



“A Study On Performance Appraisal”

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INTRODUCTION OF PERFORMANCE APPRAISAL

Performance appraisal is also known as employee evaluation, merit rating, employee assessment, etc. It is a systematic process of appraising an employee's current and past performance relative to his/her performance parameters. The employee's performance should be based on organizational expectations and employee's actual performance. The idea that performance evaluation improves employee's performance is not a new one but it is seen in the roots of development of mankind. Each person is motivated when he is told about his actual performance and accepts what were his/her previous mistakes. Performance appraisal process may be held annually or monthly as per needed.

Performance appraisal is a fundamental aspect of human resource management that systematically evaluates an employee's job performance and productivity in alignment with established criteria and organizational objectives. It serves as a tool for assessing the effectiveness of employees, providing feedback, and identifying areas for improvement. Beyond mere evaluation, performance appraisal plays a pivotal role in shaping career development, aligning individual goals with organizational strategies, and fostering a culture of continuous improvement.

At its core, performance appraisal is a structured process where an employee's work performance is assessed against predefined standards or benchmarks. This evaluation typically involves supervisors or managers who observe, measure, and document an employee's job-related behaviors and outcomes.

CONCEPT OF PERFORMANCE APPRAISAL

Virtually all organizations have some sorts of means of appraising their employees. Performance Appraisal is one of the oldest, natural and most universal practices of Management. The basic purpose of Performance Appraisal is to ascertain the behaviour of an employee anchored to performance and integrate with the organizational performance. It helps both the employers and employees to understand the responsibility in the organization. Performance appraisal system is focused to integrate the expectations i.e., performance, which gives a total clarity between the appraiser and appraisee. It is an instrument to create a conducive atmosphere in the organization. The purpose of any management is to build a very competitive and congenial work culture, which builds healthy competition, gives a sense of achievement to the employees and the stakeholders.

Performance appraisal system is the right instrument that plays a vital role directly or indirectly in achieving the above. It improves the interpersonal relationship among the employees and employers in the organization. It reflects an evaluative judgment of the traits, characteristics and the work performance of the employees on jobs. It is a continuous process to reach the desirous goal of not only the organization but also the employees.

Flippo (1976) defines performance appraisal as, "performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in the matters pertaining to his present job and his potential for a better job." Performance appraisal is a systematic way of reviewing and assessing the performance of an employee during a given period of time and planning for his future.

Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semiannual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.

According to Levinson (1976), Performance Appraisal has three functions:

- a) It seeks to provide an adequate feedback to each individual for his or her performance.
- b) It purports to serve as a basis for improving or changing behaviour toward some more effective working habits.
- c) It aims at providing data to managers with which they may judge future job assignments and compensation.

In the light of the above definitions, we understand that a performance appraisal system is used to evaluate the traits or qualities of an employee systematically at regular intervals. Adequate and ample opportunities are provided to the employees to enable them to the maximum utilization of their strong qualities. Thus performance appraisal plays a vital role such as “unity in Diversity” in the utilization of organisation. It contributes indirectly to the growth of GDP and per capita income through the development of employee as well as organisation. It is the powerful instrument of the Human Resource personnel’s to take right decisions with respect to labour turnover and other related aspects. It helps the organisation in the 3 ‘R’ process like Recruitment, Retention and Retirement.

Performance Management is a new HR management model that takes away the management from command and control approach to a facilitation model of leadership. This shift in style has emerged from the realization that it is very critical for the employees and the business to relate to the work performance of employees to the long term goals and mission or the organization as a whole. The process of PM provides an opportunity for the managers to discuss the developmental goals of the organization with the employees and jointly draw a path to achieve those goals. Such a collaborative approach fosters ownership among the employees at the level where the work is done for the chosen path and to that extent it makes achievement of goals simple.

