# AIJRRLSJM VOLUME 7, ISSUE 5 (2022, MAY) (ISSN-2455-6602)ONLINE Anveshana's International Journal of Research in Regional Studies, Law, Social Sciences, Journalism and Management Practices

## PERFORMANCE APPRAISAL SYSTEM AND ORGANIZATION PERFORMANCE

#### G.Hemalatha

Student
Department of MBA
Sri Chaitanya Engineering College

#### Abstract:

A performance management process involves a supervisor and employee communicating continuously throughout the year, with the aim of meeting the organization's strategic objectives. Performance management is a continuous process that focuses on aspects like planning, monitoring, and evaluating employee objectives in an attempt to enhance employee performance. This helps employees to put in their best efforts to achieve company goals. Performance management does not aim at enhancing every skill. Good performance management only intends to improve the specific skill sets that align with the company's interests and goals. It evaluates the overall contribution of an employee towards the organization to enhance the productivity and effectiveness of the employee. Crucial career aspects like bonuses, promotions, dismissals are closely related to this process.

#### Introduction

#### Performance appraisals

Execution evaluations are one of the most significant and frequently one of the most misused parts of the board. Commonly, we consider execution examinations including a manager assessing a subordinate. Notwithstanding, execution examinations progressively include subordinates evaluating supervisors through a criticism interaction known as 360 feedback,1 clients assessing suppliers, and friends assessing colleagues.

Whether evaluations are finished by subordinates, companions, clients, or bosses, the actual cycle is imperative to the soul of the association. Execution examination frameworks give a method for efficiently assessing representatives across different execution aspects to guarantee that associations are receiving whatever would be fair. They give significant criticism to workers and supervisors, and they help with distinguishing promotable individuals as well as issues. Notwithstanding, such examinations are pointless except if they are joined by a compelling criticism framework that guarantees that the representative receives the right messages concerning execution.

Reward frameworks address a strong persuasive power in associations, however this is valid just when the framework is fair and attached to execution. Since various ways to deal with assessing execution exists, directors ought to know about the benefits and weaknesses of each. Thus, a comprehension of remuneration frameworks will assist chiefs with choosing the framework the most appropriate to the requirements and objectives of the association.

Execution evaluation frameworks serve various elements of focal significance to workers. However, examination methods rehearsed today are not without issues. Administrators ought

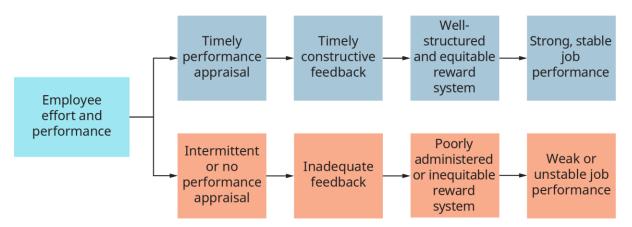


#### Anveshana's International Journal of Research in Regional Studies, Law, Social Sciences, Journalism and Management Practices

to stay up to date with ongoing improvements in remuneration and award frameworks so they can adjust existing frameworks when more fitting choices become accessible.

A key administration obligation has forever been to direct and foster subordinates. Truth be told, it has been said that each supervisor is a human asset director. No place is this more genuine than with respect to assessing and remunerating subordinates. Directors are reliably engaged with worker preparing and improvement, checking representative execution, giving position related criticism, and overseeing rewards.

We start by analyzing three parts of execution examination frameworks: (1) the purposes of execution evaluations, (2) issues tracked down in execution examinations, and (3) strategies for decreasing blunders in the evaluation framework. This outline will give an establishment to concentrating on unambiguous methods of execution examination. Those inspired by additional nitty gritty data on execution examination frameworks might wish to counsel books on faculty organization or remuneration.



#### **Performance Appraisal and Reward Process**

#### **Uses of Performance Appraisals**

- 1. The performance appraisal process:
- 2. The assessment process is usually facilitated by Human Resources, who assist managers and supervisors in conducting the individual appraisals within their departments.
- 3. An assessment method should be established.
- 4. Required competencies and job expectations need to be drafted for each employee.
- 5. Individual appraisals on employee performance are conducted.
- 6. A one on one interview is scheduled between the manager and employee to discuss the review.
- 7. Future goals should be discussed between employee and manager.
- 8. A signed-off version of the performance review is archived.



