

Department of Applied Economics and Commerce

Subject-HRM(COMCC-5) M-COM-2nd

Name-Arjun Prasad (research scholar) e-mail-arjun_avioter@yahoo.co.in. **Mob No-**9006117100.

Topic- Methods of performance appraisal

Numerous methods have been developed to measure the performance of employees.

1-Annual Confidential Report (ACR).

2-Graphic Rating Scales.

3-Check lists.

4-Management by objectives

5-360-degree Appraisals.

Annual confidential Report (ACR)

This is a traditional form of performance appraisal, found in most of government organizations. A confidential report is a on subordinate by the immediate superior raised once in a year and covers aspects like ability to work with others, leadership, initiative job knowledge resourcefulness, decision making etc. Rating on five-point scale i.e., Outstanding, very good, good, average, poor was given with the justification for rating as outstanding or poor.

The system is highly secretive and subjective. Feedback to the assessee is given only in case of poor and non-permutable rating. The confidential report is widely used for a variety of personnel decisions, particularly transfers and promotions.

Graphic Rating Scales

One of the oldest, simplest and most popular methods of appraisal is the graphic rating scale. It consists of several numerical scales, each representing a job-related performance criterion such as quantity, quality, job knowledge, dependability, initiative, attendance, attitude, co-operation etc. Each scale ranges from excellent to poor, numerically 5 to 1. The rater evaluates performance on each criterion, then adds to total score for each employee.

This type of appraisal system is good for large number of employees can be evaluated in a short period of time and at low cost.

The disadvantages of this method are rater's biases because of subjective criteria such as co-operation, attitude and initiative. Further, numerical scoring gives as illusion of objectivity that is not so.

Check Lists

Under this method, a check list of statement on the traits of the employee and his or her job is prepared and 'Yes' or 'No' is indicated against each statement. The rater should circle 'Yes' or 'No' as the case may be. The report thus generated is forwarded to H.R. department for the actual assessment. Depending on the number of 'Yes' the total score is evaluated. The advantages of a checklist are economical, easy to handle it, limited training need to rater and standardization. The disadvantages include subjective assessment (especially the halo effect), use of personality criteria instead of performance criteria misinterpretation of checklist items, and the use of improper weights by the H.R. department.

Management of Objective (MBO)

The MBO concept, as was conceived by Peter F. Drucker, way back in 1954, reflects a management philosophy which values and utilizes employee contribution. It is a process that converts organizational objectives into individual objectives. It consists of four steps: goal setting, action planning, self-control and periodic reviews.

Goal setting- In goal setting the organization's overall objectives are used as guidelines from which department and individual objectives are set. At the individual level the manager and subordinate jointly identify those goals that are achievable with some extra efforts for the subordinate. The goals are tangible, verifiable, and measurable. These goals are agreed upon and then become the standards in a previously arranged time period by which the employee's results will be evaluated.

Action planning- In action planning, realistic plans are developed to attain the goal. This step includes identifying the activities to accomplished each goal, time required for each activity and determine the resource required to complete each activity.

Self-control- Self-control refers to review his own performance. During the performance period he judges his accomplishment against the goals and indicates in the form of self-appraisal. The superior also guides the subordinate and modifies the goals for the next period.

Periodic progress reviews- Corrective action including setting of new goals is initiated when actual performances deviate from standards. Review are not meant to belittle the individual but to add in future performance. These reviews should take place at least two or three times a year.

MBO programme focuses attention on the results that are accomplished and not on personal traits or operational methodology. This method is largely applied to managerial personnel and employees who have a fairly wide range of flexibility and self-control in their jobs.

360-degree appraisal

This method involves an employee rated for his performance and potential by his superior, colleagues, internal customers and subordinates.

Such multi-rater assessment involves collecting responses through structured assessment forms about an employee from his bosses, peers, and subordinates and self. This method spans over several parameters: performance as well as behavior, his approach to work, how effectively he handles his boss and his juniors, communication, delegation, values, ethics, fairness, balance, courtesy, and other critical attributes.

Each employee is assessed by a minimum of 9 colleagues: at least two of them being his bosses, two to three of them peers, and two to three of them subordinates. While giving the superiors a distinct advantage to evaluate, peer rating provides a comparative and at times competitive perspective.

Depending on the interpretation of the data and the findings, counselling sessions are held to solve the specific problems and weakness identified. This is a powerful tool for self-development especially at the senior level.

If 360-degree assessment is done in a systematic manner it will contribute to motivation of employees, reveal role of employee, provide scope to express individual views and opinions- recognize talents, training need and career planning.

Name-Arjun Prasad (Research Scholar) **Mob No-** 9006117100

e-mail-arjun_avioter@yahoo.co.in