Objectives of Performance Appraisal

In the words of **Cummings**, “the overall objective of performance appraisal is to improve the efficiency of an enterprise by attempting to mobilise the best possible efforts from individuals employed in it. Such appraisals achieve four objectives including the salary reviews, the development and training of individuals, planning job rotation and assistance promotions.” Major objectives of performance appraisal are summarised below:

- (i) To assist in promotions, transfers and lay off decisions.
- (ii) To make aware the employee about his actual performance.
- (iii) To meet organizational expectations with employees objectives.
- (iv) To assess the training and development needs of the employees.
- (v) To plan job rotation.
- (vi) To improve communication between managers and subordinates.
- (vii) To assist in decisions regarding salary increases.
- (viii) To provide feedback and guidelines for employees for better performance.
- (ix) To instill activeness and inspiration or higher goals in employees.
- (x) To determine HR programmes for selection, training and development and to evaluate their effectiveness.

CRITERIA FOR ASSESSING PERFORMANCE

Assessing employee performance is a critical function in human resource management, serving as the foundation for decisions related to promotions, compensation, training, and development. To ensure that performance evaluations are fair, objective, and aligned with organizational goals, it's essential to establish clear and comprehensive criteria. Below is an in-depth exploration of the key criteria commonly used to assess employee performance.

1. Job Knowledge and Technical Skills

An employee's understanding of their role and the technical expertise required is fundamental to their performance. Evaluating job knowledge involves assessing how well an employee understands their responsibilities, the industry standards, and the tools or technologies pertinent to their position. Technical skills refer to the practical abilities necessary to perform tasks efficiently and accurately. For instance, in a software development role, proficiency in programming languages and development frameworks would be assessed.

2. Quality of Work

The quality of work criterion focuses on the accuracy, thoroughness, and consistency of an employee's output. High-quality work meets or exceeds the established standards and contributes positively to the organization's objectives. This criterion evaluates attention to detail, error rates, and the ability to produce work that requires minimal revisions. For example, in a customer service role, the quality of work would encompass the clarity and effectiveness of communication with clients.

3. Productivity and Efficiency

Productivity measures the volume of work an employee accomplishes within a given timeframe, while efficiency assesses how well resources are utilized to achieve desired outcomes. Evaluating productivity and efficiency involves examining the completion of tasks, meeting deadlines, and the ability to handle multiple responsibilities simultaneously. In a manufacturing setting, this could involve assessing the number of units produced per hour and the minimization of waste.

4. Communication Skills

Effective communication is vital in any organizational setting. This criterion evaluates an employee's ability to convey information clearly and concisely, both verbally and in writing. It also considers active listening skills and the ability to adapt communication styles to different audiences. In a managerial role, strong communication skills are essential for providing clear instructions and fostering an open dialogue within the team.

5. Teamwork and Collaboration

The ability to work effectively with others is a key indicator of an employee's performance. This criterion assesses how well an individual contributes to team goals, shares information, supports colleagues, and resolves conflicts constructively. In a project-based environment, collaboration is crucial for integrating diverse skills and perspectives to achieve common objectives.

POSITIVE RESULT OF PERFORMANCE

Performance appraisal, when executed effectively, yields a multitude of positive outcomes that significantly contribute to both individual employee growth and the overarching success of an organization. This systematic evaluation process not only enhances individual performance but also fosters a culture of continuous improvement, alignment with organizational goals, and strategic development. Below, we delve into the key positive results of performance appraisal.

1. Enhanced Employee Motivation and Engagement

Performance appraisals serve as a powerful tool for recognizing and rewarding employee efforts. By acknowledging achievements and providing constructive feedback, employees feel valued and appreciated. This recognition boosts morale and fosters a sense of accomplishment. When employees perceive that their contributions are noticed and rewarded, their motivation levels rise, leading to increased engagement and a stronger commitment to organizational objectives.

2. Identification of Training and Development Needs

Through the appraisal process, managers can identify areas where employees may require further development. Recognizing skill gaps enables organizations to tailor training programs that address specific needs, thereby enhancing employee competencies. This targeted approach to development ensures that training resources are utilized effectively, leading to a more skilled and capable workforce.

3. Alignment of Individual and Organizational Goals

Performance appraisals facilitate the alignment of individual objectives with the broader goals of the organization. By setting clear expectations and regularly reviewing progress, employees understand how their roles contribute to the company's success. This alignment fosters a sense of purpose and direction, motivating employees to work towards shared organizational objectives.

