

Employee Performance Appraisal: Key to Success for Organizational Growth

Ahmed Hussain, Lakshmi Das

Research Scholar, Department of Commerce, University of Kalyani, West Bengal , India

Abstract— All organizations use performance appraisal for several purposes in a systematic way using multifarious techniques and tools to measure the effectiveness and efficiency of their employees in relation to certain pre-established criteria and organizational goal as objectively as possible to ultimately know whether the organization is moving towards its predetermined goals. .. Performance Appraisal ensures the best utilization of employee talent because it helps the organization to reward the employees having better abilities and rectify the wrong placement which in turns improves the human resource quality responsible for overall growth of the organization. The inability of organization to adopt a sound system of performance appraisal will be a hindrance to put an optimum use of the human resource in this era of globalization to attain the competitive advantage over others. The matter of fact is that Management assesses the performance of employees to maintain organizational control and disburse rewards and punishments to keep them on the track of organizational growth.

Keywords—Employee, organizational growth, Performance Appraisal.

I. INTRODUCTION

In the past Managers and supervisors were of the habit to appraise and rank the employee on the basis of traits employee possessed for promotion and other incentives. The emphasis was on input and not the output. Mere possession of certain traits doesn't confirm the intended performance. Now the attempt is not made to find what traits the employee has rather than it gives emphasis on what he performs on the basis of those traits. That is why after the selection and training of the employee, the performance of employee after a considerable amount of work should be evaluated to decide how employees do their assigned job.

Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goals forming a valuable part for career

development as well. The most important element that affects the future of any organization is its employees whose active contribution ensures the achievement of organizations goals.

It is well known fact that every employee differs from each other in terms of knowledge, traits, capability and aptitudes and at the same time everyone has a different attitude to manage the task assigned to him/her. Even differences arise in quantity and quality of work done by different employee on the same job. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. It is a developmental tool used for all round development of the employee and the organization.

II. OBJECTIVE OF THE STUDY

The objective of this paper is to show and understand how crucial a proper designed employee performance appraisal is in today's competitive business world for the achievement of organizational growth which solely depends on the execution skill of employees for the job assigned to him/her.

III. PERFORMANCE APPRAISAL

The performance appraisal is the process of assessing employee performance by way of comparing present performance with already established standards which have been already communicated to employees, subsequently providing feedback to employees about their performance level for the purpose of improving their performance as needed by the organization. Performance Appraisal not only evaluates the present performance of an employee including both the quantitative and qualitative aspects of job performance but also his potentials for further development. According to Randall S. Schuler, "Performance appraisal is formal, structured system of measuring and evaluating an employee' job related behavior and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in

the future so that the employee, organization and society will benefit.”

According to Heyel, "It is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for purposes of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally."

In a nut shell, performance appraisal is nothing but the identification, measurement and management of human performance in organizations.

IV. FEATURES OF PERFORMANCE APPRAISAL

The main features and benefits of performance appraisal may be listed as follow.

1. The appraisal is a systematic process consisting of setting work standards, assessing employee' actual performance through a number of steps and taking corrective action for further improvement.
2. It is the objective description on a regular basis of employee's strength and weakness in terms of job requirement.
3. It may be formal or informal. Formal system is likely to be fairer and objective as it is based on systematic manner while the informal evaluation is more subjective and influensive.
4. It seeks to secure information necessary for making correct decision on employee keeping the predetermined goal of the organization.
5. It is a future oriented activity.

V. NEED FOR PERFORMANCE APPRAISAL

In the present highly cutthroat environment, globalization has put almost all organizations in the race of survival of fittest for which the most important factor to remain in the race is continuously improved human resource quality. Long-term corporate sustainability requires consistent high quality performance by its work force. Rewarding the appraisable past performance of employee is needed to motivate him\her to give the best he or she is capable of. It indicates the quality as well as quantity of Human Resource Management in an Organization. Properly conducted employees appraisal forms the basis of sound decision making in regarding personnel management.

VI. ESSENTIALS OF A GOOD APPRAISAL SYSTEM

1. The rater must be trained and aware of the inherent shortcomings of appraisal system in order to make an effective evaluation benefitting organization in the long run. The system must be explained to and accepted by employees at all levels.
2. There cannot be one common 'Appraisal Form' for all level of employees. Separate forms should be used for different levels of employees.
3. Appraisal should be based on performance of the employee only during the period of review, i.e. without any consideration of his past performance.
4. The appraisal must clearly bring out whether the employee is fit for promotion, the jobs or positions in which he can be suitably employed and also recommendations for training that the employee is
5. The system must be just and equitable. It should duly protect rights and interests of the organization as well as of the individual employees.
6. To prevent subjective reporting and vindictiveness every employee must be appraised by at least two
7. All negative/adverse remarks must be conveyed to the employees and he should be provided an opportunity to represent against the same. A formal procedure must be established to process any such representations.
8. Selection of the most suitable technique of performance appraisal depending on the nature and size of organization.
9. It Should be based on job analysis
10. There should be no room for discrimination based on cast, creed, race, religion, region etc
11. An atmosphere of mutual trust and confidence in the organization is a must for effective system of performance appraisal.
12. While designing an appraisal sysltem, individual differences in the organization should be recognized.
13. Appraisal system should provide consistent, reliable and valid information in job related activities only.

