

# PERFORMANCE APPRAISAL

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**Abstract:** Performance Management began around 60 years ago as a source of income justification and was used to determine an employee's wage based on performance. Organizations used Performance Management to drive behaviors from the employees to get specific outcomes. Appraising the performance of individuals, groups and organization is a common practice. Performance Appraisal is a systematic description of an employee's job relevant strengths and weaknesses. In recent decades, however, the process of managing people has become more formalized and specialized. In this paper I would like to discuss various methods and uses of Performance Appraisal.

**Keywords:** Appraisal Process, Methods and Issues of Performance Appraisal, Objectives and Performance Appraisal.

## INTRODUCTION

Appraising the performance of individuals, groups and organization is a common practice. Performance Appraisal refers to the degree of accomplishment of the tasks that make up an individual job. Performance Appraisal is a systematic description of an employee's job relevant strengths and weaknesses. It refers to how well someone is doing the assigned job. It is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for purposes of administration included placement, selections for promotions, providing financial rewards and other actions which require differential treatment among the members of a group. As distinguished some actions affecting on members equally. The process of Performance appraisal helps the employee and the management to know the level of employee's performance compared to the standard level.

## DEFINITION

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

"Flippo".

"Flippo".

"Performance appraisal is a method of acquiring and processing the information needed to improve an individual employee's performance and accomplishments".

"Douglass".

## OBJECTIVES OF THE STUDY

Ø To facilitate promotions based on competency and performance.

Ø To conform the service of probationary employees upon completing the probationary period satisfactorily.

Ø To assess the training development needs of employee.

Ø To decide upon a pay raise.

Ø To let the employee know where they stand so far as their performance is concerned and assist them with constructive criticism and guidance for their development.

Ø To improve communication. Performance appraisal provides a dialogue between a superior and subordinate, and improves understanding of personal goals and concern. This can also have the effect of increasing the trust between rater and rate.

Ø Performance appraisal can be used to determine whether HR programs such as selection, training and transfers have been effective or not in the organization.

## 4. CONCEPT OF PERFORMANCE APPRAISAL:

Performance appraisal can be defined as the process of evaluation the performance of an employee and communication the results of the evaluation to him/her the purpose of rewarding or developing the employee. However, most organizations use a combination of both efforts and results. Performance appraisal is also termed as performance review, annual review or annual appraisal.

Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does.

## APPRAISAL PROCESS

The first step in the appraisal is the determination standards of performance based on the organizational

objectives and the job description. The performance standards and objectives have to be determined by the employee and the supervisor together. These have to be communicated in a simple and lucid manner to the employee.

The next step in the process of performance appraisal is the measurement of employee performance against the pre-determined goals and standards. This determines what components of the performance are to be measured. At this stage, the process of measurement, namely, how the performance components are to be measured, has to be determined.

The next step is the actual process of measurement. Performance appraisal has to be a continue process and the feedback should be given to the employee at the regular intervals. Making a note of the critical incidents, either positive or negative, helps the manager keep a track of the employee performance. Feedback has to be given once in 2 to 3 months, depending on the need to do so, which would help the employee in meeting his objectives.

The next step is a very critical step and involves communicating the results of appraisal to the employee concerned. It is the responsibility of the manager to make the employee feel comfortable with the whole process. Continuous feedback and orientation would ensure a simple final appraisal discussion, with very few differences of opinion.

Once the appraisal is finalized after discussing it has to be put to effective use. Though most organizations link it to the rewards system, some prefer to restrict it to the development of employee.

## **METHODS OF PERFORMANCE APPRAISAL**

Several methods and techniques are used for evaluating employee performance. These may be classified in to **Traditional and Modern** methods.

### **Traditional Methods**

#### **Unstructured method**

Under this method, the appraisal has to describe his impression about the employee under the appraisal in an unstructured manner. This is a sample method of performance appraisal. The rater has to list his comments especially on qualities, abilities, attitudes, aptitudes and other personal traits of the employee.

#### **Ranking Method**

It is technique, evaluator assigns relative ranks to all employees in the same work unit doing the same job.

Employees are ranked from the best to the poorest on the basis of overall performance. The relative passion of an employee is reflected in the numerical rank. It is one of the simplest methods. It is time saving and comparative evaluation technique of appraisal.

#### **Paired comparison method**

This is a modified form of man to man ranking. Herein, each employee is compared with all others in pairs on at a time. The number of times an employee is judged better than other determines his rank. Comparison is made on the basis of overall performance.

#### **Man-to-man comparison method**

In this method, certain factors are selected for the purpose of analysis and the rater for each factor designs a scale. A scale of man is also created for each selected for each factor. Then each man to be rated is compared with the man in the scale, and certain scores are awarded to him. In other words, a whole man is compared to a "key man" in respect of one factor at a time. This method is used in job evaluation and is known as the factor comparison method.

