THE IMPORTANCE OF PERFORMANCE APPRAISAL IN ORGANIZATIONS

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ABSTRACT
Performance Appraisal is an integral part of every organization. Employees in the current ear are treated as one of the important asset and investment of the organization. Investment has to bear returns as so is Humans. Hence to check the efficiency and effectiveness of employees of the organization Performance Appraisal is conducted. Performance Appraisal helps the organization to reward the best performing employees and to arrange for the poor performing employees. Also the achievement of the organizational goal can be measured through performance appraisal. It also increases teamwork, motivation and also employees will start taking responsibilities. The various methods used to measure the performance of the employees are Rating scale method, Checklist Method, Paired comparison Method, 360 Degree method, Assessment Centers etc.

Keywords: Performance Appraisal; Motivation; Team work

INTRODUCTION
Every organization tries to check the performance of all its factors of production i.e., machines, materials, money and men. The resources like machines, materials and money are nonliving in nature and any verdict given about them doesn’t make any difference on them. But men are very important factor of production and above all they are the living creatures and hence they have emotions and sentiments and for which they can react and interact. Hence an organization has to be very careful while doing the performance appraisal for the humans or employees of the organization.

Performance Appraisal is actually checking the actual performance or output of the employees against the expected performance or output. Every organization needs to have performance appraisal to achieve its goals and objectives which in turn will accomplish the Mission and Vision of the organization. By having a performance appraisal in the organization the employees are forced to increase their output which is benefit for both the employee and the organization. The employee gets motivation and promotion whereas the organization can increase its profitability. It has been the age old practice of the organization to attract and retain efficient employees.

Hence we can say that performance appraisal distinguish the efficient employees from non-efficient employees. As efficient employees are asset to the organization and non-efficient employees are liabilities. Every organization tends to have performing employees in the organization.

OBJECTIVES OF THE STUDY
1. To identify the need of performance appraisal in the organizations.
2. To identify the methods used by organization to measure performance appraisal.
3. To evaluate the effect of performance appraisal on the employees.

**RESEARCH METHODOLOGY**

Primary data: Personal interviews were conducted with the staffs working in the organization

Secondary data: Collected from Journals, Newspapers, Research papers, and other secondary sources of data.

**REVIEW OF LITERATURE**

Performance appraisals are one of the most important requirements for successful business and human resource policy (Kressler, 2003) According to (Pulakos, 2003) performance appraisal was introduced to reward and promote effective performance in organizations, as well as identifying ineffective performers for developmental programs or other personnel actions which will be essential to effective to human resource management. Eichel and Bender (1984) explained that performance evaluations were designed primarily as tools for the organization to use in controlling employees. He states that past performance was used to guide or justify manager for the future performance of the employees. Levinson (1992) says that to help the development process of identification it is necessary for the manager to also examine his own process and needs of interacting with the subordinates. He also states several barriers which may come in the way of such legitimate process of identification as; lack of time, intolerance, of mistakes, complete rejection of dependency needs repression of rivalry, and unexamined relationship.

Richi (1996) disclose that the skill-based management measures skill and tracks and combines them into job that creates a work environment that allows employees to develop the skills they need to meet business goals descriptions, identifies employee skills gaps and then provides resources to upgrade abilities. Armstrong (2001) postulates that performance management can provide for an integrated and coherent range of human resource management processes that are mutually supportive and contribute as a whole to increasing organizational effectiveness.

**Process of Performance Appraisal**

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Performance Standards Setting

Performance Information Dissemination

Performance Appraisal

Feedback on Appraisal Results

Rewarding Excellent Performance

Corrective Action (If needed)
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Performance Standards Setting- The performance appraisal process begins with the establishment of performance standards that need to be achieved throughout appraisal period. The standards should have evolved out of job analysis and job description. The performance standards should be clear and objective enough to be understood by all concerned people and easily measured.

Performance Information Dissemination- Once performance standards are established, it is necessary to communicate these standards or expectations. It should not be part of employee’s job to guess and second-guess as to what is expected of them. It is the responsibility of management to ensure that the employee understands

Performance Appraisal- The next step is the measurement of performance. To determine what actual performance is, it is necessary to acquire information about it. The concern is how and what is being measured.

Feedback on Appraisal Results- The next step is the comparison of actual performance with standards. The attempt is to find deviations between standard performance and actual performance. It is important for the manager to know whether or not the employee is performing according to the set standards.

Rewarding Excellent Performance- Excellent performing individuals or teams should be motivated and rewarded. It is important to align rewards with performance, as the more employees see a "line of sight" between their performance and reward, the more they are motivated to improve performance. It is usually a motivating experience for individuals and teams to see clearly the goals they have achieved and to be recognized by management when they achieve these goals.

Corrective Action- If there is any discrepancy between the actual and standard performance, there is a need to initiate steps to bring the performance of the employee up to the standard.

