

PERFORMANCE APPRAISAL IS ESSENTIAL FOR EMPLOYEES MOTIVATION

Barkha Gupta*

ABSTRACT-

Many organizations, reward decisions depend on performance evaluations. However, evaluating an employee's performance is often difficult. Performance Appraisal is a process of setting objectives, making plans to achieve those objectives and accomplishing the desired results. This research paper describes about the Performance Appraisal, which is followed in a company. This research paper also describes the method that use by company to appraise the employees and also give the information regarding the criteria they use for made incentive as a appraisal. It also elaborates about the steps taken by the appraisers to improve the performances of appraises so that their efficiency can be increased and later the rewards and recognitions are given in the form of promotions, incentives and empowerment.

Key word- Performance/ Performance Appraisal/ Performance appraisal system

* UGC-NET/ MBA (HR)/ PGDCA/ BSc.(Microbiology)

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INTRODUCTION-

Performance Management can be defined as a systematic process for improving organizational performance by developing the performance of individual and teams. It is a means of getting better results from the organization, teams and individuals by understanding and managing performance within an agreed framework of planned goals, standard and competence requirement. Performance appraisal must convey to employees how well they have performed on established goals. It's also desirable to have these goals and performance measures mutually set between the employee and the supervisor.

Performance Appraisal (PA) refers to all those procedures that are used to evaluate the personality, performance and potential of its group members. Performance Appraisals are yearly or monthly evaluations given to employees. They evaluate the needs of the employee and supervisor. Performance Appraisal is the process by which organizations evaluate employee job performance. Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does. It indicates how well an individual is fulfilling the job demands. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations.

USES OF PERFORMANCE APPRAISAL

- Raises, Merit Pay, Bonuses
- Personnel Decisions (e.g. promotion, transfer, dismissal)
- Identification of Training needs
- Research purposes (e.g. assessing the worth of selection tests)

Checklist- "SMART" Performance Goals:

1. Specific
2. Measurable
3. Achievable
4. Results-oriented
5. Time-bound

DEFINITION OF PERFORMANCE APPRAISAL

According to the Professor of Management, Sir Wayne Cascio,

1. "Performance appraisal is the systematic description of an employee's job relevant strengths and weaknesses."

A formal definition of performance appraisal is:

2. "It is a systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development."

OBJECTIVE OF STUDY

(A) Primary Objectives:

1. To develop my understanding of the subject.
2. To study the performance appraisal system in organization.
3. To study the practical application of performance appraisal.
4. To know how performance appraisal helps the superiors to have a proper understanding about their subordinates.
5. How can companies use performance appraisal as an effective tool to achieve organizational effectiveness and efficiency.

(B) Secondary Objectives:

- 1) To observe the work environment in organization.
- 2) To get experience and expertise in making projects.

PERFORMANCE APPRAISAL LITERATURE REVIEW

TRADITIONAL PERFORMANCE APPRAISAL

The history of performance appraisal is quite brief. Its roots in the early 20th century can be traced to Taylor's pioneering Time and Motion studies. But this is not very helpful, for the same may be said about almost everything in the field of modern human resources management. As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War - not more than 60 years ago. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay claim to being the world's second oldest profession!

There is, says Dulewicz (1989), "... a basic human tendency to make judgments about those one is working with, as well as about oneself." Appraisal, it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily.

As a result, the traditional emphasis on reward outcomes was progressively rejected. In the 1950s in the United State, the potential usefulness of appraisal as tool for motivation and development was gradually recognized. The general model of performance appraisal, as it is known today, began from that time.

MODERN APPRAISAL

Modern methods of appraisal are being increasingly used by companies. Now days one of the striving feature that appraisal involves is, the opinion of many people about the employee and in some cases psychological test are used to analyze the ability of employee.

COMPANY REVIEW –

This is one of India's leading diversified solutions company for banks, offices and commercial establishments.

Established in 1960, the company has built a strong pan-India presence. Powered by a workforce of over 700 professionals, working tirelessly out of offices in 75 cities in India.

It has two state-of-the-art manufacturing units, one at Indore and the other at Pithampur, in Madhya Pradesh, India and is an ISO 9001:2008, ISO 14001: 2004 and OHSAS 18001:2007 certified Company. We deal in a wide range of physical security products, fire resistant equipment, currency handling machines, office furniture, turnkey interiors, school furniture and presentation & training devices.

Over the last 52 years, this has been the vendor of choice for government organizations, public sector units, embassies, banks, insurance companies, hospitals and many other quality conscious organizations. A client list of over 50,000 satisfied customers across the country is truly a testament to our commitment of delivering only the best.