VII. PURPOSE OF PERFORMANCE APPRAISAL

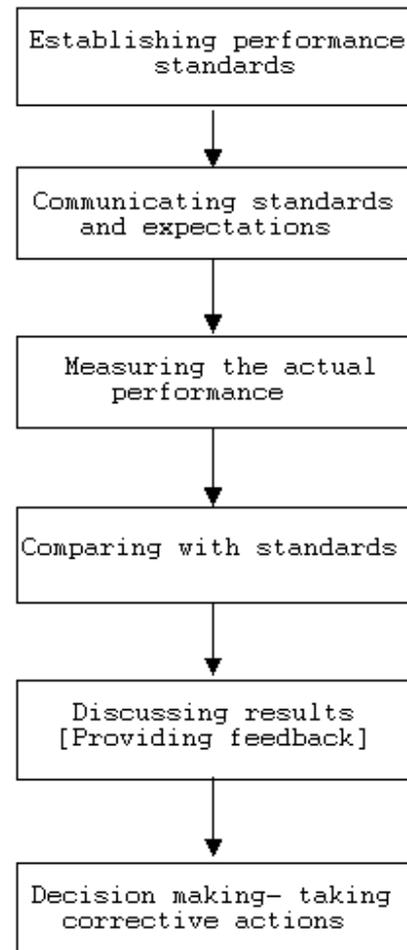
The purpose of performance is to evaluate the performance of employees and develop them in the sense of conducting SWOT analysis of both individual and organization promoting friendly and healthy superior-subordinate relation and making the outcome basis for the various

incentive decision and the needful training of the employee to develop potentials in future.

In other words, it serves several useful purposes:

1. It ensures that compensation should be given based on performance, not on seniority or mere possession of bunch of traits.
2. It helps in providing promotions to those employees doing the best job at or above expectation.
3. It identifies the needful organizational training programs to be conducted for the improvement of efficiency of employees.
4. It provides the mechanism of feedback informing the employees where does he or she stands as far as the expected level of performance of task assigned to him or her. The purpose of performance appraisal would be futile, if the appraise performance is not communicated to him or her.
5. It seems to be one of the most important tools in personal development of employee which is the final product of job satisfaction by pointing out the shortcomings along with good qualities worth of being praised.
6. It helps to identify role and responsibility of each employee and their contribution to the organization during the concerned period.
7. It helps prepare employees for higher responsibilities in the future by continuously reinforcing the development of the behavior and qualities required for higher-level positions in the organization;
8. Performance appraisal can aid in the formulation of job criteria and selection of individuals "who are best suited to perform the required organizational tasks/
9. It develops positive superior-subordinate relations and thereby reduces grievances.
10. It provides coaching, counseling, career planning, succession planning, human resource planning and motivation to employees.
11. It helps to review and retain the promotional and other training programmes.

VIII. PERFORMANCE APPRAISAL PROCESS



www.whatishumanresource.com

IX. TECHNIQUES / METHODS OF PERFORMANCE APPRAISALS

Numerous methods have been devised to measure the quantity and quality of performance appraisals. Each of the methods is effective for some purposes for some organizations only. A method that works well for one company may not work for another. An organization must adopt the method which conforms to their requirements and is most suitable considering the organization's structure and operations.

Individual evaluation Method:

1. Confidential Report
2. Essay Evaluation
3. Critical Incidents
4. Checklists
5. Graphic Rating Scale

6. Behaviourally anchored rating scales
7. Forced Choice scale
8. Management by Objective

Multi-person evaluation methods:

1. Ranking
2. Paired Comparison
3. Forced Distribution

Other methods:

1. Group Appraisal
2. Human Resource Accounting
3. Assessment Centre
4. Field review

X. THE FIVE KEY ELEMENTS OF A PERFORMANCE APPRAISAL (CIPD, 2008A)

Measurement:

Assessing performance against agreed targets and objectives.

Feedback:

Providing information to the individual on their performance and progress.

Positive Reinforcement:

Emphasizing what has been done well and making only constructive criticism about what might be improved.

Exchange of Views:

A frank exchange of views about what has happened, how appraisees can improve their performance, the support they need from their managers to achieve this and their aspirations for their future career .

Agreement:

Jointly coming to an understanding by all parties about what needs to be done to improve performance generally and overcome any issues raised in the course of the discussion.

