



Performance Appraisal

Performance appraisal or Performance evaluation is a method of evaluating the behaviour of employees in a work place, normally including both the quantitative and qualitative aspect of job performance. Performance here refers to the degree of accomplishment of the tasks that makeup an individual's job. It indicates how well an individual fulfilling the job demands.

Performance is measured in terms of results. Thus, Performance appraisal is the process of assessing the performance or progress of an employee, or a group of employees on th given job, as well as his potential for future development. Thus, performance appraisal comprises all formal procedures used in organisations to evaluate contributions, personality, and potential of individual employees.

According to Edwin Flippo, "Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job."

According to Cummings, "The overall objective of performance appraisal is to improve the efficiency of an enterprise by attempting to mobilise the best possible efforts from individuals employed in it."

Such appraisals achieve four objectives including the salary reviews the development and training of individuals, planning job rotation and assistance promotions.”

CHARACTERISTICS OF PERFORMANCE APPRAISAL

1. **A Process:** Performance appraisal is not a one-act play. It is rather a process that involves several acts or steps.
2. **Systematic Assessment:** Performance appraisal is a systematic assessment of an employee's strengths and weakness in the context of the given job.

3. Main Objective: The main objective of it is to know how well an employee is going for the organisation and what needs to be improved in him.

4. Scientific Evaluation: It is an objective, unbiased and scientific evaluation through similar measure and procedures for all employees in a formal manner.

5. Periodic Evaluation : Although informal appraisals tend to take place in an unscheduled manner (on continuous) basis with the enterprises.

a supervisors evaluate their subordinates work and as subordinates appraise each other and supervisors on a daily basis.

6. Continuous Process: In addition to being periodic performance usually is an ongoing process

PURPOSES OF PERFORMANCE APPRAISAL

1. Appraisal Procedure: It provides a common and unified measure of performance appraisal, so that all employees are evaluated in the same manner. It gives an in discriminatory rating of all the employees

2. Decision Making: Performance appraisal of the employees is extremely useful in the decision making process of the organization. In selection, training, promotion, pay increment and in transfer, performance appraisal is very useful tool

3. Work Performance Records: Performance appraisal gives us a complete information in the form of records regarding every employee. In the case of industrial disputes even arbitrator accepts these records in the course of grievance handling procedure

4. Employees Development: Performance appraisal guides the employees in removing their defects and improving their working. The weaknesses of the employee recorded in the performance appraisal provide the basis for an individual development programme. If properly recorded and used, the performance appraisal gives the fair opportunities to employees to correct and rectify their mistakes.

5. Enables Supervisors to be More Alert and Competent :

Performance appraisal enables supervisor to be more alert and competent and to improve the quality of supervision by giving him a complete record of employee's performance. He can guide an employee, where he is prone to commit mistakes

6. Merit Rating : Merit rating is another name of performance appraisal, it gives supervisors a more effective tool for rating their personnel. It enables them to make more careful analysis of employee's performance and make them more productive and useful.

7. Improves Employer Employee Relations : Performance appraisal is not only a useful guide for the supervisors and employees but it improves the employer-employee relations by creating a more conducive and amicable atmosphere in the organization. It also stimulates free exchange of thoughts and ideas between the supervisor and his men. In this way performance appraisal bridges the emotional gap between the employer and employee by bringing them more close and by reducing man-to-man differences in the organization

Uses of Performance Appraisal

Performance appraisal helps the employees in Self-improvement and Self-development. It helps the management in taking decisions about Placement, Promotions, Transfer, Training and Development, etc. It helps to achieve individual and organisational goals. It is useful to the employees and the organisation. Therefore, Performance Appraisal should be conducted objectively from time to time.

1. Help in Deciding Promotion: It is in the best interest of the management to promote the employees to the positions where they can most effectively use their abilities. A well-organised, development and administered performance appraisal programme may help the management in determining whether an individual should be considered for promotion

2. Help in Personnel Actions: Personnel actions such as lay-offs, demotions, transfers and discharges etc. may be justified only if they are based on performance appraisal.

