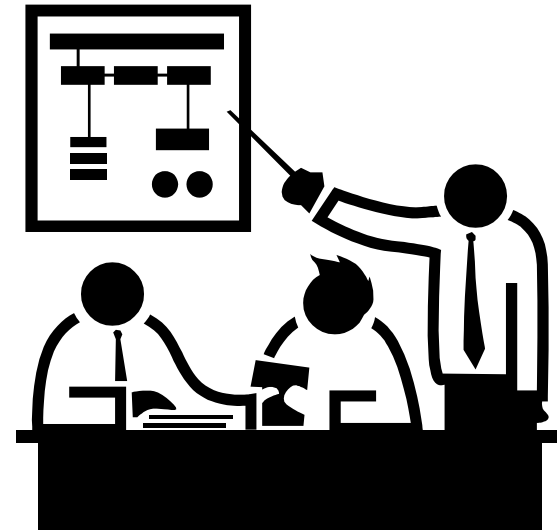



Performance Appraisal_04



- **Performance appraisal** or Performance evaluation is a method of evaluating the behavior of employees in a work place, normally including both the quantitative and qualitative aspect of job performance.



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- **Performance** here refers to the degree of accomplishment of the tasks that makeup an individual's job. It indicates how well an individual fulfilling the job demands.

Performance

- Performance is measured in terms of results. Thus, Performance appraisal is the process of assessing the performance or progress of an employee, or a group of employees on the given job, as well as his potential for future development.

Characteristics of Performance Appraisal : The following are the characteristics of Performance Appraisal

1. A Process : Performance appraisal is not a one-act play. It is rather a process that involves several acts or steps.

2. Systematic Assessment : Performance appraisal is a systematic assessment of an employee's strengths and weakness in the context of the given job.


3. Main Objective : The main objective of it is to know how well an employee is going for the organisation and what needs to be improved in him.

PURPOSE OF PERFORMANCE APPRAISAL

The following are the main purposes of performance appraisal.

1. Appraisal Procedure : It provides a common and unified measure of performance appraisal, so that all employee are evaluated in the same manner. It gives an indiscriminatory rating of all the employees.

2. Decision Making : Performance appraisal of the employees is extremely useful in the decision making process of the organization. In selection, training, promotion, pay increment and in transfer, performance appraisal is very useful tool.




3. Work Performance Records : Performance appraisal gives us a complete information in the form of records regarding every employee. In the case of industrial disputes even arbitrator accepts these records in the course of grievance handling procedure.

4. Employees Development : Performance appraisal guides the employees in removing their defects and improving their working. The weaknesses of the employee recorded in the performance appraisal provide the basis for an individual development programme. If properly recorded and used, the performance appraisal gives the fair opportunities to employees to correct and rectify their mistakes.

USES OF PERFORMANCE APPRAISAL

1. **Help in Deciding Promotion** : It is in the best interest of the management to promote the employees to the positions where they can most effectively use their abilities. A well-organised, development and administered performance appraisal programme may help the management in determining whether an individual should be considered for promotion because the system not only appraises the worth of the employee on the present job but also evaluates his potentialities for higher job.

2. **Help in Personnel Actions** : Personnel actions such as lay-offs, demotions, transfers and discharges etc. may be justified only if they are based on performance appraisal. While in some cases, actions are taken because of unsatisfactory performance of the employee, in some other cases it may be called for due to some economic conditions beyond control such as changes in production process. In former case, the action can only be justified on the basis of the result of performance appraisal.



3. **Help in Wage and Salary Administration** : The wage increase given to some employees on the basis of their performance may be justified by the performance appraisal results. In some cases appraisal, i.e., merit and seniority are combined for higher salaries on better positions.


4. **Help in Training and Development** : An appropriate system of performance appraisal helps the management in devising training and development programmes and in identifying the areas of skill or knowledge in which several employees are not at par with the job requirements. Thus the appraisal system points out the general training deficiencies which may be corrected by additional training, interviews, discussions or counselling. It helps in spotting the potential to train and develop them to create an inventory of executives.

Essentials of an Effective Performance Appraisal System :

The following are the essentials of an effective Performance Appraisal System :

1. Mutual Trust : The existence of an atmosphere of confidence and trust so that both supervisor and employee may discuss matters frankly and offer suggestions which may be beneficial for the organisation and for an improvement of the employee. An atmosphere of mutual trust and confidence should be created in the organisation before introducing the appraisal system. Such an atmosphere is necessary for frank discussion of appraisal. It also helps to obtain the faith of employees in the appraisal system.

2. Clear Objectives : The objectives and uses of performance appraisal should be made clear and specific. The objectives should be relevant, timely and open. The supervisor must very thoroughly evaluate the employee's performance so that he is capable of meeting challenges about his ratings of his subordinate.

