Performance Appraisal

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INTRODUCTION

In every organization, employees play a crucial part in determining its growth and survival. Employees are the eventual assets of any organization. The relation between the appraisal structure and the organization's approach is used as a strategic tool to accomplish the organization's vision. Performance appraisal is a controversial management tool searching for answers to ubiquitous tribulations in system design and administration (Thayer, 1987). This will evidently be a key factor in communicating values, promoting flexibility and maximizing individual potentials and contributions. Performance appraisal is a formal management system which evaluates the quality of an individual's performance in an organization. Performance appraisal is defined as a systematic description of individual job-relevant strengths and weaknesses, for the purposes of decision making regarding an individual's performance. In another term, performance appraisal is a process of evaluating the behaviour of the employees in the workplace, or it can also be referred as a process of giving feedback on employees' performance. The practice of performance appraisal tool has become the heart of the human resource management system in the organizations. It is a tool not only for accessing the performance of the employees but also the whole organizational performance.

The concept of performance appraisal was first time used during the First World War. At the instance of Water Drill Scott the U.S Army adopted the Man to Man rating system for evaluating military personnel. This concept came for industrial workers during 1920-30 under which efficient workers used to be identified and paid wages incentives and that scheme was popu-

larly known as "merit rating programs". In the early fifties, performance appraisal techniques began to be used for technical, professional and managerial personnel. Performance appraisal is a developmental tool which is used for all round development of an individual. It is the assessment of performance on an individual in a systematic way (Armstrong, 2006). It helps identify ways to improve one's job performance thus benefiting organization and the society as a whole. Rao (2005) defines that "performance appraisal is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance."

The term performance appraisal is sometimes referred as performance review, employee appraisal, performance evaluation, employee evaluation, employee rating, merit evaluation, or personnel rating. Performance appraisal is a system that involves a process of measuring, evaluating, and influencing employees' attributes, behaviour and performance in relation to a pre-set standard or objective. Usually, the appraisal of employee's performance is prepared by his immediate supervisor or manager. This process normally requires the supervisor to fill out a standardized assessment form that evaluates the individual on different dimensions and then discuss the results of the evaluation with the employee. In most of the organizations the performance appraisal systems stay one of the immense paradoxes of effectual human resource management. The appraisal system provide valuable performance information to a number of critical human resource activities, such as the allocation of rewards, e.g., merit pay, promotions; feedback on the development and assessment of training needs; other human resource systems evaluation, e.g., selection predictors; and

performance documentation for legal purposes (Cleveland, Murphy, & Williams, 1989). Efficient implementation of the performance appraisal process can help the organization in diverse ways. This process offers the benefit of identifying the employees' skills and serving the employees' development needs and career ambitions.

BACKGROUND

Performance appraisal is a complex tool of the human resource management process in any organization. Performance appraisal is not just about rating employees, it is a basis for administrative decisions such as promotion, allocation of financial rewards, employee development and identification of training needs (Meenakshi, 2012). Appraisal is preceded by establishing common objectives or a description for the job, identifying precise job expectations, providing feedback and, when necessary provides coaching (Hillman, Schwandt, & Bartz, 1990). The assessment of employees' performance is one of the most common practices in almost every organization, and so performance appraisal is an essential procedure for the better performance of employees and the organization itself (Karimi, Malik, & Hussain, 2011). Fletcher (2004) believes that the general aims of performance appraisal also include motivating staff, succession planning and identifying potential, promoting manager-subordinate dialogue and formal assessment of unsatisfactory performance. Many businesses regularly use performance appraisal scores to determine the distribution of pay, promotions, and other rewards; however, few organizations attempt to evaluate how employee perceptions of performance appraisal fairness impact employee attitudes and performance (Swiercz, Bryan, Eagle, Bizzotto, & Renn, 2012). The organizations should implement performance appraisal practice in the best possible way; there is the need to develop a good feedback system, appropriate and adequately filing, discussing appraisal results, design ways to communicate appraisal results, review appraisal on due attention, participatory appraisal rating system and have to design procedure to make aware of every employee about the appeal process (Bekele, Shigutu, & Tensay, 2014).

According to Cawley, Keeping, & Levy (1998) subordinates reactions to performance appraisal can be a way of measuring their outlook towards the system. The main reactions that can be assessed are their satisfaction from the appraisal, the utility, whether they felt they were fairly appraised, how motivated they were from the appraisal and the accuracy of the system. Poon (2004) identified the usefulness of performance appraisal as a managerial decision tool depends partly on whether or not the performance appraisal system is able to provide accurate data on employee performance. Rees and Porter (2003) stated 360-degree appraisal as a process that involves the key people in a person's network of working relationships making assessments of an employee's performance and their subordinate being appraised is then given structured feedback; this may involve feedback from subordinates and any key outside parties, if it is practicable. DeCenzo and Robbins (2007) feel that appraisers should only rate in those areas in where they have substantial job knowledge. They should be as close as possible to the organizational level of the employee being evaluated. If the appraiser is not in a position where they can observe the persons work behaviour then there is a greater chance of inaccuracies.

According to Muo (2007) performance appraisal entails the systematic, organised and formalised process of evaluating individual employee's job related strengths and weaknesses with a view to providing feedback on which performance adjustment can be made. Thus, performance appraisal has both evaluative and developmental objectives. Nickols (2007) argues that the performance appraisal takes lot of time and energy, and can create frustration that can undermine the teamwork and climate of trust. Lack of communication, very variable appraisal standards and personal biases and values that replace organization standards,

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