

Performance Appraisal/Evaluation

Chapter Highlights

Introduction, Definition of Performance Appraisal, Features of Performance Appraisal, Objectives of Performance Appraisal, What Is to be Appraised? Who will Appraise? When to Appraise? The Process of Performance Appraisal, Effectively Evaluating Employees, Methods of Performance Appraisal, Methods of Performance Appraisal Using Absolute Standards, Methods of Performance Appraisal Using Relative Standards, Features of An Effective Appraisal System, Factors that Can Distort Appraisal, Questions to Answer, Indicate True or False.

Performance evaluation (or appraisal) is the process of deciding how an employee does his job

10.1 Introduction

After an employee has worked on a job for a period of time, his performance should be evaluated. Performance evaluation (or appraisal) is the process of deciding how an employee does his job. Performance here refers to the degree of accomplishment of the tasks that make up an employee's job. It indicates how well an individual is fulfilling the job requirements.

Performance appraisal (P.A) is the process of evaluating the behaviour of employees in the work place

10.2 Definition of Performance Appraisal

Performance appraisal (P.A) is the process of evaluating the behaviour of employees in the workplace, normally including both the quantitative and qualitative aspects of job performance. It is an objective way of evaluating work-related behaviour of employees. It ensures democratic environment in management because managers ensure treatment with their subordinates based on their performance, not on the basis of any personal relationship.

10.3 Features of Performance Appraisal

The main characteristics of performance appraisal are :

- Performance appraisal provides an objective description of an employee's job related strengths and weaknesses.
- It is a systematic process. A number of logical steps are followed to evaluate employee's strengths and weaknesses.
- The appraisal is carried out periodically, according to a definite plan. It is certainly not a one-shot deal.
- It tries to find out how well the employee is performing the job and tries to establish a plan for further improvement.
- Performance appraisal may be formal or informal. The informal evaluation is more likely to be subjective and influenced by personal factors. Some employees are liked better than others and have, for that reason only, better chances of receiving various kinds of rewards than others. The formal system is likely to be more fair and objective, since it is carried out in a systematic manner, using printed appraisal forms.

10.4 Objectives of Performance Appraisal

Performance appraisal can be used both for evaluating the performance of employees and for developing them. It may serve two fold purposes—telling the employee where he stands and using the data for personnel decisions concerning promotions, pay etc. The HR developmental objectives focus on finding individual strengths and weaknesses; developing healthy superior-subordinate relations; and offering appropriate training and counselling to the employees. Overall performance appraisal of employees is done in order to achieve the following objectives :

- a. **Promotion decisions** : Performance appraisal can serve as a useful basis for promotion or reward. When merit is the basis for reward, the person doing the best job receives the promotion. If relevant work aspects are measured properly, it helps in minimising feelings of frustration of those who are not promoted.
- b. **Training and development programmes** : Performance appraisal can serve as a guide for formulating an effective training and development programme. It can inform employees about their progress and tell them what skills they need to develop to become more efficient in job.
- c. **Compensation decisions** : It can serve as a basis for pay raises. Managers need performance appraisal to identify employees who are performing at or above expected levels. This approach to compensation is at the heart of the idea that raises should be given for merit rather than for seniority. Under merit systems, employee receives pay raises based on performance.
- d. **Performance improvement** : Performance appraisal can indicate the causes of good and poor employee performance. Through discussions with individual employees, a line manager can find out why they perform as they do and what steps can be initiated to improve their performance.
- e. **Feedback** : Performance appraisal enables the employee to know how well they are doing on the job. It tells them what they can do to improve their present performance and go up the 'organisational ladder'.

10.5 What is to be Appraised?

Every organisation has to decide what to appraise before the programme is approved. Generally, the content to be appraised is determined on the basis of job analysis. The content to be appraised may be :

- 1) behaviours which measure observable physical actions, movements,
- 2) objectives which measure job related results like amount of deposits mobilised, and
- 3) traits which are measured in terms of personal characteristics observable in employee's job activities.

