

UNIT 4

Performance Appraisal

1. What is meant by performance appraisal? Explain its process?

Performance evaluation is a systematic process that evaluates an employee's job performance and productivity in a given period. This process helps organizations assess individual contributions, identify areas for improvement and make informed decisions about promotions, training and compensation. In this process involves several key steps

1. Goal setting

At the beginning of the performance appraisal cycle, managers and employees collaboratively set specific measurable goals. These goals should align with the overall objectives of the organization and the employee's role. Clear expectations are crucial for an effective performance appraisal.

2. Continuous feedback

Throughout the performance period, managers provide regular feedback to employees. This can be in the form of informal discussions, check-ins or progress reviews. Continuous communication ensures that employees are aware of their performance and can make necessary adjustments in real time.

3. Self-assessment

Employees are often given the opportunity to evaluate their own performance. This self-assessment allows them to reflect on their achievements, challenges and areas for improvement. It also promotes self-awareness and encourages employees.

4. Performance appraisal meetings

Formal meetings are scheduled between managers and employees to discuss the performance appraisal. During these meetings both parties have the chance to share their perspectives, discuss achievements and challenges and explore opportunities for growth.

5. Rating or grading

Managers assign ratings or grades to employees based on their performance. These steps involve comparing actual performance against the predefined standard or benchmarks.

6. Documentation

It is essential to document the performance appraisal process, including goals, feedback, ratings and development plans. This documentation serves as a reference for future appraisals, promotions and decisions related to employee development.

7. Reward and recognition

Based on the performance appraisal results, organizations may implement reward and recognition programs to acknowledge high performers. This includes salary increases, bonuses, promotions or other forms of organization.

Conclusion

A well-structured performance appraisal process is integral to organizational success, promoting employee's development and ensuring alignment with overall business goals.

2. What is performance appraisal? Explain its features and importance?

Performance evaluation is a method of evaluating the behavior of employees in work spot, normally including both the quantitative and qualitative aspects of the job performance. Performance refers to the degree of accomplishment of the task that makes up an individual's job. It Indicates the individuals fulfilling the job demands and performance

Definition

According to Mondy—" performance appraisal is a system of review and evaluation of an individual's performance."

Features

1. Systematic process

The appraisal is a systematic process involves 3 steps

- Setting work standards.
- Assessing employee's actual performance relating to work standards.
- Offering feedback to the employees so that he can eliminate inefficiency and improve performance in course of time.

2. Periodic process

The appraisal is carried out periodically according to the definite plan. It is certainly not a one-shot deal.

3. Evaluating process

It tries to find out how well the employees are performing the job and tries to establish a plan for future improvement.

4. Future oriented

Performance appraisal is not a past oriented activity with the intention of putting poor performance in a spot. Rather it is a future oriented activity showing employees where things have gone wrong. How to set everything in order and deliver results using their in the proper way.

5. Employee development

"Performance appraisal is not limited to calling the fouls". It focuses on employee development. It forces managers to become watchers rather than judges. The appraisal process provides an opportunity to identify issues for discussion, eliminate any potential problem.

Importance

1. Performance improvement

Performance appraisal is used as a development tool by organization, it helps in improving the performance of employees through work planning, skill identification and potential development.

2. Compensation adjustment

Performance appraisal's most popular outcomes is its linkage to compensation adjustment. Employees exhibiting superior performance are rewarded through increases in their compensation to motivate them to further excel in their jobs.

3. Career planning and development

Performance appraisal provides reliable data and information on the current performance level, potentialities and development needs of employees based on its career planning and development needs are identified.

4. Diagnose job design errors

Poor performance may be a symptom of ill-conceived job designs. Appraisals help diagnose these errors.

