



TO STUDY THE EFFECTIVENESS OF PERFORMANCE APPRAISAL IN AN ORGANIZATION

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Abstract:

Performance appraisal could even be a crucial tool to live the frameworks set by any organization to its employees. Most organizations have a performance appraisal program that has evolved over time and is probably going not meeting the requirements of employees and managers. Many competing Performance appraisal theories and practices exist making development of an efficient program difficult. However, done well, a robust Performance appraisal program reinforces organizational culture and helps employees achieve high levels of performance. An efficient Performance appraisal program can improve key business measures like Return on Assets, Return on Equity, profit margins and earnings. Every strong Performance appraisal program has three elements: performance tracking, informal feedback, and formal appraisal. Appraising the performance of a private, group and organization could even be a typical practice of all the society. Performance appraisal includes performance review vis-à-vis short term and future goals / targets and sincere implementation of this process itself plays a really crucial role in effective management of organizations, particularly in today's competitive world of labor and business. Despite the very importance of PAS, several organizations are however having a fresh inspect the entire process of employee appraisals, by that consider the historical performance appraisal methods and while taking this environmental context under consideration , plan to periodically review and recast the appraisal systems within the context of adjusting business needs and work models. And this becomes an overall learning and development process for organizations and its people and also for the HRD practitioners, thinkers, academicians and researchers. It's not only a crucial

tool for review and appraisal of individual performances, but it helps an outstanding deal in identification and appraisal of future potential also. If designed well and implemented efficiently, the entire process of PAS, in fact, contributes greatly towards overall development of employees within a corporation, which successively contributes to the combined and continued growth and development of the organization itself.

Keywords

Company Performance, Employee Efficiency, Employee Motivation, Employee Reward System, Employee Performance appraisal, Organizational growth, Management by Objective, 360 Appraisal system.

Introduction

Performance appraisal could also be an important area of Human Resource management. Performance appraisal also mentioned as performance review, formally documents the achievements of a personal with regards to line targets. It is a component of Performance management system. The system has become a crucial management tool in today's organizations. Managing employees' performance are often said to be as important because the other work that every one managers execute during the year.

“Performance Appraisal could even be a correct , structured system of measuring and evaluating an employee’s job, related behavior and outcomes to urge how and why the worker is presently working on the work and thus the way the worker can perform more effectively within the long run so as that the worker, organization, and society all benefit”

Personality should be considered only it relates to performance of assigned duties and responsibilities.

Performance Appraisal refers to the assessment of employee performance, behavior on job, potential. Appraisal has several objectives but the foremost purpose is to assess training must effect promotion and provides pay rise. Appraisal is beset with several challenges.

Objectives

1. To understand the necessity and importance of Performance Appraisal.
2. To review the performance indicators, motivational factors, employee needs.
3. To know the effectiveness of Performance Appraisal.

Research Methodology

The present study is predicated on the secondary data.

Discussion

Performance appraisal is method to gauge the behavior of employee at a touch spot, normally including both the qualitative and quantitative aspect of job performance. Performance here refers a degree of accomplishment of the tasks that creates up an individual's job. Performance appraisal is a method by which the job performance of an employee is accepted and evaluated. Performance appraisal is a part of career development and consists of regular reviews of employee performance within organizations. Annual performance review have been criticize as providing feedback too infrequently to be of use, and several critics argue performance review in general do further harm than good.

- **NEED:**

- 1) Provides information about the performance ranks on which decision regarding salary, promotion, transfer, demotion are taken place.
- 2) Provide information which helps to counsel the subordinate.
- 3) To stop grievances an in disciplinary activities.
- 4) Gives feedback on performance to employees.
- 5) Identify employee training needs.
- 6) Provide the prospect for organizational diagnosis and development.

- **Purpose of Performance appraisal:**

- 1) Performance appraisal facilitates promotion and downsizing decisions.
- 2) Main objective of performance appraisal is to provide feedback to its employees.
- 3) It improves overall organizational performance.
- 4) Motivates superior performance.
- 5) Determines Training and Development.

- **Methods of Performance Appraisal:**

- ❖ **Traditional Methods:**

- 1) **Ranking Method:** It is the simplest formal systematic method of performance appraisal during which employee is compared with all others for the aim of placing order of worth. The workers are ranked from absolutely the best to rock bottom or from the sole to the worst.

2) Paired Comparison: In this method, each employee is compared with other employees on one- on one basis, usually supported one trait only. The rater is given a bunch of slips each coining pair of names, the rater puts a tick mark against the worker whom he insiders the higher of the 2 . The amount of times this employee is compared as better with others determines his or her final ranking.

3) Grading Method: The certain categories of worth are established in advance and carefully defined. There are three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is allocated to the grade that best describes his or her performance.

4) Forced Distribution Method: This method was evolved by Tiffen to eliminate the central tendency of rating most of the workers at a better end of the size. The tactic assumes that employees' performance level confirms to a traditional distribution i.e., 10,20,40,20 and 10 per cent. This is often useful for rating an outsized number of employees' job performance and promo ability. It tends to eliminate or reduce bias. It is also highly simple to know and straightforward to use in appraising the performance of employees in organizations. It suffer from the disadvantage that improve similarly, no single grade would rise during a ratings.

