

CHAPTER-5

PERFORMANCE APPRAISAL

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Performance Appraisal:

5.1 Introduction:

Performance appraisal of team of workers is a good systematic evaluation and assessment of personnel with the aid of supervisors. It is a complete guideline which facilitates in growing the task potential, proving technical understanding of an employee and making the evaluation of holistic overall performance of an employee, in the organisation for a positive time frame. It initiates to pluck out all of the terrible factors inside him/her and curve out his own high-quality dimensions, fantastic strength and capability, to shine in his/her profession span. An awesome employee is one who now not best performs properly in his work domain however tries to outshine amongst all personnel as regards to his paintings parameters and dimensions.

Having trustworthy and dependable employees is the important thing to any a hit establishment or organisation. Overall performance management device (PMS) not most effective “paves” the path for more “self-improvement”, however additionally offers the worker the opportunity to make his own self-assessment, shape his technical expertise, deliver an effective qualitative assessment on himself annually.

5.2 .Meaning of Performance Appraisal:

Performance Appraisal is a way of comparing the behaviour of personnel within the work spot, consisting of each the quantitative and qualitative factors of activity performance. Overall performance right here refers to the diploma of feat of the responsibilities that make up a character’s activity. Some of the crucial capabilities of overall performance appraisal may be captured these:

- Performance Appraisal is the efficient description of an employee’s task-relevant strength and weakness.

- The fundamental basis is to find out how properly the employee is performing the action and set up a plan of development.
- Appraisals are prepared periodically in keep with an exact plan.
- Performance appraisal is a continuous practice in every scale institute.

5.3 Definitions of Performance Appraisal:

In the Dictionary of Human Resource Management (2001), appraisal is defined as “the process of evaluating the performance and assessing the development/training needs of an employee.” This definition entails two aspects. The first is judgmental; that is, the staff’s performance is measured against certain standards. The second is developmental; that is, no positive or negative judgment will be involved, but to identify the training needs of the staff and to find out what can be done to improve related skills and knowledge.¹

Partington and Stainton (2003) present three important purposes of performance appraisal. First, it furnishes recognition for the meritorious aspects of the staff member’s performance. Second, it alerts the staff member to the degrees of improvement needed in any weaker aspect of his/her performance. And third, it prioritizes the aspects of performance in which improvement is needed.²

Many benefits can be derived from development-oriented staff appraisal. **Partington and Stainton (2003)** suggest that, “Staff appraisal provides the means by which enhanced communication between staff and senior colleagues can determine systematic identification of roles, tasks, targets and training plans for individuals, which support departmental and institutional goals.”²

5.4 History of performance appraisal

Performance appraisal technique was used for first time during First World War by U.S.Army they used “Men to Men” rating system for evaluating military personnel. Then after in 1920-30, it was used for hourly paid workers, which was continued up to mid-fifties. After that the devotion of performance appraisal moved to technical,

professional and managerial personnel. It was used for the administrative purpose like salary adjustment, promotion, demotion, transfer etc. but now a day the concept of performance appraisal totally has been changed.

Now, in simple words, we can say that it is used for development of individual and thereby the overall development of organization. Now it is not restricted up to merit rating but its spread up to fulfilment of both parties' objectives i.e. employees and organization.

Difference between past & present performance appraisal

Points	former emphasis	present emphasis
technology	Merit rating	Employee appraisal/ performance appraisal
purpose	Determine qualification for wage increase, transfer, promotion and lay off.	Development of individual. Improvement in performance on job, provide emotional security.
application	On hourly paid workers.	On technical, professional and managerial employees.
factors rated	Heavy emphasis on personal traits and only quantity was rated of output.	Result, accomplishment performance and both quality and quantity are rated.
techniques	Rating scales with emphasis on scales but the statistical data (for comparison purpose) could be manipulated.	Mutual goal setting, critical incidence, group appraisal, performance standard, less quantitative more qualitative
post appraisal interview	Superior communicates his employees just to tell him his rate and try to sell his evaluation to them. In that procedure the conformation of employees was not taken in to consideration.	Superior stimulates to his employees to analyze himself and set own objectives himself in line of job requirement. Superior is helper and counsellor.

5.5 Characteristics of performance appraisal

Some of the important features of performance appraisal may be as follows.

- I. It unifies the appraisal process so that all staffs are rated in the same manner, utilizing the same approach so that the rating obtain of separate personnel are comparable.
- II. It provides information which is useful in making and enforcing important decision about selection, training, promotion, pay incensement, transfer, lay off, discharge, salary adjustment, etc. the information is supplied well in advance so that spot judgment may be avoided.
- III. It provides information in the form of records about rating, which may be produced as evidence when decisions on rating are challenge in a court of law. Even arbitrators accept these in the course of grievance handling procedure as authentic records.
- IV. A periodical and accurate appraisal constrains a supervisor to be alert and competent in his work i.e. it improves the quality of supervision by giving him an incentive to do the things that he should normally be doing any way.
- V. It gives supervisors more effective tools for rating their personnel, enables them to make a careful analyses of their men and gives them a better knowledge and understanding of them.
- VI. It makes for batter employer employees relationship through mutual confidence, which comes as a result of frank decision between a supervisor and his subordinates.

5.6 Objectives of Performance Appraisal:

Data relating to PA of employees recorded, stored, used for several purposes. The main purposes of employee assessment are:

- i. To effect promotions based on competency and performance.
- ii. To confirm the services of probationary employees upon their completing the probationary period satisfactory.
- iii. To assess the training and development needs of staffs.
- iv. To decide upon a pay raise where (as in unorganized sector) regular pay scales have not been fixed.
- v. To let the staff know where they stand insofar as their performance is concerned and to assist them with constructive criticism and guidance for the purpose of their development.
- vi. To improve communication. PA provides a format for dialogue between the superior and subordinate, and improves understanding of personal goals and concerns. This can also have the effect of increasing the trust between the rater and ratee.
- vii. Finally, PA can be used to control whether HR programmes such as selection, training and transfers have been effective or not.

