Performance Appraisal and Employees Appraisal Approaches

Balanced Scorecard Approach to Measure Performance

The balanced scorecard focuses on the measures that drive the employee performance. The balanced scorecard provides a list of measures that balance the organizations internal and process measures with results, achievements and financial measures. The two basic features of the balanced scorecard are:

□ A balanced set of measures based on the four perspectives of balanced scorecard
□ Linking the measures to Employee Performance

A balanced set of measures

Instead of relying on just one instrument or measure, using a balanced set of measures ensures that all the aspects of the employees’ performance are covered and provide relevant support for the decisions taken.

Therefore, it is necessary that the manager should be capable of observe and note the several instruments and measures simultaneously. The four perspectives given by Kaplan and Norton are the financial measures, the customer’s perspective, the internal business perspectives and the innovation and learning perspectives.

For each perspective of the following things are measured:

• **Objectives:** the goals and the targets to be achieved
• **Measures:** the standards which will be used to measure the actual performance and the progress.
• **Action plans:** the initiatives taken and the course of action to be followed to achieve the objectives

Tie-In to Employee Performance

The balanced scorecard approach can be used and applied at both the individual and the organisational level. It provides a balanced approach to evaluate the employees’ performance (for the purpose of Performance appraisal) in a comprehensive manner rather than a partial view. In most of the organisations, the common practice of measuring the employee performance refers to only the comparison of their action plans and behaviours with the standards set i.e. without actually measuring the results of their actions like profits and increase in market share. This
conventional practice can lead to the appraisal of most of the employees without any or little progress towards achieving the goals and objectives of the organisation. Thus, the balanced scorecard gives the complete view of the employees and the organisational performance and helps to align the employee performance/action plans with the organisational goals.

**BENEFITS OF BALANCED SCORECARD**

The benefits of the balanced scorecard approach in measuring performance are:

- Gives the complete picture of the employee as well as the organisational performance.
- It guides users in determining the critical success factors and performance indicators.
- Strategic review or analysis of the organisational capabilities and performance.
- Focusing the whole organisation on the few key things needed to create breakthrough performance.
- Integrating and directing the performance and efforts from the lowest levels in the organisation to achieve excellent overall performance.

**SELF APPRAISAL**

Self appraisal is an important part of the Performance appraisal process where the employee himself gives the feedback or his views and points regarding his performance. Usually this is done with the help of a self appraisal form where the employee rates himself on various parameters, tells about his training needs, if any, talks about his accomplishments, strengths, weaknesses, problems faced etc.

**TIPS FOR SELF – APPRAISAL**

- **Be honest**
  Always be truthful and honest while telling your accomplishments or failures. Don’t exaggerate your strengths and don’t hide your weaknesses. Don’t make personal judgments for anybody.

- **Do the preparation**
  It’s always better to prepare yourself before the meeting. Get all the lists in place, prepare all the evidences and references.
• **Be objective**  
  Objectivity is important in self-appraisal. Don’t exaggerate or downplay your achievements or failures. Be specific and concise in your statements and if possible support them with examples or references or evidences with dates. For example: "I responded to all queries within 8 hours" is better than just saying "My customer service was good."

• **Positive attitude**  
  Have a positive attitude towards the whole appraisal process. Be co-operative. Don’t hesitate from taking the responsibility of your failures as well as the achievements. Demonstrate enthusiasm to improve in future and take all his suggestions calmly. Don’t complain or demonstrate a negative attitude.

• **Cover all the aspects**  
  Apart from your strengths, weaknesses, accomplishments and failures, express the opportunities you would like have for your development and improvement. Suggest ways to overcome the problems faced. Assess your capabilities, behaviours and skills and competence.

• **Seek future responsibilities**  
  According to the assessment of the KSA’s according to your job description, plan the short term and long term for the next year. Try to look for tasks beyond your current job responsibilities. This will help in personal development as well as contributing to the organizational productivity.  
  Self appraisal should ideally include the accomplishments, the goals achieved, the failures, and the personal growth (i.e. new skills acquired, preparation for the future etc.), the obstacles faced during the period, the efforts for removing them, the suggestions, and the areas of training and development felt by the employee.