## Anveshana's International Journal of Research in Regional Studies, Law, Social Sciences, Journalism and Management Practices

9. Appraisal information is utilized by human resources for appropriate organizational purposes, such as reporting, promotions, bonuses or succession planning.



Supervisors measure and control authoritative execution since it prompts better resource the executives, to an expanded capacity to give client esteem, and to further developed proportions of hierarchical information. Moreover, proportions of authoritative execution really do affect an association's standing. Administrators at high-performing organizations do-they deal with the hierarchical resources in manners that exploit their worth. Resource the board is the most common way of procuring, making due, reestablishing, and discarding resources depending on the situation, and of planning plans of action to exploit the worth from these resources. In addition to the high level directors are worried about resource the executives. Chiefs at every authoritative level and in all workspaces deal with their accessible resources individuals, data, hardware, etc by settling on choices that they trust will prompt elevated degrees of execution. Since accomplishing elevated degrees of hierarchical execution is significant in both the short run and long run, administrators search for ways of bettering deal with their resources so they look great on the key execution estimates utilized by both inward and outer evaluators.

**Increased ability to provide customer value:** Providing value to customers is important for organizations. If customers aren't receiving something of value from their interactions with organizations, they'll look elsewhere. Managers should monitor how well they're providing customer value, and they can do that when they measure performance.

Impact on organizational reputation: You know that your personal reputation is important in what others think of you. It influences whether they will ask you for advice, listen to what you have to say, or trust you to complete assigned tasks. Organizations strive to have good reputations, as well. They want others—customers, suppliers, competitors, community, and so forth—to think highly off them. The advantages of a strong correlation between an organization's financial performance and its reputation. Which leads to the other? It's not always clear which comes first, but we do know it's difficult to have one without the other. In



## AIJRRLSJM VOLUME 7, ISSUE 5 (2022, MAY) (ISSN-2455-6602)ONLINE Anveshana's International Journal of Research in Regional Studies, Law, Social Sciences Journalism and Management Practices

good reputation and strong financial measures such as earnings growth and total return.

Sciences, Journalism and Management Practices

fact, a study of reputation and financial performance showed a strong correlation between

**Organizational knowledge**: In learning organizations, organizational knowledge is recognized as a valuable asset, just like cash, equipment, or raw materials. What is Organizational knowledge? It's knowledge that's created by means of collaborative information sharing and social interaction that lead to organizational members taking appropriate actions. The key to valuable organizational knowledge is this connection between information and action. Organizational employees must share what they know and use that knowledge to make changes in work practices, processes, or products to achieve high levels of organizational performance.

#### The purpose of a performance appraisal

The purpose of a performance appraisal is two-fold: It helps the organization to determine the value and productivity that employees contribute, and it also helps employees to develop in their own roles.

#### Benefit for organization

Employee assessments can make a difference in the performance of an organization. They provide insight into how employees are contributing and enable organizations to:

- Identify where management can improve working conditions in order to increase productivity and work quality.
- Address behavioral issues before they impact departmental productivity.
- Encourage employees to contribute more by recognizing their talents and skills
- Support employees in skill and career development
- Improve strategic decision-making in situations that require layoffs, succession planning, or filling open roles internally

#### **Benefit for employee**

Performance appraisals are meant to provide a positive outcome for employees. The insights gained from assessing and discussing an employee's performance can help:

- Recognize and acknowledge the achievements and contributions made by an employee.
- Recognize the opportunity for promotion or bonus.
- Identify and support the need for additional training or education to continue career development.



# AIJRRLSJM VOLUME 7, ISSUE 5 (2022, MAY) (ISSN-2455-6602)ONLINE Anveshana's International Journal of Research in Regional Studies, Law, Social Sciences, Journalism and Management Practices

- Determine the specific areas where skills can be improved.
- Motivate an employee and help them feel involved and invested in their career development.
- Open discussion to an employee's long-term goals.

#### How to organize a performance appraisal process

Conducting a performance review with an employee requires skill and training on the part of the appraiser. The negative perception that is often associated with the performance appraisal is due in part to a feeling of being criticized during the process.

