The background of the slide features a scenic landscape. The upper portion shows a hazy, mountainous horizon under a light sky. The lower portion is a solid, dark teal color representing the water. On the right side, a dark, silhouetted landmass with some vegetation is visible.

Done right, a performance review is one of the best opportunities to encourage and support high performers and constructively improve your middle- and lower-tier workers.

Kathryn Minshew

HUMAN RESOURCE MANAGEMENT

METHODS OF PERFORMANCE APPRAISAL

METHODS OF PERFORMANCE APPRAISALS

TRADITIONAL METHODS

1. *Ranking method*
2. *Grading Method*
3. *Forced distribution method*
4. *Essay Method*

MODERN METHODS

1. *Management by objectives (MBO)*
2. *Assessment Centres*
3. *360 degree appraisal*
4. *720 degree appraisal*
5. *Cost Accounting method*
6. *Behaviourally Anchored rating Scale*

TRADITIONAL
METHOD

**PRACTICE
LIKE YOU'VE
NEVER WON.
PERFORM
LIKE YOU'VE
NEVER LOST.**

1. Ranking method : It is the oldest and simplest formal systematic method of performance appraisal in which one employee is compared with all others for the purpose of placing them in a simple rank order of worth. The employees are ranked from the highest to the lowest or from the best to the worst. In doing this, the employee who is the highest on the characteristic being measured and also the one who is the lowest, are indicated. Then, the next highest and the next lowest are chosen, alternating between next highest and lowest until all the employees to be rated have been ranked. Thus, if there are ten employees to be appraised, there will be ten ranks from 1 to 10.

2. Grading Method : In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory, and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance. Such type of grading is done in Semester pattern of examinations and in the selection of a candidate in the public service sector. One of the major drawbacks of this method is that the rater may rate most of the employees on the higher side of their performance.

3. Forced distribution method :This method was evolved by **Tiffen** to eliminate the central tendency of rating most of the employees at a higher end of the scale. The method assumes that employees' performance level conforms to a normal statistical distribution i. e., 10, 20, 40, 20, and 10 per cent.

This is useful for rating a large number of employees' job performance and promotability.

4. Essay Method : Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for improvement. Its positive point is that it is simple in use. It does not require complex formats and extensive/specific training to complete it. However, essay method, like other methods, is not free from drawbacks. In the absence of any prescribed structure, the essays are likely to vary widely in terms of length and content. And, of course, the quality of appraisal depends more upon rater's writing skill than the appraiser's actual level of performance. Moreover, because the essays are descriptive, the method provides only qualitative information about the employee. In the absence of quantitative data, the evaluation suffers from subjectivity problem. Nonetheless, the essay method is a good start and is beneficial also if used in conjunction with other appraisal methods.

MODERN METHOD



QUOTE OF THE DAY

**GOOD PERFORMANCE
ACCOUNTABILITY IS ABOUT
HAVING A POSITIVE
CONVERSATION BETWEEN
MANAGER AND EMPLOYEE. A
MANAGER IS A COACH AND
COMMUNICATOR, NOT COMMAND
AND CONTROLLER.**

DAVE ULRICH, CO-FOUNDER AND
PRINCIPAL, THE RBL GROUP

1. Management by objectives :

This concept was given by Peter.F.Drucker, according to him, the performance of an employee can be assessed on the basis of the targets achieved by him as set by the management of an organization. Firstly, the management sets the goals and communicate the same to the employees, and then the performance of an employee is compared against these set goals and is evaluated on this basis. In case the employee is not able to achieve the pre-established goals, then management decides on a new strategy or policy that should be undertaken for the accomplishment of unattainable goals.

2. BARS :

Behaviourally anchored rating scale is a measuring system which rates employees or trainees according to their performance and specific behavioral patterns. BARS is designed to bring the benefits of both quantitative and qualitative data to employee appraisal process as it mechanism combines the benefits of narratives, critical incidents and quantified ratings. BARS is designed to bring the benefits of both qualitative and quantitative data to the employee appraisal process by comparing an individual's performance against specific examples of behaviour which are then categorized and appointed a numerical value used as the basis for rating performance.