5.7. Need for Performance Appraisal:

Performance Appraisal is needed in order to:

There are 2 schools of thought on performance appraisal: one supporting it, and therefore the alternative opposing it. Several management proponents feel ancient appraisals don't seem to be abundant facilitate, and will backfire. Similarly, total quality management specialists argue for the elimination of performance appraisals. Total quality management is organisation wide, and integrates all functions and processes of the business, being geared toward increasing user satisfaction through continuous improvement.

These criticisms have some price however it's not sensible to eliminate performance Appraisals. Managers still want a way to review their subordinates' work behaviour. Performance appraisal supporters believe that "If staff are to be promoted, developed and transferred it's vital to get reliable knowledge to base those selections upon. Appraisal helps to supply Information on actual performance" (**Kempton 1995:156**)³. During a competitive and quick paced working atmosphere, performance appraisals became vital instruments for assessing and determinative the value of every individual in relevancy the corporate that is why performance appraisal is presently seen as a part of a collection of techniques for managing worker performance .The answer for up workers performance is to style a performance appraisal system, which may manage performance in today's dynamical atmosphere.

"The way of life of the library is a further vital aspect of attaining high overall performance from individuals. Supportive Libraries beautify the possibilities for individuals to broaden and work in harmony and to gain more for his or her library" (**line & kennel 1993:327**).⁴ Performance appraisal is now not unusual in libraries for 3 reasons: firstly, there's a want to improve services; secondly, all libraries have monetary constraints; and sooner or later, libraries should convince their determine organizations that each effort is being made to enhance services. "If nicely organized and administered, overall performance appraisals can enhance megastar performers and push common employees to greater heights. Similarly, robust value determinations can offer poor employees a sensible view of their activity performance and opportunities to enhance" .Then again, "badly carried out value determinations can jeopardise morals, adversely affect team paintings, and go away a character feeling unfairly criticised" (McDonough 1995:425)⁶. Numerous authors and researchers have given distinctive reasons to behaviour this pastime.

Kempton (1995:156) suggests 3 advantages of an efficient performance appraisal:

- Organisational,
- Managerial, and
- Employee connected.

The organisation edges from reinforcement of the manager-subordinate relationship; the manager edges by availed opportunities to debate work, areas of confusion and counselling; and, finally, workers profit by having an opportunity to debate with their manager their current roles and aspirations for the longer term.⁵

McDonaugh (1995) argued the necessity of performance appraisal schemes for the subsequent reasons:

- To establish coaching desires,
- To improve individual and company performance, and
- To encourage manager - subordinate dialogue.⁶

Bohlander, Snell and Sherman (2001:319) highlight the following four objectives among several others:

- To give staff the chance to discuss performance and performance standards frequently with their supervisor;
- To offer the supervisor with a way of characteristic the strengths and weaknesses of an employee's performance;
- To offer a format enabling the supervisor to suggest a selected program to assist associate worker improve performance;
- To offer a basis for pay recommendations.⁷

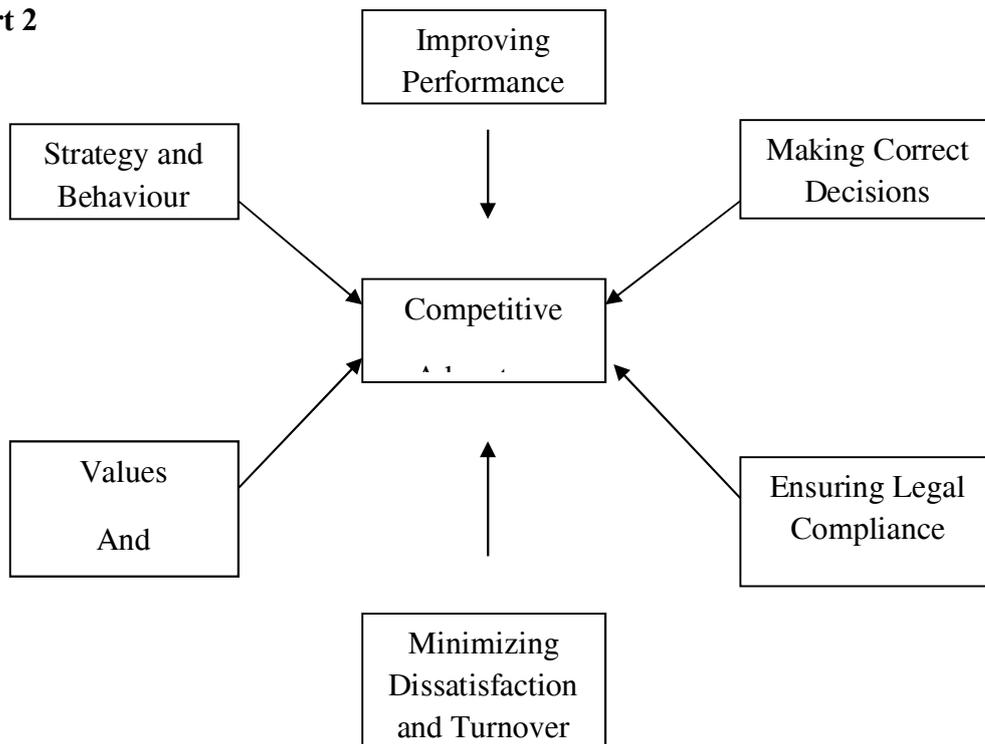
Dessler (1997) provides four main grounds for performance appraisal; to:

- Provide information for deciding regarding promotion and any pay increment;
- Provide a chance for the supervisor and supervised to review the subordinate's work-related behaviour;
- Provide a chance to correct any deficiencies; and
- Provide a good chance to review the person's career arrange in light-weight of his or her exhibited potential.⁸

5.8 Performance Appraisal and Competitive advantage:

PA offers competitive advantages to a firm by improving performance, helping make correct decisions, ensuring legal compliance, minimizing job dissatisfaction and employee turnover and ensuring consistency between organizational strategy and behaviour.⁹

Chart 2



⁹ Aswathappa, Human Resource Management text and Cases, TataMcGraw Hill, 15th Edi, 2008, p241.