**Preparation for Performance Review**

The performance review meeting should not be strictly formal nor should it be completely informal in nature. Ideally, the **review meeting** should be structured, semi-formal meeting which needs prior preparation by the appraiser as well as the employee for it to be effective.

Following are some points that need to be prepared before the review meeting of Performance appraisal:

• Inform the concerned employees the date, time and place for the review meeting well in advance.
• Review and be prepared with each and every employee’s
  - Job description
  - Performance standards
  - Planned performance goals
Performance measures collected throughout the time period
- The critical incidents details
- Past appraisals of the employees.

- Be ready with all the important dates
- Give the employee a copy of the appraisal form
- The appraiser needs to completely understand the standards for the employees at same level to maintain the consistency in the process.
- Prepare what to say and how to say it calmly.
- The feedback should be prepared in quantifiable measures where ever possible.
- The appraiser should be familiar with the performance review form and the details
- The employee and the appraiser both should be prepared to discuss and figure out the future goals and training needs
- They should be mentally prepared for constructive feedback
- Collect as many evidences to support your point as possible like the monthly, quarterly progress reports.

**PERFORMANCE REVIEW MEETING**

Today, **performance review meetings** are regarded as conversation with a purpose. They are considered extremely important for the development and health of the organization. The purpose of the performance review meetings is to reach mutually agreed conclusions about the development of the individual and his performance and if applicable, any areas for improvement, including how such improvements are to be achieved.

The purpose of **performance and development** reviews is to enable the employees to engage in a dialogue and get the support of the manager about the individual’s performance and development. They should be more like free-flowing, open meetings in which views are exchanged so that agreed conclusions can be reached.

The three key elements of performance review meetings are:

1. **Feedback** - Providing information on how a person has been doing.
2. **Measurement** – assessing results against agreed targets and standards.
3. **Exchange of views** - Ensuring that the discussion involves a full, free and frank exchange of views about what has been achieved, what needs to be done to achieve more and what employees think about their work the way they are managed and their aspirations.

Performance appraisal review is the meeting when the employee can be motivated to perform better in future or reinforce his desirable behaviour. Review discussion meetings ideally should include the following:
• Review of progress on tasks and activities in relation to the employee’s performance plan,
• The developmental initiatives taken by the employee himself and those planned by the management for the employee.
• Identification of variances in terms of delays, requisite quality and shortfall in help planned for the employee, if any
• Analyzing the causes of the delay, the problems faced and the solutions adopted.

• Preparation of action steps for solving identified problems and contingency plans for anticipated problems.

Periodic review meetings become meaningful only when they help pause, reflect, take stock and strategize in an otherwise active relationship.

How To Complete Performance Appraisal Form

Performance appraisal form provides the basis for the performance review, providing the feedback to the employees and the final rating of the employee. It also facilitates various other HR decisions and career development plans and decisions of the employees. Therefore, performance appraisal form should be filled with utmost care and objectivity.

The Performance appraisal form should be filled by the immediate supervisor or manager of the employee in order to ensure that the appraiser if fully acquainted with the performance, responsibilities, targets and standards of the employee. All the instructions and guidelines on the appraisal form should be read and followed carefully.

• Be prepared with all the details of the performance, the standards, job description and the past appraisals of the employee.
• Clear and unambiguous description of the employee performance should be given in terms of average, above average, good and excellent performance.
• The focus should be on the employees’ behaviour throughout the year and not just his recent performance.
• Quantify the ratings, wherever possible, to ensure easy comparability.
• Substantiate and support your rating, and attach all the necessary documents (if required).
• Apart from the defined performance objectives and results, discuss the related issues as well covering all the aspects of the performance.
• When filling the appraisal form, be honest and objective.

Analysis for Improving Performance
Any performance review process is incomplete without the feedback to the employees. The feedback could be given in the review discussion. Review discussions are semi-formal, scheduled, periodic interactions – usually bimonthly or quarterly – between a manager and his employee. The basic purpose of the review discussion is to analyze the **performance of the employee** in the past to improve the performance of the employee in future.

A review discussion is an opportunity to coach, mentor, learn and understand. The manager encourages his/her employees to critically reflect over progress made on the Performance appraisal plan and to develop creative, yet feasible alternatives for problem areas.

