

## **Performance Appraisal**

Performance Appraisal is the systematic evaluation of the performance of employees & to understand the abilities of a person for further growth & development.

### **Objectives of Performance Appraisal**

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths & weaknesses of employees to place right men on right job.
3. To maintain & assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance & related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review & retain the promotional and other training programmes.

### **Performance Appraisal Process**

#### **1. Establishing performance standards**

The first step in the process of performance appraisal is the setting up of the standards which will be used to as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful & the degrees of their contribution to the organizational goals & objectives. The standards set should be clear, easily understandable & in measurable terms. In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

#### **2. Communicating the standards**

Once set, it is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed & the standards should be clearly explained to the employees. This will help them to understand their roles to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators & if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees.

### 3.Measuring the actual performance

The most difficult part of the Performance appraisal process is measuring the actual performance of the employees that is the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employees work.

### 4.Comparing actual performance with desired performance

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes evaluating & analysis of data related to the employees' performance.

### 5.Discussing results [Feedback]

The result of the appraisal is communicated & discussed with the employees on one-to-one basis. The focus of this discussion is on communication listening. The results, the problems & the possible solutions are discussed with the aim of problem solving. The feedback should be

given with a positive attitude as this can have an effect on the employees' future performance. Performance appraisal feedback by managers should be in such way helpful to correct mistakes done by the employees & help them to motivate for better performance but not to demotivate. Performance feedback task should be handled very carefully as it may leads to emotional outburst if it is not handing properly.

## **Advantages of Performance Appraisal**

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

1. **Promotion:** Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.
2. **Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.
3. **Employees Development:** The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.
4. **Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.
5. **Communication:** For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:
  - a. Through performance appraisal, the employers can understand and accept skills of subordinates.

- b. The subordinates can also understand and create a trust and confidence in superiors.
- c. It also helps in maintaining cordial and congenial labour management relationship.
- d. It develops the spirit of work and boosts the morale of employees.

All the above factors ensure effective communication.

6. **Motivation:** Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

## **5 ways to give negative feedback to employees**

Feedback at work is important for an individual's development. However, some people are over-sensitive to negative feedback, which makes it crucial for managers & leaders to understand how to convey it.

### **1) Combine negative & positive**

The ideal way of giving feedback to someone who's extremely emotional is to go for the sandwich method. Sandwich the negative feedback between two layers of positive feedback. This helps in softening the impact of the negative feedback. By starting & ending in positive words, you ensure that the negative feedback has the right impact.

### **2) Be objective**

It is important that you ensure that the person receiving the feedback knows that the feedback is not personal grudge or revenge. So, if you ask someone reporting to you the reason for being late, she/he might interpret that you are a control freak. Sadly, nearly all the time, it strains the relationship between the two parties.

### **3) Don't use harsh words**

Rather than telling someone outright that they are bad at something, it is better when you word it in a less harsh manner, & also provide suggestions

& solutions to help them get better at what they are currently bad at. Sometimes, the most hurtful sentences are perceived in a way which makes it seem threatening & derogatory. The key is to make the employee feel safe. Only when s/he feels safe, they will be in a state of mind to understand & appreciate what you are saying.

#### **4) Importance of feedback**

One should begin by highlighting the importance of feedback — both positive as well as negative — in a professional's life. You could then follow that up with an example of how constructive feedback has helped you or someone you know, or the said employee knows, positively & made that person a better professional. While doing this, always make sure that your tone is calm & soft and like that of a mentor.

#### **5) Give feedback in private for sensitive people**

With emotional people, it is also important that you always give feedback in private. Emotions are a result of a person's sensitivity, & negative or constructive feedback is usually a very sensitive topic with highly emotional people. Giving feedback to such people in front of a room full of people can have an adverse impact.

### **6. Decision-making**

The purpose of conducting employee performance appraisal is for making decisions about employees without any bias by the HR manager. Decision-making by HR managers about employees rewarding, promotions, demotions, transfers & sometimes suspensions/dismissal of employees are depended upon the employee performance appraisal. The decision taken by HR manager should match exactly with performance appraisal results of employees to avoid grievance or disturbances in between them, as they affects overall performance of the organisation.

#### **Performance Appraisal Criticism**

An issue with performance appraisals is that differentiating individual & organizational performance can be difficult. Employees report general dissatisfaction with their performance appraisal processes. Other potential issues include:

- Distrust of the appraisal can lead to issues between subordinates & supervisors or a situation in which employees merely tailor their input to please their employer.
- Performance appraisals can lead to the adoption of unreasonable goals that demoralize workers or incentivize them to engage in unethical practices.
- Some labour experts believe that use of performance appraisals has led to lower use of merit- & performance-based compensation.

## **Meaning of Performance management**

Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. It is a shared understanding about how individuals contribute to an organization's goals.

## **Objectives of Performance Management**

The overall objective of Performance Management is to *enhance the capacity & competence of individuals* so that they exceed organizational expectation & work in a way that effectively & efficiently. Here are a few of the objective of performance management

- Improve Organizational Performance through assessment of the current performance & creating plans for improvement
- Provide adequate resources & basis for personal development
- Develop a performance culture, where people are focused on objectives, improvement, development, where performance is properly measured & feedback is timely given.

## **ADVANTAGES / BENEFITS OF AN EFFECTIVE PERFORMANCE MANAGEMENT**

### **1. EMPLOYEES ARE MOTIVATED TO IMPROVE THEIR PERFORMANCE**

A performance management program is essential to promoting and improving employee effectiveness. It involves a continuous process in

which managers and staff work together to plan, monitor and review goals and individual contributions to the agency.