Purposes of Performance Appraisal:

Chart-3

Development	Administrative
4 Provide performance feedback	15 Document personnel decisions
5 Identify individual strength/ weaknesses	16 Determine promotion candidates
6 Recognize individual performance	17 Determine transfers and assignments
7 Assist in goal identification	18 Identify poor performance
8 Evaluate goal achievement	19 Decide retention or termination
9 Identify individual training needs	20 Decide on logoffs
10 Determine organizational training needs	21 Validate selection criteria
11 Reinforce authority structure	22 Meet legal requirements
12 Allow employees to discuss concerns	23 Evaluate training programmers
13 Improve communication	24 Personnel planning
14 Provide a forum for leaders to help	25 Make reward / compensation decisions.

Source: Snell and Bohlander, Human Resource Management, Cengage Learning Publication, Fourth Edition, 2008 PP. 333

5.9 The benefits of Performance Appraisal:

Employer Perspective:

- i) Despite imperfect measurement techniques, individual differences in performance can make a difference to company performance.
- ii) Documentation of performance appraisal and feedback may be needs for legal defence.
- iii) Appraisal provides a rational basis for constructing a bonus or merit system.
- iv) Appraisal dimensions and standards can help to implement strategic goals and clarify performance expectations.¹⁰

¹⁰ Aswathappa, Human Resource Management text and Cases, TataMcGraw Hill, 15th Edi, 2008, p241.

- v) Providing individual feedback is part of the performance management process.

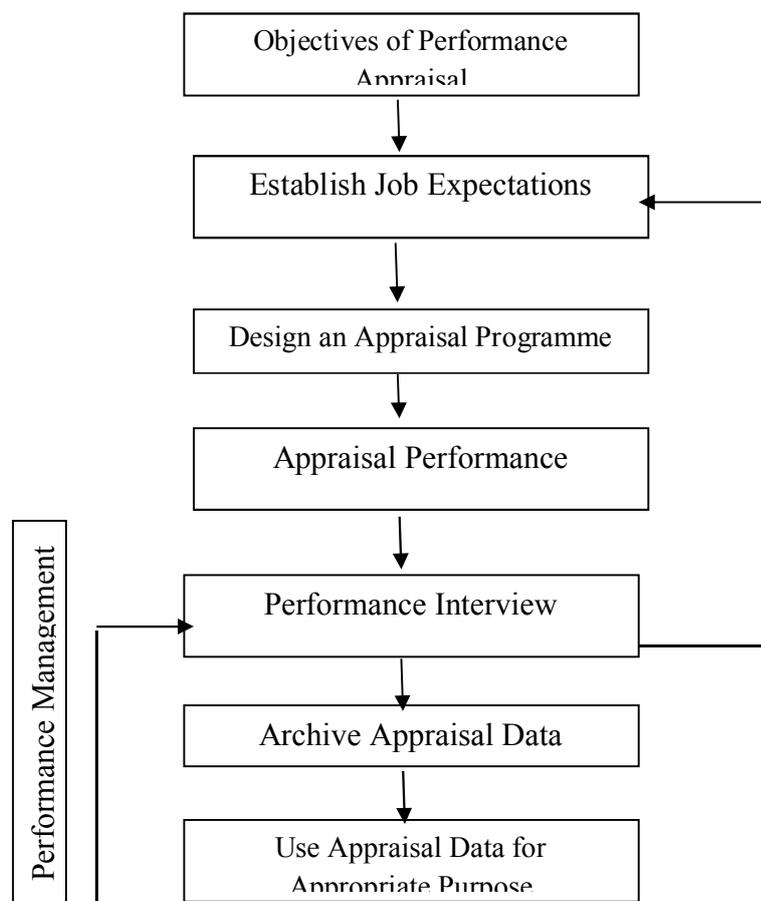
Employee Perspective:

- i) Performance feedback is needed and desired
- ii) Improvement in performance requires assessment
- iii) Fairness requires that differences in performance levels across workers be measured and have an effect on outcomes.
- iv) Assessment and recognition of performance levels can motivate workers to improve their performance.

5.10 Performance Appraisal Process:

Following figure outlines the PA process. Each step in the process is crucial and is arranged logically. Many administrations make every effort to estimate the ideal process, resulting in first – rate appraisal systems.

Chart-4



Source: Source: K Aswathappa, Human Resource Management Text and Cases, Tata McGraw Hill, Fifth Edition, 2008, PP 243

I. Objectives of performance appraisal:-

Every time the objective of doing appraisal is not remain sometime it's done for doing administrative work as transfer, promotion, awarding pay increase etc. And sometime for assessing the need of training and some time for development of employees also the appraisal is done.

In short, what we want to achieve by doing the long and timely exercises must be clear than and then only the further steps can be clear. The other matter is that the objectives must be realistic. It must not be vague and also the nature of objectives should be like this that everyone is ready to accept them and also employees must be aware about these objectives.

II. Establish job Expectations:-

This is the second step and concern with practical work. Here all the function and activities which will be undertaken to achieve objects are list down and further who people will do which type of work is determined it includes informing employees what is expected from his/her on job normally this discussion is held with group leader and he guide accordingly to his group.

III. Design and appraisal programme:-

The programme contains following questions.

A. Formal v/s Informal appraisal:-

Formal appraisal occurs at specified time period. Say, once or twice in a year. It is necessary for employee evaluating. Generally it is undertaken by outsiders or experts and on other side, informal appraisal is done wherever supervisor feel it is necessary. The decision can be taken place anywhere in organization between

employees and supervisor ranging from supervisor's office to canteen many organization adopt mixture of both appraisal. ¹¹

B. Whose performance should be rated?

In answer of above question is employee when we say employee, it is individual or team? Or which branch/sub branch, which level of employees etc.

