encouraged and helped in using more of their untapped potential, but they do not want to be told of their weaknesses and failures."

6.03 Devoting time for appraisal.

As every appraisal expert knows, the most difficult thing in the performance appraisal system is to get the average superior or executive to spend the time to do a good job of appraising those under him. It is not easy for the superiors to devote the necessary effort to the job expected in the formal appraisal. The thoughtful personnel executive must ask what is intended, how much it is worth and what the organisation can think of.
6.04 Appraisal apathy.

The appraisal apathy is a serious limitation of appraisal system. It calls for a different attitude and approach on the part of superiors. It calls for a developmental approach on the part of superior and to constantly think about his subordinates, their needs, their problems, their aspirations, their potential and their performance on a continuous basis and to assume the role of a helper to guide, counsel, and coach the subordinate so that he can give off his best to the organisation. The appraisal system is completely vitiated when the appraiser looks upon the system as some sort of an evil rigged up by the personnel department for their vicarious pleasure and he gets it over with as quickly as possible as an annual ritual.

6.05 Limitations of appraisals.

(1) Appraisals as opinions:

A basic limitation of appraisals is that it is a method of obtaining opinions and is not a method of measuring performance; even at its best, the results should be considered as reflecting opinions and should be used as such. While there are ways of obtaining opinions that reduce errors in judgement, the end results of appraisals cannot be considered as precise.
(2) **Halo effect:**

It refers to the tendency to rate an individual rather consistently high or low or average and the various traits depending upon whether the rater's overall impression of the individual is favourable or not.

(3) **The constant error:**

Some raters, when rating a group of people, tend to bunch the ratings together, either towards the high or low end of the rating scale or around the central area of the scale.

(4) **Job and department factors:**

It is axiomatic to say that employees should be rated in terms of how well they satisfy the requirements of their jobs. In these terms, a marketing manager can be just as good a marketing manager as a production manager can be a production manager. However, it has been found that there is sometimes a tendency to rate the job as well as the employee on the job. Consequently, the marketing executive is rated higher than the production executive. Thus the raters are unconsciously taking into account the relative job values. Difference in the ratings among different departments can also result in ratings in the same category or with the same numerical value meaning different things in the various departments. For example, a rating of 400 may
be a bit below average in the engineering department, well above average in the maintenance department and actually exceed the highest rating in the plant protection department.

(5) **Differences among raters in appraising ability:**

In addition to possible errors in rating tendencies among appraisers, there may be basic difference to make the kinds of judgements required in merit rating. Training the appraiser is a step towards improving the judgement of the rater. However, it is desirable to have more than one rater to appraise the executives/managers in question, if other raters, who are familiar with the executives/managers, are available.

(6) **Errors resulting from the appraisal system:**

Even with the competent well trained raters, it is possible to come up with the wrong answers in the relative performance of managers because of something inherent in the rating system itself; this danger, of course, suggests the use of extreme care and research in the development of the system itself.

Another limitation in practice is that performance appraisals are so often made, recorded, filed and forgotten. Later personnel decisions are then made without reference to these appraisals,
Despite the fact that the whole purpose of performance appraisal is to improve employee performance and to reward such improved performance by promotions, favourable transfers, merit wage, and salary increases, etc. On the other hand, the attempt of some appraisal systems to make fine distinctions between individuals by means of weights attached to traits or factors is likely to run afoul of charges that length of service is being ignored. Simpler rating forms may well be more usable both because superiors are more willing to fill them out and because they are useful in making distinctions between employees in subsequent personnel decisions. If performance appraisal can be more clearly related to performance standards expected on each job, it is also less likely to be criticised as wholly subjective because such traits as "dependability", "initiative" etc. are being eliminated.

Establishing performance standards for professional and technical employees, such as scientists and engineers, is particularly difficult. It is possible, however, to develop some broad classifications which describe the difference between the individual who contributes creatively to the work of a research group, for example, and one who does not
pull his weight. Again an emphasis is on the fairly simple system, rather than on a detailed analysis of traits, with arbitrary weights attached to each.

After having studied the limitations in performance appraisal, it is proposed to study some modern approaches to performance appraisals.