PRODUCT THEY OFFER-

Physical security product

- Fire resistant equipment
- Currency handling products
- Office furniture
- High End educational products

PROCESS OF PERFORMANCE APPRAISAL IN COMPANY –

This company has introduced a parameter on team work in its appraisal process. Target are set according to business plans in the beginning of the year and assigned to various functional teams. Subsequently, the team’s performance is measured on the basis of its achievement vis-à-vis its goals. This done, the top management allocates ratings to each teams. In a parallel process, the team manager appraises each team member. Both ratings are taken into account before a final rating is assigned by the senior management team to each functional team and every team member. Rewards, including performance increments, bonuses, and promotions are given out on the basis of final rating.

STEPS:-

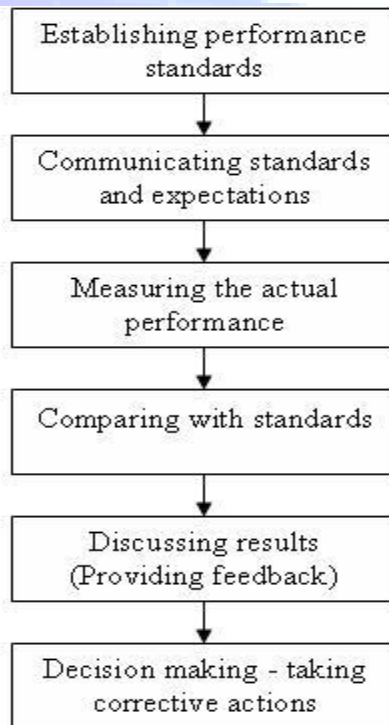


Figure 1

PERFORMANCE APPRAISAL METHOD USE IN COMPANY-

This company use Rating Scales method of Performance appraisal for major the actual performance of employees.

RATING SCALES:

The rating scale method offers a high degree of structure for appraisal. Each employee trait or characteristic is rated on a bipolar scale that usually has several points ranging from “poor” to “excellent” (or some similar arrangement). The traits assessed on these scales include employee attribute such as corporation, communications ability, initiative, punctuality and technical (work skills) competence. The nature and scope of the traits selected for inclusion is limited only by the imagination of the scale’s designer, or by the organization’s need to know. The one major provision in selecting traits is that they should be in some way relevant to the appraiser’s job.

Description Criteria of rating scale method that they use in company: E=Excellent (90-100); VG= Very good (70-89); G=Good(51-69); S=Satisfactory but improvement required(40-50); U=Unsatisfactory(Below 40)

Advantages

The greatest advantage of rating scales is that they are structured and standardized. This allows ratings to be easily compared and contrasted – even for entire workforces.

Each employee is subjected to the same basic appraisal process and rating criteria, with the same range of responses. This encourages equality in treatment for all appraises and imposes standard measures of performance across all parts of the organization.

Rating scale method are easy to use and understand. The concept of the rating scale makes obvious sense; both appraisers and appraises have an intuitive appreciation for the simple and efficient logic of the bipolar scale. The result is widespread acceptance and popularity for this approach.

Disadvantages

1. Trait Relevance- Are the selected rating-scale traits clearly relevant to the jobs of all the appraises? It is inevitable that with a standardized and fixed system of appraisal that certain traits will have a greater relevance in some jobs than in others.

2. Systemic Disadvantage - Rating scales, and the traits they purport to measure, generally attempt to encapsulate all the relevant indicators of employee performance. There is an assumption that all the true and best indicators of performance are included, and all false and irrelevant indicators are excluded.
3. Perceptual Errors- This is a common and normal psychological phenomenon. All human beings are affected by it. In other words, we see in others what we want to see in them.
4. Rating Errors- The problem here is not so much errors in perception as errors in appraiser judgment and motive. Unlike perceptual errors, these errors may be (at times) deliberate.

KEY

Key Performance Indicators (Percentage wise on a scale of 1-100) 1; worst/100; best.	Standard Weightages
1. Efficiency & Quality of Work	25%
2. Timely Work Output	25%
3. Attendance / Punctuality	5%
4. . Team Player (How well do you get along with everyone across the board)	5%
5. . Initiative (Do u take lead in absence of your manager, or just follow orders)	5%
6.. Time Management Timely reporting or submit untimely/Late reports)	5%
7.. Open-ness to change - to learn new things and adapt well to changes; how flexible are you ?	5%
8. Personality (Appearance / Dresscode / Hygeine)	5%
9. Communication (how effectively is one able to express himself via talks)	5%
10. Respect for others (how well you treat people across the board)	5%
11. Reliability (dependability on integrity and dedication)	10%
OVERALL PERFORMANCE RESULT	100%

PERFORMANCE INDICATORS

Description Criteria of rating scale method that they use in company: E=Excellent (90-100); VG= Very good (70-89); G=Good(51-69); S=Satisfactory but improvement required(40-50); U=Unsatisfactory(Below 40)

This criteria set by the company for their employees and it is a standard criteria set by them then actual performance rating mention by employees self and by manager then final rating is prepare and them compare this with standard and according to observation of past few years data I found that most of the employees work up to the mark but few who are new in organization they want some training to improve their performance.