C. Who are ratters?

Ratter can be direct Chief, manager, expert of HRM, subordinates, peers, committees, client or self-appraisal or combination of several.

D. Problem of rating:-

There are several problems of rating as follows.

- Leniency
- Central tendency
- Halo error
- Rater effect
- Primacy and regency effect
- Perceptual set & selectivity
- Performance dimension order
- Spill over effect
- Status effect

¹¹ Source: K Aswathappa, Human Resource Management Text and Cases, Tata McGraw Hill, Fifth Edition, 2008, PP 243

E. What should be rated?

Following matters should be evaluated.

- Cost effectiveness
- Need for supervisor
- Interpersonal impact
- Quality
- Quantity
- Timelessness

F. When to evaluate?

Whether employees should be evaluated frequently means day to day or twice in a year. It is decided in advance.

G. How to evaluate?

Mainly there are two method of evaluation

- Traditional method
- Modern method

Both of these methods are discussed in subsequent point.

IV. Appraisal performance:-

Now this is the partial work. Here all matters are decided on paper and in minds of evaluators and now it takes the shape of actual deed. That is why it is said that “only taking of big deeds is useless” but to do something & have result is more important.

V. Performance interview:-

The simple meaning of performance appraisal is rater discuss and review the performance with ratee. It occupies greater importance.

The methods of performance interview are.

- Tell and sell in which rater tell employees performance and compel them to believe
- Tell and listen in which rater tell and listen reasons of bad performance from employees
- Problem solving or participative
- Mix

VI. Use of appraisal data:-

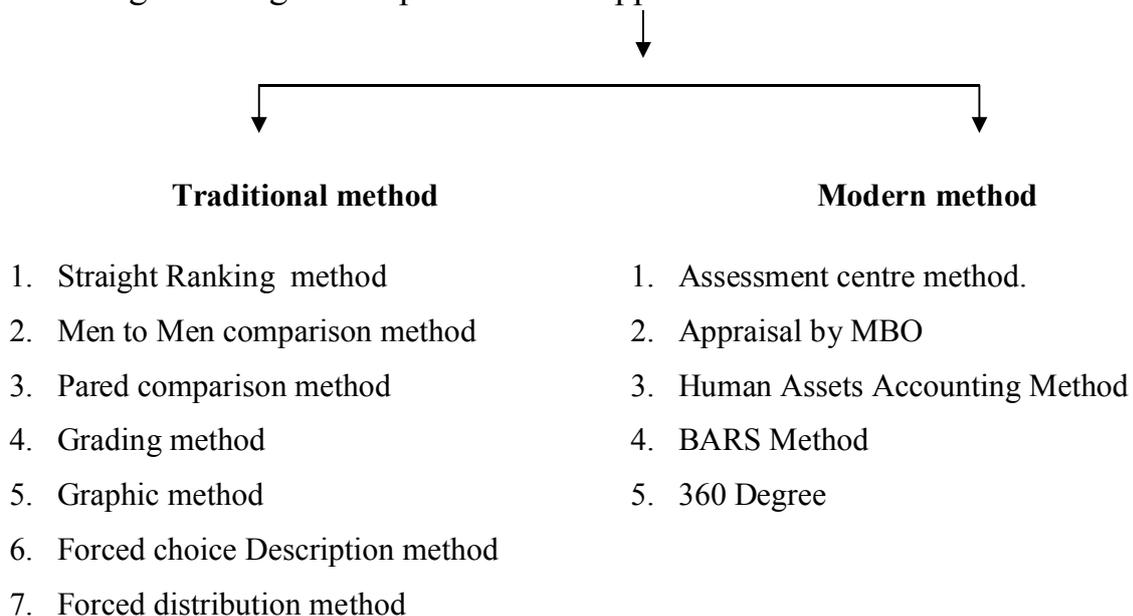
The information which is procured by performance appraisal is used as follows:

- Remuneration administration.
- Selection programme.
- Employees training and development programme.
- Promotion, transfer, and lay-off decision.
- Grievance and discipline programme
- HR planning

5.11 Methods of Performance Appraisal:

Chart-5 Methods of performance appraisal

Following is the figures of performance appraisal.



8. check list method
9. Free essay method
10. Critical incident method
11. Group appraisal method
12. Field review method

Source: P Subba Rao, Personnel and Human Resource Management, Text and Cases, Himalaya Publishing, Seventh Edition, 2007, PP 139

Traditional methods

I. Straight ranking method :-

Under this method, the employees are ranked from best to worst. Rater will give first number to highest performance and last to the lowest performance in particular job category.

II. Man to man comparison method:-

By this method certain factors are selected for the purpose of analysis such as leadership, dependability and initiative among all employees, who has best performer in particular factor is selected as key man and the rest of the employees are evaluated with him.

III. Paired comparison method:-

Here, each employee is compared with all other employee in each trait of personality e.g. quality of work (Trait).

	A	B	C	D
A	-	AB	AC	AD
B	BA	-	BC	BD
C	CA	CB	-	CD
D	DA	DB	DC	-

IV. Grading method:-

Instead of giving rank, the grade is given to employees by considering all traits. Say,