The manager uses this opportunity to:

- Review the performance of the each employee individually.

- Discuss the problems faced by the employees during the course of action.

- The solutions tried, and the degree of success achieved in solving the problems faced.

- Revisit with the employee, his/ her annual plan for the remaining time period and develop revised action plans, if necessary.

**Review discussions** reassure the employees that each one of them has structured opportunities for one to one interaction with the manager once every two or three months during the year. These opportunities are important as they provide an important chance for performance monitoring or development mentoring. The aim of the performance review discussions is to share perceptions, solve the problem faced during the course of the action, decide on the new goals jointly and provide a feedback to the employee for the past performance i.e. to look at his strengths and weaknesses and also help to chart out a career plan for the employee.

The focus of these **performance review** discussions should not be to judge the employees’ past performance; rather it should be to motivate the employee to improve his future performance and reinforce his good behaviour.

**Active Performance Appraisal Conversation**
Active conversation plays an important part in the performance review meeting. The appraiser should ensure that the meeting has a two-way conversation and that the employee should get a fair chance to speak. The "manner" of giving the feedback of the performance of the employee is very important. The conversation should have an optimistic and motivating tone.

Some important points that should be taken care of in the active performance appraisal conversation are:

1. **Make it a two-way conversation.** An effective Performance appraisal review requires an interactive discussion with an open agenda. Try to formulate questions that seek the employee’s ideas and input. This will help the employee feel you value his or her opinions. Give the employee a fair chance to put forward his ideas; let him speak.

2. **Be a good listener.** Remember to be an active listener and to pick up on your employee’s verbal and nonverbal cues. Listen to his ideas and problems.

3. **Address what’s important to the employee.** Since job satisfaction is the most important factor affecting an employee’s attitude (and therefore his or her level of performance and value to your company), an effective review should delve into areas that include issues most important to that employee.

4. **Lead with the positive.** It’s important to reaffirm the employee’s strengths at the beginning of the review. Since job security is the number one concern of most people, the performance review is a good time to tell an employee how much you value their contributions to your business.

5. **Don’t be confrontational.** It’s important not to criticize the employee in general terms. The goal is to evaluate job performance and not the person. A performance review that turns into a gripe session misses the opportunity to raise employee morale.
Positive reinforcement – emphasizing what has been done well so that it will be done even better in the future and making only constructive criticisms (i.e. those that point the way to improvement).

Exchange of views - Ensuring that the discussion involves a full, free and frank exchange of views about what has been achieved, what needs to be done to achieve more and what the appraiser think about their work the way they are managed and their aspirations.

Agreement - jointly coming to an understanding about what has to be done by both parties to improve performance, knowledge and skills and overcome any work problems raised during the discussion.

Performance Appraisal Feedback

Performance appraisal process is incomplete without the feedback given to the employee about his appraisal and his performance. But the way of giving as well as receiving the feedback differs from person to person and their way of handling and their outlook towards the issue.

According to a popular saying:

"A SUCCESSFUL MAN IS ONE WHO CAN LAY A FIRM FOUNDATION WITH THE BRICKS OTHERS HAVE THROWN AT HIM."

Therefore, On the part of the person receiving the feedback, the following points are important to be taken care of:

- The employee should have a positive attitude towards the feedback process
o He should listen to the suggestions of the appraiser calmly and try to incorporate them in his plans.

o He should not hesitate to ask for the help of his superiors.

o Should have a co-operative attitude during the feedback meeting.

o Don’t judge the appraiser as a person.

o Should take the feedback objectively.

o Should not judge the appraiser as a person on the basis of the feedback.

On the part of the appraiser or the manager / person giving the feedback, the following points are to be taken care of:

o The appraiser should make the receiver feel comfortable during the feedback meeting.

o The appraiser should make it a two – way conversation i.e. let the employee speak.

o Listen to the employee and note his points, suggestions, problems etc.

o The appraiser should not adopt a confrontational approach towards the meeting. The goal is not to criticize the employee.

o Provide a constructive feedback to the employee i.e. in a way which will motivate him to perform better.
Have a positive attitude towards the process

Try to understand the reasons of his failure.

Be fair and objective

Prepare yourself for what to say and how to say.

