

FACULTY OF JURIDICAL SCIENCES

Lecture-39



Modern Methods & Types of Performance Appraisal in HRM

Different companies use different methods to conduct their performance appraisal calculations. Also, it depends on the job role and the type of company it is. A few of the common methods doing performance appraisals in HRM are:

1. Graphic Rating Scale Method

This method is based on the idea of rating employees based on individual characteristics. For example, some organizations may choose to evaluate employees based on quality and quantity of work, decisiveness & emotional stability.

Employees are rated on a fixed scale (say 1-10), based on the extent to which they meet each of the desired criteria. The average of all the scores constitutes the overall score of the employee.

Graphic scales are practical; they are cost-effective and can be developed quickly. They also help in measuring a particular objective effectively. However, the appraisal in such cases largely depends upon individual perspectives. This may lead to disputes or non-uniformity in evaluations. Furthermore, personal bias can also play a role in it. You must be careful to define each character as clearly as possible.

2. Ranking Method

The name of this method explains exactly what it is. The Human Resources team ranks each employee on a list based on factors decided by the human resource department. Hence, the best performers are on the top, and the worst performers rank at the bottom.

This simple method of ranking employees can be modified in several ways. One of these methods is the paired comparison ranking style wherein employees are compared in pairs of two against each other. The number of times one employee is preferred over someone else is recorded. The top employee is the one with the highest number of preferences.

The grading scale method can be combined with ranking. The employees with the best overall score on the grade scale (from 1-10) rank at the top of the list. The ranking method is preferred because it is simple, efficient, and requires little time and money. However, personal bias and favoritism may cause major disruptions in objective evaluation.

3. Checklist Method

Employees are evaluated by making use of a checklist in this method. The checklist can have a variety of different factors that the human resource department has chosen to be important. The employees are then judged based on those factors the employers must select between the yes/no options in those checkboxes.

Items in the checklist carry a numerical value based on their importance to job performance. Therefore, the appraisal score is calculated by adding up the scores of all these individual factors.

For example, Behavior Based appraisals are done by using the checklist method. This happens by having a pre-set personality and behavioral checkpoints. If an employee meets them then they are considered for an appraisal.

The checklist method makes it easy to evaluate employees as their supervisors have to simply choose between yes/no. It also helps the employees receive clear and direct feedback. However, it may not be easy to design an effective checklist and assign a weight based on the importance of factors.

4. Management by Objectives Method (MBO)

MBO is considered to be one of the most systematic methods in performance appraisals. The idea is to give each employee a set of objectives that have to be achieved by them. During the performance appraisal, the supervisors will evaluate the extent to which the objectives have been achieved.

This is a strong method of evaluation. The employees have been clearly instructed as to what is expected of them. It also helps the company to set benchmarks and standards for growth. However, a lot of time and effort goes into determining the objectives and evaluating them.

5. 360-degree Feedback Appraisal

This approach is basically a group performance review. The data regarding an employee's behavior is collected by his/her close subordinates. An employee's colleagues might be able to review his/her performance under a variety of situations and circumstances, which might have escaped the employer. This allows for holistic, full-circle, multi-tiered feedback regarding a person.

This method is useful as it eliminates subjectivity. It also promotes an atmosphere of open culture, self-development and better communication. However, every company must develop an effective system and procedure to utilize this method.

6. General Performance Appraisal in HRM

General performance appraisal is one of the most common types of performance appraisals. In general, a manager sets goals and targets for an employee and urges them to achieve it. This pushes the employee to achieve them and encourages them to grow.

The manager calls a meeting and sets certain goals for an employee. Once the employee achieves those goals, they review it and set newer goals. This method is an ongoing conversation between the employee and the manager throughout the year. The manager can also recommend development plans and key growth areas.

7. Technological Performance Appraisal

In this method of performance appraisal, the employee's technological capabilities are judged and also the Technological skills are kept at the forefront of all the other skills that are not related to the employee's job.

Here the focus is on how easily the employee adapts to new technology, how aware the employee is of the technology around them, and how much technical knowledge they have.

8. Sales Performance Appraisal

A salesperson is closely linked to the financials of an organization. Therefore, this kind of appraisal has a direct impact on the sales of a company. Here, the employee is judged based on the revenue they bring into the company. Here the focus is on what the employee achieves in contrast to how they are or how they behave.

The manager should discuss goals and deadlines for sales. This way an employee can have a goal to achieve.