Outstanding	A ⁺	Good	B ⁺
Very Good	A	Poor	B
		Very poor	C

V. Graphic method:-

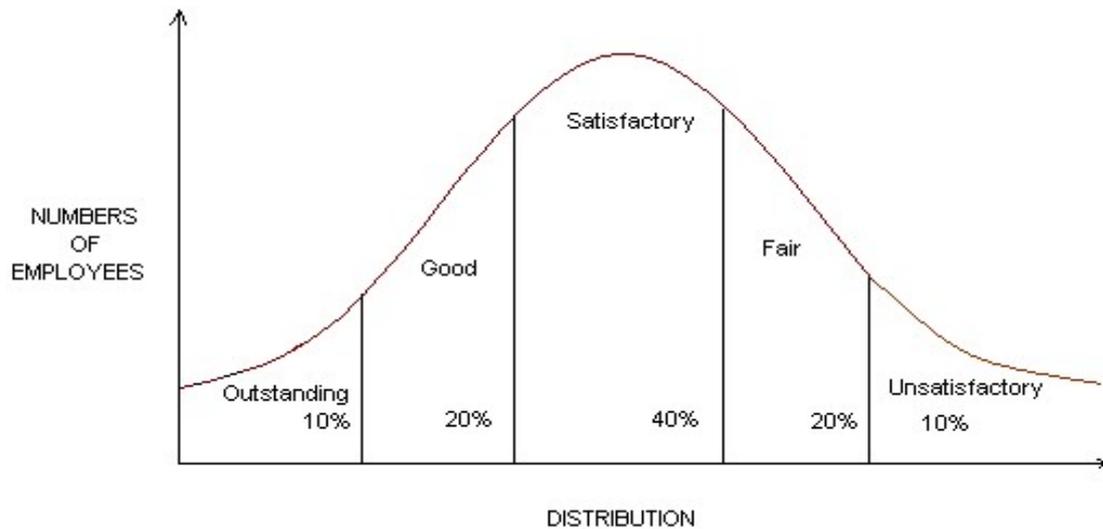
Graphic rating method compare individual performance to an outright standard. In this method judgment about performance are recorded on a scale. This is the oldest and widely used technique. This method is also known as linear rating scale or simple rating method.

VI. Forced choice description method:-

Under this method, the rating elements are several sets of pair phrases or objectives (usually sets of four phrases two of which are positive, to negative) rating to job proficiency or personal qualifications. The rater is asked to indicate which of the four phrases is most and least descriptive of the employees.

VII. Forced distribution method:-

This method was found by Joseph Tiffin at this stage rater has to appraise an employee according to pre-determined distribution scale for this purpose 5 points performance scale is used.



VIII. Checklist method:-

The checklist is a modest rating technique in which the boss is given a list of statement or words and asked to check statement representing the characteristic and performance of each employee. There are three types of checklist method.

- Simple checklist
- Weighted checklist
- Forced choice method

IX. Free essay method:-

Under this method, the supervisor is free from open ended appraisal of an employee in his own words and pots down his impression about the employees.

X. Critical incident method:-

Employees performance is checked in certain “Events” or in “Episodes” these events are called critical incident like accident, exposure, recession period, high load of work etc. this record is kept in organization and used in a promotion or in any other matter it is very good method because we can know employees natural behaviour.

XI. Group appraisal method:-

Under this method, worker is appraised by a group of evaluators. This group involves of the immediate supervisors of the employee, to other supervisors who have closed contact with the employees work, manager or head of the department and consultants. Then the group appraises the performance of the employee, compares the actual performance with standard find out the deviations, discusses the reasons therefore, suggest ways of improvement of performance, if any.

XII. Field review method:-

This is an appraisal by someone outside the appraise is own department, usually someone from the corporate office or the HR department the outsider reviews employee records and holds interviews with the ratee and his or her superior. The method is primarily used for making promotional decision at the managerial level.

Modern method

I. Assessment centre method:-

The assessment centre concept was initially applied to military situations by Simoniet in the German army in 1930 and the war office selection board of the British army in the 1960.the purpose of this method was and is to test candidates in a social situations. Using a number of assessors and variety of procedure, the most important feature of the assessment centre is job related simulations. Theses simulation involves characteristics that, manager feel are important to the job success. The evaluators observe and evaluate participants as they perform activities commonly found in these higher level jobs.

Under this method many assessors join together to judge worker performance in several situations with use of variety of criteria. It is used mostly to help select employees for the first level supervisory positions.

II. Appraisal by MBO:-

Peter Drucker has evolved this method. It is management by objective method potentially a powerful philosophy of managing and an effective way for operationalising the evaluation process if it seeks to minimize external controls and maximize inside motivation through joint goal seeking between the manager and the subordinate and increasing the subordinate's own control of his work. It reinforces the importance of following the subordinate to participate actively in the decisions that affect him directly.

MBO can be described as "process whereby the superior and the subordinate manager of the organization jointly identify its common goals, define each individual's major area of responsibility in terms of results expected of him and use these measures as guide for operating the unit and assessing the contribution of each of its members.

III. Human assets accounting method:-

The human assets accounting method mentions to activity devoted to attaching money estimations to the value of firm's internal human organization and its external customer's goodwill. If able well trained personnel leave a firm, the human organization is worthless. If they join it, human assets of the organization are increased.

The current value of the firm human organization can be appraised by developed procedure by undertaking periodic measurements of "key causal" and intervening enterprise "variables". The key causal variables reflect the internal state and health of the organization. They include loyalties, attitudes, motivations and collective capacity for effective interaction etc. these two types measurements must be made over several years to provide the needed data for the computation of the human asset accounting.

IV. Behaviourally anchored rating scales (BARS):-

The behaviourally anchored rating scale (BARS) method combine element of traditional rating scale and critical incident method using BARS, job behaviours from critical incidents effective and ineffective behaviours are described more objectively. The method employs single who are familiar with a particular job to identify its major components. They then rank and validate specific behaviours for each of the components.

How to construct – bars?

Step-1: Collect critical incidents

Step-2: Identify performance dimensions

Step-3: Reclassification of incidents

Step-4: Assigning scale values to the incidents

Step-5: producing the final instrument

V.360 – Degree Appraisal¹²

360 degree feedback, also known as “multi-rater feedback is the most comprehensive appraisal where the feedback about the employees’ performance comes from all the sources that come in contact with the employee on his job.

360 degree respondents for an employee can be his/her peers, managers (i.e. superior), subordinates, team members, customers, suppliers/ vendors -anyone who comes into contact with the employee and can provide valuable insights and information or feedback regarding the “on-the-job” performance of the employee.

