

## **Effectiveness of Performance Appraisal as a Tool to Measure Employee Productivity in Organisations**

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A performance appraisal (PA), also referred to as a performance review, performance evaluation, (career) development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations. The study is an evaluation of effectiveness of performance appraisal as a tool to measure employee productivity in organizations.

The study revealed that employees are usually appraised by their immediate supervisors. As regards the frequency promotion in the organization, both the managers and officers asserted that there was a valid, laid down pattern for promotion and that this was at the management discretion. Often, managers allow biasing factors like rate, sex, tribe appearance and personal likeness or hatred to influence their rating. Unless the ratings are based on actual job performances, the evaluation will continue to be devoid of the objective that is often required in a fair performance appraisal system.

***Keywords: Performance Appraisal, performance appraisal system, Employee Appraisal, Career Development***

### **I. INTRODUCTION**

Some people have attributed weak motivation to in accurate performance appraisal system existing in organizations. They have argued that organizations do very little in trying to measure the performance of their employees. That performance is judged by the subjective impressions of the reporting officers who appraise performance in terms of intangible executive qualities; for example, leadership obedience-but without tangible measure of performance to which these qualities can be linked. According to Blake (2005) such rating can easily vary by how well the rater likes or gets along with the employee.

The major concern of performance appraisal is basically with a review of the individual" s performance during a set period to identify his area of strengths and weaknesses, and establish targets for him to achieve within the overall corporate objectives of the organization. The growing recognition that business results are largely attributable to employee performance is leading many executives to seek creative ways of significantly improving that performance (Jimgris, 2007). Job value or size is measured by comparing the incidence of various factors in a job such as the knowledge and skills required level of responsibility, level of decision making and impact on the end result, with the incidence of the same factor in other job.

According to Ani (1997) to achieve organization effectiveness the extent of enhancing and managing

productivity is crucial, therefore, the essence of productivity and labour welfare is skill and motivation. It is the task of top management to coordinate the efforts of managers to improve productivity.

The main purpose of performance evaluation is to provide a rational basis for the determination and management of internal relativity between jobs and for the design of pay structure (McNamara, 2007).

“The optimal strategy is to set goals for the group as well as for each individual within the group. This is often what occurs in effective teambuilding and quality circle sessions. The groups decide on a common objective, and action steps (goals) are then set showing who will do what, when”. When work is interdependent, setting goals for groups fosters a higher degree of cooperation and communication within the group. As a result, organizational productivity improves (McNamara, 2007). Improved productivity starts with Planning “The optimal strategy is to set goals for the group as well as for each individual within, when work is interdependent, setting goal for groups fosters a higher degree of cooperation and communication within the group. As a result, organizational performance improves. What should be considered when setting group goals to achieve higher productivity?”

## **II. OBJECTIVES OF THE STUDY**

1. TO study the theoretical Frame work of Performance Appraisal
2. To analyze the Performance appraisal In India
3. To study the factors effecting of Performance appraisal System

## **III. METHODOLOGY:**

This is an conceptual study b the secondary data source. The secondary data is used to high light the conceptual analysis and review of literature. The sources of secondary data for the study were the reports of the women entrepreneurship in India. In addition to those books, articles, journals these submitted to universities were also referred. The internet has also been extensively made use for the purpose of study.

### **1. Conceptual Clarifications/ Theoretical Framework**

Performance appraisal serves as a management information system for organizations; it provides a feedback to the employee about his/her performance and therefore can be said to have been generally accepted as a logical means to evaluate, analyze and effectively utilize the abilities and knowledge of employees at all organizational levels. By this, there is a responsibility on management to provide systematic procedures for reviewing and appraising the contributions of personnel to the organization" s objectives.

According to Lambert (2009), performance appraisal is a completely integrated system involving periodic planned discussions between the manager and employee" s total performance against predetermined goals, having the manager to coach and counsel the staff in areas requiring correctives actions, to improve overall performance for the benefit of both employees and the total organization.

