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DOI: <http://ijmer.in.doi./2022/11.06.52>

PERFORMANCE APPRAISAL

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An evaluation, systematic in nature, performed with the motive of understanding the abilities of employees for their development and growth is called Performance Appraisal.

Generally, performance appraisal is done on the basis of certain standards which are predefined such as knowledge of employee regarding his work, his attitude towards his work and responsibilities, his ability to lead and convince his subordinates, his ability to take decisions. Performance Appraisal is a continuous process. It basically reviews the contribution of employees in the organization. It is used to take decisions regarding promotion of employees, increase in their remuneration, termination decision etc.

Performance Appraisal also becomes an important tool for the analysis of strength and weaknesses of employees. With its help a right person can be placed at the right job. In this competitive world survival of an organization is possible only when its employees contribute wholeheartedly for the growth and development and for this purpose it is must to identify the efficient staff which is possible only by Performance Appraisal.

Performance Appraisal also helps employees as they come to know about their weaknesses and shortcomings and try to remove them and improve their working abilities.

Training is must now a days to improve the employees. Management can identify the requirements of employees through Performance Appraisal and provide them desired training to improve. Supervisors can use performance appraisal to plan promotion programmes for productive staff. In this approach, inefficient employees may be fired or demoted if necessary.

Supervisors can better define training policies and programmes with the support of a systematic performance appraisal process. It aids in the analysis of employees' strengths and limitations so that new positions can be tailored for efficient workers. It also aids in the formulation of future development plans.

Employee remuneration packages are devised with the help of performance appraisals. Performance appraisal allows for merit ratings. The goal of performance appraisal is to assign value to a given performance. Performance appraisal determines compensation packages, which include bonuses, high wage rates, additional benefits, allowances, and pre-requisites. Merit rather than seniority should be the criterion.

Supervisors benefit from performance appraisals because they gain a better understanding of the legitimacy and importance of the selection process. Supervisors learn about the authenticity of the selection procedure, as well as its strengths and flaws. In this regard, future changes in selecting procedures may be made.

Effective communication between employees and employers is critical for a company's success. Communication can be sought through performance appraisal. Employers can comprehend and accept subordinates' skills through performance appraisal.

Subordinates can comprehend and develop a sense of trust and confidence in superiors.

It also aids in the maintenance of a friendly and cooperative labour-management relationship.

It fosters a positive work environment and raises employee morale. If a person's efficiency can be evaluated by evaluating their performance, the targets can be met. This effectively inspires a worker to do a better job and aids in future performance improvement. There are various Traditional Methods of Employee Performance Appraisal.

Rating Scales quantifies qualities like attitude, initiative, reliability, and so on. The rater is given a scale from excellent to poor, and the employee's performance is calculated based on the rating.



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A checklist type of performance review includes a column of 'Yes' and 'No' responses for several personnel characteristics. The rater must mark whether the attributes are present in the employee with a tick mark.

In Required Choice Approach, the rater is presented with several statements about the employee's performance and is forced to answer the statements as true or false. On the basis of the rater's responses, the HR department continues to evaluate performance.

The Forced Distribution Method is based on the assumption that an employee's performance follows a bell-shaped curve. As a result, the rater must assign personnel to specific places on the scale. Sometimes while evaluating an employee's performance, the supervisor considers the employee's critical behaviour. Usually, different statements concerning the employee's behaviour are prepared that are descriptive in character. These actions are assigned to scale points, and the rater must identify the points that best explain the employee's behaviour.

The Field Review Method, the performance reviewer is usually someone from outside the department. Employee performance is evaluated by people from the HR department or the corporate office using records and interviews.

In Performance Tests and Observations oral test is used to assess employees' abilities and knowledge in their respective industries. Employees are occasionally given a position in which they must display their abilities, and their performance is subsequently evaluated based on that presentation.

Confidential Reports method of performance evaluation is frequently used by government departments. Employees are assessed based on factors such as leadership quality, teamwork, ethics, technical skill, and attendance, among others. The confidential review is sent by the reviewer. The rater creates a detailed description of the employee's performance using the essay approach. Some of the topics covered in the essay are an employee's performance, his relationships with coworkers, the requirements of training and development programmes, the employee's strengths and limitations, and so on. The effectiveness of this conventional method of performance evaluation is determined by the rater's writing abilities.

Method of Cost Accounting is a simple way in which an employee's performance is tied to the organization's financial benefits. The rater considers the cost to the company of keeping the employee, as well as the individual's monetary contribution.

Comparative Evaluation method involves comparing coworker performance to that of other coworkers. The ranking method and the paired comparison approach are the two types. In the corporate sector, it is a widely used method of evaluating employee performance.

Apart from traditional methods, there are various Modern Performance Appraisal methods such as Management by objectives (MBO) which is an appraisal process in which managers and employees collaborate to create, plan, organize, and communicate goals for a certain appraisal period. Following the establishment of defined goals, managers and subordinates meet on a regular basis to review progress and debate the possibility of achieving those goals.

This performance appraisal method is intended to effectively connect overarching organizational goals with personnel objectives while validating objectives using the SMART method to determine whether the established goal is specific, measurable, attainable, realistic, and time sensitive. Employees are evaluated based on their performance at the end of the review period. Success is rewarded with a promotion and a raise in salary, while failure is punished with a transfer or further training. For making an MBO programme successful it is important that every manager should have five to ten goals that are specific and measurable. Managers can write down their objectives, which will be finalized following evaluation.

