1.1 Introduction

The performance appraisal is the procedure of evaluating human being’s efficiency by way of evaluating actual efficiency with set parameters. These standards have already been explained to the workers, consequently providing feedback about their work effectiveness rank for improving their efficiency as required by the business concern. (Ashwathhappa, 2007)³ There are various purposes of performance evaluation or uprising to identify concert of each worker at workplace, consequently to choose whether instruction is required to specific worker or to give encouragement with supplementary increment. (Ahuja, 2002)²

In other words it can also be said that the performance appraisal is the instrument used for measuring the efficiency of employee whether he/she is to be encouraged or downgraded in case of extremely pitiable performance and there is no possibility for his development at workplace. (Aguinis, 2015)¹

In present time, each corporate segment uses performance appraisal as an instrument used for identifying and evaluation of an employee and take decisions about him/her.
1.2 Performance Appraisal: An Overview

The performance of each employee is based on the productivity of employees at workplace. Productivity implies both concern for effectiveness and efficiency; effectiveness refers to target accomplishment. (Bhattacharyya, 2010) However, it does not verbalize of the costs incurred in attainment of the target. And, the word efficiency appraises the ratio of participation obsessive to achieved productivity. The greater the productivity for a given contribution, the greater the competence. It is not desirable to have a goal oriented measures of productivity such as hard data on efficiency, number of units manufactured or percent of crimes solved etc and hard data on efficiency. (Flippo, 1984)

In addition, productivity can be defined in terms of effectiveness and efficiency. Performance also includes personnel information such as proceeds, nonexistence, increments and delay. An employee is treated as excellent when he not only executes well in terms of efficiency but also reduces the troubles for a firm by working on time, missing days and by reducing the number of work-related mishaps at the workplace. (Xavier, 2011)

What is Appraisal?

Generally, an appraisal is the judgment of the characteristics, traits and performance of others. In other words, an appraisal is a comparative study of the basis of other employees. On the basis of these judgments the performance can be assess the worth or value of others and identify the favorable factors. In a business
organisation, performance appraisal is a methodical valuation of employees by their experts/seniors. They also desire to know their place in the business organisation.

Appraisals are essential for creating several managerial decisions such as selection, training, promotion, transfer, wage and salary administration etc. Besides they assist in employee’s growth. (Torrington, 2014)\textsuperscript{18}

It is, therefore, can be concluded that the performance appraisal is a organized and object oriented path of measuring the qualified appeal of capability of an employee in managing his allotted works at workplace. It assists to recognize those employees who are managing their allotted jobs in good manner.

**What is Performance Appraisal?**

Performance appraisal can be defined as a methodical assessment of efficiency of various employees so that they can comprehend all personal skills for their progress and growth. It is also used in a very logical approach which includes determining the reimburse of employees and measure up to it with all predetermined plans. The analyzing the factors required following act of allotted work and what they expect for enhanced performance and for their direction. (Herman, 2009)\textsuperscript{9}

The term performance appraisal is also known as employee assessment, employee evaluation, performance rating, personnel appraisal, employee appraisal, and merit rating. 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." (Kandula, 2006)¹¹

Performance appraisal is a methodical way of considering and measuring the capacity of an employee for a specific time and forecasting for his future. It can also be defined as a planned prescribed communication between an employees and employer which are usually takes the structure of an intervallic discussion. The job routine of the junior is inspected and considered with a outlook to recognizing the weaknesses, strengths and opportunities for enhancement and abilities. At this juncture it will not be out of context to define the Performance Appraisal System.

1.3 History of Performance Appraisal

The past of performance appraisal systems can be managed as the third century when the rulers of the Wei dynasty (A. D. 221-265) allotted an Imperial Rater. The job of the rater is to evaluate the performance of family members of the rulers of the kingdom. Researchers have reported that performance appraisal for the workers were conceivably first introduced in 1800s, in Robert Owen's Cotton Mills in Scotland.

The purpose of the system was to make administrative decisions, such as promotion, on an equitable basis of evaluation of people by certain common standards. (Foot, 2003)⁶
Research evidence also indicates that in the western world, formal appraisal systems started being used in industry for hourly-rated workers after World War I. The practice developed in the wake of Frederick Taylor's time study and work measurement techniques. These techniques involved the breaking down of a job into its component parts, establishing norms of output for workers and quantifying work performance.

The performance appraisal system (also called Merit Rating) which developed under the influence of the work of Taylor and his followers basically followed the same principles; it broke down job-requirements into assumed component factors such as diligence, loyalty, honesty, etc., assigned point-values to each factor and required the supervisor to rate each worker on a 4-to-6-point rating scale. This is the trait-rating system of appraisal. The purpose of the system was to determine wages of hourly-rated workers on the basis of performance appraisal. It was in the 1930’s and 1940’s, under the influence of the human-relations school of thought of Elton Mayo and others that certain human-relations oriented attributes such as 'getting along with people' were added to the rating list.