Stanton and Burshirk (2004), made a similar observation when they suggested that performance appraisal should serve as a basis for the employee" s self-development and as a basis for sound company programme for

the guidance and development of personnel. They indicated that promotions and pay increases could be based on objective performance data rather than on favoritism, subjectivity, observations or opinions. By evaluating the employee's achievements, management helps them to discover their strength and weaknesses. This should motivate the employees to raise their levels of performance.

## **2. Who Should Appraise?**

Obisi (1996) asserted that a man's performance is periodically appraised by his superiors. An appraiser is usually someone who has a thorough knowledge and understanding of the job. He is someone who should be familiar with the established job and performance standards; someone who knows what attributes or personal traits to be appraised and one who is placed in a superior position where he can observe the appraisee for a fair and reasonable period of time.

In line with the above, the supervisors are usually the ones who are placed in the most advantageous positions to do him appraisals (Blunct and Popoola, 2005). These are the peers, the subordinates, the employees themselves (self-appraisal) and the users of the product or services rendered.

### ***Appraisal by Superiors (Supervisors or line Managers)***

It is conventional in practice worldwide that the superior who is usually the immediate boss of the employee is given the responsibility to evaluate the performance of his subordinates. This is due to the fact that as the supervisor of the employee, he has the best opportunity to observe, guide, counsel and report on the employee's performance for the appraisal period under review.

### ***Peer Appraisal***

In this case, the employees themselves assume the role of the appraisers with each employee appraising his other colleague. The peer appraisal method is based on the notion that the employees, particularly those who work in a closely-knit group, have first hand information about each other's level of performance and are most able to assess each other on many personality traits.

### ***Subordinate Appraisal***

The subordinate appraisal method requires that his subordinates evaluate the superior's performances. This method has very little acceptance in the industry in view of the "chain of command" structure in the industry. The advantage of this method is that the superior is able to see himself through another person's "eye" and this evaluation could help him/her make necessary adjustments where needed.

### ***Self Appraisal***

The need for self-development, coaching and counseling has necessitated the need to have an individual employee to appraise his/her performance and abilities. The usual approach is for the superior and subordinate to mutually agree on a set of objectives to be achieved (using the management by objectives technique).

In this case, the subordinate is given an opportunity to appraise his own performance in terms of the set targets. In the process of doing this the employee may realize that he has not done enough thus the motivation to excel before the next self-appraisal period is put into gear.

### ***Users of Services***

Sometimes the users of the services rendered give the best appraisal of employee's performance. For instance,

the performances, politeness and efficiency of an airline hostess are best judged by the air passengers.

### **3. Types and Approaches to Performance Appraisal**

Obisi (1996) lists out two types namely: Confidential (closed) type and the open system. For the closed system, all stages, processes and the final outcome are held discreet and are not disclosed to the subordinate or employee involved. He is not fed back with the outcome and he is not aware of his strengths or weaknesses and no steps taken in improving his performance.

The open approach is the appraisal type in which the entire stages and processes of the appraisal practice as well as the outcome is disclosed and discussed with the employee or subordinate involved. No aspect of the appraisal practice process is discreet and that way, the strengths and weaknesses of the subordinate are discussed with him/her and solutions are sought to improve on such areas.

Another approach is the traditional/conventional approach which has been likened to the boss casting himself in the role of a “do-it- yourself” psychologist.

McGregor (1957) describes this approach as one that places the manager in the untenable position of judging the personal worth of his subordinates and of acting upon those judgments. Managers who adopt this approach spend endless time supporting their judgments than considering what the subordinates must do in order to improve his considering what the subordinates must do in order to improve his performance. The appraisal exercise is often treated as an annual ritualistic chore to be got through and disposed of as quickly as possible. Usually the completion of the assessment form is seen as the end of the process when in fact it is only the beginning (berry and Kehoe, 2005).

The document is usually filed away merely to be brought out twelve months later at the next appraisal as a reference for the manager to ensure that the boxes he ticked correspond to what he filled in the lat time. It is a very subjective approach to assessment. In often lacks the objective measurement of an individuals performance and provides limited basis for assessment.

McGregor (1957) advice that unless the conventional approach is handled with consummates skills and delicacy, it constitutes something close to be violation of the integrity of the individual personality.

