

THEORETICAL APPROACHES TO EMPLOYEE APPRAISAL METHODS

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Abstract: *Performance appraisal is the most important process of HR management in an organization. Regular employee appraisal can reveal the status of their performance and it also provides information necessary for any further operation of the organization, eventually its development. To have this information correct, it is important to choose the appropriate procedure used for employee appraisal. There are many performance appraisal methods available for various situations. However, none of them approaches the employee appraisal with integrity. Therefore, it is the manager who is responsible for choosing such method being the most suitable for the conditions of the organizations. Prior to a successful selection of the appraisal method, there is the knowledge. This paper provides a summary and description of the employee performance appraisal methods, their classification pursuant to local and foreign authors and a brief advantage and disadvantage identification when used in practise. One of the conclusions of this article is that there is no consensus of options and the classification of the work performance appraisal methods between Czech and foreign authors.*

Keywords: *Work performance, Performance Appraisal, Method, Evaluator, Person Evaluated.*

JEL Classification: *M12.*

Introduction

The aim of each organization is to be powerful, successful at any market, reached the profit required and to improve its value on an on-going base. The organization is capable of reaching permanent competitive advantage only if it manages to provide, connect, coordinate and efficiently use its available resources so the competitors cannot imitate it. One of these resources and the key element, at the same time, is the people (human capital) using which the organization fulfils its goals. However, in order for the organization to be able to use these resources (not only human resources) in an effective way, it must be capable of evaluating the state and way how they contribute to fulfilling the goals defined. In case of human resources – employees, we talk about their appraisal, namely performance appraisal.

1 Statement of a problem

Employee appraisal is an important personal activity dealing with:

- Finding out how the employee carries out their work, how they fulfil the task and requirements of the work place, what their behaviour and relations to their colleagues, customers or any other person they contact in the course of their work;
- announcing the appraisal results to each employee and discussing these results with them;
- searching for ways how to improve their performance, behaviour and implementing measures that should help [1].

Choosing a suitable appraisal method forms an integral part of the appraisal itself. Since the professional literature provides a wide choice of multiple appraisal methods and, at the same time, divides them into several groups, this article is motivated by the desire to create a summary of existing methods publishing by the Czech and foreign authors dealing the employee performance appraisal and their division.

2 Methods

The aim of the work is to create a summary of existing methods applicable to the performance appraisal of employee, their description and classification according to different criteria based on professional literature.

The article was processed systematically. Initial study of Czech and foreign professional literature, scientific articles, their analysis and comparison, provide the necessary basis for the theoretical background processing work. It also enabled the author to create a transparent system of existing appraisal methods which respect to existing different opinions of experts on this issue.

3 Problem solving

3.1 Appraisal Methods in terms of Czech Authors

When appraising an employee, the methods serve as a support function. They help to monitor and record performance and behaviour standards fulfilment [2]. Depending on what appraisal area they cover and what time frame they are aimed at, we distinguish three groups of methods. In terms of the time frame, we can talk about three methods: methods focusing on the past, methods focusing on the presence and methods focusing on the future [3]. By combining the criteria said we get an appraisal methods matrix (Tab. 1). A more accurate name would be “Appraisal Matrix by Others”, since there is a lack of self-appraisal which is very important [3].

Tab. 1: Appraisal Matrix

	Input Evaluation	Process Evaluation	Output Evaluation
Methods Focusing on the Past	Practice Evaluation (Certificates)	Key Event Method	Result Recording Result Comparing
Methods Focusing on the Presence	Assessment Centre (AC) Development Centre (DC) Managerial Audit Exam	Sociogram 360° Feedback	Observation on Site Mystery Shopping
Methods Focusing on the Future	Potential Evaluation	Supervision Intervision	Management by Objectives (MBO)

Source: [3]

Similarly as Hroník [3] and Dvořáková [2] also uses appraisal method division based on the time frame and she names two groups. The first group includes the methods focusing on the past (they assess the work performed), while the other focuses on the future and identifies the employee’s development potential (Tab. 2).