A performance appraisal is meant to be the complete opposite. Often, the culprit is in the way the appraisal is conducted via the use of language.

The way the sender of a message uses language determines how the other person interprets the message once received. This can include tone of voice, choice of words, or even body language.

Because a performance appraisal is meant to provide constructive feedback, it is crucial that appropriate language and behavior are used in the process.

Human Resources (HR) are the support system for managers and supervisors to be trained in tactfully handling the appraisal process.

#### **Performance Appraisal Methods**

There are many ways an organization can conduct a performance appraisal, owing to the countless different methods and strategies available.

In addition, each organization may have their own unique philosophy making an impact on the way the performance assessment is designed and conducted.

A performance review is often done annually or semi-annually at the minimum, but some organizations do them more often.

#### 5 Modern method of performance appraisal

There are some common and modern appraisal methods that many organizations gravitate towards, including:

#### 1. Self-evaluation



#### AIJRRLSJM VOLUME 7, ISSUE 5 (2022, MAY)

(ISSN-2455-6602)ONLINE

### Anveshana's International Journal of Research in Regional Studies, Law, Social

Sciences, Journalism and Management Practices

In a self-evaluation assessment, employees first conduct their performance assessment on their own against a set list of criteria.

**The pro** is that the method helps employees prepare for their own performance assessment and it creates more dialogue in the official performance interview.

**The con** is that the process is subjective, and employees may struggle with either rating themselves too high or too low.

2. Behavioral checklist

A Yes or No checklist is provided against a series of traits. If the supervisor believes the employee has exhibited a trait, a YES is ticked.

If they feel the employee has not exhibited the trait, a NO is ticked off. If they are unsure, it can be left blank.

**The pro** is the simplicity of the format and its focus on actual work-relate tasks and behaviors (ie. no generalizing).

**The con** is that there is no detailed analysis or detail on how the employee is actually doing, nor does it discuss goals.

3. 360-degree feedback

This type of review includes not just the direct feedback from the manager and employee, but also from other team members and sources.

The review also includes character and leadership capabilities.

**The pro** is that it provides a bigger picture of an employee's performance.

**The con** is that it runs the risk of taking in broad generalizations from outside sources who many not know how to provide constructive feedback.

4. Ratings scale

A ratings scale is a common method of appraisal. It uses a set of pre-determined criteria that a manager uses to evaluate an employee against.



#### **VOLUME 7, ISSUE 5 (2022, MAY)** AIJRRLSJM (ISSN-2455-6602)ONLINE Anveshana's International Journal of Research in Regional Studies, Law, Social

Sciences, Journalism and Management Practices

Each set of criteria is weighted so that a measured score can be calculated at the end of the review.

**The pro** is that the method can consider a wide variety of criteria, from specific job tasks to behavioral traits. The results can also be balanced thanks to the weighting system. This means that if an employee is not strong in a particularly minor area, it will not negatively impact the overall score.

**The con** of this method is the possible misunderstanding of what is a good result and what is a poor result; managers need to be clear in explaining the rating system.

#### 5. Management by objectives

This type of assessment is a newer method that is gaining in popularity. It involves the employee and manager agreeing to a set of attainable performance goals that the employee will strive to achieve over a given period of time.

At the next review period, the goals and how they have been met are reviewed, whilst new goals are created.

**The pro** of this method is that it creates dialogue between the employee and employer and is empowering in terms of personal career development.

**The con** is that it risks overlooking organizational performance competencies that should be considered.

#### PERFORMANCE APPRAISAL SYSTEM AND ORGANIZATION PERFORMANCE - Building a strong performance-management system.

The best companies build performance-management systems that actively help them avoid these pitfalls. Such systems share a number of characteristics.

Metrics: Emphasizing leading indicators

Too often, companies measure and manage performance through lagging indicators, such as compliance with monthly output or quality targets. By the time the results are known, it is too late to influence the consequences. The best companies track the same metrics—but also integrate their performance-management systems into critical process inputs. Industrial Internet technologies, such as the SCADA1 architecture and distributed-control systems, let manufacturing staff know within minutes (or seconds) about variations in performance, even in remote parts of a plant. That lets people react long before the variation undercuts output or quality.

