

11.9: Appraisal Methods

Learning Outcomes

- Evaluate absolute appraisal methods
- Evaluate relative appraisal methods
- Discuss management by objectives



There are two primary methods for conducting performance appraisals: based on absolute or relative standards.

Absolute Appraisal Methods

Common methods of conducting an absolute appraisal are critical incident, BARS (Behaviorally Anchored Rating Scale), and a graphic rating scale.

Critical Incident

A critical incident appraisal focuses on the essential behaviors that determine whether a task is done well or poorly. Documentation in this case involves briefly summarizing situations (incidents) that demonstrate either successful or unsuccessful behavior and outcomes. The critical incident appraisal method is more intensive for the appraiser since it involves more attention to detail. This is especially the case since incidents should be recorded as they occur and be representative of the appraisal period rather than based on memory and written when preparing for the appraisal. However, this level of details is more valuable to an employee and may better support development. A variation on this is asking or tasking employees with recording their critical incidents, similar to a self-assessment.

Graphic Rating Scale



One of the simplest and most common appraisal methods is the graphic rating scale. A graphic rating performance appraisal form lists job behaviors, competencies, skills and results and provides five (more or less) rating options ranging from unsatisfactory to exceeds expectations. The appraiser selects a performance rating for each criteria and totals the values. The positive is rating scales are relatively easy to develop and complete and yield quantitative data that can be used to compare performance relative to prior appraisals or other employees. The downside is the method doesn't provide a level of detail that supports specific corrective action. Another drawback: performance factors tend to be vague and open to interpretation—for example, quantity of work, quality of work, initiative—and performance ratings can be subjective.

BARS

The Behaviorally Anchored Rating Scale or BARS appraisal method combines aspects of the critical incident and graphic rating methods. Like the critical incident method, BARS focused on behaviors that constitute significant performance dimensions of a job. It differs from the typical graphic rating scale in that it focuses on job specifics rather than vague work statements. For

Employees Rated					
Compared with	Employee HC	Employee SH	Employee AL	Employee DN	Employee ET
Employee HC	N/A	–	+	–	–
Employee SH	+	N/A	+	–	+
Employee AL	–	–	N/A	–	–
Employee DN	+	+	+	N/A	+
Employee ET	+	–	+	–	N/A

? Practice questions

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Management by Objectives

An additional appraisal technique that represents a significant departure from the manager-centric approaches discussed above is a hybrid appraisal/management technique referred to as management by objectives (MBO). The MBO concept was introduced in management consultant, educator, and author Peter Drucker's 1954 book *The Practice of Management*. What's particularly powerful about using MBO is the clear connection between individual goals and organizational goals. The development of MBO is a process in which objectives "cascade down through the organization." That is, "the organization's overall objectives are translated into specific objectives for each succeeding level in the organization-divisional, departmental and individual."^[5]

A second key differentiating factor is the participative management aspect of MBO. Specifically, performance objectives (evaluation criteria) are discussed and agreed to by management and the employees. In theory, this approach results in employees who not only have a clearer understanding of expectations but greater buy-in. The greatest potential of MBO is developing goals and objectives that are aligned with not only the organization's objectives but the employee's personal goals and objectives.

Although MBO is a complex and time-consuming method that must be undertaken as an organizational initiative, it has the potential to address some of the relevance and motivation issues of other appraisal methods. DeCenzo, et. al. report that "studies of actual MBO programs confirm that MBO effectively increases employee performance and organizational productivity."^[6]

? Learn More

For more on MBO, see Communication Theory's overview: [Management By Objectives](#).

? Practice Question

<https://assessments.lumenlearning.co...essments/18186>

1. "What is BARS (Behaviorally Anchored Rating Scale)." The Performance Management and Appraisal Resource Center. Accessed August 20, 2019. ↵
2. Murray, Alan. "Should I Rank My Employees?" The Wall Street Journal. Accessed August 20, 2019. ↵
3. Ibid. ↵
4. Cappelli, Peter and Anna Tavis. "The Performance Management Revolution." Harvard Business Review. October 2016. Accessed August 20, 2019. ↵
5. DeCenzo, David A., Stephen P. Robbins, and Susan L Verhulst. *Fundamentals of Human Resource Management*. New York, NY: John Wiley & Sons, 2016. ↵
6. Ibid. ↵

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