Tab. 2: Employee Appraisal Methods by Dvořáková

Methods Focusing on the Performance Carried out	Methods Focusing on the Future
Management by Objectives	Self-evaluation
Comparing with Standard Performance	Assessment Centre/ Development Centre
Performance Testing and Observing	360° Feedback
Evaluation Questionnaire	
Evaluation Scales	
BARS Methods	
Critical Case Method	
Evaluation Reports	
Comparing Employees	

Source: [2]

Also Duda [4] recognizes two basic groups of employee appraisal methods – the methods focusing on the past and methods focusing on the future.

The advantage of the methods focusing on the past lies in their focus on the work already performed which may also be measured in a certain way. A clear disadvantage is that the results at this work may not be changed. The most common appraisal procedure focusing on the past including appraisal scales, questionnaires, key event method, sub-report method, comparative appraisal procedures [4].

Appraisal focusing on the future aims at the future performance, employee’s capabilities are appraised or future tasks are set. These methods include the self-appraisal, psychological appraisal and appraisal centers (the Assessment Centre) [4].

Also Wagnerova [5] deals with the problems of dividing the appraisal methods and she states the following general classification:

- Characteristic Measurement – if the appraised person has features, such as reliability, diligence, initiation, creativity, etc.,
- behavior Measurement – what behavior should or should not be demonstrated in the work activity,
- result Measurement [5].

Systems based on measuring characteristics are the most widely used appraisal type. They are divided into graphic scales, combined scales, forced choice and essay. Their advantage includes their simplicity to be developed and versatility to be used at a wide work position range. Nevertheless, they do have their disadvantages. In particular, they are very subjective. In opposite, the behavior systems (focused on measuring behavior) are more advantageous; they are based on objective monitoring of work behavior. If the behavioral approaches are developed correctly, then they are valid, reliable and relatively without any appraisal mistakes and they are not bias.

The three most important types of behavioral systems are the following:

- Critical Incident Techniques (CIT),
- Behaviorally Anchored Rating Scales (BARS),

- Behavioral Observation Scales (BOS) [5].

In their original form, the methods focusing on result measurement or also management by the objectives were a performance appraisal form based on the objectives in relation to monetary indicators of the company. Recently, the Management by Objectives (MBO) is focusing on meeting the objectives set by the employee connected with the strategic objectives of the organization. Based on clearly set specifications of the performance objectives, the employee is informed of in advance, they know exactly what is expected from them [5].

A significant number of existing performance appraisal methods provides enough space for other ways of their division, classification and fragmentation. However, several authors working in this area simply list and describe these methods, eventually refer to mistakes which can occur when using a specific method in the appraisal process. Besides authors [3, 5, 2, 4], as already mentioned, there are other Czech authors [1, 6, 7, 8, 9] dealing with the employee performance appraisal methods. The methods mentioned in their publications are giving in table for convenience (Tab. 3).

Tab. 3: Appraisal Methods by Authors Selected

Evaluation Methods	Authors Selected				
	Koubek	Hospodářová	Kociánová	Duchoň	Pilařová
Management by Objectives	X	X	X	X	X
Evaluation based on Meeting Standards	X		X		X
Free Description	X	X	X	X	X
Evaluation based on Critical Cases	X	X	X	X	X
Evaluation Using Scales	X	X	X		X
Checklist (Questionnaire)	X		X	X	
BARS Method	X		X		
Methods based on Creating Employee Ranking by their Performance	X		X	X	X
Assessment Centre (AC)	X		X		X
Evaluating Interview	X		X		X
360° Performance Appraisal		X			
Development Centre (DC)			X		
Competency Based Interview (CBI)			X		
Psychological Tests and Questionnaires					X
Task Setting Method					X

Source: [1, 6, 7, 8, 9]

Appraisal by objectives set (Management by Objectives) is a method when the employee enters into an agreement with his/her superior on the main objectives of their work for a definite period of time; the plan as set when and who the objectives are to be met, the criteria are set for appraising whether the objective is method and the objectives are regularly appraised until such period agreed expires [2].

