

A STUDY ON THE EFFECTIVENESS OF PERFORMANCE APPRAISAL

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ABSTRACT

A performance appraisal is known by other terms like employee appraisal, performance review. It is a method by which the job performance of an employee is measured in terms of quality, quantity, cost, behaviour and time. It is conducted by self, peers, seniors and junior. But generally in formal method it is conducted by the immediate manager or supervisor under whom the person is directly working. Performance Appraisal (PA) has been one of the most researched issues in the fields of Industrial Organizational Psychology and Human Resource Management. A review of literature have depicted that a positive and significant correlation exist between high performance and the firm's financial performance. It provides an insight into the concept of performance appraisal, the methods and approaches of performance appraisal and the appraisal process etc

Keywords: performance appraisal practices, critical attributes appraisal

MEANING OF PERFORMANCE APPRAISAL:

Performance appraisal is the process of evaluation of an employee at higher levels. In order to know whether the selection of an employee is right or wrong, performance appraisal is resorted to. 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.

DEFINITION OF PERFORMANCE APPRAISAL:

C. D. Fisher L. F. Schoenfeld and J. B. Shaw have defined as: The process by which an employee's contribution to the organization during specified period of time is assessed.

Gary Dressler defined "Performance appraisal as means of evaluating aim employee's current and or past performance relative to his or he performance standards"

OBJECTIVES

- The strengths and weakness of employees are identified
- Maintaining the same potential of an employee for growth and development of an organisation
- Measure and improve the performance of an employee in an organisation

- Motivate employee by identifying mistakes

ADVANTAGES OF PERFORMANCE APPRAISAL

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. Compensation packages which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal.
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. **Communication:** For an organization, effective communication between employees and employers is very important. The subordinates can also understand and create a trust and confidence in superiors.
5. **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.

PROCESS OF PERFORMANCE APPRAISAL



METHODS OF PERFORMANCE APPRAISAL SYSTEM:

- Traditional method
- Modern method
- 1. **Traditional Methods:**
- **Ranking Method:**

It is the oldest and simplest formal systematic method of performance appraisal in which employee is compared with all others for the purpose of placing order of worth. Thus, if there are ten employees to be appraised, there will be ten ranks from 1 to 10. ○ **Paired Comparison:**

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each coining pair of names, the rater puts a tick mark against the employee whom he insiders the better of the two. The number of times this employee is compared as better with others determines his or her final ranking.

The number of possible pairs for a given number of employees is ascertained by the following formula: $N(N-1)/2$

Where N = the total number of employees to be evaluated.

- **Grading Method:**

In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance. ○ **Forced Distribution Method:**

This method was evolved by Tiffen to eliminate the central tendency of rating most of the employees at a higher end of the scale. The method assumes that employees' performance level confirms to a normal statistical distribution i.e., 10,20,40,20 and 10 percent.

- **Forced-Choice Method:**

The forced-choice method is developed by J. P. Guilford. It contains a series of groups of statements, and rater rates how effectively a statement describes each individual being evaluated. Common method of forced-choice method contains two statements, both positive and negative.

- **Check-List Method:**

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in 'yes' or 'no' are prepared by the HR department .

- **Critical Incidents Method:**

In this method, the rater focuses his or her attention on those key or critical behaviours that make the difference between performing a job in a noteworthy manner (effectively or ineffectively).

- **Graphic Rating Scale Method:**

The graphic rating scale is one of the most popular and simplest techniques for appraising performance. It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee. The form lists traits (such as quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each trait. The rating is done on the basis of points on the continuum.

○ **Essay Method:**

Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for improvement. Its positive point is that it is simple in use. It does not require complex formats and extensive/specific training to complete it. ○ **Field Review Method:**

When there is a reason to suspect rater's biasedness or his or her rating appears to be quite higher than others, these are neutralised with the help of a review process. The review process is usually conducted by the personnel officer in the HR department.

2. MODERN METHODS:

○ **Management by Objectives (MBO)**

Most of the traditional methods of performance appraisal are subject to the antagonistic judgments of the raters. It was to overcome this problem; Peter F. Drucker propounded a new concept, namely, management by objectives (MBO) way back in 1954 in his book. The Practice of management. The concept of MBO as was conceived by Drucker, can be described as a "process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each its members" ○ **360 – Degree Appraisal:**

Yet another method used to appraise the employee's performance is 360 – degree appraisal. This method was first developed and formally used by General Electric Company of USA in 1992. Then, it travelled to other countries including India. In India, companies like Reliance Industries, Wipro Corporation, Infosys Technologies, Thermax, Thomas Cook etc., have been using this method for appraising the performance of their employees. This feedback based method is generally used for ascertaining training and development requirements, rather than for pay increases. Under 360 – degree appraisal, performance information such as employee's skills, abilities and behaviours, is collected "all around" an employee, i.e., from his/her supervisors, subordinates, peers and even customers and clients

○ **Cost Accounting Method:**

This method evaluates an employee's performance from the monetary benefits the employee yields to his/her organisation. This is ascertained by establishing a relationship between the costs involved in retaining the employee, and the benefits an organisation derives from Him/her.

CONCLUSION

Performance of an employee is a broad study, which correlates various concepts such as employee motivation, quality of work life, appraisal techniques ,training needs and worker's commitment towards organisation. it helps the organisation to extend the target of employees and also identify deviations that affect the employee performance. this can be only when appraisal technique or process is an effective one. The appraisal technique used in the company is found to be the normal one. based on this, the employees whose performance are not up to the expected level are selected and given training to improve the skill, so that they will be efficient & effective enough to achive the organisation target. from the study, it is concluded that, the company used effective appraisal technique to the performance of its employees .

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