#### **VOLUME 7, ISSUE 5 (2022, MAY)**

(ISSN-2455-6602)ONLINE

### Anveshana's International Journal of Research in Regional Studies, Law, Social Sciences, Journalism and Management Practices

Some changes require almost no investment in technology. At the end of each workday, for example, production and functional teams can complete a checkout form assessing how it went. A combination of quantitative and qualitative metrics and simple graphics (such as traffic lights and smiley faces) provides an easy, highly effective tool for identifying and correcting issues or problems before the next day's work begins.

As performance-management systems evolve, the metrics they use will become more complex, incorporating continuous rather than discrete variables: "everyone showed up on time today" will become "the team achieved 93 percent on the schedule-performance index using 90 percent of the labor-performance index." The extra detail better informs decisions such as whether to add more labor to meet a delivery date or to push out a schedule for delivery.

#### Conclusion

AIJRRLSJM

The success of a company, irrespective of size, is majorly based on the performance of the employees. Hence, it becomes imperative to track the performance of the employees. Although performance management and performance appraisal are often used interchangeably, they are indeed different terms that play different roles in tracking and enhancing the success chart of any company or organization.

#### **References:**

- 1. Abbas, M. Z. (2014). Effectiveness of performance appraisal on performance of employees IOSR Journal of Business and Management (IOSR-JBM) e-ISSN: 2278-487X, p-ISSN: 2319-7668. Volume 16, Issue 6. Ver. II (Jun. 2014), PP 173-178 www.iosrjournals.org
- 2. Aguinis, H. (2007). Performance Management; Upper Saddle River, NJ: Pearson Prentice Hall.
- 3. Ahmed, I., Ramzan, M., Mohammad, S.K. & Islam, T. (2011). "Relationship between perceived fairness in performance Appraisal and OCB: Mediating Role of Organizational Commitment," International Journal of Academic Research, 3(5), 15-20.
- 4. Akinbowale, M.A., Lourens, M.E. & Jinabhai, D.C. (2013). Role of performance appraisal policy and its effects on employee performance. European Journal of Business and Social Sciences, Vol. 2, No.7, pp 19-26. [5] Akinbowale, A.M. (2013). Performance appraisal policy and its impact on employee performance a case study of Guaranty trust bank in Nigeria. Unpublished Masters thesis, Durban University of Technology.
- 5. Armstrong,M. (2009).Armstrong's handbook of performance management: An evidence-based guide to delivering high performance. London: Kogan Page. Bates, S. (2003). Performance Appraisals: Some Improvement Needed. Human Resources Journal. 48(7): 11-19
- 6. Bekele, T. (2016). Effect of performance appraisal quality on employee performance (the case of Ethiopian Airlines). Unpublished Masters thesis, Addis Ababa University.
- 7. Bretz, R. D., Milkovich, G.T. & Read, W. (1992) The Current State of Performance Appraisal Research and Practice: Concerns, Directions, and Implications, Journal of Management, 18(2): 321-52.
- 8. Cook, J. & Crossman, A. (2004). Satisfaction with performance appraisal systems. Journal of Managerial Psychology. 19(5): 526-541. Iqbal,N., Ahmad, N., Haider, Z., Batool,Y., Qurat-ulain (2013). Impact of performance appraisal on employee''s performance Involving the Moderating Role of
- 9. Motivation. Arabian Journal of Business and Management Review (OMAN Chapter), Vol. 3, No.1.



## AIJRRLSJM VOLUME 7, ISSUE 5 (2022, MAY) (ISSN-2455-6602)ONLINE Anveshana's International Journal of Research in Regional Studies, Law, Social

- Sciences, Journalism and Management Practices
- 10. Kane, J.S., & Lawler, E.E. (2009), "Performance appraisal effectiveness: its assessment and determinants", in Staw, B.M. (Eds), Research in Organizational Behavior, JAI Press, Greenwich, CT, Vol. 1 pp.425-78.
- 11. Kavanagh, P., Benson, J. & Brown, M. (2007). "Understanding Performance Appraisal Fairness," [15]Asia Pacific Journal of Human Resources, 4(2), 132-150.