

## 9. Performance Appraisal Tools and Techniques

1. **Tools** Performance appraisals are a fact of life for employees and supervisors in most companies. When taken seriously and conducted the right way, employee evaluations can help individuals improve and lead to better results for a company overall. Procedures vary among businesses and occasionally even among management personnel in a single business, but they have a few techniques in common. Determine which of these are appropriate in your situation and learn how to incorporate them effectively.

Following are some of the tools used by organizations for Performance Appraisals of their employees.

- **Ranking Method**

The ranking system requires the rater to rank his subordinates on overall performance. This consists in simply putting a man in a rank order. Under this method, the ranking of an employee in a work group is done against that of another employee. The relative position of each employee is tested in terms of his numerical rank. It may also be done by ranking a person on his job performance against another member of the competitive group.

**Limitations of Ranking Method:**

This method speaks only of the position where an employee stands in his group. It does not test anything about how much better or how much worse an employee is when compared to another employee.

- **Forced Distribution method**

This is a ranking technique where raters are required to allocate a certain percentage of rates to certain categories (eg: superior, above average, average) or percentiles (eg: top 10 percent, bottom 20 percent etc). Both the number of categories and percentage of employees to be allotted to each category are a function of performance appraisal design and format.

**Limitations of Forced Distribution:**

The limitation of using this method in salary administration, however, is that it may lead low morale, low productivity and high absenteeism.

- **Critical Incident techniques**

Under this method, the manager prepares lists of statements of very effective and ineffective behavior of an employee. These critical incidents or events represent the outstanding or poor behavior of employees or the job. At the

end of the rating period, these recorded critical incidents are used in the evaluation of the worker's performance.

**Limitations of Critical Incident techniques:**

Leads to low moral

- **Checklists and Weighted Checklists**

In this system, a large number of statements that describe a specific job are given. Each statement has a weight or scale value attached to it. While rating an employee the supervisor checks all those statements that most closely describe the behavior of the individual under assessment. The rating sheet is then scored by averaging the weights of all the statements checked by the rater. A checklist is constructed for each job by having persons who are quite familiar with the jobs. These statements are then categorized by the judges and weights are assigned to the statements in accordance with the value attached by the judges.

**Limitations of Checklists and Weighted Checklists:**

This method is very expensive and time consuming

## **2. Conventional Appraisals**

The most common performance-appraisal technique is the written evaluation created by an employee's supervisor. These written reviews summarize an employee's performance during a review period, list achievements and successes and identify areas where the employee fell short and where improvement is required. Most large companies conduct annual reviews, with all employees being assessed at the same time. In some cases, employee appraisals are tied to the annual anniversary of an employee's hire.

To make the most of this type of appraisal, provide specific feedback on an employee's performance relative to established goals. List his accomplishments and any areas where improvement is needed. Use data when possible to add objectivity to your assessment. Also define objectives for the next review period; make them clear enough that you both will be able to determine whether the employee meets them.

## **3. Organizational & Job Competencies**

Usually the first two sections of the employee performance appraisal form focus on the "how" of the job, the way the individual goes about accomplishing his results. This is where you identify and assess competencies – the behavioral elements of

the job. To start, top management should identify a small number, usually about a half-dozen or so, of the competencies expected from every member of the organization, regardless of the individual's job or level in the company. Since they apply to all, these universal or organization-wide cultural competencies might include attributes such as:

- Customer Focus
- Communication Skills
- Learning and Continuous Improvement
- Team Player
- Interpersonal Skills

The other behavioral element of an employee performance appraisal assessed in a perfect form is job-specific competencies. The talents and skills required for success as a professional individual contributor like a programmer or accountant or engineer aren't identical to those needed for success in a leadership job.

In professionals' jobs, such skills as analytical thinking and achievement orientation might be indispensable, while in the leadership jobs greater emphasis might be placed on developing and retraining talent and people management and command skills. Of course there will be overlaps — technical skills and decision making are competencies important in both job families. But the ideal employee performance appraisal form will allow for the identification of those competencies that have a high correlation with job success in the specific position the employee holds. Safety is sure to be present on an appraisal form for an operator's position; relationship building better be assessed if the employee works in the sales department. Organizational competencies and job-specific competencies are the first two elements of an exemplary employee performance appraisal form. That covers the HOW component of the job.

Now let's look at the WHAT component — the results the person actually accomplishes. Again, there are two major components: Key job responsibilities and goals and major projects.

**Key Job Responsibilities:** The third element, key job responsibilities, represents the major aspects of an individual's job — the big rocks of the position that ideally would be listed in a well-written job description. Got obsolete job descriptions? No problem. Just provide space in this part of the employee performance appraisal

form for the manager and employee to identify in simple verb/noun form the most important responsibilities or accountabilities of the job incumbent: Assess patients, assure customer satisfaction, train operators, develop marketing plans, sell shoes, etc.

**Goals & Major Projects:** Goals and major projects represent the other half of those elements that cover the results aspect of a job. Goals are big deals. They go well beyond the key job responsibilities listed in the position description; well beyond the predictable cheaper/faster/better expectations.

In truth, real goals are transformational – they are visionary and long-term. They transform the nature of the position itself. “Keeping the network up and running,” for example, is a well-stated *key job responsibility*. In comparison, “Developing a system that eliminates network failures,” is a formidable *goal* that will totally alter the nature of a network administrator’s job.

Many people in an organization also take on special projects or assignments over the course of a year in addition to their specific job description duties. Too often their contributions are unheralded in their annual appraisal. The goals and major projects part of the form is also the place for the assessment and recognition of these contributions.

### **Achievements & Accomplishments**

The final element of an ideal employee performance appraisal form is the one that research suggests is the most important: A brief enumeration of the individual’s most important achievements and accomplishments. Ever since the original GE studies in the early 1950s, researchers confirm that growth and development result more from building on a person’s unique strengths than from attempts to shore up deficiencies.

There’s your perfect form: two sections that deal with organizational and job-specific competencies, two more that concentrate on key job responsibilities and goals, and a final summary of the most important things the individual did to further the organization’s mission, vision and values. When you’ve got those elements in your form, you’ve developed a perfect employee performance appraisal.

#### **4. Employee Self-Evaluations**

Your company may incorporate self-evaluations as part of employee reviews. Even if it does not, consider having your employees complete their own self-evaluations as part of your review. This is particularly beneficial for more independent employees who do not receive hands-on supervision.

The self-review gives them an opportunity to reflect on their performance and to clarify for you their accomplishments and challenges. And it gives you a chance to anticipate any disagreements that might arise when you discuss an employee's performance with him based on your own review.

Provide guidelines for self-evaluations to ensure that employees provide useful information. They should be prepared to describe how they met their objectives and explain any failures to do so. Give employees the opportunity to critique their own performance and suggest options for ongoing development. Set a deadline for completion of self-evaluations so you can review them and incorporate appropriate elements into your appraisal.

Because an employee's direct supervisor does not have full insight into the individual's performance, feedback from others can be useful. Consider incorporating input from teammates and peers and even from customers or clients. Ensure that such feedback will be kept confidential and provided to the employee only in the aggregate.

#### **5. Appraisal Discussion**

Once the written appraisals are complete, allow some time for the employee to review your assessment. Schedule a meeting to discuss him/her review at a time when you can prevent interruptions and commit sufficient time. Walk the employee through your appraisal and address any discrepancies between your assessment and her self-evaluation. Allow him/her to ask questions and even challenge some of your statements and perceptions, without letting the tone become confrontational. Focus toward the end of the meeting on future performance and clarifying objectives. Offer your support in helping your employee gain new skills and knowledge and develop in his/her career.