

# The pros and cons of performance appraisal



## Summary

Performance appraisal is used abundantly in most of the modern organization today, related to evaluation and appraisal system of employees. It is a critical tool used by managers and supervisors in employee development.

We assume that there are several approaches and system of performance appraisal. The most common traits of performance appraisal vary from graphical ratings of employee performance to behavioral methods of appraisal. Secondly, ratings system forms a basis of appraisal system. Considering these assumptions the objective of this report and its discussion covers the following issue.

1. Approach for performance appraisal and its methodology in context of management by objective (MBO).
2. Different types of rating system used for performance appraisal.

### **Discussion 1: Approach for performance appraisal and its methodology in context of Management by objective (MBO)**

It is assumed that several approaches can be used for performance appraisal. Performance appraisal is a formal management system that provides for evaluation of the quality of individual's performance in an organization. In most instances, appraisal is carried out and prepared by managers or supervisors. (Grote, 2002 , p. 1) Hence, it is only natural that any forms and practices of appraisal are typically done by supervisors and managers.

## **Approaches towards Performance Appraisal**

It is to our knowledge that for performance appraisal and its undertaking, there are several approaches. However, the most commonly used is:

Management by Objective (MBO) Approaches.

### **Management by Objective (MBO) Approach:**

MBO approaches or Management by Objective is the most commonly used approach towards performance appraisal in an organization.

This approach and method for that matter signify the specific performance goals that an individual and a manager mutually identify and agree with. In the realms of MBO approaches to performance appraisal, the traits or the methodology employed for the process of appraisal that most commonly comes into play are namely:

- Appraisal by results
- Target coaching
- Work planning and review
- Performance objective setting
- Mutual goals settings. (John H. Jackson, 2007, p. 347)

MBO approached to performance appraisal also can be carried out through a four stage process, namely – (i) job review and agreement, (ii) development of performance standards (iii) setting the objective, and (iv) continuing performance discussion. (John H. Jackson, 2007, pp. 347-48)

Moreover, apart from MBO Approach, the following also can be used for certain situation, which the following discussion relates to.

**Focus on Performer Approach**

This is a trait based system and considered to be traditional in the realms of new management practices. It is used loosely based on the traits that we assume defines the personal attributes of individuals. This kinds of performance appraisal system stresses more on the kind of individual rather than on what employee did or how productive an employee have been.

(MacLean, 2001 , p. 10)

**Focus on Situation Approach**

This system of performance appraisal methodology is focused on the situation at hand. In other word; it is a form of situation analysis, which may be important in accessing overall job performance of an individual. The appraisal for that matter is focused only in the realms within which an employee operate or the situation therein. This system and methodology is often termed absurd in logical sense and in the realms of management practices. (MacLean, 2001 , p. 10)

**Focus on Behavior Approach**

Speaking of this methodology, and as the phrase suggest, this system of performance appraisal is carried out with attention to individual or what a person does in context of behavior and its conditioning. Simply put in, focus on behavior and its performance appraisal is loosely based on what a person does, or the abilities and action of displayed while a person or employee completes certain task of a given job at hand. (MacLean, 2001 , p. 10)

Somewhat, somewhere; this appraisal system and its methodological approach also seems absurd and unreasonable in real understanding of practical management practices.

**The Pros and Cons: Critical Analysis**

Based on the above discussion, we are of the opinion that the MBO Approach is the most suitable. We also learn that approaches such as focus on behavior, focus on situation and focus on performer can be effective in terms of the methodology, however; at the end of the day these three systems of performance appraisal appear absurd and there is rarely a long-term objective attached to these three approaches, given their trivial and absurd nature.

Thus, when comparing and contrasting these three systems with MBO Approach, we figure that MBO Approach is much ahead in the ladder of effectiveness and suitability. The reason behind the suitability of MBO Approach is simple enough, given that it adds depth to any forms of performance appraisal.

