



Performance Appraisal and its Impact

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Excellence is the key to any academic or industrial activity. Quality of input determines the quality of output. In any big or small organization or an institution where large number of people work for achieving the common goals and objectives, there will always be a question of how well the employees perform.

The greater the understanding of employees' performances, the better a manager/supervisor can handle various tasks in terms of whom to delegate extra responsibilities whom to promote, and, also who needs improvement in performance.

Let us see what is performance appraisal.

Performance appraisal - What

A performance appraisal is a systematic and periodic process of measuring an individual's work performance against the established requirements of the job. It's a subjective evaluation of the employee's strengths and weaknesses, relative worth to the organization, and future development potential.

Performance appraisals are also called performance evaluations, performance reviews, development discussions, or employee appraisals etc.

Performance appraisals - Why

- Performance appraisals help to accurately gauge every employee's performance and confirm that they are working in the right area and doing the job for which they were hired. In addition, good performance appraisals increase efficiency and help cut costs.
- Regular performance appraisals also help assure that credit is given where it's due, which helps keep morale of employees high.

Purposes

Performance appraisals serve a dual purpose for both organizations and employees as discussed below.

For organizations

- Provide an insight into an employee's contribution,
- Enable management to improve working conditions,
- Address behavioral issues, and recognize employee talents,
- Support skill and career development, and
- Improve strategic decision-making.

For employees

- Performance reviews are a way to recognize and boost them for their achievements,
- Identify opportunities for promotions, incentives or bonuses,
- Find areas where they can improve,
- Assist them in get training or education to advance their careers,
- Encourage and involve them in their career development, and start conversations about long-term goals.

Performance appraisal - Aims

- Provide relevant information to help make decisions regarding transfers, promotions, terminations, etc.
- Identify employee training and development needs
- Decide confirmation/acceptance regarding employees who have completed a probationary period.
- Help in decision making regarding raising an employee's salary, offering incentives, or changing variable pay.
- Clarify expectations and facilitate communication between managers and subordinates.
- Help employees realize their whole potential performance level.
- Collect relevant employee data and keep the records for various future organizational purposes.

Types of performance appraisals

There are four significant types of performance appraisals as given below.

The 360-degree appraisal

In this type of appraisal information is gathered on the performance, of employees typically by questionnaire, from supervisors, co-workers, group members, and self-assessment.

Negotiated appraisal

In this type of appraisal a mediator is used to help evaluate the employee's performance, The greater emphasis is on the better areas of the employee's performance.

Peer assessment

In this type of appraisal the team members, work group, and co-workers rate the employee's performance.

Self-assessment

This is an important area where employees rate themselves in various categories such as work behavior, attitude, and job performance etc.

It is worth mentioning that some organizations may use several types of appraisal during the same review. For instance, a manager/Head/Supervisor could consult with the employee's peers and assign a self-assessment to the employee. It doesn't have to be a case of either/or.

There are some more methods which are used by various organizations as per their objectives.

720-Degree feedback

The 720-degree feedback method also collects information from the outside, from customers, investors, suppliers, and other financial-related groups in addition to information from within the organization.

The assessment center method

In some organisations there are designated centres for assessment which include, computer simulations, discussions, role-playing, and other methods. The rater observes the proceedings and then evaluates the employee's performance at the end. The areas of assessment include communication skills, confidence, emotional intelligence, mental alertness, and administrative abilities of employees.

Behaviorally anchored rating scale (BARS)

In this method an employee's performance is measured by comparing it with specific established behavior examples. Each example has a rating to help collect the data. Which include following.

Checklist method

This is a simple method which consists of a checklist with a series of questions that have yes/no answers for different traits.

Critical incidents method

Critical incidents could be good or bad. In either case, the supervisor takes the employee's critical behavior into account.

Customer/client reviews

In this method Head/supervisor asks clients and customers for feedback, especially how they perceive the employee and how they are helpful for extended activities.

This method is best for employees who offer goods and services to customers.

The manager field review method

In this method HR department or corporate office representative conducts the employee's performance evaluation.

Forced choice method

In this method usually a series of prepared True/False questions are listed which are to be replied by employees.

General performance appraisal

This method involves continuous interaction between the supervisor/manager and the employee, including setting goals and seeing how they are met.

Human resource accounting method

In this method focus is on the company's cost to retain the employee.

Alternately called the "accounting method" or "cost accounting method,. This method looks at the monetary value the employee brings to the company.