The content to be appraised may vary with the purpose of appraisal and type and level of employees.

10.6 Who will Appraise?

The appraiser may be any person who has the skill to appraise and also thorough knowledge about the job contents to be appraised. The appraiser should be capable of determining what is more important and what is relatively less important. He should prepare reports and make judgements without bias. Typical appraisers are : supervisors, peers, employees themselves, consultants, etc.

□ **Supervisors** : They include superiors of the employee, other superiors having knowledge about the work of the employee and departmental manager. The general practice is that immediate superiors appraise the performance, which in turn, is reviewed by the departmental head / manager. This is because supervisors are responsible for managing their subordinates and they have the opportunity to observe, direct and control the subordinates continuously. Moreover, they are accountable for the successful performance of their subordinates.

□ **Peers** : Peer appraisal may be reliable if the work group is stable over a reasonably long period of time and performs tasks that require interaction. However, in business organisations if employees were to be evaluated by their peers, the whole exercise may degenerate into a popularity contest, paving the way for the impairment of work relationships.

□ **Self-appraisal** : If individuals understand the objectives they are expected to achieve and the standards by which they are to be evaluated, they are to a great extent, in the best position to appraise their own performance. Also, since employee development means self-development, employees who appraise their own performance may become highly motivated.

□ **Consultants** : Consultants may be engaged for appraisal when employees or employers do not trust the supervisory appraisal and management does not trust the self-appraisal or peer appraisal. In this situation consultants are hired and they observe the employee at work for sufficiently long periods for the purpose of appraisal.

In view of the limitations associated with each and every method discussed above, several organisations follow a multiple rating system wherein several superiors separately fill out rating forms of the same subordinate. The results are then tabulated.

10.7 When to Appraise?

Informal appraisals may be conducted whenever the supervisors or the HR managers feel it is necessary. However, systematic appraisals are conducted on a regular basis, say, for example, annually or half-yearly. However, appraisals are most often conducted once a year. Recent research suggests that more frequent feedback correlates positively with improved performance.

Systematic appraisals are conducted on a regular basis.

10.8 The Process of Performance Appraisal

The appraisal process may be shown diagrammatically as under:

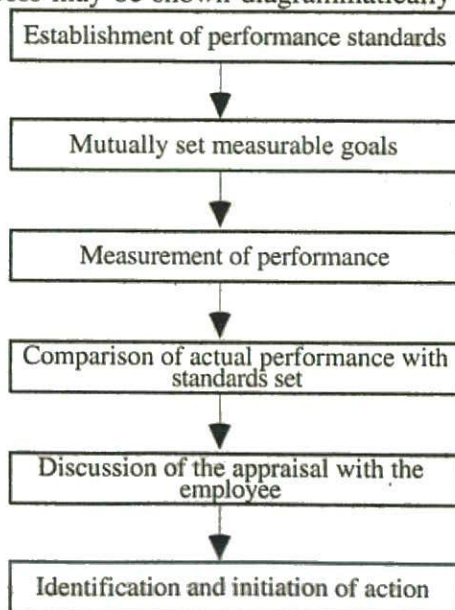


Figure : 10.1 The process of performance appraisal

- 1. Establishment of performance standard:** The appraisal process starts with the establishment of performance standard in accordance with the goals set, job analysis and description. These standards should also be clear and objective enough to be understood and measured.

2. **Mutually set measurable goals:** After the performance standards are established, it is necessary to communicate them to employees so that goals, which are not vague but well understood by all concerned and are also measurable, are established.
3. **Measurement of performance:** It is the third step in the evaluation process. A manager should be very much concerned with how they measure and what they measure. To do so the managers have to acquire information. There are four sources of information regarding how to measure actual performance: personal observation, statistical reports, oral reports, and written reports.
4. **Comparison of actual performance with standards:** This is the fourth step in the appraisal process. The purpose of this step is to note deviations between standard performance and actual performance so that we can proceed to the fifth step in the process.
5. **Discussion of the appraisal with the employee:** It is the most challenging task facing the appraiser. It may touch on one of the most emotionally charged activities- the evaluation of another individual's contribution and ability. Of course conveying good news is considerably less difficult for both the appraiser and the employee than conveying the bad news that performance has been below expectations.
6. **Identification of corrective action where necessary:** This is the final step in the appraisal process. Corrective action, however, can be of two types- one is immediate and deals predominantly with symptoms and the other is basic and delves into causes.