5. Equal employment opportunity

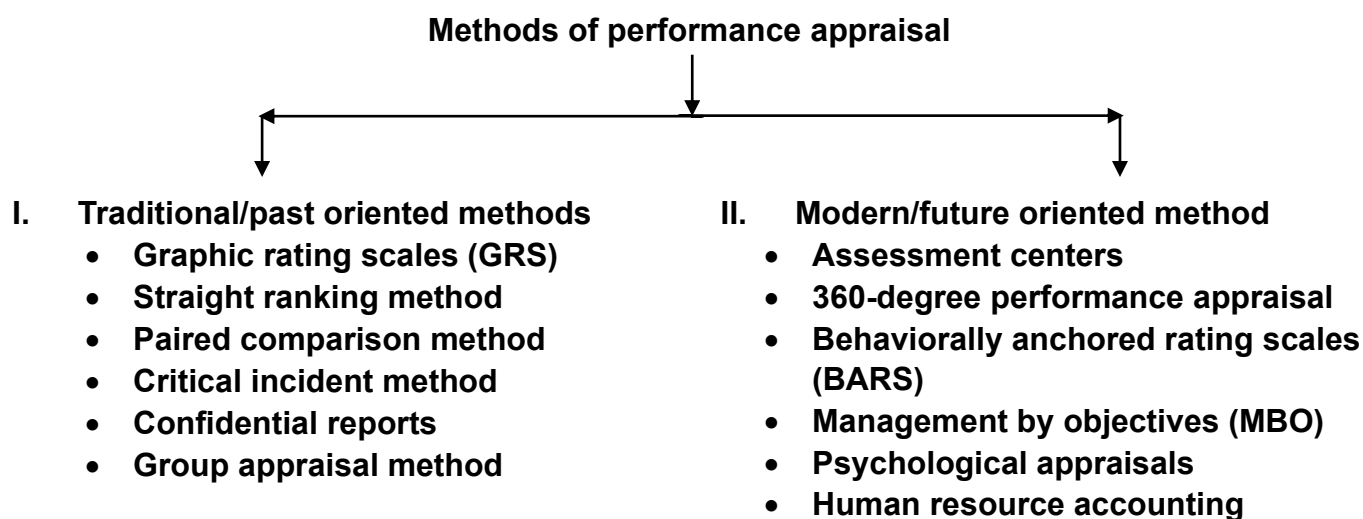
Accurate performance appraisals that actually measure job related performance ensure that internal placement decisions are not discriminatory

3. Explain the methods of performance appraisal?

In order to achieve the organizational objectives, a variety of performance appraisal methods have been developed. The choice of methods depends on organizational objectives, size, product technology etc.

It can be divided into two types

- Traditional method
- Modern method



I. Traditional/past oriented methods

1. Graphic rating scales (GRS)

A GRS also known as linear or sample rating scale. It presents appraisers with a list of traits assumed to be necessary to successful job performance (example corporate owners, adaptability, maturity and motivation). A five or seven point rating scale accompanies each trait, the midpoint of the scale is usually anchored by such words as average, satisfactory etc.

2. Straight ranking method

This is the simplest and oldest method of performance appraisal with the straight ranking approach, all employees are ranked from “best to worst” on the basis of comparative overall performance. The primary attraction of straight ranking is its simplicity, it involves rank ordering.

3. Paired comparison method

This method probably evolved in succession to the straight ranking method in order to provide a systematic procedure for determining the relative ranks of the people. This may be called a “man to man” assessment. It is an appreciable system in which the appraiser compares an employee with every other employee one at a time.

4. Critical incident method

In this method the performance appraisal involved identifying and describing specific events, where the employee did something really well or something that needed improvement. It is a technique based on the description of the event.

5. Confidential reports

It is mostly used in government organizations. It is a descriptive report prepared at the end of every year by the employees immediate superior. This report highlights the strengths and weaknesses of the subordinate. The impressions of the superior about this about the net or recorded here.

6. Group appraisal method

It is generally observed that some evaluators, evaluate their employees according to very high standards as per the usual practice, this may not be needed. This happens when the performance of the evaluator himself is outstanding which is while he expects the same from his group. In order to overcome this difficulty, the group appraisal method is based on evaluation of performance by a group.

II. Modern/future oriented method

1. Assessment centers

It is a modern assessment method by future performing assessing the employee for achievement and by setting targets. An assessment center is a Central location where managers may come together to have their participation in job related exercises evaluated by trained observers. This idea is to evaluate managers over a period of time.

2. 360-degree performance appraisal

360-degree appraisal can be defined as the systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders in their performance. In this the employees have the chance to review the manager, which is not practiced with traditional performance appraisal.

3. Behaviorally anchored rating scales (BARS)

BARS is sometimes called behavioural expectation scales or rating scales. whose scale points are determined by statements of effective and ineffective behaviors. They are said to be behaviorally anchored in that the scales represent a range of descriptive statements of behavior varying from the least to the most effective.

4. Management by objectives (MBO)

It was Peter F. Drucker who first gave the concept MBO. It is an individual evaluation method which measures task outcomes rather than behavior. It is also called appraisal by results. MBO aims to increase organization performance by aligning goals and subordinates' objectives throughout the organization. Ideally employees strong input to identify their objectives, timelines for completion etc.

5. Psychological appraisals

Large organizations employ full time industrial psychologists, when psychologists are used for evaluations, they assess an individual's future potential and not past performance. The appraisal normally consists of in-depth interviews, psychological tests, discussions with superiors and a review of other evaluations.

6. Human resource accounting

This method attaches money estimates in the value of manpower of an organization. The process is somewhat like estimating the Goodwill value and can be appraised by developing a procedure to undertake periodic measurement of certain variables, such variables are either categorized as key variables or intervening variables. Key variables are policies and decisions of an organization. Intervening variables are loyalties, attitude, motivations, interpersonal relationships, communication and decision making etc.