Management by objective (MBO)

This process involves the employee and manager working as a team to identify goals for the former to work on. Once the goals are established, both parties discuss the progress the employee is making to meet those goals. This process concludes with the manager evaluating whether the employee achieved the goal.

Performance tests and observations

This method consists of an oral test that measures employees' skills and knowledge in their respective fields. Sometimes, the tester poses a challenge to the employee and has them demonstrate their skills in solving the problem.

Project evaluation review

This method involves appraising team members at the end of every project, not the end of the business year.

Ratings Scales:

These rating scales measure dependability, initiative, attitude, etc., ranging from Excellent to Poor or some similar scale. These results are used to calculate the employee's overall performance.

How Performance Appraisals Work?

In higher education institutions regulatory provisions are there for assessing performance where by scores are assigned to various parameters such as class work, research and publication corporate activities, professional activities, certification, training and organizing activities etc. For each activity minimum requirements are fixed. In other institutions Human resources (HR) departments typically create performance appraisals as a tool for employees to advance in their careers. They give people feedback on how well they are doing in their jobs, ensuring that they are managing and achieving the goals set for them and assisting them if they fall short.

So the best methods of appraisals need to be chosen based on the size and type of the organization.

The benefits of performance appraisals

- They help supervisors plan promotions for solid, performing employees and dismiss inefficient workers.
- They help the organization decide how to compensate the employees best.
- Also, companies can use performance appraisal records to help determine extra benefits and allowances.
- They can call attention to employee weaknesses and help set up training programs in-house.
- The performance appraisals can help make changes in the selection process which inevitably help hire better employees.
- Performance reviews effectively communicate the employee's performance status and provide a great way to give feedback on how the employee is doing at their job.
- Performance evaluations are a great motivational tool, providing a snapshot of the employee's efficiency. This snapshot, in turn, can incentivize the individual to improve their performance.

Tips and techniques for effective performance appraisals

These include following

- Document your appraisal sessions:
- Document your employee performance appraisal meetings Save the notes in your database system. By documenting and keeping these notes, you will have easy access when you need them to make decisions about an employee or conduct follow-up meetings.
- Create an outline template to be used for all performance appraisals of your organisation. This practice promotes a consistent organisation wide review structure and helps employees better prepare for the appraisal meeting.

- Check in with your employees more frequently. Nothing is more dispiriting and frustrating for an employee who performs their jobs in a particular way, only to be told at the end of the year that they've been doing it all wrong and it will affect their performance reviews.
- Employees need to know if they're doing well and are on the right track, so consider conducting performance appraisals at shorter intervals.

When should a performance appraisal take place

Performance appraisals should take place on a regular basis, typically annually or quarterly. However, performance management is an ongoing process that requires managers and employees to communicate with one another and provide feedback throughout the year.

Managers should engage with employees to establish goals, note progress, and provide regular feedback.

Criticism of performance appraisals

- Employees are encouraged to meet or surpass their goals through performance reviews. Nonetheless, they are subject to a lot of criticism.
- Individual and organisational performance reviews can be challenging. It can be harmful if an evaluation's design doesn't consider the organisation or company's culture.
- Performance evaluations can result in adopting unreasonable goals that demoralise employees or encourage them to engage in unethical practices.
- Distrust of the appraisal can lead to problems between subordinates and supervisors or a situation in which employees tailor their input to please their employer.
- According to some labour analysts, the usage of merit- and performance-based pay has decreased due to the use of performance reviews.
- Employees may receive biased evaluations due to performance reviews focusing more on their likeability than accomplishments.
- Unreliable raters can introduce a number of biases that tilt assessment results towards desired traits or ones that reflect the rater's preferences, which can result in managers giving underperforming personnel a favourable evaluation in order to preserve their connection.
- Performance reviews that are effective for one culture or job function might not be applicable to another.

Conclusion

Employees are the most important component who build organizations, (Lee, 1994; Raziq and Maulabakhsh, 2015) through their performance (Hill., et al. 2008). Building a motivated and productive workforce requires considerable effort and time (Lee and Choi, 2003; Lee, 1994; Tazakori., et al. 2019).

Performance appraisals can identify an organisations top performers responsible for the most productive delivery.

Employee reviews from time to time can reveal areas of weakness and potential improvement in workforce, thus enabling an organisation to identify training needs.

It is vital to have an objective means of evaluating employee performance.