4. Improved Communication Between Employees and Management

The performance appraisal process encourages open dialogue between employees and their supervisors. Regular feedback sessions provide a platform for discussing performance, addressing concerns, and setting future goals. This two-way communication enhances mutual understanding, builds trust, and strengthens the relationship between employees and management.

5. Informed Decision-Making for Promotions and Compensation

Performance appraisals provide objective data that inform decisions related to promotions, salary adjustments, and bonuses. By evaluating employee performance against established criteria, organizations can make merit-based decisions that reward high performers and motivate others to strive for excellence. This approach ensures fairness and transparency in the decision-making process.

6. Enhanced Employee Retention

Employees who receive regular feedback and recognition are more likely to feel satisfied and engaged in their roles. This satisfaction reduces turnover rates, as employees are less inclined to seek opportunities elsewhere. By fostering a positive work environment through effective performance appraisals, organizations can retain top talent and reduce the costs associated with recruitment and training.

As part of PM, managers must constantly observe the work performance and provide appropriate feedback to an employee. Feedback should be based on the observed work related behaviour and results vis-à-vis prescribed standards. Such observation of employee behavior and the results of performance enable the management to identify the shortcomings and facilitate an employee to be successful at the job by continuously developing his or her skills, knowledge and competency. Wherever a manager cannot directly observe an employee's performance it is desirable to put in place a process that enables the management to know how they are functioning from time to time.

In this context, the following options can be exercised:

- Evaluating the output and products of the employer's work;
- Periodically reviewing and discussing with employee's their standards of performance of the job vis-à-vis management expectations.
- Obtaining feedback from customers.
- Doing brief stand up check- ins or phone calls.
- Performing routine spot checks of the employee at work.
- Asking for confidential evaluations of employee performance by peers.

The most critical part of PM is assessing, summarizing and developing the work performance of an employee. It is essential that every employee enjoys the benefit of looking at his performance appraisal at least once in a year. A manager should analyses the performance of the employee

objectively against the set standards. It is desirable for the manager to meet and discuss with the employee about the appraisal process before writing as it fosters mutual understanding of the process extent it enhances the employees acceptance of the outcome.

The manager has to review the draft of the performance appraised form and supporting comments with the concerned employee. Here it makes sense to discuss the employee's strengths first; covering each point in detail, for it sets a positive tone to start the discussion. Identifying the functional areas requiring improvement and establishing agreement with the employee about how improvement is to be accomplished. Performance manager and the concerned employee must mutually identify areas in which education, training, or their development opportunities are needed and design a strategy for developing skills and knowledge of the employee. Discussion with the employees, the steps to be taken by them to accomplish self development goals, as well as how the department will help them to arrive at an agreement to be done. It always makes sense for managers to meet employees for such discussions in private.

Process of performance appraisal

The process of performance appraisal involves several steps and they are delineated as follows:

- 1. Preparation** – Preparation of all materials, noting down agreed tasks and recording of performance, achievements, incidents, reports etc - anything pertaining to performance and achievement - obviously include the previous performance appraisal documents and a current job description. A good appraisal form will provide a good natural order for proceedings. If the organization doesn't have a standard appraisal form then one has to locate standard appraisal form, or has to download and/or adapt the appraisal forms from standard websites. Whatever has been used, one has to ensure the necessary approval from his/her organization, and understand how it works. The paperwork to reflect the order of the appraisal and write down the sequence of items to be covered has to be organized.
- 2. Intimation** – One has to inform the appraisee and ensure that appraisee is informed of a suitable time and place (change it if necessary), and clarify purpose and type of appraisal – he has to be given and give a chance to the appraisee to assemble data and relevant performance and achievement records and materials. If the appraisal form does not imply a natural order for the discussion then an agenda of items to be covered should be provided.
- 3. Venue** – One has to ensure a suitable venue, which is planned and available - private and free from interruptions - as with recruitment interviewing the same rules should be observed – One has to avoid hotel lobbies, public lounges, canteens - privacy is absolutely essential.