A Free Description is a universal method requiring the Evaluator to describe the performance of the Evaluated person, usually pursuant to the Appraisal List [1]. The employee is assessed verbally, usually in a written form. The criteria are not fixed. The

appraisal is demanding on the Evaluator's judgment [8]. The free description is a method without any structure prescribed. It is based on the employee performance appraisal prepared by the Evaluator in the form of the dialogue. They might be a suitable way how to encourage the open discussion and dialogue by the Evaluator and the Evaluated Person [6].

Appraisal based on the critical cases, or the key event method [4, 3] or the key incident technique [5], requires the employee and their superior set performance incidents (behavior) distinguishing successful and unsuccessful performance at the work given [5]. The method requires the evaluator kept written records of the cases occurred when performing the work by a certain employee. The records include information on working behavior illustrating both satisfactory and unsatisfactory performance [1]. The method is based on assessing significantly good or bad work results or behavior of the employee for the period they are to be assessed during [4]. The evaluator briefly records critical events happened to the employee in the course of work. This is particularly the case of highly efficient or inefficient behavior [2].

Appraisal using the scale is the most applied method. The evaluator rates the performance and behavior by checking the degree of fulfillment of a certain criterion. Each level is scored or verbally defined. The amount of points obtained for all criteria provides overall appraisal [2]. The evaluator assesses the work performance of an individual using the scale on a subjective base [4]. This evaluation appraises individual work aspects (e. g. the amount of work, the work quality, presence at work, independence, willingness to work, accuracy, work familiarity, etc.). Three types of evaluation scale are used – numerical, graphic and verbal [1]. Usually, appraisal using a scale (rating) means an appraisal of performance and behavior of the employee pursuant to a predetermined scale. This appraisal compares the work performance pursuant to a series of relatively standard products containing some generalized performance characteristics and individual personality traits [6].

The methods using a questionnaire (a checklist) requires the evaluator chose relevant verbal appraisal of the work performance and personal features of the employee assessed [4]. The evaluator assesses the work performance and behavior by checking the certain box in the questionnaire which, in their opinion, identifies the best how the particular employee meets the relevant criterion [2]. The checklist presents certain formulations relating to the employee's behavior and the evaluator marks if there is a certain type of behavior in the employee's performance or not [1].

The BARS Method (Behaviorally Anchored Rating Scales) assesses the behavior required for a successful work performance. It focuses on the approach to work, observation of the work procedure and performance efficiency [7]. The BARS Method is based on creating rating scales for individual work behavior aspects and on the definition of the required work behavior at a specific working place as a prerequisite for efficient work performance [2].

Methods based on creating employee ranking pursuant to their work performance consist in comparing the performance of two and more individuals. The most common example is the variable comparison (when the evaluator chooses the best and the worst employee from the list and records them as the first and the last in the list and the evaluator continues until all employees are listed), paired comparison (when the evaluator compares the first employee with the second, third up to the last employee from the list in a sequence based on a certain criterion and the evaluator chooses the better one from the pair compared)

and mandatory comparison [1]. With the method of mandatory comparison, the task of the evaluator is to assign a certain percentage of employees with a certain level of work performance so as to match the description of the appraisal to a normal division [4].

The Assessment Centre (AC) method identifies the social characteristics and the features of the employee. The employee's information is obtained based on testing and solving case studies and exercises when the assessed employees are monitored and assessed by different evaluators [2]. The Assessment Centre is a diagnostic and training program based on a simulation series of typical managerial work activities when the work ability of the applicant for a managerial post is tested [4]. The disadvantage of AC Methods is that it informs on the current performance of the employee in artificial conditions, and it is not necessary that such performance would correspond with their performance in real work [1].

The appraisal interview is an opportunity to exchange opinions and views between the employee and their superior. The appraisal interview is used to align the requirements for performing a certain activity (work activity requirements) and actual abilities (skills, knowledge, experience) of the employee [7].

360-degree feedback, sometimes also called a three hundred and sixty degree multi criterion performance appraisal or multi source assessment, is used for a complex, multi-rater feedback relating to the employee performance [6]. It is designed to provide a complex overview on the employee's activities. The evaluators include supervisors, consumers, direct and indirect, and sometimes also subordinates. It also includes a self-evaluation [5].

