Interloop®

KNOWLEDGE LETTER

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PERFORMANCE MANAGEMENT SERIES: APPRAISALS AND RATINGS

INSIGHTS

The performance management system starts with setting goals, doing a certain number of performance reviews/ feedbacks and ends up with an appraisal. Most companies have a formal appraisal system in place. The rating scale methodology is used to establish a standard benchmark for the entire organization to be followed by the all the appraisers.

Performance appraisal is a process that gives out performance ratings for all employees and communicates the same to them. Certain methods also help in ranking the employees against each other with similar job roles and that against the whole organization.
Appraisals help the managers in taking bonus and increment decisions, succession planning, and measuring performance.

EDITION 1: Beyond Performance Appraisals — Download the second edition

EDITION 2 Smarter Goal Settings — Download the first edition

EDITION 3: Feedback mechanisms — Download the fourth edition

EDITION 4 Development and Career Management of Individuals — Download the third edition

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RESOURCES POOL TO GET YOU STARTED!

1. WHY MOST PERFORMANCE EVALUATIONS ARE BIASED, AND HOW TO FIX THEM

Even though managers try to carry out appraisals based on the merits of the employees, there is still a lot of scope for biasedness in the entire rating system and process. Implicit bias tends to creep in even with the "open box" strategy to record managers' responses. The ambiguity of the broad questions and the space to provide the evaluation pose greater chances for personal bias to come into play. However, with creating a rubric for evaluations, creating better prompts, and boosting everyday performance, the same can be minimized.

2. ARE PEER REVIEWS THE FUTURE OF PERFORMANCE EVALUATIONS?

Amid the rise of agile and self-managing teams, the opportunity to create a socially-based feedback system seems more appropriate. As with the COVID-19 crisis, many people are working remotely and without the same level of daily interactions with managers, the peers play a pivotal role in staying in touch with each other. A social feedback system provides the employee a larger number of feedback (often 50 or more instances over the course of a year) from peers and others. This reduces the emphasis on receiving feedback from the employee's manager.

LINKS FOR FURTHER READING

Link 1
Link 2
Link 3

3. WHICH PERFORMANCE RATING SCALE IS BEST, AND WHAT SHOULD AN EMPLOYER CONSIDER IN ADOPTING A PERFORMANCE RATING SCALE?

Five-level performance management scales are most commonly used, but employers may choose alternatives. They could either be numeric or narrative. Each level of rating should be clearly defined as there is evidence that managers are not effective in making such fine distinctions and that they often focus on the middle ratings or tend to drift upward in ratings. Behaviorally Anchored Rating Scale (BARS) can also be used to create that distinction as it defines the range briefly which gives more context and reduces subjectivity for the managers.

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BUZZ AROUND THE MEDIA

Reminders in the HR Space for the month

THOMSON REUTERS ANNOUNCES NEW AND ENHANCED EMPLOYEE BENEFITS TO SUPPORT WORK-LIFE BALANCE

To strengthen its leadership position in both flexibility and wellbeing, Thomson Reuters initiates a new set of work-life flexibility offerings – Thomson Reuters Flex My Way. These supportive workplace policies include NEW Work From Anywhere (in-country), NEW Caregiver Paid Time Off, and ENHANCED Bereavement. This is part of their people's wellbeing policies – and to retain, grow and attract the best talent. **Read More Here**

WHY AXIS BANK IS KEEN TO HIRE HOUSEWIVES

Axis bank's initiative called "House Work Is Work" aims to rope in talent for their human resources function from an untapped pool of talent – homemakers. In its pilot stage, the Bank is looking to hire 15 women through this drive. The minimum qualification to apply for a position is a graduate degree. Prior work experience is no bar.
Read More Here

COMPANIES REVERTING TO PRE-COVID LEVELS OF INCREMENT; AVERAGE HIKE SEEN AT ~9% IN 2022: MERCER STUDY

After a brief dip in 2020, Mercer's Total Remuneration Survey has revealed that companies are attaining their promised Pre-Covid levels of rewards with a projected increase of ~9% across industries in 2022. This signals positive economic and business sentiment that is prevalent. Some sectors are performing well such as consumer, life sciences, technology, and GIC.
Read More Here