¹² J. G. (2017, October 25). Performance Appraisal: Methods. Retrieved March 11, 2017, from http://epgp.inflibnet.ac.in/epgpdata/uploads/epgp_content/S000023MA/P001194/M022397/ET/1504594376quadrant1-module20.pdf

360 degree appraisal has four integral components:

1. Self-appraisal
2. Superior's appraisal
3. Subordinate's appraisal
4. Peer appraisal

Self-appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance. Superior's appraisal forms the traditional part of the 360 degree appraisal where the employees' responsibilities and actual performance is rated by the superior.

Subordinates appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc. Also known as internal customers, the correct feedback given by peers can help to find employees' abilities to work in a team, co-operation and sensitivity towards others.

Self-assessment is an indispensable part of 360 degree appraisals and therefore 360 degree performance appraisal has high employee involvement and also has the strongest impact on behavior and performance. It provides a "360-degree review" of the employees' performance and is considered to be one of the most credible performance appraisal methods.

360 degree appraisal is also a powerful developmental tool because when conducted at regular intervals (say yearly) it helps to keep a track of the changes of others' perceptions about the employees. A 360 degree appraisal is generally found more suitable for the managers as it helps to assess their leadership and managing styles. This technique is being effectively used across the globe for performance appraisals. Some of the organizations following it are Wipro, Infosys, and Reliance Industries etc.

5.12 Different Instruments of Performance Appraisal

5.12.1 A combination of groups and individual appraisal

This instrument was advocated by Jordon (1992:194). On the idea of the Metropolitan University Library appraisal system expertise the author argued that performance appraisal judge's people who frequently plan to improve their performance instead of their service. To avoid this example team work is critical. In some cases individual appraisal is required and in others cluster appraisal.

Generally there's a twin between a manager's own performance which of the cluster. In such cases individual appraisal ought to improve the individual performance, whereas, cluster appraisal alone could have obscured the matter (Jordon 1992). The distinction between the 2 is that individual appraisal relies upon the confidentiality of a personal performance appraisal whereas cluster appraisal is shared amongst all the participants. The author recommends a mix of each group and individual appraisal and believes that each will exist aspect by aspect while not undue conflict; careful thought and designing will change them to realize their management goals and support one another.¹⁰

5.12.2 Appraisal by supervisor

This is the foremost common appraisal, and is predicated on the norm that the supervisor best knows his/her supervised employees. However, its drawbacks are: the supervisor's power to and in conclusion, the supervisor may not be capable enough to convey correct feedback to the supervised person. Because of the on top of issues, different sources of worker appraisal have emerged, such as: self-appraisal, peer-review, upward or reverse appraisal.

5.12.3 Self-appraisal

Self-appraisal is beneficial when managers request to extend an employee's involvement within the review method. This calls staff to consider their strengths and weaknesses. it's helpful once the manager and worker discuss and together

establish future performance goals (**Bohlander, Snell & Sherman 2001**) This methodology was common for a few time on the idea that if subordinates square measure concerned within the analysis method, they, may be basis also} additional committed to their jobs which it may also scale back role conflict. However, this method is subject to systematic biases and distortions. Because of the on top of downside another variation of self-appraisal came into existence: the "self- initiated appraisal" that is gaining quality. During this system, a worker is absolve to invite a review from his or her manager any time he or she desires. The disadvantage of this method is that it may be helpful for tiny organisations however not for giant ones, as this activity takes beyond regular time.

5.12.4 Peer-review

Peer-review has been existing since the 1920s. The conditions of peer review likewise exist for librarians, because of the daily opportunities for perceptive the performance of colleagues (Lindsey 1986). Leysen and Black (1998) additionally support peer review as an elemental consider advancement and continuing appointment. Osif and Harwood (1996:178) support Lindsey by speech that "one of the benefits of referee is that co-workers WHO perform similar tasks are a lot of intimate with the work than a supervisor and a very higher position to judge work".

Criticism

The appraiser might not be totally familiar with the appraised' s work and the appraised might play the appraiser and also the line manager off against one another with no formal input from the road manager into the effectiveness or the event of the appraised (**Green 1993**)¹¹. This technique is conducted on a personal basis; it doesn't correspond to team-building that is taken into account a crucial component in fashionable participative management (**Schuler & Jackson 1996**)¹². There's additionally the chance of back-scratching during this system.

5.12.5 The multi-source assessment (360 - Degree appraisal)

This technique is receiving an honest deal of attention. it's supposed to supply staff with as correct data as possible by getting input from all angles (**Bohlander, Snell & Sherman 2001**). 360 degree feedback is an appraisal method whereby totally different completely different aspects of work is assessed by different folks. for example, peers will choose smart teamwork, shoppers and users service quality and people will choose management and leadership style (**McDonaugh 1995:425**). Feedback is coming back from four directions, therefore it's known as 360 degrees. This method seems to be quite logical because every employee are going to be assessed in four alternative ways and the same applies to everybody. **Bohlander, Snell and Sherman (2001:330)** quote the subsequent safeguards discovered by Intel to confirm the utmost quality and acceptance of 360 degree's:

- Assure anonymity.
- Make respondents responsible.
- Prevent "gaming" of the system.
- Use statistical procedures.
- Identify and quantify biases.

According to **Osif and Harwood (1996:178)** 360-degree feedback will increase specialise in customer service, supports team initiatives, creates a extremely concerned men, decreases hierarchies, promotes streamlining, detects barriers to success, assesses biological process wants, avoids discrimination and bias, identifies performance thresholds, and is simple to implement.¹³

This system is thorough, and there's less probability for unfairness as a result of the knowledge is collected from all the surrounding sources, however still its "success depends on how managers use the knowledge and the way fairly staff area unit treated" (**Bohlander, Snell & Sherman 2001:330**).