5) Forced-Choice Method: The forced-choice method is developed by J. P. Guilford. It contains a series of groups of statements, and rater rates how effectively a handout describes each individual being evaluated. The forced-choice method contains two statements, both positive and negative.

6) Check-List Method:

The main purpose of utilizing check-list method is to ease the evaluation burden upon the rater. during this method, a series of statements, i.e., questions with their answers in 'yes' or 'no' are prepared by the HR department

7) Critical Incidents Method: This method, the rater focuses his or her attention on

those key or critical behaviours that make the difference between performing employment during an interesting manner.

8) Graphic Rating Scale Method: The graphic rating scale is one among the foremost popular and simplest techniques for appraising performance. It's also referred to as linear rating scale. During this method, the printed appraisal form is employed to appraise each employee.

9) Essay Method: Essay method is that the simplest one of various appraisal methods available. During this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for improvement. Its positive point is that it's simple in use. It doesn't require complex formats and extensive/specific training to finish it.

10) Field Review Method: The review process is typically conducted by the personnel officer within the HR department.

11) Confidential Report:

It is the normal way of appraising employees mainly within the Government Departments. Evaluation is formed by the immediate boss or supervisor for giving effect to promotion and transfer.

❖ **Modern Methods:**

1) Management by Objectives (MBO): Most of the normal methods of performance appraisal are subject to the antagonistic judgments of the raters. It had been to beat this problem; Peter F. Drucker propounded a replacement concept, namely, management by objectives (MBO) way back in 1954 in his book. In fact, MBO isn't only a way of performance evaluation.

2) Behaviourally Anchored Rating Scales (BARS): BARS are descriptions of varied degrees of behaviour with reference to a selected performance dimension. The proponents of BARS claim that it offers better and more equitable appraisals than do the opposite techniques of performance appraisal we discussed thus far.

3) Assessment Centres: The introduction of the concept of assessment centres as how of performance method is traced back in 1930s within the Germany used to appraise its army officers. The concept gradually spread to the US and therefore the UK in 1940s and to the Britain in 1960s. The concept, then, traversed from the military to business arena during 1960s. The concept of assessment centre is a recent origin in India. By definition, an assessment centre may be a central location where managers close to participate in well-designed simulated exercises. They're assessed by senior managers supplemented by the psychologists and therefore the HR specialists for 2-3 days.

4) 360 – Degree Appraisal: Yet another method went to appraise the employee's performance is 360 – degree appraisal. This method was first developed and formally employed by General Power Company of USA in 1992. Under 360 – degree appraisal, performance information like employee's skills, abilities and behaviours, is collected “all around” an employee, i.e., from his/her supervisors, subordinates, peers and even customers and clients. All information so gathered is then compiled through the computerized system to organize individualized reports. These reports are presented to the employees being rated. They then meet the appraiser—be it one's superior, subordinates or peers—and share the knowledge they feel as pertinent and useful for developing a self-improvement plan. In 360 – degree feedback, performance appraisal being supported feedback “all around”, an employee is probably going to be more correct and realistic. Nonetheless, like other traditional methods, this method is additionally subject to suffer from the subjectivity on the part of the appraiser. For instance, while supervisor may penalise the worker by providing feedback, a peer, being influenced by ‘give and take feeling’ may provide a rave review on his/her colleague.

5) Cost Accounting Method: This method evaluates an employee's performance from the monetary benefits the worker yields to his/her organisation. This is often ascertained by establishing a relationship between the prices involved in retaining the worker, and therefore the benefits an organisation derives from him/her.

- **Advantages of Performance Appraisal**

- 1) It helps the management to put the proper employees for the right jobs counting on their skills especially areas.
- 2) Performance appraisal helps employees identify the areas during which they have to enhance. The managers also can use this information to supply constructive criticism of the way employees perform their work.

- 3) Potential employees are often given promotions on the idea of or the results of performance appraisals. People that have high ratings get promotions. They will also transfer or demote employees if they not performing up to the expectations of the managers.
- 4) It creates healthy competition among employees as they're going to attempt to improve their performance and score better than their colleague.

- **Disadvantages of Performance Appraisal**

- 1) If the factors getting used within the performance appraisal are incorrect or not relevant, the appraisal will fail to supply any useful or effective data.
- 2) Sometimes, equal weight age isn't given to big factors when performing an appraisal.
- 3) Some objective factors are very vague and difficult to measure like attitude and initiative. There's no methodology to live these factors.
- 4) Managers are sometimes not qualified enough to properly assess the workers and their abilities. Thus, these mistakes are often very detrimental to the expansion of the corporate.

Conclusion

- 1) Performance Appraisal could even be a never ending process.
- 2) It's essential for private & professional development.
- 3) It's one among the crucial issues where employees expect good results which cause high satisfaction.
- 4) Performance Appraisal could even be a sensitive issue because it is not only appraisal for the achievers but also punishments and warnings to the low contributor.

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