Make the appraisal feedback meeting useful and productive for the organization and the employee.

**PERFORMANCE CONSULTING: MOVING BEYOND TRAINING**

Organisations are growing in size, becoming complex and the importance of trained and developed workforce is also increasing. One of the major objectives and benefits of the performance appraisal is that it helps in identifying the training needs of the employee and reducing the gap between the actual and the desired performance of the employees. But Performance appraisal also facilitates the other decisions like:

- Compensation and rewards
- Performance Feedback
- Manpower planning
- Performance improvement
- Promotions and transfers
To meet the increasing competition and the challenging organizational goal, the human resource departments of the organisations throughout the world are moving away from the traditional and the theoretical training methods. The organisations are focusing on "Performance Consulting" i.e. the practical aspects of the employee training and what the employees should do to achieve the organizational goals.

Therefore, to improve the effectiveness and the performance, the conventional role of the trainers have changed to "performance or HR consultants".

Performance consulting refers to the actual transfer of the new skills, competencies acquired through the training to the job, focusing on the employees’ performance needs i.e. the needs to improve the performance.

The responsibilities and roles of performance consultant are:

- To attain a balance between the needs of the organisation and the employees.

- Create synergy and teamwork.

- Identifying and solving the problems faced by the employees.

- Assessing and measuring the actual performance of the employees.

- Identifying and improving the internal and external factors affecting the performance of the employees.

- Motivate and support the employees.

- Review and feedback of the performance, facilitating performance improvement
From the above functions and the role of the **performance consultants**, they have become valued partners to the top level management of the organisations in successfully achieving the organizational goals.

**Writing Performance Appraisals**

Writing performance appraisal involves creating a document which has the summary of the every employee’s performance over a period of time and a snapshot of their observed strengths and weaknesses, and the rater’s feedback that can be used for other purposes.

Writing Performance appraisal depend significantly on the writer’s various abilities and a combination of other factors. A rater or a manager needs:

- An objective rating method to assess an employee’s performance, behavior, and skills and knowledge.
- All the relevant data related to the employee’s performance, the standards, his job description.
- To observe and accurately recall the employee’s behavior throughout the time period of the appraisal.
- Using meaningful, unambiguous and clear language for the description in the document.

The written performance appraisal document should ideally contain 3 basic sections:

**Performance elements**
A performance element is a general description of an employee’s overall responsibility in a particular area of work. Performance elements are basically the job description of the employee clearly describing the roles and responsibilities expected from him.

**Performance standards**
Performance standards are the expected or the desired level of the tasks to be accomplished by the employee.

**Actual performance**
This section records the data of the actual performance of the employee, his accomplishments, successes and failures, his on-the-job performance, his strengths and weaknesses.
**Plans for employee development**
The developmental requirements (the training needs) felt or found by the appraiser for the employee.

**An overall rating**

An overall rating for the employee’s overall performance like satisfactory performance, unsatisfactory performance, requires improvement etc.

The common errors that creep in the writing the appraisals and should be avoided are:

**Halo effect:**
Halo effect is the tendency of the rater to allow one aspect of a man’s character to influence his overall rating of the employee.

**Central tendency**
Central tendency is the tendency of the rater to give average ratings to the employee without actually appraising or condemning them.

**Recent behaviour (the pitchfork effect)**
As per the human nature, it is a common tendency to rate the people on the basis of their most recent behaviour and forgetting the events and their performance in the starting of the period.

Stereotyping an employee on the basis of the performance of his/her team is another common error.

Therefore, with proper preparation, training and effort, writing appraisals can be converted from a time consuming activity into a meaningful activity for the employee and the organization.

**Performance Appraisal Training**

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Every organisation conducts performance for assessing the performance of the employees and the organisation. But if not conducted properly, they can give a false impression about the performance of the employees and affect the overall performance of the organisation; therefore, there is a need to train the appraisers to ensure the maximum effectiveness of the process.

Studies have revealed that appraisals are often conducted by the managers and the supervisor who sometimes, are themselves not aware of the procedures to be followed. They should be
explained the importance and the implications of the Performance appraisal to the organisations, the methods to be followed, the principles and the processes of the appraisal.

