

# Performance Appraisal

RAKESH VISHNU GAIKWAD<sup>1</sup>, ASUDE SANDEEP RAMRAO<sup>2</sup>

<sup>1,2</sup> Department of Management Studies, S.N.D.COE & RC, Yeola, Nashik, India

**Abstract-** Globalization has created a niche to sustain and enhance human resource since they are the prime contributors to organizational performance. In this 21st century, human development is focused at hiring, training and retaining them. Retaining its valuable and talented employees becomes a major challenge for organisation if they do not know how to motivate them. Hence, performance appraisal (PA) is extensively used to facilitate salary increments, promotions, staff retention and to reinforce staff behavior. This paper is aimed providing a review on the various performance appraisal techniques practiced in Indian economy and some of its limitations. This paper also highlights method of PA.

**Indexed Terms-** Globalization, Retaining, Economy

## I. INTRODUCTION

The success of an org. basically depends upon the quality & performance of its human resources i.e., employees working in it. An organization is always interested in utilizing various available resources effectively & the human resources is very important & valuable resources among these resources. After an employee is selected & trained to do a job & after he has work on the job for same time. It is necessary to evaluate his performance ensure optimum productivity. Performance is measured in terms of results. Which mean the degree of the task assigned to an employee by way of job contents?

Performance reflects have an employee fulfilling the job requirement. To appraise means to fix the value. In performance appraisal the work performance of the employees working in the org. is evaluated by the management. In a systematic & orderly manner. It is continuous appraisal help to reveal the strength & weakness of the employees & also to improve their future performance. In simple word performance appraisal is a process of judging the performance of an employees. Performance appraisal is a periodic &

systematic assessment of the employees in terms of performance, aptitude, capabilities & other qualities which are necessary for successfully carrying out their jobs. It is a systematic effort on the part of management & has a direct linkage with induction, selection, training etc. of the employees. It identifies areas where employees need training & provides data to determine promotion, transfer etc.

## II. LITERATURE SURVEY

There has been large number of researchs in past several decades on performance appraisal (Bretz, Milkovich & Read, 1992; Fisher, 1989). Performance appraisal sounds simple but researches tell us that it is commonly used in performance feedback and identify individual employee's strengths and weaknesses (Ruddin, 2005). The use of performance appraisal system by business and industry has been counted between 74 to 89 percent (Murphy & Cleveland, 1991). Performance appraisal systems are used for different purposes in which include Human resource decisions, evaluation and feedback (Cleveland, Murphy & Williams, 1989). The different work that was dominated by psychologists that concentrated on the psychometric characteristics of appraisal for supervisors in their performance evaluation (Milkovich & Wigor, 1991). Psychologist focused on employee's reaction to appraisal and sharedview in which performance appraisal take place (Levy, 2000; Levy & Williams, 2004). Nasud argued that evaluation structure is important tool that recover the value of employees performance (Nasud, 1999). Performance appraisal establishes reward system that will combine the effort of leaders and the worker of organization to the commongoals of their organizations (Cleveland, Murphy, & William, 1989). For achieving high performance goal of organization performance appraisal is very important component of human resource management. The information gathered and performance appraisal provide basis for recruitment and selection, training and development of existing staff, and motivating and maintaining a quality human

resource through correct and proper rewarding of their performance (Lillian, Mathooko, & Sitati ,2011). Performance appraisal is often including performance management system. Performance management systems manage and align all the organization, resources in order to achieve the highest possible performance (martin, 1998). (McMaster, 1994; Williams, 2002) argued that performance management involve determining the strategic objective, establish team goals, plan of performance developed, Analyze the performance (by using appraisal system) identified need of development and Assign rewards. The different techniques are used for performance appraisal that is can be divided as Traditional and non-traditional form. The traditional form of appraisal is also known as “Free Form Method” it is just involved the overseeing and description of employee performance by his boss or superior (IJBMR, 2012). From the last few years the non-traditional form of appraisal is common in practices (Coens and Jenkins, 2000; Lawler, 2000). (Dorfman, 1986; Locke &Latham, 1984; Latham & Wexley, 1981) Mostly these techniques are used in throughout world for appraisal method. 1. Assessment center 2. Behaviorally anchored rating scales (BARS) 3. Human resource accounting method 4. 360 Degree Performance Appraisals 5. Management by objectives (MBO). Employee’s Performance: High employee’s performances lead an organization and have greater opportunities for employees then those who have low performance (Vans cotter, 2000). “Performance is related to that organization hires the person to do and do well”(Campbell 1993). Performance is not only related to the acts but also involves judgment and evaluation process (Ilgen & Schneider, 1991). The activities that can be examined and measurable are reflected as performance (Campbell, 1993). Organizations need highly performance of its employees so that organization can meet their goals and can able to achieve the competitive advantage (Frese, 2002).(Borman and Motowidlo, 1993) differentiate between work and performance. Work related to the person abilities through which employee performed activities which is contributed by the technical core. Performance not related to the technical core characteristics but it cares about the organization psychological environment and social environment in that organization achieve its objectives. It involves behaviors such as helping

