

Performance Appraisal

Performance appraisal is a system of review and evaluation of an individual or team's job performance. An effective system assesses accomplishments and evolves plans for development. Performance management is a process that significantly affects organizational success by having managers and employees work together to set expectations, review results, and reward performance. Its goal is to provide an accurate picture of past and / or future employee performance. To achieve this, performance standards are established.

I. The Performance Appraisal Process

Many of the external and internal environmental factors previously discussed can influence the appraisal process. Legislation requires that the appraisal systems be nondiscriminatory. The labor union might affect the appraisal process by stressing seniority as the basis for promotions and pay increases. Factors within the internal environment can also affect the performance appraisal process. The type of corporate culture can serve to help or hinder the process. Identification of specific goals is the starting point for the PA process. After specific appraisal goals have been established, workers and teams must understand what is expected from them in their tasks. Informing employees of what is expected of them is a most important employee relations task. At the end of the appraisal period, the appraiser observes work performance and evaluates it against established performance standards. The evaluation results are then communicated to the workers. The performance evaluation discussion with the supervisor serves to reestablish job requirements.

Steps in the performance appraisal process

1. Identify the specific performance appraisal goals.
2. Establish job expectations (job analysis).
3. Examine work performed.
4. Appraise performance.
5. Discuss appraisal with employee.

II. Uses of Performance Appraisal

Principles and practices of management | Organisational Behaviour | Accounting for management | Managerial Economics
Business Communication | Business law | Production and operation management | Financial management
Human Resource management | Strategic management | Management Information system | Personnel administration
HR development and training | Industrial relations and labour laws | Organisational development
Performance and potential management | Total Quality management | Quantitative techniques | Business Environment
Marketing management

Performance appraisal serves two types of the objectives one is to make the evaluation decisions and other is to provide the need assessment source for the training and development if there is a gap between actual and expected performance. For many organizations, the primary goal of an appraisal system is to improve performance. A system that is properly designed and communicated can help achieve organizational objectives and enhance employee performance. In fact, PA data are potentially valuable for use in numerous human resource functional areas.

- a. **Human Resource Planning**:-In assessing a firm's human resources, data must be available that describe the promotability and potential of all employees, especially key executives.
- b. **Recruitment and Selection**:-Performance evaluation ratings may be helpful in predicting the future performance of job applicants.
- c. **Training and Development**:-A performance appraisal should point out an employee's specific needs for training and development. By identifying deficiencies that adversely affect performance, human resource and line managers are able to develop T&D programs that permit individuals to build on their strengths and minimize their deficiencies.
- d. **Career Planning and Development**:-Career planning and development may be viewed from either an individual or organizational viewpoint.
- e. **Compensation Programs**:-Performance appraisal results provide the basis for decisions regarding pay increases.
- f. **Internal Employee Relations**:-Performance appraisal data are also frequently used for decisions in areas of internal employee relations including motivation, promotion, demotion, termination, layoff, and transfer.
- g. **Assessment of Employee Potential**:- Some organizations attempt to assess employee potential as they appraise job performance.

III. What to Evaluate

What aspect of a person's performance should an organization evaluate? In practice, the most common sets of appraisal criteria are traits, behaviors, and task outcomes.

- a. **Traits**:-Many employees in organizations are evaluated on the basis of certain traits such as attitude, appearance, initiative, etc.

- b. **Behaviors**:-When an individual's task outcome is difficult to determine, it is common to evaluate the person's task-related behavior.
- c. **Task Outcomes**:-If ends are considered more important than means, task outcomes become the most appropriate factor to evaluate.
- d. **Improvement Potential**:-Some attention must be given to the future and the behaviors and outcomes that are needed to not only develop the employee, but also to achieve the firm's goals. This involves an assessment of the employee's potential.

IV. Responsibility for Appraisal

In most organizations, the human resource department is responsible for coordinating the design and implementation of performance appraisal programs. However, it is essential that line managers play a key role from beginning to end.

- a. **Immediate Supervisor**:-An employee's immediate supervisor traditionally has been the most common choice for evaluating performance.
- b. **Subordinates**:-Some managers have concluded that evaluation of managers by subordinates is feasible.
- c. **Peers**:-Peer appraisal has long had proponents who believed that such an approach is reliable if the work group is stable over a reasonably long period of time and performs tasks that require considerable interaction.
- d. **Self-Appraisal**:-If individuals understand the objectives they are expected to achieve and the standards by which they are to be evaluated, they are—to a great extent—in the best position to appraise their own performance.
- e. **Customer Appraisal**:-The behavior of customers determines the degree of success a firm achieves. Therefore, some organizations believe it is important to obtain performance input from this critical source.