All managers and supervisors who consult performance appraisals should be given training for the following:

- Methods, techniques and guidelines for setting goals and objectives
- How to evaluate the performance and rate the employees
- Standards for performance documentation
- How to complete a performance appraisal form
- How to maintain objectivity in the appraisal
- Questioning techniques for appraisals
- Responding to employee reactions
- Improves rapport and communication
- Building morale and motivating employees
- Observing and measuring performance
• Tracking results

• Structuring the interview with the focus on improving performance

• **Feedback techniques** (providing constructive feedback)

• How to deal with non-performers and people who refuse to co-operate

• Post review actions

The training can be given by conducting special workshops by professional HR consultants or qualified and experienced HR professionals of **human resource management**. The venue for the purpose can be a suitable seminar hall, training room, conference hall, boardroom, or at some place away from the workplace like some hotel etc.

**HOW TO MEASURE EMPLOYEE PERFORMANCE**

The most difficult part of the performance appraisal process is to **accurately and objectively** measure the employee performance. Measuring the performance covers the evaluation of the main tasks completed and the accomplishments of the employee in a given time period in comparison with the goals set at the beginning of the period. Measuring also encompasses the quality of the accomplishments, the compliance with the desired standards, the costs involved and the time taken in achieving the results.

Measuring employee performance is the basis of the Performance appraisal processes and performance management. Accurate and efficient performance measurement not only forms the basis of an accurate performance review but also gives way to judging and measuring employee potential.
For the purpose of measuring employee performance, different input forms can be used for taking the feedback from the various sources like the superior, peers, customers, vendors and the employee himself. All the perspectives thus received should be combined in the appropriate manner and to get an overall, complete view of the employees’ performance. Observation can also be exercised by the superior to obtain information. Some suggestions and tips for measuring employee performance are:

- Clearly define and develop the employee plans of action (performance) with their role, duties and responsibilities.

- Organizational outcomes or the achievement of organizational goals should also be kept in mind.

- Focus on accomplishments and results rather than on activities.

- Also take note of the skills, knowledge and competencies and behaviors of the employees that help the organisation to achieve its goals.

- If possible, collect the feedback about the performance of the employees through multi-point feedback and self-assessments.

- Financial measures like the return on investment, the market share, the profit generated by the performance of the team should also be considered.

For an organisation to be an effective organisation and to achieve its goals, it is very important to monitor or measure its’ and its employee performance on a regular basis. Effective monitoring and measuring also includes providing timely feedback and reviews to employees for their work and performance according to the pre-determined goals and standards and solving the problems faced. Timely recognition of the accomplishments also motivates the employees and help to improve the performance.

**Measuring the performance** of the employees based only on one or some factors can provide with inaccurate results and leave a bad impression on the employees as well as the organisation. For example: By measuring only the activities in employee’s performance, an organization might rate most of its employees as outstanding, even when the organisation as a whole might have
failed to meet its goals and objectives. Therefore, a balanced set of measures (commonly known as balanced scorecard) should be used for measuring the performance of the employee.

FAQs About Performance Appraisal Program

Q. What is the purpose of performance appraisals?

A. Performance appraisals help to strategically review the performance of the employees, their strengths, weaknesses and accomplishments during the year. Performance appraisal allows deciding the goals, objectives and the desired performance standards for the employee for the upcoming year.

Q. How should the self appraisal be used?

A. Self appraisal or self evaluation is the review of the performance by the employee himself. The self evaluation should be discussed with the employee and if appropriate, should be incorporated in the final rating.

Q. Is there any comprehensive formula to calculate the overall rating?

A. No, there is no comprehensive formula for doing so. The overall rating should be based on a number of factors like the extent of goals achieved, the overall performance of the employee, his competencies etc.

Q. How should the ratings be given if there has been a change of supervisor or manager during the period of the appraisal?

A. To complete the Performance appraisal subjectively and fairly, it is advised to consult the previous supervisor or manager. If this is not possible, consult the supervisor’s superior to get his views and inputs.

Q. How can input/feedback be collected for the appraisal process?

A. different input forms can be used for taking the feedback from the various sources like the superior, peers, customers, vendors and the employee himself. All the perspectives thus received should be combined in the appropriate manner and to get an overall, complete view of the employees’ performance. Observation can also be exercised by the superior to obtain information.
Q. What if the employee refuses to agree or/and accept the review?