Each goal must have a clear description as well as a plan to achieve it. They have to decide how and how often improvement will be measured. They must make a list of corrective actions that will be implemented if progress does not meet expectations. They must ensure that each level's goals are aligned with the organization's goals and levels above/below it.

360-degree feedback is a multidimensional performance appraisal system that evaluates an employee based on feedback from their circle of influence, which includes supervisors, colleagues, customers, and direct reports. This strategy will not only eliminate prejudice in performance appraisals, but it will also provide a clear picture of a person's abilities.

Self-evaluation is the most important component of this appraisal method



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Employees can use self-appraisals to reflect on their performance and identify their strengths and limitations. Self-appraisals without defined forms or formal procedures, on the other hand, might become lenient, fickle, and biased.

Managerial performance evaluations are a conventional and fundamental method of appraisal. These evaluations must contain supervisory ratings of individual employees as well as senior managers' evaluations of a team or programme.

Coworkers gain a unique perspective on an employee's performance when hierarchies fade out of the picture, making them the most relevant evaluator. These evaluations aid in determining an employee's capacity to work effectively with others, take initiative, and contribute consistently. Peer camaraderie or enmity, on the other hand, may skew the final rating results.

Customer reviews can evaluate the output of an employee better, however, these external users often do not see the impact of processes or policies on an employee's output.

This method serves as a key to launch coaching, counselling, and career development activities. It encourages employees to invest in self-improvement and embrace change management and it integrate performance feedback with work culture and foster engagement.

Employees can receive a clear view of how others perceive them and how it affects their performance using the assessment centre method. The key benefit of this method is that it cannot only measure an individual's current performance but also anticipate future work performance. The main disadvantage of this strategy is that it is a time and cost-intensive and difficult-to-manage procedure. The assessment centre approach can improve a participant's knowledge, thinking process, and employee efficiency. It can be customized to match various roles, capabilities, and business requirements. It provides insight into the personality of the employee (ethics, tolerance, problem-solving abilities, introversion/extroversion, adaptability, and so on).

Behaviorally Anchored Rating Scale is a rating scale that is based on behaviour.

In a performance appraisal process, behaviorally anchored rating scales (BARS) bring forth both the qualitative and quantitative benefits. Employee performance is compared to behavioural examples that are connected to numerical ratings in BARS. Multiple BARS assertions, which characterize prevalent behaviours that an employee performs on a regular basis, are anchored by each performance level on a BAR scale. The statements serve as a yardstick for comparing an individual's performance to preset standards relevant to their role and degree of employment. Focus should be more on explicit, tangible, and observable behaviours to eliminate construct-irrelevant volatility in performance appraisal ratings.

Possibility of prejudice should be minimized and impartiality throughout the evaluation process should be maintained. BARS can be used by businesses of all sizes and industries to evaluate the performance of their whole staff, from front-line agents to C-suite executives.

Psychological evaluations are useful in determining an employee's hidden potential. Rather than looking at an employee's prior work, this strategy focuses on their future performance. Interpersonal skills, cognitive abilities, intellectual attributes, leadership skills, personality traits, emotional quotient, and other relevant talents are employed in these appraisals to analyze seven important components of an employee's performance.

To accurately analyze an employee, qualified psychologists undertake several tests (in-depth interviews, psychological exams, talks, and more). However, it is a lengthy and complicated technique, and the quality of the results is heavily dependent on the psychologist who performs it.

The human resource (cost) accounting technique evaluates an employee's performance in terms of the monetary advantages he or she provides to the business. It is calculated by comparing the expense of maintaining an employee (cost to the company) with the monetary benefits (contributions) derived from that employee. When cost accounting methods are used to evaluate an employee's performance, criteria such as unit-wise average service value, quality, overhead costs, interpersonal interactions, and more are considered. The disadvantage of the human resources accounting approach is its strong reliance on cost-benefit analysis and the reviewer's remembering power.



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The human cost accounting approach effectively evaluate the cost and value that an employee brings to the organization. It assists in identifying the financial implications of an employee's performance on the organization's bottom line. It is ideal for startups and small organizations where a single employee's performance can make or break a company's success.

Choosing the correct performance appraisal method is more important than ever because it indicates your attitude toward your employees and how concerned you are about their morale. Once you've selected the best performance review approach for your purposes, the following step is to correctly execute it to close important performance gaps and solve pressing issues that have an influence on ROI. The employee performance appraisal system is an important aspect of HR and is frequently employed for the organization's benefit. However, each system has its own set of advantages and disadvantages. The benefits and drawbacks of performance appraisal are listed below.

Performance Appraisal aids supervisors in determining which employees should be promoted and which should be fired. It helps the organization in determining the employee's salary. Additionally, extra benefits and allowances can be decided utilizing performance appraisal data depending on the employee's performance and extra efforts. Special actions can be made to promote employee growth. The performance appraisal system will expose the employee's weaknesses, allowing the firm to design a training programme around them. The performance appraisal also advises modifications to the hiring process that will aid in the hiring of better personnel. A performance review is a good technique to discuss the state of an employee's performance. It's a way to give staff feedback on how they're doing on the job.

Performance evaluation can be used as a motivational technique. It gives a picture of the employee's efficiency and encourages them to enhance their performance.

The elements utilized to evaluate performance have a huge impact on performance appraisal. Failure of performance appraisal can be caused by the use of wrong or irrelevant elements.

During performance evaluations, crucial aspects that influence performance are sometimes overlooked. Attitude, talents, and initiative are all ambiguous and difficult to assess.

Managers who conduct performance appraisals are sometimes unqualified to correctly appraise the competence of their staff. As a result, irrelevant data is collected, and performance appraisals fail.

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