

Performance Appraisal

Meaning of Performance Appraisal

A performance appraisal, also referred to as a performance review, performance evaluation, (career) development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations.

Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

Promotion, transfer, salary increase etc. are some of the matters that are dependent upon the evaluation of the performance of an employee.

Appraisal of an employee reveals as to how efficiently the subordinate is performing his job and also to know his aptitudes and other qualities necessary for performing the job assigned to him. The qualities of employees that are appraised through performance appraisal are ability to do work, spirit of co-operation, managerial ability, self-confidence, initiative, intelligence etc.

Performance Appraisal is regarded as a most significant tool for the success of any concern.

Definition

- “It is the evaluation or appraisal of the relative worth to the company of a man’s services on his jobs.” —A1 ford & Beatty
- “Performance appraisal is a process of evaluating an employee’s performance of a job in terms of its requirements.” —Scot, Clotheir & Spriegel

Objectives of Performance Appraisal

1. To promote the employees, on the basis of performance and competence.
2. To identify the requirement for training and development of employees.
3. To provide confirmation to those employees who are hired as probationary employees, upon completion of the term.
4. To take a decision regarding the hike in employees pay, incentives etc.
5. To provide a feedback to employees regarding their performance and related status.
6. To help employees in understanding where they stand in terms of performance.
7. To maintain and assess the potential present in a person for further growth and development.
8. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
9. To identify the strengths and weaknesses of employees to place right men on right job.

Purpose of Performance Appraisal

Performance appraisal serves over a dozen different organizational purposes:

1. Providing feedback to employees about their performance –

Providing feedback is the most common justification for an organization to have a performance appraisal system. Through its performance appraisal process the individual learns exactly how well she did during the previous twelve months and can then use that information to improve her performance in the future.

2. Determining who gets promoted –

Almost everyone in an organization wants to get ahead. How should the company decide who gets the brass rings? Performance appraisal makes it easier for the organization to make such decisions.

3. Facilitating layoff or downsizing decisions –

When economic realities force an organization to downsize, performance appraisal helps make sure that the most talented individuals are retained and that only the organization's marginal performers are cut loose.

4. Encouraging performance improvement –

How can anyone improve if he doesn't know how he's doing right now? A good performance appraisal points out areas where individuals need to improve their performance.

5. Motivating superior performance –

Performance appraisal helps motivate people to deliver superior performance in several ways.

6. Setting and measuring goals –

The performance appraisal process is commonly used to make sure that every member of the organization sets and achieves effective goals.

7. Counseling poor performers –

Performance appraisal forces managers to confront those whose performance is not meeting the company's expectations.

8. Determining compensation changes –

Performance appraisal provides the mechanism to make sure that those who do better work receive more pay.

9. Encouraging coaching and mentoring –

Performance appraisal identifies the areas where coaching is necessary and encourages managers to take an active coaching role.

10. Supporting manpower planning or succession planning –

Companies need to determine who and where their most talented members are. They need to identify the departments that are rich with talent and the ones that are suffering a talent drought. Performance appraisal gives companies the tool they need to make sure they have the intellectual horsepower required for the future.

11. Determining organizational training and development needs –

By reviewing the data from performance appraisals, training and development professionals can make good decisions about where the organization should concentrate company-wide training efforts.

12. Confirming that good hiring decisions are being made –

Is the company hiring stars, or is it filling itself with trolls? Only when the performance of newly hired individuals is assessed can the company learn whether it is hiring the right people.

13. Providing legal defensibility for personnel decisions

14. Improving overall organizational performance

15. Determining individual training and development needs

Characteristics of Performance Appraisal System

Performance appraisal process needs to be a simple and an easy approach for all the employees to understand and adhere to the methodology.

The following encompasses ideal characteristics of an appraisal system.

1. Clear Objectives

Organizations differ in terms of work, size, resources, needs and environment, but every organization will have set of objectives to be achieved end of the year. The goals should be well defined and communicated to every employee at the organization. This will align employee towards organization goals. The goals should be set taking into account organization-employee compatibility and scope of the employees to attain the goals. Thus the goal/objective of the appraisal system should be clear, specific and tailor-made for the company.

2. Reliable and Valid

Appraisal system should be fair and ethical, to make the organization attain pinnacle of success. This can be made possible only when the data is valid and reliable. The data here is nothing but the goal against employee outcome, time taken to accomplish the goal and status of the goal. All this data must be recorded and documented for every employee performance. Collation of this data showcases complete employee performance on the appraisal day and will be real time, reliable data.

3. Developmental

The manager should not go judgmental on employee performances. The manager should be able to analyze employee skills, capabilities and his/her approach towards work. The manager must take care of every developmental need of employee to uncover hidden potential. Only when the manager has a clear understanding of the employee capabilities, he can fine tune employee performances and help him/her grow professionally; wisely playing on employee's strengths at the same time addressing any areas of improvements needed.

4. Training

There will be employees in every organization who will need assistance and support to work better. The manager should be able to identify those employees who need proper assistance and training. After sorting out employees based on the level of training they require, the manager should guide and motivate them. The manager should ultimately help every individual perform better on the current role and get him/her prepared to move to the next level professionally.

5. Standardization

The appraisal process is very common in all organizations but the strategies might differ from one to another. Whatever the method the organization picks up, it should be well defined. If performance is assessed frequently and appraisal is carried out either monthly or at least once a quarter, the appraisal process is said to be how it should be. Appraisal process is as similar as an employment policy that must follow standard organization procedures. Employees who go around the procedures ethically are identified and encouraged.

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