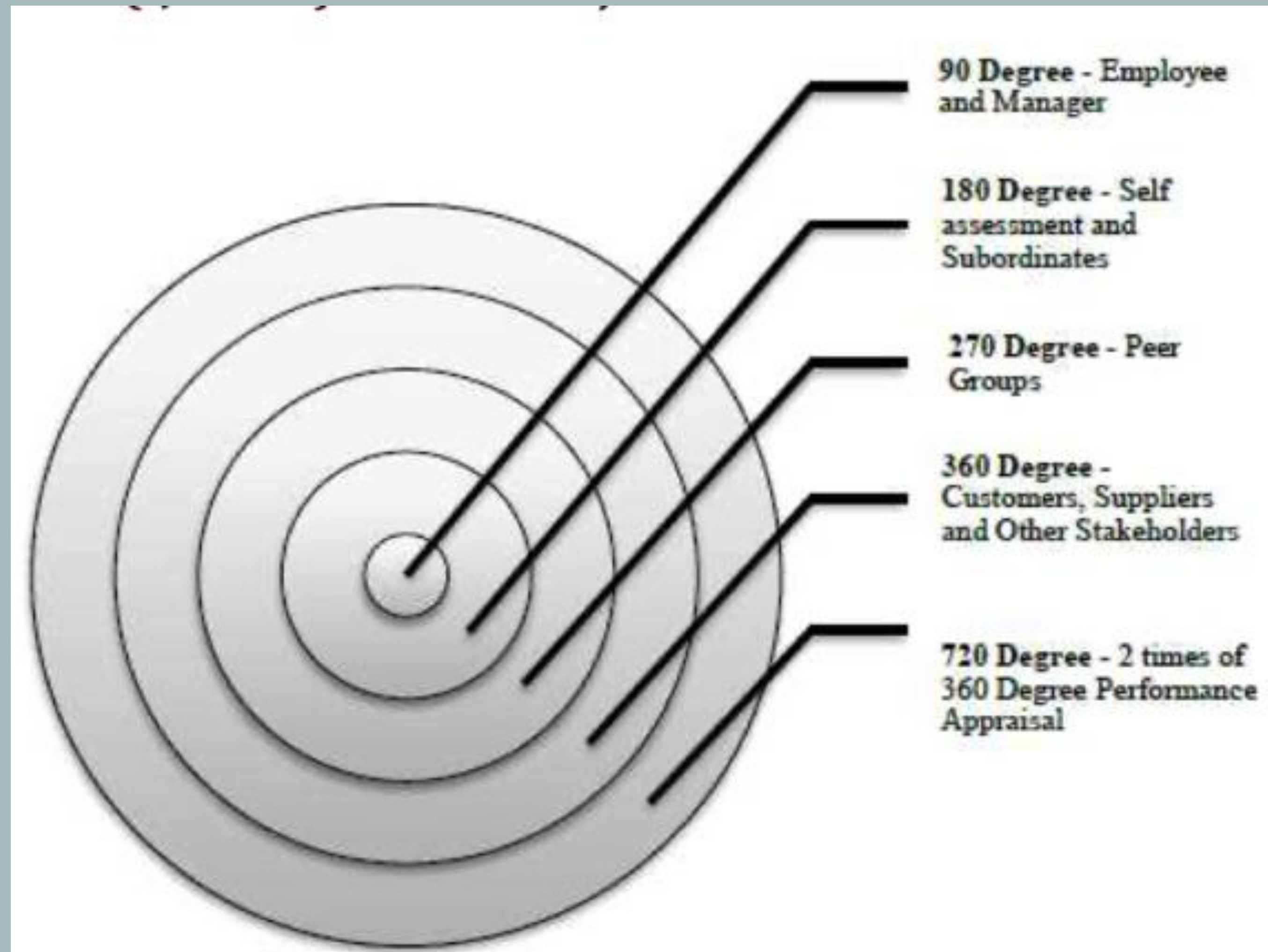
3.360 Degree Appraisal is a feedback method wherein the details of an employee's performance is gathered from other stakeholders such as superiors, peers, team members and self. In this method, the employee is asked about himself, i.e. what he feels about his performance, and then accordingly he can realize his strengths and weaknesses. Also, the peers or team members are asked about assessee's performance through which the employee knows about what others feel about him and can overcome his disbeliefs if any. Thus, this method is used to have a detailed evaluation of an employee from all the perspectives.

4.720-Degree Feedback: This is another feedback method, wherein the assessment is done not only by the stakeholders within the company but also from the groups outside the organization. These external groups who assess the employee's performance are customers, investors, suppliers and other financial institutions. It is one of the most crucial modern methods of performance appraisal because this is the only group that determines the success of the organization as a whole. Nowadays, companies use the modern methods of performance appraisal which have a broader scope than the traditional methods and provides a more accurate and comprehensive evaluation of an individual.

5 Cost Accounting Method: Here performance is evaluated from the monetary returns yields to his or her organization. Cost to keep employee, and benefit the organization derives is ascertained. Hence it is more dependent upon cost and benefit analysis.

7 Assessment Centre: The assessment center is the central location where the managers come and perform the job exercises. Here the assessee is requested to participate in in-basket exercises, role playing, discussions, computer simulations, etc. Where they are evaluated in term of their persuasive ability, communication skills, confidence, sensitivity to the feelings of others, mental alertness, administrative ability, etc. This entire exercise is done under the trainer who observes the employee behavior and then discusses it with the rater who finally evaluates the employee's performance.

360 /720 PERFORMANCE APPRAISAL





मयि श्री श्रयतां यशः

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