3. Help in Wage and Salary Administration: The wage increase given to some employees on the basis of their performance may be justified by the performance appraisal results.

4. Help in Training and Development: An appropriate system of performance appraisal helps the management in devising training and development programmes and in identifying the areas of skill or knowledge in which several employees are not at par with the job requirements.

5. Aid to Personnel Research: Performance appraisal helps in conducting research in the field of personnel management

Theories in personnel field are the outcome of efforts to find out the cause and effect relationship between personnel and their performance. By studying the various problems which are faced by the performance appraiser, new areas of research may be developed in personnel field.

6. Help in Self Evaluation: Performance appraisal helps the employee in another way also. Every employee is anxious to know his performance on the job and his potentials for higher jobs so as to bring himself to the level of that position

Essentials of an Effective Performance Appraisal System

1. Mutual Trust: The existence of an atmosphere of confidence and trust so that both supervisor and employee may discuss matters frankly and offer suggestions which may be beneficial for the organisation and for an improvement of the employee. An atmosphere of mutual trust and confidence should be created in the organisation before introducing the appraisal system.

2. Clear Objectives: The objectives and uses of performance appraisal should be made clear and specific. The objectives should be relevant, timely and open.

3. Standardisation: Well-defined performance factors and criteria should be developed. These factors as well as appraisal form, procedures and techniques should be standardised. It will help to ensure uniformity and comparison of ratings.

4. Training : Evaluators should be given training in philosophy and techniques of appraisal. They should be provided with knowledge and skills in documenting appraisals, conducting post appraisal interviews, rating errors, etc.

5. Job Relatedness: The evaluators should focus attention on job-related behaviour and performance of employees. The results of performance rather than personality traits should be given due weight.

6. Strength and Weaknesses: The raters should be required to justify their ratings. The supervisor should try to analyse the strength and weaknesses of an employee and advise him on correcting die weakness.

7. Individual Differences: While designing the appraisal system, individual differences in organisations should be recognised. Organisations differ in terms of size, nature, needs and environment. Therefore, the appraisal system should be tailor-made for the particular organisation.

8. Feedback and Participation : Arrangements should be made to communicate the ratings to both the employees and the raters. The employees should actively participate in managing performance and in the ongoing process of evaluation. The superior should play the role of coach and counsellor.

9. Post Appraisal Interview: A post-appraisal interview should be arranged so that employees may be supplied with feedback and the organisation

may know the difficulties under which employees work, so that their training needs may be discovered.

10. Review and Appeal : A mechanism for review of ratings should be provided. Which particular technique is to be adopted for appraisal should be governed by such factors as the size, financial resources, philosophy and objectives of an organisation.

PROCESS OF PERFORMANCE APPRAISAL

1. Establishing Performance Standard: The process of evaluation begins with the establishment of Performance Standards. While designing a job and formulating a job description, performance standards are usually developed for the position. This standard should be very clear and objective enough to be understood and measured

2. Communicating Performance Expectations to Employees: The next important step is to communicate the aforesaid standards to the concerned employees. Their jobs and jobs-related behaviour should be clearly explained to them.

3. Measuring Actual Performance: The third step is the measurement of actual performance. To determine what actual performance is, it is necessary to acquire information about it we should be concerned with how we measure and what we measure.

Four sources of information are frequently used to measure actual performance: personal observation, statistical reports, oral reports and written reports.

4. Comparing Actual Performance with Standards: The next step is comparison of actual performance with the standards. By doing so the potentiality for growth and advancement of an employee can be appraised and judged. Efforts are made to find out deviations between standard performance and actual performance.

5. Discussing the Appraisal with the Employee: After comparing actual performance with standards, the next step is to discuss periodically the appraisal with the employee. Under this discussion good points, weak points, and difficulties are indicated and discussed so that performance is improved.

6. Initiating Corrective Action: The final step is the initiation of corrective action whenever necessary. Immediate corrective action can be of two types. One is immediate and deals predominantly with symptoms. The other is basic and delves into causes.