colleagues or being a reliable member of the organization (Frese, 2002). Performance appraisal emphasizes on the performance variables not on personal traits (Smither, 1998). (Kane, 1995) argued that performance should be measured in term of the work related behavior. Murphy in 1991 argued that analyzing performance through personal characteristics has different disadvantages. (Jankoz, 2004) argued that the validity and reliability of attribute based performance appraisal are greater suspected as the perception of superior officer maybe biased. (Squires and Adler, 1998) appraisal based on traits of employee has little value. (Malos, 1998) concluded that fair appraisal is based on job related behaviors not traits of persons. Employees must believe that in performance appraisals there is great opportunity for them (Weick, 2001). Without fairness the performance appraisal system, rewards, motivations and developments create negative impact and frustration (Gilliland and Langdon, 1998). & Motivation: Motivation is an element that retains and manages employee manners and behavior (Steers and Porter, 1987). (Porter and Miles,1974) argued that in job the employees need freedom for success and work environment traits rewards create motivation. Motivation acts as driving force that leads employees towards its goals (Grant, 2008). Motivated employees are highly involved and engaged in their job and try to make their performance best(Guay, 2000; Vansteenkiste, 2007). Self-driven and freedom oriented qualities are mostly found in motivated employees (Grant, 2008). Motivated people are highly committed and have few desires (KAMAL et al. 2005). In South Africa performance appraisal is used to help public servants to know about what is expected to them, increased their motivation, describe their performance and improve their performance (Erasmus, Schenk, Westhuizen and Wessels, 2005). Organizations needed motivated employees to survive in a highly competitive world. Managers must be able to understand what motivate to employees however this function is very complex because that motivates employee today may not tomorrow (Kovach, 1987). Motivated employees are those who work according to the clearly define goals and take their actions to achieve that goals(McShane & Von Glinow 2003). Motivation is the perception of an individual that describe the intensity of his or her behavior (Petri & Go-vern, 2004).Performance Appraisal helps

employees to motivate by clearly define their objectives and by setting future direction with providing training to fulfill the objective performance(Bach, 2005). Justice theory related with the acts of being just and fair with everyone.(Roch and Shanock, 2006) use all four justice dimensions in their framework by considering all are related to social relationship either these relationship with the organization or with the supervisor.

### III. OBJECTIVE

1. To provide adequate feedback to each employee for his or her own performance
2. To serve as a basis for improving or changing behavior towards more effective working habits.
3. To provide data to managers so that they can judge future assignments.
4. To decide whether the employee should be allowed to cross the efficiency bar.
5. To identify the strength & weakness of employees in their job knowledge skills & capabilities.
6. To identify employees for deputation.
7. To decide whether to confirm an employee or not.
8. To estimate the overall effectiveness of employees in performing their tasks or job.
9. To suggest measures to prevent grievances.
10. To help to increase the analytical abilities of the supervisors.
11. To generate significant and valid information about employees
12. To help in creating a desirable culture and tradition in the organization.

### IV. METHODOLOGY

The development and administrative work are taken into consideration. According to the universal compensation scheme, the employed staff staff will be paid bonuses for very good results during the period evaluated, provided with result-oriented performance in regular work has to be calculated adding previous achievements.

### V. USES OF PERFORMANCE APPRAISAL

1. Performance appraisal helps to put a sort of pressure an employees for better performance. Employees know that they are appraised and they

tend to show their performance. Performance appraisal indirectly works as an automatic control device.

2. Performance appraisal is useful in determining appropriate salary increases bonuses for the employees on performance measured.
3. Performance appraisal helps to suggest that areas in which improvement in job Performance is necessary. Thus, it helps to determine the training needs by identifying the areas of weaknesses of the employees.
4. Performance appraisal is also useful in respect of promotions, transfers, demotions, considering the strength and weaknesses of the employees.

### VI. METHODS OF PERFORMANCE APPRAISAL

#### A) TRADITIONAL METHODS:

1. Check list method :

In this method a list is prepared contain various questions or statement related to the job and the behavior of an employee. The rater has to indicate only the employees performance by checking 'Yes' or 'No' squares to the question given in the list. Of course, for this purpose, that rater must be very familiar with the job behavior of the employees under appraisal.

