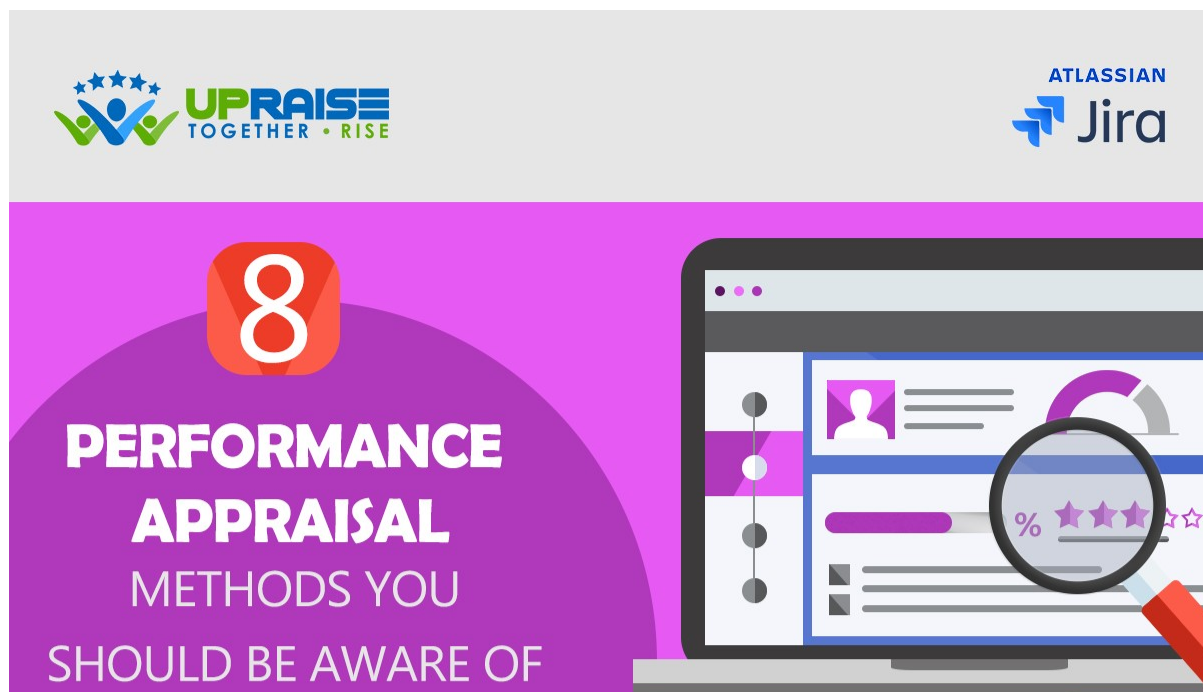# 8 performance appraisal methods you should be aware of

By Yatin Pawar

7-9 minutes

Performance appraisals form an essential part of the HR department as they provide important and useful information for the assessment of employee's skill, knowledge, ability and overall job performance. These appraisals are not only used to eliminate behavior and productivity issues, but also to motivate employees to contribute more. There are many methods that organisations can implement depending on their preference as most have their specific advantages as well as limitations. Let us have a look at some of them in more detail.

1 GRAPHICS RATING SCALE

Lists the **traits each employee** should have and rate them on a numbered scale

2 ESSAY PERFORMANCE APPRAISAL METHOD

Ask the rater to express the **strengths and weaknesses** of the employee's behavior

3 CHECKLIST SCALE

A checklist of statements of employee traits in the form of **Yes or No based questions**

YES
NO

4

CRITICAL INCIDENTS

A list of statements of very **effective and ineffective behavior** of an employee

5

WORK STANDARDS APPROACH

Establish goals openly and set targets against realistic output standards

6

RANKING APPRAISAL

Rank employees from the **highest to the lowest** or from the best to the worst

7

MANAGEMENT

MANAGEMENT BY OBJECTIVES

Measure employee performance by examining the extent to which predetermined objectives have been met
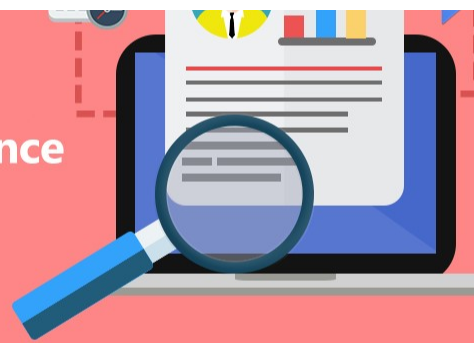
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BEHAVIOURALLY ANCHORED RATING SCALES (BARS)

Compare an individual's performance against specific examples of behaviour that are anchored to numerical ratings

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Graphic Rating scale:

A graphic rating scale lists the traits each employee should have and rates workers on a numbered scale for each trait. The scores are meant to separate employees into tiers of performers, which can play a role in determining promotions and salary adjustments.