#### **Grading method**

Under this method, the rater considers certain factors, and marks them accordingly to a scale. The selected factor may be analytical ability, co-operation, dependability, self-expression, job knowledge. They may be grades as 'A' – outstanding, 'B' - very good, 'C' - good/average, 'D' - fair, 'E' - poor. The actual performance of an employee is then compared with these grade definitions and he is allotted the grade which best described his performance.

#### **Graphic rating scales method**

It is a numerical scale indicating different degrees of a particular trait. The rater is given a printed form for each employee to be rated. The form contains several characteristics relating to the personality and performance of employee. Intelligence, attitude, quality of work, leadership skills, judgment, etc. are some of characteristics. This method is widely used as it is easy to understand. It allows a statistical tabulation of scores and, a ready comparison of scores among the employees is possible. The approach is multi-dimensional as several significant dimensions of the job can be considered in evaluation.

#### **Forced choice Distribution method**

In this method, the rating elements are several sets of pair's phrases or adjectives relating to job proficiency or personal qualification. The rater is asked to indicate

which of the phrases is most and least descriptive of the employee.

#### **Checklist method**

In this method, series of questions are presented concerning an employee's behavior. Here rater does not evaluate employee performance; he supplies reports about it and the personnel department do the final rating

#### **Critical incident method**

In this method the superior keeps a written record or critical (either good or bad) events and how different employees behaved during such events. The rating of the employee depends on the positive or the negative behaviors during these events. These critical incidents are identified after through study of the job and discussions with the staff. This method helps to avoid vague impressions and general remarks as the rating is based on actual records of behavior.

#### **Forced distribution method**

In these techniques the rater appraises an employee according to a pre-determined distribution scale. It is assumed that it is desirable to rate only two factors by this method that is Job performance and promotability. For this purpose a five piking performance scale is used without any descriptive statement& employees are placed between two extremes of good and bad performance.

#### **Modern methods**

##### **Assessments Center Method**

The most important feature of the assessments center is job-related simulations. Evaluators observe and rank the performances of all participants. This group evaluates all employees are both individually and collectively by using simulations techniques like role- playing, business games and in-basket exercises. Employees are evaluated on the basis of job related characteristics considered important for job success. The evaluators prepare a summary report and feedback is administered on a face-to-face basis to the employees who ask for it. An assessment center generally measures interpersonal skills, communicating ability to plan and organize, etc.

##### **Human Resource Accounting Method**

Human resource are a valuable asset for any organization. This asset can be valued in terms of money. When competent and well-trained employees leave an organization the human asset is decreased and vice versa. Under this method Performance is judged in terms of costs and contributions of employees. Costs of human resources consist of

expenditure on human resource planning, recruitment, selection, induction, training, compensation, etc. Contribution of human resources is the money value of labour productivity or value added by human resources.

#### **Behavioral Anchored Rating Scales (BARS)**

This method combines graphic rating with critical incidents method. BARS are descriptions of various degrees of behavior relating to specific performance dimensions.

Critical areas of job performance and the most effective behavior for getting results are determined in advance. The rater records the observable job behavior of an employee and compares these observations with BARS. In this way an employee's actual behavior is judged against the desired behavior.

#### **360 Degrees Performance Appraisal**

This is a new concept in performance appraisal, where the feedback is collected from all around the employee, the superior, the subordinates, the peer group, and the customers. The evaluation is very comprehensive in terms of the employee's skills, abilities, styles, and job-related competencies.

#### **MBO (Management by Objectives)**

MBO has been defined as "a process whereby the superior and subordinate managers of an organization jointly identify its common goal, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contributions of each its members." In other words, MBO involves appraisal of performance against clear, time bound and mutually agreed job goals.

#### **USES OF PERFORMANCE APPRAISAL**

Apart from evaluating the performance of the employees for rewards/punishments and development, a good appraisal system has many other uses. Some of them are listed below:

- ü Training and development needs of employee can be determined.
- ü Organizational effectiveness can be improved by improving the individual performances of employees.
- ü The performance system forms the basis for compensation management in the organization, in addition to other methods like market surveys.
- ü Can be used for basis for transfers, promotions and other career planning activities of the individual employee.

ü An effective performance appraisal system also helps in succession planning in the organization.

ü Cross-functional transfers and job enrichment exercises etc. can be taken up, based on inputs from the appraisal system.

## CONCLUSION

Performance Appraisal process plays a very vital role for determining the success of any organization. Performance Appraisal is a systematic description of an employee's job relevant strengths and weaknesses. Every organization will have a performance appraisal program. And by this highly talented and experienced candidates are selected to place them in a right work place and to get profits to their organizations.

We can conclude that the process of Performance appraisal helps the employee and the management to know the level of employee's performance compared to the standard level. The performance appraisal process must be still improved to choose better candidates to their organization, which leads to more productivity of the organization.

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