XI. STANDARDS AND INDICATORS OF PERFORMANCE APPRAISAL

1. Mutual goal
2. Reliable and consistent
3. Accurate and equitable
4. Practical and simple format
5. Regular and routine
6. Participatory and open
7. Rewards
8. Timely feedback
9. Impersonal feedback
10. Noticeable feedback

11. Relevance and responsiveness
12. Commitment

XII. IN ORDER TO YIELD THE DESIRED RESULTS OF THE PERFORMANCE APPRAISAL, THE FOLLOWING ELEMENTS MUST BE AVOIDED TO THE BEST POSSIBLE EXTENT BY THE RATERS

1. Leniency & Severity
2. Central Tendency
3. Halo Error
4. Rater Effect
5. Primacy & Recency Effect
6. Perceptual Sets
7. Performance Dimensions Order
8. Spillover Effects
9. Status Effect
10. Faulty assumptions
11. Psychological blocks

XIII. CONCLUSIONS

1. Only growth of employees performing quality job in terms of its requirement can confirm the continuous growth of organizations.
2. Performance Appraisal ensures the best utilization of employee talent because it helps the organization to reward the employees having better abilities and rectify the wrong placement which in turns improves the human resource quality responsible for overall growth of the organization.
3. Management and alignment of all individual performance in same direction of progress in an organization determines to a large extent the success or failure of the organization. Therefore, properly designed performance appraisal system plays a key role in the growth of organization.
4. The performance appraisal process enables building a resourceful organization capable of solving its problems and attaining targeted business goals. Performances appraisal system provides information to management about employee's performance which can be used for succession plan by identifying people with potentialities

5. The inability of organization to adopt a sound system of performance appraisal will be a hindrance to put an optimum use of the human resource in this era of globalization to attain the competitive advantage over others
6. Globalization of economy has put the organization under tough competition. Thus, survival of an organization depends on the performance.
7. If the process of performance appraisals is properly structured, it helps the employees to clearly understand their roles and responsibilities and give direction to the individual's performance.

REFERENCES

- [1] Rao, V.S.P., Second Edition (2006) "*Human Resource Management*"
- [2] Gupta, K.S. & Joshi. R. , First edition (2008) "*Human Resource Management*"
- [3] Gomez-Mejia, R.L., Balkin, B.D., & Cardy, L.R. Fifth edition(2009) "*Managing Human Resource*"
- [4] Zander, M.(2013) "*Performance and Potential Appraisal*"
- [5] Mondy & Wayne Tenth edition, (2008). "*Human Resource Management*"
- [6] Armsstrong, M.,Third edition, (2006)"*Performance Management*"
- [7] Koshy, R.E., & Suguna, P.D. (2014). Performance Appraisal in the Contemporary World. *International Journal of Advance Research in Computer Science and Management Studies*, 2(9), 80-83.
- [8] Jha, P.I. (2013). Performance Appraisal System of Corporate Sector. *Asian Journal of Multidisciplinary Studies*,1(5), 182-187.
- [9] Satyanarayana. I. D., Sidhu. N.B.C., & Sunitha. D. (2015). Performance Appraisal. *International Journal of Commerce & Business Studie*, 3(1), 14-18.
- [10] Aggarwal, A., & Thakur, G.S.M. (2013). Techniques of Performance Appraisal-A Review. *International Journal of Engineering and Advanced Technology*.2(3), 617-621.
- [11] Veeraselvam, M.D. (2014). A Study on Performance Araisal System in Soft Drinks Company at Madurai. *Global Journal for Research Analysis*, 3(12), 79-81.
- [12] Shrivastav, U.S.S., & Sapra, N. (2012).Impact of Performance Appraisal on Employees Attitude. *International Journal of Research in IT & Management*, 2(4), 23-28.
- [13] Obisi, C. (2011). Employee performance appraisal and its implication for individual and Organizational growth. *Australian Journal of Business and Management Research*, 1(9), 92-97.
- [14] Jabeen, M. (2011). Impact of Performance Appraisal on Employees Motivation. *European Journal of Business and Management*,3(4), 197-204.
- [15] <http://www.managementstudyguide.com/performance-appraisal.htm> (Accessed on 30.03.2015)
- [16] <http://www.hrware.com/performance-management/performance-appraisal-methods/> (Accessed on 30.03.2015)
- [17] <http://www.whatishumanresource.com/performance-appraisal> (Accessed on 30.03.2015)
- [18] <http://www.fao.org/docrep/w7505e/w7505e06.htm> (Accessed on 30.03.2015)
- [19] <http://www.slideshare.net/pratibhatrivedi/performance-appraisal-for-hr> (Accessed on 24.07.2015)
http://en.wikipedia.org/wiki/Performance_appraisal (Accessed on 30.03.2015)
- [20] <http://www.cipd.co.uk> (Accessed on 30.03.2015)