### **4. Functions of Performance Appraisal**

According to McGregor (1957) and Banjoko (1982), performance appraisal function can be classified as evaluative and developmental, depending on the intension of the organization. Such intension, according to Ress (1994) is to check out the employees“ level of performance, to identify training review their pay and to access their suitability for training.

All these agree that appraisal should provide information for managements“ decision – making serve as a basis for coaching, guidance and counseling and the mostly been emphasized by practitioner and others as being the most significant function of performance appraisal.

Supervisors are not exempted from being appraisal and in doing this; organizations do not necessarily follow a programme or pattern that presents unified or specific set or performance appraisal objectives.

### **5. The Performance Appraisal Interview**

Fajana (1997) gives us three stages: Before the interview (or the pre-appraisal interview planning); at the interview (i.e. the appraisal interview); and closing the interview (closing the appraisal interview). But before the three stages above, the stage must be set.

It may either be in the manager's office or somewhere else but whatever the case may be, the stage, location or climate should be conducive and non-threatening. The sensitive nature of the exercise, which may be its proneness to defensiveness, arguments, criticism, self-protection, ego trips, must be understood. There is the need to build up trust and confidence where the superior has to be seen to be genuine and willing to help. It is not a punitive exercise designed to even out scores with subordinates.

### **6. Pre-Appraisal Interview Planning**

The manager needs to sit quietly, plan what he hopes to achieve from the anticipated interaction – the tinning, giving prior information to the subordinate so that he can prepare for it. Major issues, problems, incidents for discussion covering the period of the appraisal must be identified.

#### ***The Appraisal Interview***

It is expected that during the appraisal interview nothing should interfere: telephones, visitor etc.

- It should be a one-to-one affair.
- It should begin informal subject, example family or some sport.
- Always help to build trust and confidence
- Offer tea or coffee if affordable
- Over-dramatization or the exercise or the creation of a tense atmosphere should be avoided.

Areas of focus should be:

- Quality of work
- Attitude
- Skill application
- Knowledge of job
- Interpersonal skills: relationships with superiors, colleagues, subordinates.
- Meeting of deadlines and targets.
- Strengths and weaknesses
- The subordinate should be allowed to do most of the talking by using more open-ended questions.

#### ***Loosing the Appraisal Interview***

- Agree on future plans and career prospects
- Agree on areas of training needs and for the future
- Identify who should take action on the areas identified (individual, superior or management)
- Periodise these actions and the time frame, must be indicated.

Since the whole matter of performance appraisal deals with employee's attitude, his psyche and eventually his productivity or even otherwise, it become important therefore to have a look into motivation as this has an established link with performance and appraisal, for example, the hypothesis of Herzberg (1968).

## **7. Performance Management Strategies**

Simply put, performance management includes activities to ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on performance of the organization, a department, processes to build a product or service, employees, etc. Information in this topic will give you some sense of the overall activities involved in employee performance management. The reader would benefit from reviewing closely related topics referenced from the section, including basics concepts in performance management, organization performance management and group performance management.

### ***Planning***

“Planning” means setting performance expectations and goals for groups and individuals to channel their efforts toward achieving organizational objectives. It also includes the measures that will be used to determine whether expectations and goals are being met (Lambert, 2009). Involving employees in the planning process helps they understand the goals of the organization, what needs to be done, why it needs to be done, and how well it should be done.

Employees don't always do what you want to do. On the one hand, they act as if they are competent professionals. They blame others when their work is unsuccessful. And worst of all, employees become defensive when you try to coach them to perform excellent, goal-accomplishing work. In this situation performance management is the answer.

When an employee is failing at work, it is important to ask question like, “what about the work system is causing the person to fail?” Most frequently, if the employee knows that they are supposed to do, I find the answer is time, tools, training, temperament or talent. The easier to solve, and the ones most affecting employee retention, are tools, time and training. The employee must have the tools, time and training necessary to do their job well – or they will move to an employer who provides them (Heathfield, 2007).

These are the key questions that you and the employee will want to answer to diagnose performance problems that result in the need for your performance management. This checklist for employee performance management will help diagnose the performance issue.