A. First of all, ensure that the employee has got a chance to review his completed appraisal form. If the employee refuses to accept his appraisal, try to sort out the problem by discussing his reasons of dissatisfaction with him calmly. If the employee refuses to co-operate, then pass the documents to the **HR department** with a note on it that the employee has refused to accept and let them take the necessary action.

Q. How do you deal with an average or a non-performer?

- Provide constructive feedback and try to motivate the employee.

- Keep the focus on the performance, not the personality of the employee.

- Provide **training and development** opportunities to the employee.

- Discuss and take the employee’s inputs on how to solve the problem.

- Plan the course of action and standards in agreement with the employee.

- If no improvement takes place, inform the **human resources** or your superior about the problem.

Q. Should the review be confidential?

A. The Individual performance reviews should be kept confidential and should not be accessible to other employees. They should also be stored at a safe place with limited access. Outdated reviews should be destroyed. The appraisal can also be kept as a part of the **HR records** of the employee.

**Degree Performance Appraisals**

Appraisals Home » ³⁻·-Degree-Performance-Appraisals
Uni-degree feedback, also known as 'multi-rater feedback', is the most comprehensive appraisal where the feedback about the employees’ performance comes from all the sources that come in contact with the employee on his job.

Uni-degree respondents for an employee can be his/her peers, managers (i.e. superior), subordinates, team members, customers, suppliers/vendors - anyone who comes into contact with the employee and can provide valuable insights and information or feedback regarding the "on-the-job" performance of the employee.

Uni-degree appraisal has four integral components:

1. Self appraisal
2. Superior’s appraisal
3. Subordinate’s appraisal
4. Peer appraisal.

Self appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance. Superior’s appraisal forms the traditional part of the Uni-degree performance appraisal where the employees’ responsibilities and actual performance is rated by the superior.

Subordinates appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior’s ability to delegate the work, leadership qualities etc. Also known as internal customers, the correct feedback given by peers can help to find employees’ abilities to work in a team, co-operation and sensitivity towards others.

MANAGEMENT BY OBJECTIVES

The concept of ‘Management by Objectives' (MBO) was first given by Peter Drucker in 1954. It can be defined as a process whereby the employees and the superiors come together to identify common goals, the employees set their goals to be achieved, the standards to be taken as the criteria for measurement of their performance and contribution and deciding the course of action to be followed.

The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee’s actual performance with the standards set. Ideally, when employees themselves have
been involved with the goal setting and the choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities.

THE MBO PROCESS

![MBO Process Diagram](image)

UNIQUE FEATURES AND ADVANTAGES OF MBO

The principle behind Management by Objectives (MBO) is to create empowered employees who have clarity of the roles and responsibilities expected from them, understand their objectives to be achieved and thus help in the achievement of organizational as well as personal goals.

Some of the important features and advantages of MBO are:

- **Clarity of goals** – With MBO, came the concept of SMART goals i.e. goals that are:

  - Specific
  - Measurable
Achievable
Realistic, and
Time bound.

The goals thus set are clear, motivating and there is a linkage between organizational goals and performance targets of the employees.

- The focus is on future rather than on past. Goals and standards are set for the performance for the future with periodic reviews and feedback.

- **Motivation** – Involving employees in the whole process of goal setting and increasing employee empowerment increases employee job satisfaction and commitment.

- **Better communication and Coordination** – Frequent reviews and interactions between superiors and subordinates helps to maintain harmonious relationships within the enterprise and also solve many problems faced during the period.

Self assessment is an indispensable part of degree appraisals and therefore degree Performance appraisal have high employee involvement and also have the strongest impact on behavior and performance. It provides a "degree review" of the employees’ performance and is considered to be one of the most credible performance appraisal methods.

degree performance appraisal is also a powerful developmental tool because when conducted at regular intervals (say yearly) it helps to keep a track of the changes others’ perceptions about the employees. A degree appraisal is generally found more suitable for the managers as it helps to assess their leadership and managing styles. This technique is being effectively used across the globe for performance appraisals. Some of the organizations following it are Wipro, Infosys, and Reliance Industries etc.