The method is easy to understand and quite user friendly. It allows behaviors to be quantified making appraisal system much easier.

However, the scale has disadvantages that make it difficult to use as an effective management tool. Even with intense training, some evaluators will be too strict. Some will be too lenient, and others may find it hard to screen out their personal agendas. Although it is good at identifying the best and poorest of employees, it does not help while differentiating between the average employees.

Analyse performance of employees working on Project A from April to June 2017

	Extremely poor	Bad	Average	Good	Excellent
Attention to detail					
Knowledge					
Teamwork					
Initiative					
Creativity					

Essay Performance Appraisal method:

Essay Appraisal is a traditional form of Appraisal also known as "Free Form method." It involves a description of the performance of an employee by his superior which needs to be based on facts and often includes examples to support the information. Under this method, the rater is asked to express the strengths and weaknesses of the employee's behavior.

This technique is normally used with a combination of the graphic

rating scale because the rater can present the scale in more detail by also giving an explanation for his rating. While preparing the essay on the employee, the rater also needs to consider job knowledge, understanding of the company's policies and objectives, relations with peers, ability to plan and organize, attitude and perception of employee in general.

The Essay evaluation method is a non-quantitative technique and highly subjective. While it provides a good deal of information about the employee, it takes a lot of time of the appraiser which is not always feasible.

Attribute		Discussion / Comments
1	Does the employee pay attention to detail?	
2	Does the employee work well with the team?	
3	Is the employee capable of taking initiative?	

Checklist Scale:

Under this method, checklist of statements of traits of employee in the form of Yes or No based questions is prepared. If the rater believes strongly that the employee possesses a particular listed trait, he checks the item; otherwise, he leaves the item blank. Here the rater only does the reporting or checking and the HR department does the actal evaluation. Although it does not allow detailed analysis of the performance.

Yes No

Gives complete attention to detail

Has complete knowledge of the product

Works well with the team

Takes initiative

Has creative approach to solving problems

Critical Incidents:

In 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 on the job. The manager maintains logs on each employee, whereby he periodically records critical incidents of the workers behavior. At the end of the rating period, these recorded critical incidents are used in the evaluation of the workers' performance. It provides an objective basis for conducting a thorough discussion of an employee's performance.

Although this method avoids recency bias, there is a tendency for managers to focus more on the negative incidents than otherwise.

Date	Address customer query - Positive	Date	Address customer query - Negative
11 June		10 June	
14 June		12 June	
21 June		17 June	
Date	Demonstration of Product - Positive	Date	Demonstration of Product - Negative

11 June		10 June	
14 June		12 June	
21 June		17 June	

Work Standards Approach:

In this technique, management establishes the goals openly and sets targets against realistic output standards. These standards are incorporated into the organizational performance appraisal system. Thus each employee has a clear understanding of their duties and knows well what is expected of them. Performance appraisal and interview comments are related to these duties. This makes the appraisal process objective and more accurate. It works best in long-term situations which is recommended as it considers performances during that time.

However, it is difficult to compare individual ratings because standards for work may differ from job to job and from employee to employee. It does not allow for reasonable deviations.

Ranking Appraisal:

Here manager compares an employee to other similar employees, rather than to a standard measurement for the purpose of assessing their worth. The employees are ranked from the highest to the lowest or from the best to the worst. The problem here is that it does not tell that how much better or worse one is than another. Also it cannot be used for large number of employees.

Attention to detail

1   2 3 4 5   6 7 8 9 10

Poor   Average   Excellent

Initiative

1   2 3 4 5   6 7 8 9 10

Poor   Average   Excellent

Knowledge

1   2 3 4 5   6 7 8 9 10

Poor   Average   Excellent

MBOs

MBO (management by objectives) methods of performance appraisal are results-oriented. That is, they seek to measure employee performance by examining the extent to which predetermined work objectives have been met. Usually the objectives are established jointly by the supervisor and subordinate. Once an objective is agreed, the employee is usually expected to self-audit; that is, to identify the skills needed to achieve the objective. Typically they do not rely on others to locate and specify their strengths and weaknesses. They are expected to monitor their own development and progress. The MBO method concentrates on actual outcomes

What makes MBOs efficient is the ability to set SMART Goals i.e. set goals that are Specific, Measurable, Actionable, Relevant and Time-bound.