- What about the work system is causing the person to fail?
- Does the employee know exactly what you want him to do? Does he know the goals and the outcomes expected? Does he know the goals and the outcome expected? Does he share the picture you have for the end result?
- Does the employee have confidence in her competence to perform the tasks associated with the goal? In my experience, procrastination is often the result of an employee lacking confidence in her ability to produce the required outcome. Or procrastination can result from the employee being overwhelmed with the magnitude of the task (Jimgris, 2007).
- Is the employee practicing effective work management? As an example, does he break large tasks into small chunks of doable actions? Does he have a method for tracking project progress and to do lists?
- Have you established a critical path for the employee's work? This is the identification of the major milestones in a project at which you'd like feedback from the employee.

- Do you keep your commitment to attend the meetings at which this feedback is provided?
- Does the employee have the appropriate and needed people working with him or the team to accomplish the project? Are other members of the team keeping their commitments and if not, is there something the employee can do help them?
- Does the employee understand how her work fits into the larger scheme of thing in the company? Does she appreciate the value her work is adding to the company success?
- Is the employee clear about what constitutes success in your company? Perhaps he thinks that what he is contributing is good work and that you are picky, overly-managing supervisor" s
- Does the employee feel valued and recognized for the work she is contributing. Does she feel fairly compensated for her contribution?

Understanding these issues in performance management enables a manager to help an employee succeed. When you follow these steps and answer these questions in a performance management mode, the employee can be helped to succeed. Best wishes with your performance management. Performance management is the best tools you have to encourage and coach employee success at work (Jimgris, 2007).

### **8. Organization Productivity**

Stanton, Bushirk (2004) emerged that most" managers have discovered that productive work cannot be achieved through command, order to executive fiat. Improved employees productivity depends on individual motivation. Though, people are the single most important problem in the management of people at work the chances are; they will mention motivation, leadership and communication. Motivation activates human energy. It is a force which leads people to satisfy their important needs (Banjoko, 2006). All human behaviour is directed towards a goal. The critical factor is the direction of that motivation-is to work hard, to do high quality work, or to sleep as much as possible on the job without being caught by the supervisor. The topic motivation has been of keen interest to managers and social scientist especially with the past three decades.

In a country, productivity will be the important for the speedy industrialization and economic development. These are usually achieved through the labour that carry out goals which they will induce their other workers to carry out but basically whether it is a country, company or (religious-society), they will have one aim and that aim is the achievement of goals.

In all effect, productivity in a company is the ability of management to induce labour to work toward group goals with confidence and keenness.

Motivation and productivity implies that the administrative measures for raising morale for the achievement of the group objectives and it is therefore essential for trust and cooperation from both sides, to be evidence all the time on the other hand. "The essence of productivity is motivation. It is the willingness of labour productivity to indicate the effectiveness into-which labour has been utilized with other factors of production.

Aderibigbe (2004), initiates that, one of the crucial ways to improve productivity is to increase the efficiency of the individuals at the job. To the organization, the payoff for a study of motivation would increase productivity, decreasing turnover, decreasing absenteeism and smoother working relations. To the individual, an understanding of forces that, lead to improve morale would bring greater happiness and greater self-realization.

### **9. Strategies for Boosting Employee Morale to Achieve Productivity**

Organizations today, regardless of how they are established must have their own goal and objectives so as to work in the right part. To achieve the goals and objectives employees must be well-motivated in order to put in their maximum effort in the organization. There must be a sound encouragement that will urge employees to act as it is expected by the management. The management must provide motivational packages for its workers in order to reinforce their output capacity.

The concept „Organization Reward System” may be perceived as a planned and integrated strategy to improve the effectiveness of workers or their labour productivity through the provision of some incentives. Based on this definition, Allen and Carrol, (1975) contributed, that “it is this condition that organization can induce its members to continue their participation and hence assures organizational survival.

However, as far as organization reward system is concerned in its real sense, it plays a unique and significant role. Obis (2004), postulates that: “the introduction of a wage incentives scheme into an organization where supervisors are poor can be and probably often does result in a greater increase in output per man-head than does, the introduction of scheme into organization, where there are strong competent supervisors”.