10.9 Ensuring Effective Performance Appraisal

How a manager can properly conduct the performance appraisal process? Following steps can help him/ her in this endeavour.

1. **Perpare for and schedule the appraisal in advance:** Before meeting with employees, the manager has to review employee job descriptions, goals of the enterprise, and performance data on employee. Moreover, he has to schedule the appraisal well in advance to give employees the opportunity to prepare their data for the meeting.
2. **Create a supportive environment to put employees at ease:** Every effort should be taken to make employees feel comfortable during the meeting.
3. **Describe the purpose of the appraisal to employees:** The appraiser has to make sure that the employees know precisely what the appraisal is to be used for.

4. **Involve the employee in the appraisal discussion based on self-evaluation:** Employees should have ample opportunity to discuss their performance, raise questions about the facts appraiser raises, and add their own data about their work. The employees should also be encouraged to carry on self-evaluation.
5. **Focus discussion on work behavior, not on employees:** One way of creating emotional difficulties is to attack the employee. Being such, the appraiser should keep his discussion on the behaviors he has observed.
6. **Support evaluation with specific examples:** Specific performance behaviors help clarify to employee, the issues manager raises. Rather than saying, something was not good, the manager should be as specific as possible.
7. **Give both positive and negative feedback:** Positive as well as negative feedback help employees to gain a better understanding of their performance because no one employee should be thought of having everything negative.

10.10 Methods of Performance Appraisal

Several appraisal methods are available for judging the performance of the employees. However, the HR manager has to make the choice of a method best suited to the work culture of the organization and fulfill its needs. The widely used methods may broadly be categorised under two types—(i) those using absolute standards and (ii) those using relative standards.

10.10A Methods of Performance Appraisal Using Absolute Standards

Absolute standards are used to measure performance of an employee as an individual, not as the member of a group. His/her performance is not compared to that of others. The methods falling under this category are :

1. Confidential Report

It is mostly used in government organisations. It is a descriptive report prepared, generally at the end of every year, by the employee's immediate superior. The report highlights the strengths and weaknesses of the subordinate. The impressions of the superior about the subordinate are merely recorded there. It does not offer any feedback to the appraisee. Since the report is generally not made public and hence no feedback is available, the subjective analysis of the superior is likely to be hotly contested.

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2. Essay Appraisal

In essay appraisal the rater is asked to express the strong as well as weak points of the employee's behaviour.

Under this method, the rater is asked to express the strong as well as weak points of the employee's behaviour. While preparing the essay on the employee, the rater usually elaborates the following points : (i) job knowledge of the employee; (ii) incumbent's understanding of the company's policies, programmes, objectives, etc; (iii) his relations with co-workers and superiors; (iv) the attitudes and perceptions of the employees; (v) their controlling ability and potentials etc.

Essay appraisal is a non-quantitative technique and it provides a good deal of information about the employee concerned.

This is a non-quantitative technique and it provides a good deal of information about the employee and also reveals more about the evaluator. This method, however, suffers from certain limitations.

- * It is highly subjective, the supervisor may write a biased essay.
- * Some evaluators may be poor in writing essays on employee performance.
- * The appraiser is required to find time to prepare the essay. A busy appraiser may write the essay hurriedly without properly assessing the actual performance of the subordinate.

3. Critical Incident Technique

Under critical incident technique the manager prepares statements of very effective and ineffective behaviour of an employee.

