



INSPIRING WAVES OF CHANGE

PROBLEMS OF APPRAISALS

Performance appraisals are a very important management ritual conducted by most organisations in order to optimise the contributions of their employees. This will include the processes of correcting incompetence as well as rewarding competent performance. Appraisals have very real implications, both for the individual as well as the organisation. For the individual, a positive appraisal can lead to promotions, pay rises and other rewards. Negative appraisals can result in demotions and even retrenchment. For the organisation, wrong or biased appraisals can severely affect harmony in the organisation, as the wrong people may be promoted, given rewards or sent for training.

The key issue in any performance appraisal system is that it entails a judgement to be made in regards an individual's performance over a certain period of time. How do you make a judgement on an individual's performance; do you concentrate on his strong points or concentrate on the weaker factors? Or do you try to achieve a 'balance'? For that matter, how do you quantify performance? These are very perplexing questions indeed. Performance appraisals deal with the human factor and are therefore fraught with conflict and the other vagaries of human emotions. Its implementation must therefore be dealt with in a cautious and sensitive manner.

One of the key factors that will ensure the success or failure of any performance appraisal, is unbiased appraisal by those responsible. Unbiased appraisal is critical, as it will give a 'true' and 'fair' picture of an individual's performance. I would argue however that unbiased appraisal is a fallacy. This is perhaps the most significant problem with the appraisal system. Appraisals are inevitably tied in with the politics of relationships in an organisation and the fact that we are susceptible to making judgements based on emotions. This is more so when the judgement is related to people with whom we have a relationship.

Therefore, there is a tendency to upgrade the status of an appraisal on someone whom we like as opposed to someone whom we dislike. It is not being insinuated here that all individuals act this way. Most people will try to be objective, not realising that in their perceived objectiveness, there will be this unconscious influence of emotions. There will also be the inevitable influence of the halo effect, where judgement of an individual is based strictly on a particular attribute or trait, and this tends to override all other aspects of the individual's performance. At the same time, it must also be accepted that there will at times be conscious action taken by some managers to favour certain individuals in an organisation.

The next problem with performance appraisal is in the format of the appraisal itself. In most appraisal systems, a manager is expected to make a judgement of an individual and formalise this in a document. This formalisation process is usually based on some specific criteria. Therefore in a qualitative system for example, a manager will have to answer the query, "How has the individual performed during the course of the year" with perhaps the following responses, poor, satisfactory, good, very good and excellent. This in itself is a problem because arguments can be raised as to the difference in definitions of each of these terms. Further questions can be raised as to why an individual deserves a grading of good rather than very good or satisfactory rather than poor. On the other hand, in a quantitative system, it is very difficult to differentiate between numerical gradings. Why does someone get an 8 and not a 7 for example? How can we quantify abstract characteristics like loyalty or initiative? Who decides the meanings of these traits? These are very perplexing questions indeed.

There is also the problem of consistency and the different value judgements of different managers. For example, in an organisation where there are many departments, each departmental head will be responsible for the appraisal of his department's staff. Problems will then arise regarding consistency, as each departmental head will have his own value judgements, which will influence his appraisal. As an example, an individual with a departmental head who is demanding with his appraisals will lose out to his peer who has a departmental head with a charitable attitude towards appraisals. This can then lead to discontent and unhappiness.

Performance appraisal exercises are in a sense, a necessary evil. They can provide valuable information to an organisation about its employees, and yet its management and conduct is fraught with difficulties. In the final analysis, managers must realise that there is no perfect system, as we are dealing with the human factor. There will always be problems and conflict built in with the whole exercise of performance appraisal. In the long term, what is important is that employees must perceive it as a tool used to develop them rather than as a tool used to punish or penalise them.