3.2 Appraisal Methods in terms of Foreign Authors

As in case of the Czech authors mentioned in this work, the foreign literature is also not so uniform in the area of employee performance appraisal. While in the Czech literature, the time aspect was the most commonly used criterion in the method classification, dividing the methods to past focusing methods, present focusing methods and past focusing methods; the foreign publications state more ways of classifying the methods, namely as follows:

- Traditional a Modern Methods [10, 11, 12],
- methods focusing on objectives, performance (measurable values) and rating (judgmental) [13, 14],
- scaling, descriptive and performance (goal-oriented) methods [15],
- comparative, evaluative, descriptive and behavioral methods [16, 17].

The authors consider the performance-oriented methods (paired, group comparison, rating scales and reports, questionnaires, critical events, etc.) to be traditional methods. The modern methods partially overlap with future-oriented methods and methods developing the employee potential. These methods, as indicated by the authors given, are shown in table (Tab. 4).

Tab. 4: Traditional and Modern Evaluation Methods

Evaluation Methods	Authors		
	Deb	Khurana et al	Randhawa
Traditional Methods			
Direct Ranking Method	X	X	X
Paired Comparison	X	X	X
Rating Scales (graphic, linear, verbal)	X	X	X
Forced Ranking Method	X	X	X
Obligatory Division Method	X	X	X
Free Description	X	X	X
Group Evaluation	X		
Critical Event Evaluation	X	X	X
Research Method	X	X	X
Evaluation Reports	X	X	X
Checklist		X	X
Employee Comparison			X
Modern Methods			
Management by Objectives	X	X	X
Assessment Centre	X	X	X
Human Resources Audit	X	X	X
BARS Method	X	X	X
360° Performance Appraisal	X	X	X
Psychological Tests			X

Source: [10, 11, 12]

The second group consists of so-called goal-oriented methods (performance methods) and the rating methods (judgmental methods). The performance methods focus on assessing the actual outputs and work performance based on the standards established [13]. The objective methods use well measurable indicators as the base for quantitative appraisal [14]. The rating (judgmental) methods include assessment techniques and raking techniques and are the most used methods when appraising the performance. Also, they include rating scales, BARS Methods, ranking or employee comparison [13]. According to [14], these methods require the manager to estimate and assess the performance level of the employee. They are based on comparing the employees and their appraisals used the rating scales.

Pursuant to [15], another way of appraisal methods classification is to divide them into scale methods, eventually descriptive and performance-oriented methods. The scale methods, according to the authors, include:

- Checklist – as a set of information (statements) representing the characteristics and performance of an employee as the most;
- Graphic rating scales;
- BARS Method [15].

The descriptive methods are used in the case when the managers require written or oral assessment. The base of this group is the free description method (sometimes also called the essay method) and the critical event (incident) method [15]. The last group of methods, referred to by the authors, as the performance-oriented methods, consists of Management by Objective.

Bogardus [16] mentions her own classification of appraisal methods stating the comparison methods, evaluation methods, descriptive methods and behavioral methods. The comparison appraisal methods compare the performance of an individual or employees. The paired comparison, rating method and mandatory division and forced selection methods are the most frequently used. The author refers to the checklist (questionnaire) and rating scales as to the most common appraisal methods. The descriptive methods require the manager to describe the performance of the employee assessed. This group also includes the essay methods (free description), critical incident (event) method and rating reports. The last part of the classification consists of the behavioral methods, including the BARS method, as the most famous, and the continual feedback, as the most effective in terms of the appraisal itself. These may be identified with the 360-degree feedback [16].

The division of methods, referred to by Schermerhorn [17] is in compliance with the Bogardus's [16] classification. However, unlike Bogardus [16] they do not talk about descriptive and behavioral methods, but only about comparative and evaluating methods. Without any classification, they state the critical incident method and 360-degree appraisal (feedback) as alone standing. According to the authors, the comparative methods include assessment, paired comparison and mandatory division. The evaluation methods consist mainly of rating scales and the BARS Method [17].