MBO Approach is by far the best method because it defines the essence of

- Job review agreement - which allows employee and supervisor to agree on exact makeup of the job.
- Development of performance standards - which acts as a basis for employee and supervisor to evaluate the satisfactory results of any given organizational task.
- Setting of objective - which enables employee and supervisor to set realistic objectives that are achievable.
- Continuing performance discussion - where an agreed term is reached for any factor of discussion related to employee performance, where

formal review of discussion is scheduled as and when it is required.

(John H. Jackson, 2007, pp. 347-48)

## **Discussion 2: Different Types of Rating System used for Performance Appraisal**

There are numerous appraisal systems in contemporary management practices. It is to our common knowledge that “ performance appraisal system involves accessing key goals and deriving a key set of goals that are mutually compatible and important to the major stakeholders in the appraisal.” (Kevin R. Murphy, 1995 , p. 398) In that reasoning, some of the system of appraisal can be in the form of

1. Employee participation system
2. Focus on the future
3. Ongoing feedbacks
4. Respect for the employee. (Delpo, 2007 , pp. 15-16)

Considering these systems it should also be understood that performance appraisal is not a human resource issues; rather than that, it is a management issue. Supervisor thus should understand which system can be effective for result oriented appraisal. (Delpo, 2007 , p. 17)

Going back to the abovementioned five systems and in a generic sense, we feel that their rating defines the value of an objective based appraisal system. There is every reason to say so because of the following reasons.

### **Employee participation system**

In this type of system an employee plays a key role. Participation can enhance the value of appraisal. It can be done in the form of employee

writing a job description, identifying their own goals and assessing their performance and standards of a job well done. (Delpo, 2007 , p. 15)

Employee participation system has huge followers, because

- This system is liberal in outlook.
- This system adds value and dept to employee job satisfaction.
- Empowered employee, where power and responsibility delegation is attached, which enhances the commitment level.
- This system of appraisal is directly in tune with the information age that we live in.

### **Focus on Future**

This appraisal system is objective base. It rating among manager for that matter is high. An appraisal means that it defines a roadmap for the future, and employee has every reason to see the past and the future scope through such an appraisal system. (Delpo, 2007 , p. 15) This type of system helps in

- Identifying goals and set objective for supervisor and employee.
- Give employee the chance to evaluate their performance for the present, the past and the future scope.
- Provides a self development platform.
- Identifying and strategizing the success level.

### **Ongoing feedbacks**

Ongoing feedback as a form of appraisal system creates the opportunity to identify areas that need improvement on a day-to-day basis. (Delpo, 2007 , p. 16) This system approach can be effective when it comes to

- Effective performance evaluation through feedbacks.

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- Feedbacks helps employee adjust to circumstances as and when it matters.
- Ongoing feedback creates a venue to identify what is important and what is not.
- Creates a sense of accomplishment and appreciations.

### **Respect for the employee**

Everyone needs respects. Respect creates a sense of belonging. It is a form of social conditioning and matter of individual esteem. The critical aspects of this forms of appraisal system is that

- Fundamentalism is at the heart of it.
- Respect of employee creates a sense of esteem.
- Standardization and sense of belonging to organizational undertaking.
- Discretion to any factor undertaken regarding the job at hand or any matter thereof.

### **Conclusion: Rating system and Pros and Cons**

Rating system of appraisal has been speculated to be both effective and ineffective as well. There are many debates surrounding the feature of rating system of appraisal. Above all, there are also many positivity and negativities surrounding rating appraisal system.

### **The Negative aspects of rating system of appraisal**

1. Rating system for that matter posed the danger of accuracy.
2. Creates a work environment and culture where climbing the success ladder is all that matter. Human bonding thus is at the backstage.
3. Rating system can be far different from actual rating and expectations, which hamper employee perceptions.



4. Rating system also accumulate a heated politics to root a place for itself within the team, or organizational groups.

### **The Positivity of rating system of appraisal**

1. There is always a silver lining to any forms of rating. Individual esteem is all about rating and can further raised the bar of performance.
2. Rating creates a channel of standardization process gone into the appraisal.
3. Rating helps individual to identify the strategic outlook from the current scenario related to performance level.
4. Rating helps in the management aspects to consider the pros and cons as well as comparison for any forms of appraisal.