A well implemented performance management program improves the performance of individuals, teams, and the agency. Managers sets goals with employees, monitor their performance, give regular feedback, and conduct performance reviews. Using regular feedback, employees can better understand what skills they need to develop. Performance feedback also fulfills a basic human need to be recognized and valued, which leads to higher self-esteem and motivation for optimal performance.

## 2. MANAGERS KNOW THEIR EMPLOYEE'S STRENGTHS & WEAKNESSES

A performance management system can enable managers to better understand their employees' skill sets and proficiency levels. Through improved employee observation, managers master understanding of an individual's strengths and weaknesses. The manager *and* the employee can offer each other feedback and address concerns, creating a transparent work environment. Managers can also get a sense of how to motivate employees, from leading by example to fair allocation of work.

## 3. EMPLOYEES ARE MORE ENGAGED

A good performance management system leads to more employee engagement. If they are satisfied with their performance management system, employees are more motivated and less likely to leave the organization. Engaged employees are more involved, committed, passionate, and empowered. These feelings lead to employees going the extra mile in supporting the agency's mission.

Also, engaged employees are more likely to make suggestions or improvements that lead to innovation. For example, a performance appraisal review can result in a discussion where an employee shares recommendations on how to reduce cost or speed up processes. All in all, when employee engagement is a central part of company culture, employees are more committed to their agency's goals and values (minimizing employee misconduct) and more motivated to contribute to its success.

#### 4. EMPLOYEES UNDERSTAND THEIR JOB RESPONSIBILITIES

An effective HR system also gives staff a better understanding of their daily tasks, as well as insights into behaviors and results needed to perform their job well. If an employee receives constant and high-quality feedback, the employee will become more self-aware of their behaviors and leads to more growth and development. Such systems empower HR team members to be a resource for employees and managers in goal setting and progress tracking. They also aid in creating and approving individual development plans, which can include: training, helping employees learn role-supportive knowledge and improving skills in their current roles.

#### 5. ADMINISTRATIVE ACTIONS ARE FAIR

Using an optimal HR system facilitates properly tracked documentation, employee development & bidirectional communication. As a consequence, promotions, performance-based awards, transfers and terminations are often more fair and appropriate than similar actions taken under weak or nonexistent HR systems. Such systems, in the end, align strategic business goals with employee performance, ensuring all staff members receive accurate and impartial performance feedback.

Ultimately, the benefits of a performance management program touch everyone involved in the process. The right platform can help your HR team spend less time on paperwork & more time on the “people work” critical to your agency.

### **key elements of performance management?**

Performance management success can only be achieved if you have the following five key elements in place:

- Planning & Expectation Setting.
- Monitoring.
- Development & Improvement.
- Periodic Rating.
- Rewards & Compensation. ...



## **1. Planning and Expectation Setting**

Goals must be set, the means by which those goals will be evaluated must also be made clear & a specific time frame must be outlined. Performance management success requires clear goal setting.

## **2. Monitoring**

There are many the best performance management tools & techniques on the market today that can help track the ongoing progress of your employees in a simple and quick fashion.

## **3. Development and Improvement**

Once you have monitored your employee for a specific period of time & through a number of ways, you will need to encourage further improvement & development. Successful performance management always strives for more and we can help to show you how to find further ways of stretching the capacity and potential of your employees.

## **4. Periodic Rating**

In the interim period it is essential that you provide some kind of feedback or rating to help your employee realize whether or not they are on track in terms of meeting that future goal.

Some employees see their development clearer than others. Some employees don't realize until the last minute that they are not going to achieve what they have been asked to achieve. They over estimate their capabilities and do not plan ahead. This is why the successful performance manager learns to provide periodic ratings in between the setting of the goal and the evaluation of that target.

## **5. Rewards and Compensation**

In some ways, the rewards and compensation stage is the most important element of all when looking for performance management success.

Why?

Because if you want a good employee to continue to achieve and develop, they need to feel recognized and appreciated; there needs to be some kind of end to encourage the next round of triumphs.

The performance management consultants who work for KeenAlignment have an endless list of ways in which to reward and offer compensation to your employees when targets are met or even when targets weren't met, but your employee did everything possible to try to get things done.

We spend our time showing you how to reward your employees; how to put the final cherry on the performance management success cake and take your happy workforce on to the next level.

For more information on performance management techniques, systems and advice, contact us today and explain to us a little about what your current needs actually are.

### **Role of HR in performance management**

Human resource department plays an important role in designing & implementing performance appraisals. In fact, the HR team acts as mediator between the functional heads or reviewing authorities & the employee. It is the human resource team's responsibility to ensure a smooth implementation of the appraisal process.

### **Differance between performance appraisal & performance management:**

<b>Performance Appraisal</b>	<b>Performance Management</b>
Evaluating the performance & potential of employees typically to determine compensation	Managing & developing employee performance to foster growth within the organisation
Once or twice year	Ongoing process
Conducted by HR department along with direct managers	Multiple stakeholders are involved as the process is ongoing
Performance appraisal is a system	Performance management is a process

	<p>Considered as an operational tool to improve the employee efficiency</p> <p>It is not directly linked with pay</p>	<p>Primarily considered as a strategic/planned/tactical tool</p> <p>Are very much linked with pay</p>
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