Fajana (2000), observed that an administration of reward such as pay, what really is deserved is to motivate employees to learn and do certain things on the job and thus, to exhibit behaviour defined as “good performance” on a continuous basis and bring about balances. The significance of this to management is that it needs to consider whether the results expected from proposed scheme could not be obtained just as well as, means of improved supervision. And employee’s ability to see a clear relationship between his earnings and his efforts has a direct influence on the extent to which he tries to increase his output when working under a wage incentive scheme.

Kackman (1995), postulated that “organizational reward system basically enhance employees performance to the extent that it gives more opportunities for achievement, responsibility, advancement, recognition and growth in confidence”. Supporting this contribution, Aluko (1987), added that reward prompts a person to act in a certain way or at least develop a propensity for specific behaviour.

Compensation is reward for services rendered by people at work place (Cumunings, 1989). According to Banjoko (1996), reward is the monetary payments (wages, salaries, and emoluments, bonuses-current and differed) used to reward employees. Similarly, Meuter, (1987) considers compensation reward as including direct financial payments plus indirect payments in form of fringe benefits. The above definition appears to be too narrow. They equate reward with only monetary income. Whereas is more than monetary income. Besides Casio’s use of the term fringe benefits can be called to question. Benefits typically add about one-third (or more) of total to an organization’s costs, benefit are not fringe and it is not fair to refer to them as fringe benefits.

More so, reward can be described as all rewards-direct financial payments plus indirect payments (benefits) plus incentives individuals receive in an organization plus non-compensation rewards-all those aspects of the pleasant work environment that serve to enhance their sense of self-respect and esteem by others. In other words, it is the money and benefits that organization give employees in exchange for work (Peretomode and

Peretomode, 2001).

According to Oppenheim (1996), he says effective " s compensation and reward systems are those designed that intended to attract, retain and motivate employees.

They do not just happen. Certain conditions must exist for this to occur, he identified four (4) of those factors to be:

- Enough or adequate rewards to fulfill basic needs.
- Equity with the external labour market
- Equity within the organization; i.e. equitable reward for employee" s contributions to organizational goals
- Treatment of each member of the organization in terms of his or her individual needs.

Ajayi (1995), is the repertoire of pay choices available to management that may under some conditions, have an impact on the organization" s performance and the effective use of its human resources. Ferris and Buckley, from an extensive review of the professional literature have lucidly articulated and described vividly such repertoire of pay choice is dichotomies as follows; Job vs. Skill, Performance vs. Seniority, pay vs. Group incentives, Intrinsic vs. Extrinsic rewards etc.

To them, they believe it is an urge to action which can be triggered off by an external stimulus or it can be internally generated depending on „the individuals engagement in specific tasks due to the ultimate rewards that is been expected. The fact still remains that no employee will like to put much of his time or effort into an action he/she does not perceive success. Most especially, if he thinks failure or if he expects to be inappropriately rewarded.

More so, organizational reward system can be perceived from the external motivational theory which maintains that most forces which exists inside every individual coupled with the factors controlled by the administration, due to the likes of salaries, working conditions, company policy, recognition, advancement and responsibility are essential for staff motivation at all time.

The basis of this theory of external motivation is that since workers respond either positively or negatively to whatever the management does. It is automatically essential for the management to use external motivations, which signify that subordinates are working for the attainment of the goals and objectives of the organization.

#### **10. Motivating Workers for Higher Productivity**

The main message of this chapter is that the factors involved in motivating marketing staff for higher productivity are numerous. They include salaries and wages, incentive systems, work ethics and social value, morale, social and psychological conditions of work, quality and style of supervision of management, knowledge and skills of workers and the reward systems of management. For any new behaviour to persist, it has to be consistently rewarded (Berry and Hehoe, 2005). The consistency and effectiveness of reward are function of reinforcement. Positive reinforcement means that rewards are used to encourage people to perform in a desired manner.

According to Peretomode and Peretomode (2001), there are three necessary conditions for successfully motivating employees to attain a desired level of performance.