BARS:

The problem of judgmental performance evaluation inherent in the traditional methods of performance evaluation led to some organisations to go for objective evaluation by developing a technique known as "Behaviourally Anchored Rating Scales (BARS)" around 1960s. This method of performance appraisal is considered better than the traditional ones because it provides advantages like a more accurate gauge, clearer standards, better feedback, and consistency in evaluation.

The BARS method is designed to bring the benefits of both qualitative and quantitative data to the employee appraisal process. It compares an individual's performance against specific examples of behaviour that are anchored to numerical ratings.

Although even this methods has its limitations as it is often accused of being subject to unreliability and leniency error.

[Performance appraisal is already being considered a necessary evil](). Thus companies need to be careful while selecting out of these appraisal methods. The method should be able to provide value to the company as well as the employees and managers.
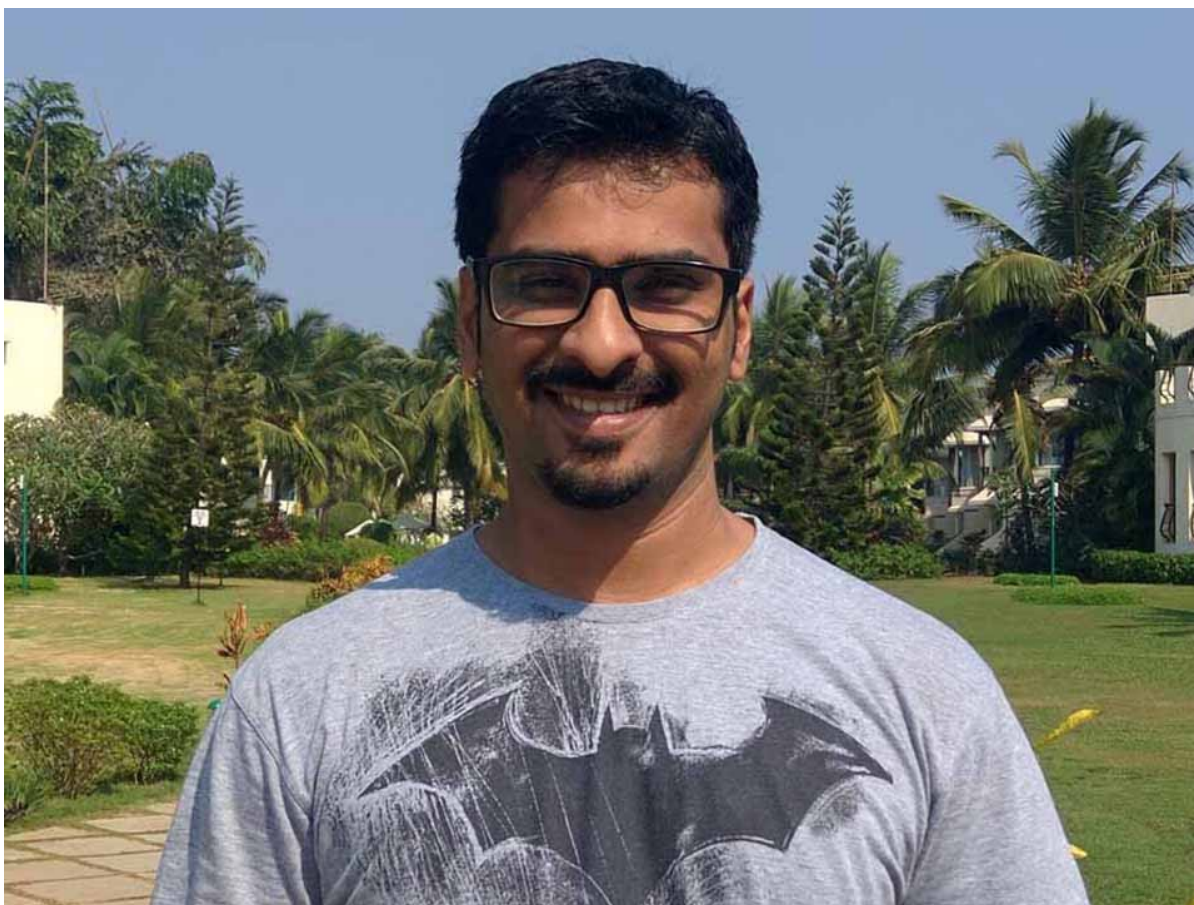
Yatin leads the Marketing and Content writing efforts at Amoeboids Technologies for UpRaise.