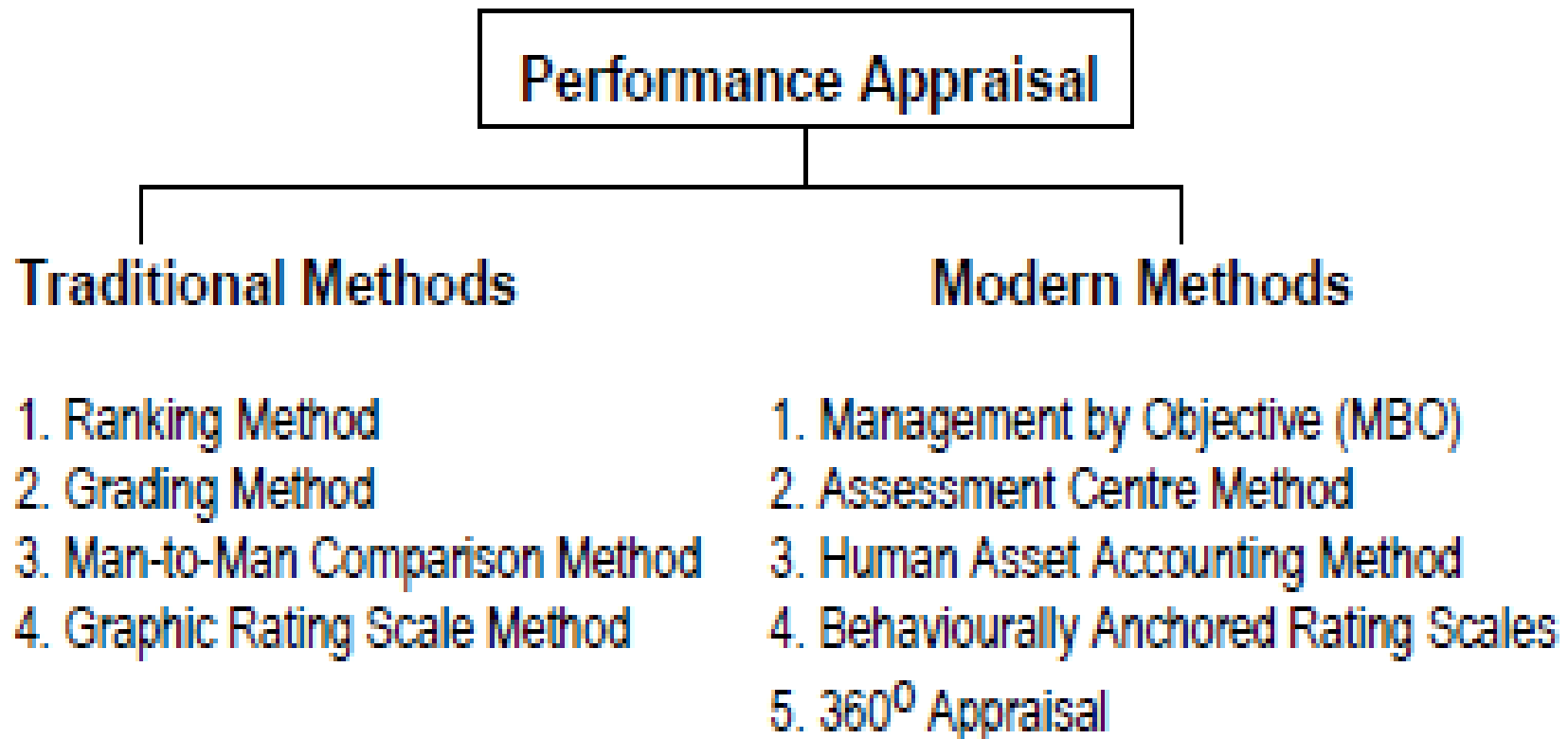


3. Standardisation : Well-defined performance factors and criteria should be developed. These factors as well as appraisal form, procedures and techniques should be standardised. It will help to ensure uniformity and comparison of ratings. The appraisal techniques should measure what they are supposed to measure. These should also be easy to administer and economical to use. The appraisal system should be performance based and uniform. Employees should be made fully aware of performance standards and should be involved in setting the standards.

4. Training : Evaluators should be given training in philosophy and techniques of appraisal. They should be provided with knowledge and skills in documenting appraisals, conducting post appraisal interviews, rating errors, etc.

METHODS OR TECHNIQUES OF PERFORMANCE APPRAISAL

Several methods and techniques are used for evaluating employee performance. They may be classified into two broad categories as shown.



Limitations of Performance Appraisal

1. Time Consuming : Performance appraisal is a time taking affair. It is a very lengthy process under which different forms are to be filled in and various observations are required to be noted in a careful manner.

2. Lack of Reliability : Reliability implies stability and consistency in the measurement. Lack of consistency over time and among different raters may reduce the reliability of performance appraisal.

Limitations of Performance

3. **Incompetence** : Raters may fail to evaluate performance accurately due to lack of knowledge and experience. Post appraisal interview is often handled ineffectively.

4. **No Uniform Standards** : The standards used for appraisal purpose are not uniform within the same organisation. This makes the rating unscientific. Similarly, the rating is done on the basis of an overall impression, which is not proper.

5. **Absence of Effective Participation of Employees** : In performance appraisal effective participation of concerned employee is essential. In many methods of appraisal he is given a passive role. He is evaluated but his participation or self evaluation is rather absent.