Under this method, the manager prepares statements of very effective and ineffective behaviour of an employee. These critical incidents or events represent the outstanding or poor behaviour of employees. The appraiser records critical incidents of the worker's behaviour and at the end of the rating period, these recorded critical incidents are used in the evaluation of the employee's performance. An example of a good critical incident of a sales assistant may be :

- *The sales clerk patiently attended to the customers' complaint on December-06. He was polite, prompt, enthusiastic in solving the customers' problem.*

This method provides an objective basis for conducting a thorough discussion of an employee's performance. However it suffers from the following limitations :

- * It results in very close supervision which may not be liked by the employee.
- * The recording of incidents may be a chore for the manager concerned, who may be too busy or forget to do it.

4. Checklists and Weighted Checklists

Another simple type of individual appraisal method is a checklist. A checklist usually represents a set of descriptive statements about the employee and her/his behaviour. If the rater believes strongly that the employee possesses a particular listed trait, s/he checks the items; otherwise, leaves the item blank. A more recent variation of the checklist method is the weighted list. Under this, the value of each question may be weighted equally or certain questions may be weighted more heavily than others. The following are some of the sample questions in the checklist.

A checklist usually represents a set of descriptive statements about the employee and her / his behaviour.

* Is the employee interested in the task assigned?	Yes <input type="checkbox"/> No <input type="checkbox"/>
* Does s/he follow instructions properly?	Yes <input type="checkbox"/> No <input type="checkbox"/>
* Does s/he make mistakes frequently?	Yes <input type="checkbox"/> No <input type="checkbox"/>
* Is he respected by his/her colleagues (co-workers)	Yes <input type="checkbox"/> No <input type="checkbox"/>
* Does s/he give respect to his/her superiors?	Yes <input type="checkbox"/> No <input type="checkbox"/>

A rating score from the checklist helps the manager to appraise the performance of the employee. This method has a limitation. The rater may be biased in distinguishing the positive and negative questions. He may assign biased weights to the questions. Another limitation could be that this method is expensive and time consuming.

A rating score from the checklist helps the manager to evaluate the performance of the employee.

5. Graphic Rating Scale

This is the most commonly used method of performance appraisal. It is also one of the oldest methods of appraisal in use. Under this method, a printed form is used to evaluate the performance of an employee. A variety of traits may be used in this type of rating device. A model of a graphic rating scale appears below.

Under graphic rating scale a printed form is used to evaluate the performance of an employee.

Table 10.1 Typical Graphic Rating Scale

Employee Name :

Job title.....

Department :

Rate.....

Date :

Traits	Unsatisfactory	Fair	Satisfactory	Good	Outstanding
i. Quantity of work under normal working conditions					
ii. Neatness, thoroughness and accuracy of work					
iii. Knowledge of job					
iv. Dependability					
v. Attitude					
vi. Cooperation					

Now-a-days rating scale is the most common method of appraisal of an employee's performance. It is easy to understand, easy to use and permits a statistical tabulation of scores of employees. When ratings are objective in nature they can be effectively used as evaluators.

The graphic rating scale may, however, suffer from a long standing disadvantage, i.e., it may be arbitrary and the rating may be subjective. Another pitfall is that each characteristic is equally important in evaluation of the employee's performance and so on.

6. Behaviourally Anchored Rating Scales (BARS)

This method represents the latest innovation in performance appraisal. It is a combination of the rating scale and critical incident technique of employee performance evaluation. The critical incidents serve as anchor statements on a scale and the rating form usually contains six to eight specifically designed performance dimensions. The following chart represents an example of a trainee salesman's competence and a behaviourally anchored rating scale.

It is a combination of the rating scale and critical incident technique of employee performance evaluation.

Table 10.2 An Example of Behaviourly Anchored Rating Scale (BARS)

Performance	Points	Behaviour
Extremely good	7	Can expect trainee to make valuable suggestions for increased sales and to have positive relationships with customers all over the country.
Good	6	Can expect to initiate creative ideas for improved sales.
Above average	5	Can expect to keep in touch with the customers throughout the year.
Average	4	Can manage, with difficulty, to deliver the goods in time.
Below average	3	Can expect to unload the trucks when asked by the supervisor.
Poor	2	Can expect to inform only a part of the customers.
Extremely poor	1	Can expect to take extended coffee breaks and roam around purposelessly.