ADVANTAGES OF PERFORMANCE APPRAISAL

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

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.

Compensation: Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.

Employees Development: The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyze strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.

Selection Validation: Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.

Communication: For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:

Through performance appraisal, the employers can understand and accept skills of subordinates. The subordinates can also understand and create a trust and confidence in superiors. It also helps in maintaining cordial and congenial labour management relationship. It develops the spirit of work and boosts the morale of employees. All the above factors ensure effective communication.

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. This very well motivates a person for better job and helps him to improve his performance in the future.

RESEARCH METHODOLOGY-

RESEARCH DESIGN

A Research Design is the conceptual structure within which the study is to be conducted. It constitutes the Blue print for Collection, measurement and analysis of data.

NATURE OF STUDY

This study is descriptive and Qualitative in nature i.e. which includes Survey involving executives & non-executive of company taking into consideration attitudes, opinions, behavior and performance regarding their job.

TOOLS FOR DATA COLLECTION-

Primary Data- the data collected by using methods such as observation, interviews and questionnaires etc. are called primary data.

Secondary Data-

Secondary data is data collected by someone other than the user. For this research secondary data was collected from the books, journals, and websites and through the interaction with the individuals in the organization

DATA ANALYSIS AND INTERPRETATION-

Data interpretation based on questionnaire that filled by the executive staff of the company-
Data collected with respondents of the company with different department. Some questions are selected for data interpretation.

1. Company supervisor give you effective feedback on a regular basis-

Options-

1. Yes 2. Depend on employees 3. No

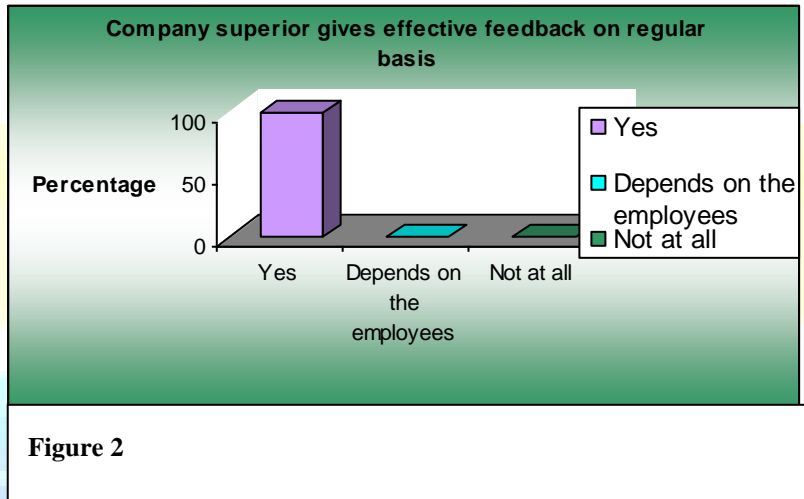


Figure 2

Conclusion- It is clear in the graph that 100% of the employees say that the superior gives them effective feedback on a regular basis. Any company should give feedback to the employees periodically. They can also extend proper diagnostic tips/ counseling methods at the required level.

2. Performance appraisal is the tool that improves employees' performance level-

Options	Respondents
To a great extent	74%
To some extent	20%
Not at all	6%

Figure 3

Conclusion- The graph shows 74% employees agree that up to a great extent, 20% say that to some extent and 6% of the employees believe performance appraisal not at all improves performance appraisal.

Currently the company's existing appraisal system is on annual basis. This may be reviewed on a quarterly basis, which will help in assessing the strengths and weaknesses of executives and role modifications can be suggested accordingly.

3 . Employee’s capability to achieve the goal set by them-

Options	Respondents
Consistently	95%
Occasionally	5%
Never	0%

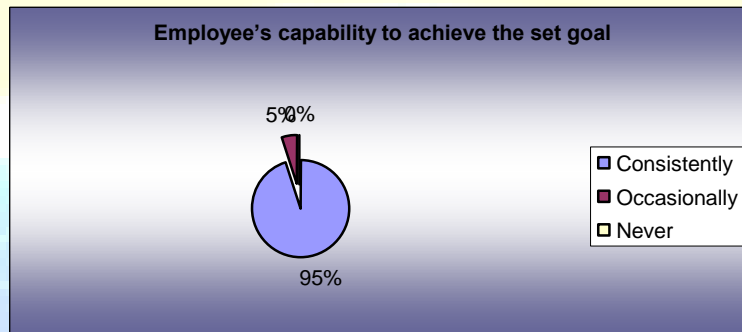


Figure 4

Conclusion- In this graph 95% of the employees says that Company is making progress towards its mission and goals consistently and 5% employees say that occasionally company is making progress towards mission and goals. That result show that company judge employees on the basis of its capability. For the further progress of company’s mission and goals organizational planning and development department should be involved for quarterly analysis of the feedback received.