5.12.6 Benchmarking

Benchmarking and performance mensuration within the public sector is more and more changing into current. Benchmarking is that the continuous method of measurement product, services and practices against the recognised competitors. Benchmarking could be a "continuous, systematic method of measurement product, services and practices against organisations regarded to be superior with the aim of rectifying any performance gaps" (Benchmarking and performance...1999). Important benchmarking ought to be between organisations with similar goals and characteristics so as to deliver similar services to their clients. Weaknesses: It's most evident weakness is its strong concentrate on quality that omits all other dimensions of performance measuring. Though quality within the public service is usually fascinating within the sense of competency within the routine activities of the organisation, in some constituencies this is not continually the case: as an example, taxpayers could like better to have a poorer quality of beverage, and consequently pay lower water rates¹⁴

Similar to management by objective and performance by management, there's another instrument called "The Balanced Scorecard", devised by Norton (1996). These days ancient monetary performance measures appear to be outdated; operational measures like time and client services ought to be prioritised so as to derive monetary gains, impact continuous improvement and direct any organisation to the leading edge. It absolutely was at first developed to handle a number of the problems of ancient performance systems that are usually associated with monetary measures. This method relies on 3 further non- monetary activity categories: client satisfaction, internal processes, and learning/innovation. These authors believe that the above-mentioned further 3 activity classes ar the drivers of future performance whereas monetary measures emphasise past performance. This technique is strategic in the following ways:

- By combining the higher than four measures the balanced record produces in one Management report all the knowledge of an organisation.
- By forcing senior management to believe all the operational measures along, it provides them a chance to visualize if improvement in one space is achieved at the price of another.

This system additionally considers the collaboration of goals and measures. It's a lot of targeted than management by objectives because it puts stress on the four classes of client satisfaction, internal processes, innovation and learning, and monetary measures.¹⁵

5.13 Problems of Performance Appraisal:

The major problem in Performance Appraisal is

- 1) **Score (Rating) Biases:** The following problem with subjective measure is the opportunity of bias. The rater biases include :
 - a) Halo effect
 - b) The mistake of central tendency
 - c) The leniency and strictness biases
 - d) Personal prejudice
 - e) The regency impact
- 2) Failure of the superiors in conducting PA and post-performance evaluation interviews.
- 3) Maximum a part of the appraisal is based totally on subjectivity.
- 4) Much less reliability and validity of the pa techniques.
- 5) Negative score affects interpersonal relations and work relations system.
- 6) Effect of outside environmental elements and uncontrollable internal elements. Response and post appraisal interview may have a setback on production.

- 7) Management emphasizes on punishment rather than progress of an employee in performance appraisal.
- 8) A few ratings mostly about the potential appraisal are purely based on guess work.

5.14 Challenges of Appraisal:

With the increased significance of PA, challenges confronting the system are mounting. One serious challenge facing the PA system relates to assessment of self – managed teams. Popularly called empowered teams, these self – managed teams create special challenges for performance appraisal – empowered teams perform without supervisor.

- ✓ Create a culture of excellence that inspires every worker to develop and provide him or herself to be assess.
- ✓ Align managerial objectives to individual aspirations.
- ✓ Clear development paths for talented individuals.
- ✓ Provide new challenge to renew careers that have reached the plateau stage
- ✓ Create a partnership with people for managing their careers.
- ✓ give power to employees to make decisions without the fear of failing
- ✓ set in teamwork in all operational processes
- ✓ De-bureaucratize the organization formation for case of flow of information.

5.15 Recent Development in Performance Appraisal:

In view of the limits of Performance appraisal improvements performance. These improvements include:

- i. Change inside the method to overall performance management
- ii. Emphasis on documentation
- iii. Computer primarily based overall performance control
- iv. Collaborative performance management
- v. Modified performance management system

5.15.1 Strategic Focus of Performance Appraisal

"Strategic relevance refers to the extent to which requirements relate to the strategic targets of the enterprise" (Bohlander, Snell & Sherman 2001:322). Consequently "the strategic method is gaining in recognition as firms see overall performance appraisal as a crucial manner to obtain organizational dreams" (Schuler 1998:440). Sincerely, "the appraisal manner begins with the establishment of overall performance standards according with the employer's strategic desires" (Decenzo & Robbins 2002:272). This definition specializes in the strategic value of performance appraisal. If a library consists of purchaser satisfaction and teamwork strategies into performance appraisal goals, it's far much more likely to get patron pleasure and teamwork from its employees. The important issue is that performance appraisal should specify the dreams which a library desires to gain from this interest.

Aligning performance appraisal with the business

The performance appraisal attains its fullest purpose once it's aligned with business Objectives. It's strategic:

- When connected to the business; and
- When individual goals area unit aligned with business goals.

Linking performance appraisal to competitive advantage

Gaining a competitive advantage is a strategy adopted by several organisations. According to Kleman (2000:210) an efficient performance appraisal is joined with Associate in nursing organisation's competitive position within the following ways:

Improving job performance: Improving job performance: an organisation can do a competitive advantage by using a good performance appraisal in 2 ways:

1. by guiding worker behaviour toward organisational goals, as a result of performance appraisal is a suggests that to let staff grasp what's expected of them.

Thus, it channels them correct direction to satisfy those expectations and during this method performance appraisal reinforces an organisation's strategic arrange.

2. A good performance appraisal is a chance for managers/supervisors to watch their subordinates' performance consistently and measure their performance in relevance the strategic organisational arrange. Supervisors will use this tool to recognise and reward sensible performers and to boost poor performers. This prepares workers and organisations to realize a competitive advantage over their rivals.¹⁶

Making the correct employee decision:

Due to the fact overall performance appraisal is often used to make evaluative selections approximately worker merchandising, salary increments, and schooling, this type of effective decision via overall performance appraisal can enhance aggressive advantage through acknowledging their accurate overall performance. It boosts their morale and motivates them for even higher performance and consequently, employees create a competitive benefit for their corporation.