How to construct BARS? Developing a BARS follows a general format which combines techniques employed in the *critical incident method* and *weighted checklist rating scales*. The following steps are usually involved in preparing a BARS :

Step-i : Identifying critical incidents : People with knowlege of the job to be probed, such as job holders and supervisors, describe specific example of effective and ineffective behaviour related to job performance.

Step-ii : Selecting performance dimensions : The people, assigned with the task of developing the instrument, cluster the incidents into a small set of key performance dimensions. Generally between five and ten dimensions account for most of the performance. Examples of performance dimensions include technical competence, relationships with customers, handling of paper work and meeting day-to-day deadlines. While developing varying levels of performance for each dimension (anchors), specific examples of behaviour should be used, which could later be scaled in terms of good, average or below average performance.

Step-iii : Assigning scale values to the incidents : Each incident is then rated on a one-to-seven or one-to-nine scale with respect to how well it represents performance on the appropriate dimension. A rating of one represents ineffective performance, the top scale value indicates very effective performance. The second group of participants usually assigns the scale values. *Means* and *standard deviations* are then calculated for the scale values assigned to each incident.

Step-iv : Producing the final instrument : About six or seven incidents for each performance dimension will be used as behavioural anchors. The final BARS instrument consists of a series of vertical scales (one for each dimension) anchored (or measured) by the final incidents. Each incident is positioned on the scale according to its mean value.

Proponents of BARS claim that such a system differentiates among behaviour performance and results and consequently is able to provide a basis for setting developmental goals for the employee. Because it is job-specific and identifies observable and measurable behaviour, it is a more reliable and valid method for performance appraisal.

7. Forced Choice Method

This method makes use of several sets of paired phrases, two of which may be positive and two negative and the rater is asked to indicate which of the four phrases is the most and least descriptive of a particular worker. Actually, the statement items are grounded in such a way that the rater cannot easily judge which statements apply to the most effective employee. The following table is a classic illustration of the forced choice items in organisations.

Table-10.3 An Example of Forced Choice Items.

1.	least		most
	A	Does not anticipate difficulties	A
	B	Grasps explanations easily and quickly	B
	C	Does not waste time	C
	D	Very easy to talk to	D
2.	least		Most
	A	Can be a leader	A
	B	Wastes time on unproductive things	B
	C	At all times, cool and calm	C
	D	Smart worker	D

The favourable qualities earn a plus credit and the unfavourable ones earn the reverse. The worker gets over plus when the positive factors override the negative ones or when one of the negative phrases is checked as being insignificantly rated.

The overall objectivity is increased by using this method in evaluation of employee's performance, because the rater does not know how high or low he is evaluating the individual as he has no access to the scoring key. This method, however, has a strong limitation. In the preparation of sets of phrases trained technicians are needed and as such the method becomes very expensive.

10.10B Methods of Performance Appraisal using Relative Standards:

Individuals are compared against other individuals. The methods are:

1. Group order ranking : It requires the evaluator to place employees into a particular classification, such as "top 10 percent"

2. Individual ranking: It requires the evaluator merely to list the employees in order from the highest to the lowest . In this process, only one employee can be rated "best".

3. Paired comparison: A score is calculated for each employee by simply counting the number of pairs in which the individual is the preferred member. It ranks each individual in relation to all others on a one-to-one basis. If ten employees are being evaluated, the first one is compared , one by one with each of the other nine and the number of times this person is preferred in any of the nine pairs is tabulated. Each of the remaining nine persons, in turn, is compared in the same way, and a ranking is formed by the greatest number of preferred 'victories' . This method ensures that each employee is compared against every other, but the method can become unwieldy when large number of employees are being compared.

A score is calculated for each employee by simply counting the number of pairs in which the individual is the preferred member.