4 Discussion

The high number of existing appraisal methods may be more or less confusing for the appraising employees. An important prerequisite for selecting suitable and effective methods is their knowledge. If the appraising employee knows the methods, procedures, they contain of, and the situations, when these methods are to be used in, they can choose the most effective method. The rating scales may be referred to as the most frequently used method. This method can be used universally and it is often used in the practice. The costs for making it are relatively low; it is not time demanding; and, mainly, it can be applied when appraising the managers and creative employees. Its main disadvantage is the scope, contents and abilities to express, which is individual for every person. For this reason, it is difficult to compare different appraisal. Assessing the performance using objective indicators as the main advantage appraisal based on standard fulfillment. However, this method does not allow comparing the performance in different job categories; it is used for appraising the production workers as the most frequent. Other methods, presented in this work, are relatively time demanding, not only on their preparation but also on the appraisal itself. The BARS Method and checklist also require a careful preparation – specifics form for various jobs or groups of jobs. The critical incident (event, case) method may be disputable when understanding and interpretation of the critical event by the employee

and their superior may differ, thus causing conflicts and tension between them. In addition, the method requires regular record of the appraising employee taking too much time, and therefore they become boring after a while. Significant time and financial demand comes with the assessment centre method. For this reason, it is applied only with candidates for managerial positions, mainly with university education. Its advantages include significant assessment complexity; however, on the other hand, it informs on the employee performance in artificially created condition, and such performance is not necessary equal to the performance in real environment

Regardless how many methods are described in professional literature, the evaluators often tend to use methods which are the easiest to understand and manage not only for them but also for the evaluating employees. Usually, the rating scales and rating (evaluation) reports are applied the most. Even if the best theoretical ones are the BARS method and management by objectives, these are very demanding to create and use.

Conclusion

The current concept of personal management is based on the fact that quality assessment of an employee serves for obtain higher work performance and quality activities and also for employee development, since it evaluates how the employee is capable of handling the requirements of their job and in intermediates information and ideas necessary to improve their work. The result of the employee appraisal is the appraisal of positive characteristics of the employee, as well as stating the reserves in their performance and abilities for any further development. However, the right selection and determining the evaluation criteria is not a sufficient guarantee of an effective assessment of the employee. Therefore, it is necessary to choose the correct method or a combination of methods for the work with the criteria set and to determine fixed conditions under which it is to be used. There are many appraisal methods; each of them having its own advantages and disadvantages or being suitable for different groups of employees. The author tried to elaborate a complex list of the existing methods which may be applied in practice. The author considered opinions of the Czech professionals as well as foreign professionals. Based on the literature, author prepared several approaches, eventually opinions on the appraisal method classification and she provided detailed information, equally, on their description. Regarding a specific selection of the method or the combination of the method, the author thinks that the evaluator must be clear first who and what they want to evaluate, then the time range set for the evaluation and the time range for the preparation of the evaluation itself.

Like the Czech authors, even the foreign publications, there is no consensus of opinions on the classification of the work performance appraisal methods. Many authors make their own ways of classification, while the others follow a simple list of existing methods and their description. In spite of this, all authors are uniformed when talking about the appraisal methods actually used and how they are marked. At the same time, majority of the authors thinks that using one individual method in the appraisal process is not sufficient, and therefore it is necessary to use a combination of several suitable methods for a specific situation. In these circumstances, the evaluators may avoid several mistakes when appraising but also they are capable of assessing the employee assessed in more objective and accurate manner.

However, no matter what type of appraisal method the organization uses, these must be reliable, accurate, generally accepted and effective.

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That article is part of the advance research project of the CULS. The main objective of the project is to devise appropriate methods of employee performance evaluations in agriculture. Aim of this article is not to bring new knowledge in the field of employee evaluation, but provide information on existing methods of employee evaluation. Analysis of these methods with respect to their use in agriculture and the proposal of appropriate methods that take into account the specific needs of this sector, are the subject of further research activities under the project.

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