The advantage of this method is as under:

1. It is a simple to follow
2. It is a most convenient from the viewpoint of the rater as he has to report by ticking 'Yes' or 'No' squares.
3. It is less expensive.

The disadvantages of this method are mention billow.

1. The questions are required to be structured carefully. The checklist questions can have different meaning to different raters.
2. A separate checklist is required to be developed for different types of job. The checklist used for workers can be used for appraising the clerks. This process is quite time consuming.
3. Many times it becomes difficult to frame, assemble, and analyze many questions or statement about employee's characteristics traits or behavior.

4. There is the possibility of rater's bias he can very easily distinguish positive and negative questions.

2. Confidential reports:

This is an old & traditional method of appraising employees. It is generally used in government organization. A confidential report is report on the subordinate's performance by his immediate superior. As the superiors keep their judgment and reports confidential, they are called confidential reports.

3. Critical incident Method:

As the name suggest, a running account of critical incident is kept under this method and an employee is related on that basis." There are certain significant acts in each employee's behavior and performance which make the difference between success and failure on the job.' Is the principal or the basis of this method? The behavior of an employee is observed in the critical incidents & its record is kept by the superior of the concern employee. Such a record becomes the basis for evaluating the performance. At the end of the reading period, the recorded critical incidents are used in apprising the performance o the employees.

4. Simple ranking method:

There is various ranking method which are commonly used to appraised the performance of employees. Ranking methods offer convenience to appraise the only and are comparatively less time consuming. Simple ranking method is one of the ranking methods. There are other variations or types of ranking methods. e.g pared comparison method. Alteration ranking method.

The oldest most elementary and simple method of formal systematic ranking is the simple simple ranking method. In this method, an appraisal ranks all employees from best employee or from heights to lowest on some characteristics. It is straight ranking. This method helps to find out most efficient workers/employees and least efficient workers and employees on the basis of the ranking done.

5. Alteration ranking methods

A useful of ranking method is alteration ranking. Ratings can be done on individual qualities or on overall position for a particular position. It helps to separate efficient employees from inefficient ones. A

list of all employees to be ranked is prepared first. The or appraiser first selects the best or most voluble and enters his name in at the top of the column. Provided for it and that of the worst performer or least valuable at the bottom to the column. Then the names of the employees thus, rated is struck out from the list already prepared.

6. Paired comparison ranking:

Paired comparison ranking method is also a variation of ranking method. Under this method, each employee is compared with every other employee and is given a rank by the number of times he is considerate better on the particular or criterion in question.

B) MODERN METHODS:

1. Assessment center method:

Under this method, many appraisers judge employee performance by using a variety of criteria . this method generally used to select employees for the first level i.e. the lowest supervisory position. It can also be used for promotions, training and development.

In this method, evaluators from different departments are brought together at the assessment center to appraise the performance of the individual or employees under appraisal. They use different suitable technique's or methods to appraise the performance of the employees. " job-related simulations" is the most important feature of the assessment center.

2. Human recourse accounting method:

This method takes into consideration the contribution of HR as well as the cost of HR. the acquisition cost of employees includes cost of recruiting, selecting, inducting, etc. of the employees, training and development, wages and compensation etc. on the other hands, contribution of employees is the money value of employees' services which can be measured by labor productivity or value added by HR. human resource is not considered as an expense, but is considered as an assets and investment. this method shows how this investment in human resource changes over period of time.

3. Behaviorally anchored rating scale:

In this method, the behaviors and attitude of employees towards their jobs is appraised. There are

some employees who have a positive attitude towards their jobs and they make every effort to upgrade and update their knowledge and skills to carry on their activities successfully, while there are some employees who do not want to do so. BARS are based on the behavioral manifestation of the employees under appraisal. This method has recently developed by combining the elements of the traditional rating scale and critical incidents methods.

#### 4. Management by objective [MBO]:

In MBO, results – oriented appraisal are based on concrete performance targets which are generally established by a superior and subordinates jointly. A subordinate in consultation with his superior sets out short – term objectives followed by specific action that he has to carry out, the goals are set and are action oriented. As the goals are verifiable, appraisal becomes possible and easy.

### CONCLUSION

Every employee in an organization increases the productivity and goodwill of every company. An employee, being an individual is treated as assets in the organization. So the organization should mainly emphasize performance appraisal techniques and its development programme. Both the appraiser and appraisee should realize the principle and use the tool of appraisal system in a constructive way for the prosperity of the organization. The performance appraisal technique prevailing in the organization is fair. Employees are satisfied with the present performance appraisal system that is a traditional one. As many new appraisal techniques are emerged, the organization can implement modern technique which would be more effective.