10.10C Modern Method of Performance Appraisal

□ Management by Objectives (MO)

MBO represents a modern method of evaluating the performance of personnel. Thoughtful managers have become increasingly aware that the traditional performance evaluation systems are characterised by somewhat antagonistic judgements on the part of the rater. There is a growing feeling nowadays that it is better to make the superior work with subordinates in fixing goals. This would inevitably enable subordinates to exercise self-control over their performance behaviours. The concept of management by objectives is actually the outcome of the pioneering works of P.F. Drucker and McGregor in management science. Management by objectives can be described as "a process whereby the superior and subordinate managers of an organisation jointly identify its common goals, define each individuals' major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contributions of each of its members". Practising management scientists and pedagogues view it as a philosophy of managerial practice, it is a method by which managers and subordinates plan, organise, control, communicate and debate. MBO thus represents more than an evaluation programme and process.

It is a method by which managers and subordinates plan, organise, control, communicate and debate.

Features of MBO

- * MBO emphasises participatively set goals that are tangible, verifiable and measurable.
- * MBO focuses attention on what must be accomplished (goals) rather than how it is to be accomplished (methods).
- * MBO, by concentrating on key result areas, translates the abstract philosophy of management into concrete phraseology. The technique can be put to general use (non-specialist technique). Further it is "a dynamic system which seeks to integrate the company's need to clarify and achieve its profit and growth targets with the manager's need to contribute and develop himself".

MBO is a systematic and rational technique that allows management to attain maximum results from available resources by focusing on achievable goals. It allows the subordinate plenty of room to make creative decisions on his own.

10.11 Features of An Effective Appraisal System

Performance appraisal (P.A) system should be effective since a number of crucial decisions are made on the basis of its score. In order to be effective it should possess the following essential characteristics:

1. **Reliability and validity:** Appraisal system should provide consistent, reliable and valid information and data, which can be used to defend the organisation, even in legal challenges. Appraisals must also satisfy the condition of validity by measuring what they are supposed to measure.
2. **Job relatedness :** The appraisal technique should measure the performance and provide information in job related activities / areas.
3. **Standardisation :** Appraisal forms, procedures, administration of techniques, ratings, etc., should be standardised as appraisal decisions affect all employees of the group.
4. **Practical viability :** The techniques should be practically viable to administer, possible to implement and economical to undertake continuously.
5. **Transparency :** Most employees want to know how well they are performing the job. A good appraisal system provides the needed feedback on a continuing basis. The appraisal interviews should permit both parties to learn about the gaps and prepare themselves for future. To this end, managers should clearly explain their performance expectations to their subordinates in advance of the appraisal period. Once this is known, it becomes easy for employees to learn about the yardsticks and, if possible, try to improve their performance in future.
6. **Feed-back of results to employees :** Employees should know the rules of the game. They should receive adequate feedback on their performance. If performance appraisals are meant for improving employee performance, then withholding appraisal result would not serve any purpose. Employees simply cannot perform better without having access to this information. Permitting employees to review the results of their appraisal allows them to detect any errors that may have been made. If they disagree with the evaluation, they can even challenge the same through formal channels.

Performance appraisal should be used primarily to develop employees as valuable resources. Only then it would show promising results. When management uses it as a whip or fails to understand its limitations, it fails. The key is not which form or which method is used.

10.12. Factors that can Distort Appraisal

The appraiser/evaluator should be free from personal biases, prejudices etc. so that appraisal is not distorted. But following are the factors that usually distort appraisal.

1. **Leniency error:** Every evaluator has his or her own value system that acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some evaluators mark high, while others mark low. The former is referred to as positive leniency error, and the latter as negative leniency error. When evaluators are positively lenient in their appraisal, an individual's performance becomes overstated. In doing so, the performance is rated higher than it actually should be. On the other hand, a negative leniency error understates performance, giving the individual a lower appraisal.

Every evaluator has his or her own value system that acts as a standard against which appraisals are made.

If all the individuals in an organization were appraised by the same person, there would be no problem. Although there would be an error factor, it would be applied equally to everyone. The difficulty arises when we have different raters with different leniency errors making judgements.