- Rewards for job should be known and clearly stated.
- People should be rewarded for specific increase in level of performance
- Rewards should follow desired performance, as closely as possible.

This requires a system of communication that is related to the objectives of positive reinforcement. Accurate information systems are required in order to gauge performance and feedback results. In order for people to be encouraged and motivated to be-productive they must know where they stand.

Interestingly enough, studies on money as a motivator for higher productivity arrive at somewhat ambivalent conclusions about its effectiveness. Income satisfies a number of needs, both financial and psychological. The problem in understanding its functions, as a productivity motivator is that money covers a wide range of needs and difficulties exist in/isolating its effect relative to other motivators. Whoever, in a society where the basic needs are not well satisfied, the size and importance of one's pay packet is highly important?

Aderibigbe (2004) proves in a seminar delivered at a workshop, that when dealing with productivity improvement requires initial cost, incurred by training and development and by tying performance with rewards. No management system will be effective if it continually emphasizes higher levels of performance and improvement, but fail to "reward and recognize managers for their higher performance levels. Managers and workers at all levels will have to be convinced that productivity has rewards.

### **11. Building Employee Commitment**

Who cares? That indication of lack of employee commitment could be an indication of a company on the way to becoming another business failure.

The workplace is changing dramatically and demands for the highest quality of product and service is increasing. To remain competitive in the face of these pressures, employee commitment is crucial. This reality is applicable to all organizations but is of particular importance to small and medium sized businesses (Gordon, 2006).

Employee behaviour on the job is influenced directly-positively or negatively by his or her immediate supervisor. Positive influences are essential to strengthening employee commitment. Therefore the first step in building commitment is to improve the quality of management (Yousef, 2000). Much has been written recently about the need for improving the education and training of our workforce. As important as this is, least equal emphasis must be given to improving the quality of management if business is to succeed in achieving greater employee commitment and thereby its profitability.

The benefits of having the best trained workers using the most advanced technology can be nullified by poor people management practices by managers. Management skills which sufficed in the past are not adequate to meet the challenges facing business today.

According to Gordon (2006) the two keys to success in today's environment of increasing competition and rapid change are an absolute passion for, and dedication to, excellence in customer service and the effective and enlightened management of our workforce. The latter breeds "commitment which in turn leads to achieving the desired standards in customer service.

Without employee commitment, there can be no improvement in any area of business activity. In the absence of

good management, employees will simply treat their work as a job 9 to 5 routine without any desire to accomplish any more than is necessary to remain employed. It does not take many uncommitted employees to prevent a business from prospering and thereby ceding a big advantage to its competitors.

Employers often fail to realize that some of the most effective things they can do to develop and sustain motivated, committed employees cost very little or nothing at all.

Consider the power of “the five I” s”:

- **Interesting Work:** *No one wants to do the same boring job over and over, day after day. And while any job will always require some boring, repetitive tasks, everyone should have at least a part of their job be of high interest to them.*
- **Information:** *Information is power, and employees want to be empowered with the information they need to know to do their jobs better and more effectively. And, more than ever, employees want to know they are doing in their jobs and how the company is doing its business. Open the channels of communication in an organization to allow employees to be informed, ask questions, and share information.*
- **Involvement:** *Managers today are faced with an incredible number of opportunities and problems and, as the speed of business continues to increase dramatically, the amount of time that they have to make decisions continue to decrease. Involving employees in decision making, especially when the decisions affect them directly, is both respectful and practical. Those closest to the problem typically have the best insight as to what to do. As you involve others, you increase their commitment and ease in implementing new ideas or change.*
- **Independence:** *Few employees want their every action to be closely monitored. Most employees appreciate having the flexibility to do their jobs as they see fit. Giving people latitude increases the chance that they will perform as you desire-and bring additional initiatives, ideas, and energy to their jobs.*
- **Increased Visibility:** *Everyone appreciates getting credit when it is due. Occasions to share the successes of employees with others are almost limitless. Giving employees new opportunities to perform learn and grow as a form of recognition and thanks is highly motivating for most people.*

## **12. Performance appraisal in India**

Performance appraisal (PA) has been a significant tool in developing the capabilities of an individuals and organizations. Since the era of economic modernization and globalization in India, (Kumar, V. (2014)) PA has been adopted and practiced across many organizations. In addition, there is a great need for functional human resource department (HRD) to monitor and regulate the relationship, growth and developments of individuals and organizations for improved performance and job satisfaction. Simultaneously, a sound HRD is required in every organization for optimum effective utilization of human and organizational resources.