EMPLOYER MUST PAY DAMAGES FOR DELAY IN PAYMENT OF EPF CONTRIBUTION, RULES SC

The Supreme Court today said if an employer fails to deposit the EPF contribution of the Employees' Provident Fund (EPF) in time, it is liable to pay the damages to the employee. The SC was hearing an appeal filed against the Karnataka High Court judgment, which had held an employer is liable to pay damages if it fails to deposit the EPF contribution. **Read More Here**

SIRO BECOMES THE FIRST CRO IN INDIA TO INTRODUCE A HYBRID WORKING MODEL

SIRO Clinpharm, an end-to-end drug development solutions provider to the global healthcare industry, has announced the introduction of a Flexiwork policy for its employees. It allows employees to work from their agreed-upon base location, with robust monitoring mechanisms, and a mandate to attend certain days in the office each month to facilitate team meetings and inter-departmental coordination. **Read More Here**

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Ideas that work !

APPRAISAL PROCESS

1

IDENTIFYING THE APPRAISAL PROCESS

Use of annual performance appraisal process as a tool for measuring and ranking employees' performance

2

ESTABLISHING THE APPRAISAL PROCESS

HR department develops a standard form for carrying the appraisal process by the managers

3

MEASURING SUCCESS OBJECTIVELY

Assessments should be as objective as possible with clear performance standards

4

COMMUNICATING TO EMPLOYEES

Awareness of standards amongst employees so that they know what good performance looks like and be able to measure their performance

5

UNDERSTANDING THE APPRAISAL STAGE

A clear understanding of all of the key stakeholders, the roles of each one of them and how do they all interact

Appraisal processes provide fairness, transparency, and scope of development amongst the stakeholders including managers, employees, and leaders.

RATING METHODS

1

GRAPHIC RATING SCALE FORM

The simplest performance appraisal checklist provides a range of benchmarked options and the managers are supposed to check them off.

2

BEHAVIOURALLY ANCHORED RATING SCALE (BARS)

It describes each assessment metric for better recording of responses. This helps in reducing the subjectivity of the otherwise broad questions.

3

RANKING METHOD

It is used to evaluate employee performance from best to worst. When the employees' performances are measured against that of their peers, the managers get a clearer picture of every employee's performance.

4

BELL CURVE METHOD

Rates the entire workforce by comparing the performance of those engaged in a similar activity and ranking them based on their performance. Helps in rewarding employees that perform better.

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TYPES OF RATER BIAS THAT EXIST WITH THE APPRAISAL PROCESS:

1. First Impression (Primacy Effect)
2. Halo Effect
3. Horn Effect
4. Central Tendency (Mean)



5. Personal Biases
6. Spillover Effect
7. Recency Effect

Rater bias is defined as an error in judgment that occurs when an individual has pre-conceived notions and allows that to form some bias while evaluating the performance of the people individually.

- The above-mentioned effects degrade the quality of performance assessment that is carried out by the managers.
- The below-mentioned process will help in reducing the same

Alternatives to appraisal could include:

- No Ratings
- Shadow Ratings
- Non-numerical ratings

How to avoid Rater Bias?

5-Step Process

1
Building awareness of the Rater Bias by having the managers acknowledge it for themselves and acting accordingly

2
Using objective ratings as compared to subjective ratings will reduce some scope for biasedness

3
Reducing reliance on one's memory by the managers when it comes to recalling employees' performances

4
Carrying out the appraisal using a 360-degree feedback mechanism. Going for a digital tool would certainly align the process better

5
Making sense of the performance feedback data and reflecting on the same to identify outliers and other critical factors

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Brands that started their digital transformation journey with us this month

IT Services India
New Dimension to IT World

Zoho Recruit

DEZINE DI LUSSO

Zoho People and Zoho Payroll

AS hiringsolutions

Zoho Recruit

TECTURA
YOUR BUSINESS. OUR INSIGHT.

Zoho Recruit

MSC
MicroSave Consulting

Zoho People and Zoho Recruit

Empowering CPO

Zoho Recruit

twine

Zoho Recruit

Nikah Forever

Zoho People

CODING NINJAS

Zoho Recruit

QUANTIZER
Algorithmic Quotient

Zoho People Plus

Let's Grow Globally
Kanan International

Zoho Recruit

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We'll be glad to assist you with any queries!

STAY HERE

for social distancing.

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