2. **Halo error:** The halo error or effect is a "tendency to rate high or low on all factors due to the impression of a high or low rating on some specific factors". For example, if an employee tends to be regular in attendance, supervisor might become biased toward that employee to the extent that manager will rate him or her positively on many desirable attributes.

Halo error occurs due to the tendency to rate high or low on all factors based on the impression about a specific factor.

3. **Similarity error:** When evaluators rate other people in the same way that the evaluators perceive themselves, they are making a similarity error. Based on the perception that evaluators have of themselves, they project those perceptions on to others. For example, the evaluator who perceives himself or herself as aggressive may evaluate others by looking for aggressive. Those who demonstrate this characteristic tend to benefit, while others who lack it may be penalized.

When evaluators rate other people in the same way that the evaluators perceive themselves, they are making a similarity error.

4. **Low appraiser motivation:** What are the consequences of the appraisal? If the evaluator knows that a poor appraisal could significantly hurt the employee's future- particularly a salary increase or promotion- the evaluator may be reluctant to give a realistic appraisal. There are evidences that it is more difficult to obtain accurate appraisals when important rewards depend on the results.

Low appraiser motivation occurs when important rewards depend on the results.

Raters who are prone to the central tendency error are those who continually rate all employees as average.

Under the pressure of circumstances raters may go on giving higher grades to all employees

In many jobs it is difficult to get consensus on what is "a good job" and it is even more difficult to get agreement on what criteria will determine performance.

Employee evaluations are directly affected by a "supervisor's perceptions of who is believed to be in control of the employee's performance

5. **Central tendency :** It is possible that regardless of why the appraiser evaluates and what traits are used, the pattern of evaluation remains the same. It is possible that evaluator's ability to appraise objectively and accurately has been impeded by a failure to use the extremes of the scale. When this happens, we call the action central tendency. Central tendency is the reluctance to make extreme ratings (in both directions), the inability to distinguish between and among rates; a form of range restriction. So, raters who are prone to the central tendency error are those who continually rate all employees as average.
6. **Inflationary pressure:** Under the pressure of circumstances raters may go on giving higher grades to all employees irrespective of performance. This may create problem at times of salary increase or promotion.
7. **Inappropriate substitutes for performance:** Definition of performance and measures for appraising may not always be clearly set. In many jobs it is difficult to get consensus on what is "a good job" and it is even more difficult to get agreement on what criteria will determine performance. For a salesman the criteria are affected by factors such as economic conditions and actions of competitors -factors beyond the salesperson's control. As a result, the appraisal is frequently made by using substitutes for performance- criteria that it is believed, closely approximate performance and act in its place. These substitutes may prove, more often than not, inappropriate and hence affect employee performance.
8. **Attribution theory :** According to this theory, employee evaluations are directly affected by a "supervisor's perceptions of who is believed to be in control of the employee's performance -the employer or the manager". The Attribution theory attempts to differentiate between those things that the employee controls (internal) versus those that the employee cannot control (external). An employee will be held responsible for a fault which it is believed, s/he could avoid.

QUESTIONS TO ANSWER

1. (a) How would you define performance appraisal?
(b) Discuss the objectives and characteristic features of performance appraisal.
 2. (a) Who can appraise?
(b) Discuss the process of performance appraisal with the help of a diagram.
 3. (a) What steps a HR manager should follow to ensure effectiveness in evaluating employees?
(b) Critically discuss the methods of performance appraisal using absolute standards.
 4. (a) Discuss the methods of performance appraisal using relative standard.
(b) Critically discuss MBO as a modern method of performance appraisal.
 5. Performance appraisal is essential in order to ensure effectiveness in attaining organizational objectives but an effective appraisal system should have certain features—What are they? Discuss each of them in short.
 6. There are some factors that can distort appraisal—Discuss them.
- Write short notes :**
Performance appraisal by peers, Performance appraisal by consultants, Confidential report, Critical incident appraisal, Checklist and weighted checklist appraisal, Graphic rating scale, BARS, Group order ranking, Leniency error, Halo error, Inflationary pressure.
-