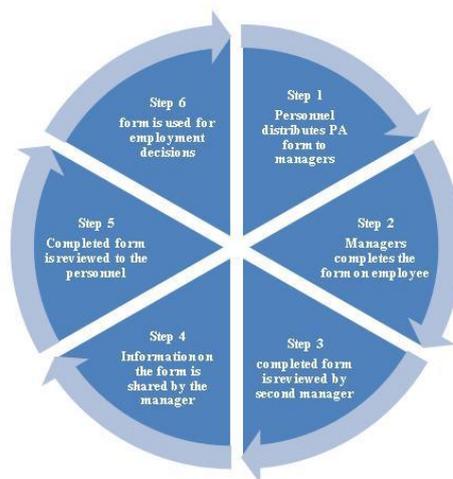
Over the years, there are numerous research conducted in the field of enhancing human capabilities through performance appraisal (Leong, W. (2013), Lawler, E. E., Benson, G. S., & McDermott, M. (2012), Selvarajan, T. T., & Cloninger, P. A. (2012)). Majority of these studies have suggested that there is a positive correlation between effective PA to reinforce constructive work behaviour. In order for the PA to be a useful tool it has should be perceived valid, reliable, free from bias, practical and must be accepted by the users (Landy, F.J, and

Farr. J.L. (1980), Varma, A., Pichler, S., & Srinivas, E. S. (2005)).

### Definition of PA

PA is defined as “a managerial process through which an individual employees’s behaviour and accomplishments for a fixed time period are measured and evaluated” (IGNOU cited from Human Resource Management V. Balu, (2006)). Broad definition of PA given by Fletcher (2001) is “activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards”. In other words, PA is a tool used in a organised and objective way to measure the actual performance of employees to the standards set by the organization followed by formal or informal feedback from the superior in judging the relative worth or ability of the employee performing his or her task (Dessler, Gary. (2011), Eichel, E., & Bender, H. E. (1984)).

PA is also recognised as systematic instrument due to the method deployed in obtaining, analysing and recording information in relation to the individual that being assessed. According to Balu V. (2006), PA is a personal function and there is a sequence to be followed (illustrated in Diagram 1) in making PA more useful and meaningful.



**Diagram 1: The PA Scenario as an organizational event**

(Source: V. Balu (2006), *IGNOU-Human Resource Management* pg. 247)

When the superior does performance evaluation, the subordinate must be evaluated based on the following assumptions:

If a productivity of the employee can be measured, PA system can be minimized. For instance an operator assembling products in assembling line, number of goods produced per day can be measured. Therefore PA has less effect on measuring the employee’s efficiency, however, if the work performed cannot be measured, PA must be designed to match the traits and characteristics that lead to increased output and motivation level.

- Secondly, the design of PA itself must be correlated with specific characteristics of job performance. This is to show a cause and effect relationship between employees characteristics and productivity on the job (Balu V. (2006)). Besides, the assessment questions in the PA should be relevant and applicable to the employee. For instance, number of paper published should be diverted to teaching staff and not to

administrative personnel.

#### **Description on Indian PA for Various Sectors**

Ever since the economic reformation in India, a number of organisations from small, medium and large scale have adopted PA in developing their human capabilities seeing that, hiring and training employees is costly to them. Companies in India have started to depart from the traditional method of evaluating performance which is “top to down appraisal” normally carried out by the superior (Armstrong, M., & Baron, A. (2000)) to contemporary methods (illustrated in Diagram 2) in compliance with the significant change in organisation’s structure, processes and culture.