At this time, the practice of the administrator converse his valuation to the worker also started. The use of formal performance appraisal system for managerial personnel in industry and business, however, is a much later development; it really started only after World War II. (And the same trait-oriented system requiring ratings of personality traits, which was originally intended for hourly-rated workers, was extended to the managerial personnel. It was only in the 1960’s that wide-spread
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use of performance appraisal systems for managerial personnel in industry was observed.

1.4 Concept of Performance Appraisal

Virtually all organizations have some sorts of means of appraising their employees. Performance appraisal is known also 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. (Goel, 2008) 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.

The concept of performance appraisal is not new one but is probably as old as mankind. Most of the employees are not aware about what is expected or how can they improve their performances. Further employees tend to show negative responses after poor performance or termination of their job. Their productivity becomes low dramatically. Performance appraisal is the solution of all these problems. Performance appraisal is used in developmental uses, administrative uses, documentation and in organizational objectives to a great extent. (Leonard, 2009)
1.5 Objectives of Performance Appraisal

The main aims of performance appraisal are as follows:

1. Some of the basic objectives of performance appraisals include maintenance of records so that all packages of compensation, wage structures, salaries and raises have been determined, seeking and identifying the weaknesses and strengths of all employees for better development and growth, providing essential feedback towards employees concerning performance and related statuses. Not only that, it helps in influencing the work habits of other employees and can also retain the training programmes of others.

2. The learning of goals of business among employees for the business is an essential task for trainers. There could be metrics which are established on the basis of performance or even a percentage which increases the revenue dollars. Evaluation of performances must be timed by the manager so that they can discuss matters of professional development and be able to come up with goals that are strategic and may be used for measuring development. (Sheikh, 2010) Both the manager and the employee must keep working together on the lines of success so that they can improve relationships and make it more effective.

3. To keep up records in order to reconcile on compensation packages and wage structure.
4. To categorize the strength and weaknesses of human resources to put right men on right job.

5. To sustain the impending current in a person for further their augmentation.

6. To endow with a response to employees regarding their recital.

7. It provide as a source for pressure working habits to the employees.

8. To analysis and preserve the promotional training programmes for employees.

1.6 Advantages of Performance Appraisal:

Followings are the main advantages of performance appraisal:

1. It can help a assortment when it comes to executives and their employees. Not only does it allow the supervisor to chalk out all programmes of promotion but also makes a lot of work easy for them. (Tailor, Human Resource Development, 2014)\textsuperscript{17} In that way, those who don’t work hard enough or are inefficient are dismissed or demoted.

2. The employees are offered several packages for their higher growth of career along with the monetary benefits in their official tenure. (Grote, 2002)\textsuperscript{8} It can also included in the seniority level of employee.

3. The course of action is also helpful when it comes to employee’s growth. It helps them to outline the policies of training schedule. (Khanna, 2003)\textsuperscript{12}
4. It allows authorities and employees to comprehend what the selection method is all about and who deserves a promotion.

5. Proper communication channel plays an important role in performance appraisal system in the entire organisation. In the absence of proper communication, the authorities may not find actual report of employees. Hence, the employees can be fired without improper information. (Klainrfeld, 2012)

6. Performance appraisal can be used as an instrument for motivation. Through the progression of appraisal of the employees, the competence of the person can be determined once all set objectives have been achieved.

1.7 Disadvantages of Performance Appraisal

Followings are the main disadvantages of performance appraisal:

1. It includes halo effect for development of employees. It tends to arise when an evaluation rates an employee high on all jobs criteria, still if he has performed well only in one area.

2. The rating is based on some set performance bases. The similar inaccuracy occurs when employee is rated without taking into account the performance standard. This can also occur if a rater compares an employee’s present performance with their past performance.
3. The rater’s discrimination and biasness can also persuade rating. For example, a supervisor can underestimate an employee based on several personal and official preferences.

4. Sometimes supervisor rates all employees with his personal views which might be a big barrier.

5. Sometime the rater may be worked on some specific ground given by the authorities which may cause negative feedback.

6. Less experience of work factor may cause default rating of employees.

7. The attitude of an employee sometimes may arise negative feedback. For example, a salesman’s performance may be very low for some part of the year.

1.8 Process of Performance Appraisal

Performance appraisal is a continuous process; it starts with the identifying performance and ends at overall performance. Following are the main steps for this:

1. The senior managers have to determine what kind outputs, accomplishments and skills need to evaluated. All of these standards must be evolved out of job descriptions and analysis.
2. The old experiences also show that not being able to communicate towards the employees so that they know what must be expected. *(Tailor, Human Resource Management, 2010)*

3. The third step is to assessing the authentic performance of employees during the workplace.

4. **Thenafter, the performance of employee should be compared with the set standards.**

5. After review of his personal performance, the reter should discuss with him personal and view his profile for his personal rating. *(Jahan, 2010)*

6. The final step is using the counteractive action for appraisal.
References