4. Co-workers and superiors help employees to cope up with their poor performance-

Options	Respondents
To a great extent	63%
To some extent	37%
Not at all	0%

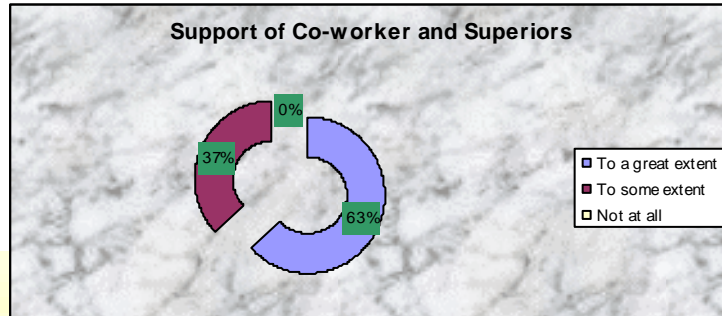


Figure 5

Conclusion- The chart show that company can also concentrate on designing and implementing proper in-house counseling program through group discussions/ personal interaction.

5. Job description/ specification is the best way to measure the performance. All employees should know their job description / specification so that they can work efficiently and can measure themselves?

Options	Respondents
Strongly agree	50%
Agree	35%
Disagree	10%
Strongly Disagree	5%

Figure 5

Conclusion- According to survey result 85% respondents agree with the statement “Job description/ specification is the best way to measure the performance. All employees should know their job description / specification so that they can work efficiently and can measure themselves” and 15 % respondents disagree with the statement.

FINDINGS-

- In every organization have its own appraisal system and policy. This implies the performance appraisal has become an indispensable activity in any organization.

- In this company performance criteria is differ for different department. These appraisal systems differ on the factors on which a person is rated and the nature of duties handled by him.
- Performance appraisal is surly a good indicator (about 80%) for the training and developmental need of the employees.
- These companies have a separate appraisal system for the new employees, who are not probation.
- Companies use the data that is maintained for every employee to compare the performance over a period of time.
- Company supervisor give their employees effective response on timely basis that show that they are very helpful in nature and that is very important to achieve organization as well as individual goal.
- Most of respondents agree that Performance appraisal is the tool that improves employees' performance level.
- I also found that work provided to the employees by the senior is according to their specialization and they also take care of their area of interest. It's also a big cause that performance of employees is on up to the level.
- "Job description/ specification is the best way to measure the performance. All employees should know their job description / specification so that they can work efficiently and can measure themselves" 85 % respondents agree with this statement that show that well define job description and specification help to enhance performance of the employees.
- I cover all the staff like marketing, personal of company to my research study and it show that company provide different kind of target for different staff member and according to study Consistently 95 % of employees achieve their goal.
- With the help of data I found that some percentage criteria set for marketing staff that help them to achieve and increase their incentive i.e. for Order booking v/s Annual Objective percentage Weightage 10% and % of new calls v/s total calls percentage Weightage 10 % etc.

SUGGESTION-

- They use only traditional method of performance appraisal, they should also apply new modern techniques of performance appraisal like 360 Degree appraisal, MBO, BARS etc.
- They only provide Appraisal in monitory terms; they should also provide higher position according to performance of employees.
- To improve the reliability and validity of ratings, it is essential to train raters.
- There should be a review of job analysis, job design and work environment based on the performance appraisal.
- They should provide more empowerment to the employees.
- The employees who have excellent performance should be used as a mentor for other employees who would motivate others to perform better.
- The frequency of training program for the appraiser should be increased and these sessions should be made interactive.
- The appraisal system should cover all employees in the organization both white collar and blue-collar jobs.
- Data regarding the performance of the employees should be kept in proper manner.
- The employees who have excellent performance should be used as a mentor for other employees who would motivate others to perform better.

CONCLUSION-

This Research shows that performance appraisal systems are designed to improve performance, they broadly cover three areas: define performance, facilitate performance and encourage performance. It is the tool that improves employees' performance level and motivates employees to improve performance. A good performance appraisal system help to achieve employees as well as organization goal.

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