A study conducted by Rani, L., Kumar, N., & Kumar, S. (2014) for private banks in Rohtak City, India, has indicated that most banks in this province has started to use 360 degree appraisal to evaluate their employees. 360 degree appraisal is a method that uses various sources of evaluation such as supervisors, peers, subordinates and the employees themselves and also provides multiple perspective of the individual’s performance in order to reduce subjective assessment errors (Sepehrirad, R., Azar, A., & Sadeghi, A. (2012)). The investigation of this study (Rani, L., Kumar, N., & Kumar, S. (2014)) focuses on the practice and application of 360 degree in the selected banks and the effect of this appraisal method on employee satisfaction and motivation level. The result of this research shows that there is a positive correlation between the 360 degree appraisal technique and the other tested variables therefore suggesting, this method is widely accepted by the employees in the region’s banking sector. The PA process itself should be carefully designed by integrating organisations objective and goals since it is as well used as a means of providing feedback to further motivate and maximize the performance of the employees to achieve the expected results (Boxall, P., Purcell, J., & Wright, P. (2007)). The employee’s motivation and engagement has been a major concern and there are many research carry out on this part (Fletcher, 2001, Sanyal, M. K., & Biswas, S. B. (2014)). Ever since globalization and trade openness, India has encouraged

#### **IV. CONCLUSION**

The appraisal system has been largely characterized by non-disclosure of appraisal result to the rates. This secrecy over performance appraisal results tends to put in the hands of supervisors and managers a potential tool for cracking down on “non-conforming subordinates with impunity.

Often, managers allow biasing factors like ratee’s sex, tribe appearance and personal likeness or hatred to influence their ratings. Unless the ratings are based on actual job performance, the evaluation will continue to be devoid of the objectivity that is often required in a fair performance appraisal system.

On the whole a number of factors can be identified as factors or problems militating against effective and professional performance appraised in the organization. These include:

- a) Lack of objectivity
- b) Lack of standards and goals
- c) Wrong design of appraisal forms
- d) Discouraging result of performance appraisal leading to loss of confidence in the appraisal scheme

e) Treatment of performance as an annual ritual- all form, no substance.

Other factors include:

- Sentiment
- Politics
- Focus on personality traits rather than job performance, and
- Lack of sufficient information on appraiser.

## **V. RECOMMENDATIONS**

Based on the findings of this study and conclusions thereof, the following recommendations aimed at solving the problem identified as militating against effective and professional performance appraised in the organization are outlined below:

1. Managers have a duty to ensure that their subordinates achieve set targets and standard that has mutually agreed upon. It is therefore imperative that managers:
  - i. Define responsibilities of each employee clearly.
  - ii. Set standards that are measurable, realistic and challenging with the job performer.
  - iii. Review key task areas regularly in the light of prevailing conditions.
  - iv. Identify shortfalls in employee" s performances and take remedial actions by determining factors militating against performance and resolving them mutually.
  - v. Recognized achievement and reinforce such behaviour. This serves as a morale booster for the employee concerned.
  - vi. Monitor results constantly and consistently
  - vii. Conduct performance appraisal twice a year.
2. The organization appraised is too job centered and relegates to the background the real purpose of performance appraisal, which is to help the employees improve his performance. Therefore, management should design for the company a new performance appraisal form by blending the desirable portions of the company" s appraisal instrument with the one Obisi recommended in his book. This will help achieve effective appraisal exercise.
  1. Performance appraisal systems should ensure that they are always reliable and serve as basis for promotions and pay increments. Most importantly, management should see performance appraisals as a blend of qualitative, quantitative and personal characteristics that best reflect the yardstick needed our effective evaluation of employees.
  2. Manager should ensure that performance appraisal is carried out with clear objectives in mind. A good performance leaves both appraiser and appraisee feeling they have „gained something.
  3. Finally, it is necessary to prepare an appraisal mutual, which everyone in the company can always refer to, for guidance and information about the performance appraisal process.

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## Books

- [1.] Performance Appraisal Phrase Book- [Corey Sandler](#), [Janice Keefe](#)
- [2.] The Performance Appraisal Question and Answer Book- [DICK GROTE](#)-2002
- [3.] Manager's Guide to Performance Reviews? - Mr. Robert Bacal-2004