Need of Performance Appraisal in an Organization

1. Performance appraisal provides information about the job performance of each employee and explains to them the basis on which they are given salary, promotion, job confirmation etc.
2. It helps in counseling the employees.
3. Helps to reduce the deficiency in the workflow, rectify the errors and also set up new standards in the work.
5. Helps in preventing grievances and disciplinary activities in the organization
6. Helps in identifying the Training Needs of the employees.

Various Methods of Performance Appraisal

Rating Scales- For many years, rating scales were the predominant methods of performance appraisal. The most widely used Rating Scale was the "Graphic Rating Scale", which encompasses a list of factors that the evaluator or appraiser scores by checking boxes, circling numbers or placing marks along a line representing a continuum. Rating Scales include both job-related and personality-related factors.

Behaviorally Anchored Rating Scales (Bars)- The key feature of this rating scale is that the rater or appraiser is provided with narrative explanations of both the behaviors being evaluated and the standards that are to be used. For example, if "knowledge of job" is being appraised, the rating form includes a definition of the term and description of the types of behaviors that exemplify "inadequate", "average", and "superior" job knowledge.

Checklists- Checklists performance appraisal method consist a set of objectives or descriptive statements about performance. The rater is requested to check those statements that best describe the
employee being evaluated. Employee's evaluation is the sum of the scores (weights) on the items checked. The evaluation checklist is evaluated by the concerned human resources department or authority not by the supervisor.

**Critical Incidence**- Critical Incidence performance evaluation method requires the rater to maintain a log of behavioral incidents that represent either effective or ineffective performance for each employee being rated or evaluated. Such incidents are actual behavioral accounts recoded as stories or anecdotes. The rater is required to regularly write about the critical incidents.

**Paired Comparison**- Paired Comparison appraisal method consists of asking an evaluator to consider only two individuals at one time and to decide which of the two is better. Then another pair of employees is evaluated. This process continuous until each individual in the group has been paired with every other member of the group. An employee's position in the final ranking is determined by the number of times that employee is chosen over the other employees.

**Forced Distribution**- in the Force Distribution evaluation method the rater is asked to rate employees in some fixed distribution of categories such as superior, above average, average, below average and poor. It assumes that the relative percentage would be approximately 10, 20, 40, and 10% respectively.

**360 Degree Appraisals**- In this type of appraisal method, the appraisal or evaluation process is taken on a 360 degree input focused at the supervisor and management levels. In these cases, they do not rely solely upon information provided by their immediate managers and the employees that report to them. They also receive input from their peers and their customers.

360 degree appraisal is a powerful developmental tool because when conducted at regular intervals (say yearly) it helps to keep a track of the changes in others’ perceptions about the employees. A 360 degree appraisal is generally found more suitable for the managers as it helps to assess their leadership and managing styles.

**Management By Objectives (MBO)**- The Management by Objective (MBO) performance appraisal method is a process whereby the employees and the superiors come together to identify common goals, the employees set their goals to be achieved, the standards to be taken as the criteria for measurement of their performance and contribution and deciding the course of action to be followed. Accordingly, the essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee’s actual performance with the standards set. Ideally, when employees themselves have been involved in goal setting and deciding the course of action to be taken by them, they are more likely to accomplish their tasks.

**Assessment Centers**- Assessment center refers to a method to objectively observe and assess people in action by experts or HR professionals with the help of various assessment tools and instruments. Assessment centers simulate employee’s on the job environment and facilitate the assessment of their on the job performance. An assessment Center typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees to assess their competencies, and on the job behavior and potential to take higher responsibilities in the future. Generally, employees are given an assignment similar to the job they would be expected to perform if promoted. The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics.

**Effects of Performance Appraisal in the Organization**

**Motivation**: When an organization does performance appraisal for its employees, automatically the employees are motivated to increase their productivity. Motivation of employees is positive to the organization as the productivity of the employees will increase and this will result in achieving the organizational goals effectively and efficiently.
Clarity: Each employee will have a clear idea about his roles and duties in the organization. Job Description will be followed very formally. The reporting chain of command also will be followed.

Teamwork: Employees in the organization will work as a team. Hence it will be easy for the management to achieve the goals. As employees will be aware that only with the help of a team they can be more successful. Hence helping each other and getting the job done will be productively.

Take Responsibility: Employees will take responsibility for the job all by themselves and hence the organization need not worry about to having appointed the supervisor. Organization can reduce a lot of money spend on supervisor on monitoring and supervision of the employees.

CONCLUSION

Hence it can be said that for the development of both employees and organization performance appraisal is very important. With the help of performance appraisal organizational goals and individual goals can be met easily. Performance Appraisal also helps the organization to predict the future performance of the employees by looking at their past performance. Hence, organizations can be ready for the future by giving employees more training and development programs to fill up the gaps in their performance and increase the productivity for the future.

REFERENCES