4. **Layout** - room layout and seating are important elements to preparation also - One should not simply accept whatever layout happens to exist in a borrowed or hired room - layout has a huge influence on atmosphere and mood - irrespective of content, the atmosphere and mood must be relaxed and informal - remove barriers – One should not sit in the boss's chair with the other person positioned humbly on the other side of the desk; one must create a relaxed situation, preferably at a meeting table or in easy chairs - sit at an angle to each other, 90 degrees ideally - avoid face to face, it's confrontational.
5. **Introduction** – One has to relax the appraisee - open with a positive statement, smile, be warm and friendly - the appraisee may well be terrified; it's one's responsibility to create a calm and non-threatening atmosphere. One has to set the scene - simply explain what will happen - encourage a discussion and as much input as possible from the appraisee - tell them it's their meeting. The timings have to be confirmed, especially finishing time. If helpful and appropriate, one should begin with some general discussion about how things have been going, but one should avoid getting into specifics.
6. **Reviewing and measurement** – One has to review the activities, tasks, objectives and achievements one by one, keeping to distinct separate items one by one - avoid going off on tangents or vague unspecific views. If the person has done your preparation correctly he will have an order to follow. If something offsubject comes up then it should be noted down. He has to concentrate on hard facts and figures, solid evidence - avoid conjecture, anecdotal or non-specific opinions, especially about the appraisee. Being objective is one of the greatest challenges for the appraiser - as with interviewing, and he has to resist judging the appraisee in his own image, according to his own style and approach - facts and figures are the acid test and provide a good neutral basis for the discussion, free of bias and personal views. For each item a measure of competence should be agreed, and according to whatever measure or scoring system is built into the appraisal system.
7. **Agreeing an action plan** - An overall plan should be agreed with the appraisee, which should take an account of the job responsibilities, the appraisee's career aspirations, the departmental and whole organization's priorities, and the reviewed strengths and weaknesses. The plan can be staged if necessary with short, medium and long term aspects, but importantly it must be agreed and realistic.
8. **Agreeing on specific objectives** - These are the specific actions and targets that together form the action plan. As with any delegated task or agreed objective these must adhere to the SMARTER rules - specific, measurable, agreed, realistic, time-bound, enjoyable,

recorded. If not, one should not bother. The objectives can be anything that will benefit the individual, and that the person is happy to commit to. When helping people to develop, one should not be restricted to job-related objectives, although typically most objectives will be.

9. **Agreeing on necessary support** - This is the support required for the appraisee to achieve the objectives, and can include training of various sorts such as external courses and seminars, internal courses, coaching, mentoring, shadowing, distance learning, reading, watching videos, attending meetings and workshops, workbooks, manuals and guides; anything relevant and helpful that will help the person develop towards the standard and agreed task. Also one should consider training and development that relates to 'wholeperson development' outside of job skills. This might be a hobby or a talent that the person wants to develop. Developing the whole person in this way will bring benefits to their role, and will increase motivation and loyalty.
10. **Inviting any other points or questions** – One must make sure to capture any other concerns.
11. **Becoming close** - Thanking the appraisee for their contribution to the meeting and their effort through the year, and commit to helping in any way one can.



SIGNIFICANCE OF THE STUDY

The purpose of the present research is to evaluate the qualitative and quantitative functioning of the Performance Appraisal System adopted in selected banks in Rajasthan. This study is chosen for an in depth analysis and understanding of performance appraisal system. It is the most universally accepted system for sustained performance and for enhances performance in the organization which is essential not only for growth but even for survival. It is planned because performance appraisal is only the tool which guides management to provide training in the area of needs of employees and extend facilities for the optimum utilization of resources in the organization. The lack of information on performance appraisal system would increase the negative influence on understanding the objectives of the organization.

Before the advent of Liberalization, Privatization and Globalization (1990) virtually all research on performance appraisal system focused on the traditional method or conventional method of evaluating the subordinates by superiors in the organization. However, that changed in the early 1990's and now, performance appraisal system aims to mesh the industrial needs aspirations and goals to the organization's objectives, demands and requirements. It develops the capabilities of each employee as an individual in relation to his / her present role and expected further roles. It aims to foster team spirit and functioning in every group or organizational unit.

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