### SUGGESTIONS

The techniques used for performance appraisal are very traditional which is to be modernized in future for good prospect of the employees. Increase the awareness level of employees during the performance appraisal period. It will be better if the management provides incentives to employees so it will boost in their work and productivity and also extend the probation period up to 2 years. Separate rating committee to be fixed during the appraisal period. So

that there is no rating biases and personal prejudice will occur. The performance rating is very helpful for management to provide employee counseling during the appraisal. Performance appraisal is purely based on appraisal system and the rating helps to fix increment for workers make them retained in the organization. Supervisors should maintain cordial relationship with workers and offers recognitions of the employee's efforts and provide guidance to workers

### RESULT AND DISCUSSION

Performance is what is expected to be delivered by an individual or a set of individuals within a time frame. What is expected to be delivered could be stated in terms of results or efforts, tasks and quality, with specification of conditions under which it is to be delivered, Feeding forward coaching has the power to turn everyday employees into engaged Employee's at workplace and which coaching inspires employees stability to give extra discretionary effort drive excellent results in the competitive atmosphere. The documentation that you maintained during the performance review period serves you well as you prepare for an employee's performance review Never get into a performance review without any preparation. If any failure is expected or found, which will miss key opportunities for feedback and improvement, and the employee will not feel encouraged about his successes for a long term commitment in an organization.

### ACKNOWLEDGMENT

I am thankful to our Principal Dr. D.M Yadav Sir I am also thankful to our H.O.D Prof. Dr.Ubale Sir for giving valuable suggestion during project study; he is always the source of inspiration to me. I am grateful to my project guide Prof. Aher S.R for the interest & real shown by them, the inspiration & moral boosting through them really helped me in completion of my project study report. I would also like to thank Mr. Babasaheb Dalvi [chairman] Mr. Mahesh Aarkhade [C.E.O] & Bharti Sakhpal for giving me the opportunity & guidance to work on this project. Last but not least, I am sincerely thankful to all the staff members & those who always given me helping hand & suggestion for completion of this project.

REFERENCES

- [1] Harris, M. M. (1994). "Rater Motivation in the Performance Appraisal Context: A Theoretical Framework." *Journal of Management*20(4): 737-756.  
13.<http://www.referenceforbusiness.com/management/EmExp/Employee-Evaluation-andPerformance-Appraisals.html>
- [2] Huselid, m. A. (1995). "Impact of HR practices on turnover, productivity and financial performance." *Academy of management journal*38(3): 635-672.
- [3] Idrisb, A. R. (2010). "Principal's practices in the performance appraisal for teachers Implementation." *The Qualitative Report*. Vol 13, no.4, pp 544-559. In *Al-Sharqiah South Zone's Schools in Oman.* science directs2: 3839–3843.
- [4] Jabeen, M. (2011). "Impact of Performance Appraisal on Employees Motivation." *European Journal of Business and Management*3(4): 2222-1905.
- [5] Kamp horst, J. J. A. and O. H. Swank (2012). "The Role of Performance Appraisals.
- [6] Kavanagh, P., Benson, J., & Brown, M. (2007). "Understanding performance appraisal fairness." *Asia Pacific Journal of Human Resources*, 45, 132. Kenya Tea Development Agency: A Survey of Selected Tea Factories in Meru County Kenya "Research Journal of Finance and AccountingVol 2, (3).
- [7] Kline, T.J.B. & Sulsky, L.M. (2009) Measurement and Assessment Issues inPerformance Appraisal. *Canadian Psychology*. Vol 50, (3): pp161-171.
- [8] Kuvaas, B. (2006), "Performance appraisal satisfaction and employee outcomes: mediating and moderating roles of work motivation", *International Journal of Human Resource Management*Vol. 17 (3), pp. 504-522.
- [9] Langridge, D. (2004) "Performance appraisal and development renovate Rother Homes
- [10] Leila Najafi, Y. H., Mohammad Ghiasi, Reza Shahhoseini, HasanEmami (2011). "Performance Evaluation and its Effects on Employees" *Job Motivation in HamedanCity Health Centers.*" *Australian Journal of Basic and Applied Sciences*5(12): 1761- 1765. Management." *Human Resource Management Journal*. Vol 12, no.1, pp 8-9.
- [11] Mayer, R. C. (1999). "The Effect of the Performance Appraisal System on Trust for Management: A Field Quasi-Experiment." *Journal of Applied Psychology*84(3):123-136.