Linking performance appraisal to motivation

"Simply due to the fact personnel have the ability to do the activity does not ensure that they may carry out satisfactorily. A crucial size in their effectiveness is their willingness to exert excessive strength degrees - their motivation" (Decenzo & Robbins 1999:286). They Performance appraisal as a critical element of motivation. They insist that employees must know what is predicted of them and that their overall performance can be measured. They should be confident, exercising their efforts to the high-quality of their skills. This can make them higher overall performance in line with their measurement criteria and therefore they will be rewarded. If humans do now not see the hyperlink among effort and performance, and between overall performance and praise, the motivational components of evaluating performance can be missing. If employees have carried out well, their

suitable performance wishes to be acknowledged. If they have carried out poorly, this could demotivate them. Managers should continually look out for brand spanking new motivational incentives for you to inspire high performance based on overall performance appraisal. "Leaders in the new organization do now not lack motivational tools, but the gear is exceptional from those of traditional company bureaucrats. The brand new rewards are based totally no longer on reputation but on contribution, and that they consist now not of ordinary merchandising and automated pay raises however of excitement about task and a percentage of the glory and the benefit of fulfilment".¹⁷

Linking performance appraisal to selection

The selection process is defined as "all movement of human resources into, within and from the organisation" (Lundy & Cowling 1996:206).

A good way to recruit an employee an organisation enterprise has to undergo a process: initial choice, probation and induction of new entrants, and their advertising, switch and sometimes severance from the enterprise. The choice system cannot be visible in isolation from performance appraisal. Selection of an employee must be related with organisational strategy: what sorts of personnel are required for the organization? For instance, a biased selection interview will undermine any advantages won from linking this hobby with organisational strategy. Apart from this, the selection committee desires to suppose strategically: need to the selection fit the corporation's modern subculture or the culture it aspires to? Consequently, "the premise underlying the idea of strategic choice is that choice issues should form part of strategic wondering within an company at each components and implementation degrees" (lundy & cowling 1996:206). If poor selection is made, it would appear that it isn't always strategic. This makes it essential to stick to the selection precept. If proper human beings aren't decided on, they will not carry out nicely. The authors emphasise that it ought to be truthful; to ensure its equity it desires to be as accurate as viable. This calls for using reliable and valid measures

of process applicant traits, observed through statistics approximately candidates in a rational manner so that you can make the proper decisions. The important thing elements are reliability and validity. The above dialogue means that human useful resource control calls for the modern day statistics from various selection units. The most not unusual instruments are:

- ✓ application form/s;
- ✓ interview/s;
- ✓ test/s;
- ✓ medical examination/s;
- ✓ references;
- ✓ Computer assisted tests.

With the guide of these instruments and strategies, future employment execution can be assessed and used to settle on choices concerning the determination of staff.¹⁶

The point of a selection framework is to choose the perfect people who will perform well at work. A definitive adequacy of vital choice will be undermined if the determination framework which is connected with methodology is of low quality (Lundy and Cowling 1996).¹⁸

By assessing the staff, administration can recognize/confirm if the correct staff have been picked or not. Thusly, the decision technique is associated with execution assessment, and has a key centre intrigue. "If affiliation decision is taught by the affiliation's condition, connected to system, socially dependable, substantial, occasionally assessed and kept up by information of driving hypothesis and practice, at that point such choice is, in reality, key determination. A similar articulation can be material to each of the other HR exercises which bolster key human asset administration" (Lundy and Cowling 1996:240).¹⁹

Linking performance appraisal to reward

Rewards incorporate both direct pay and circuitous advantages (for instance occasion pay), known as outward rewards. Rewards additionally incorporate inherent rewards, for example, acknowledgment, security, vocation improvement, sentiments of self-esteem and feeling of accomplishment. As a rule, workers view inherent rewards as more vital, as they can give work fulfilment, increment inspiration and thusly enhance profitability.

"Managing motivation is the way toward perceiving and accommodating the requirements of workers in such a way, to the point that large amounts of execution are accomplished. In its working environment setting, it implies accommodating those necessities which people convey with them to their work environment" (Lundy and Cowling 1996:298). This suggests it is critical to perceive worker needs and furnish them with a helpful domain keeping in mind the end goal to inspire them to use their maximum capacity. A motivational hypothesis applicable to remunerate administration is anticipation hypothesis. This hypothesis trusts that workers' conduct is impacted by how much their needs are satisfied.¹⁹

Objectives of reward strategy

According to Armstrong and Murlis (1994) a reward management strategy must:

- Be congruent with and support corporate values and beliefs;
- Emanate from business strategy and goals;
- Be linked to the organisation's performance;
- Drive and support desired behaviour at all levels;
- Fit desired management styles;
- Provide the competitive edge to attract and retain required skilled employees;
- Be anchored to the realities of the labour market.²⁰

Linking performance appraisal to development

Training and development are crucial in matching an organisation's human resources to its organisational strategies.

"A performance appraisal is a source of data on which training and development decisions in relation to improvements to current performance and plans for future development can be based. Performance appraisal represents an important and potentially effective tool within a process of strategic human resource management" (Lundy & Cowling 1996:288). Hence, using performance appraisal, staff performance can be measured and improved upon, leading to optimum performance and organisational efficiency.

Link between performance appraisal and strategic training and development

"All organisations must face up to the challenge of how to evaluate, utilise and develop the skills and abilities of their employees to ensure that individuals gain as much satisfaction as possible from their jobs while making effective contributions" (Lundy & Cowling 1996:289).

Performance appraisal can be used to audit the modern personnel and create a human resource profile to match the strategic plan, as an instance, by means of classifying the overall performance of the group of workers into two groups: current and ability. Performance appraisal can in addition extra be used to broaden a flexible personnel, for instance, growing a multi-skilled team of workers.

Increasingly more, organizations are transferring more in the direction of a numerous method to worker Skills, in preference to the previous method of specialisation. This will be completed through an Objective performance appraisal. Performance appraisal can also be used to identify and broaden capacity personnel.

Summary

Overall performance appraisal is a quintessential part of performance management and Human resource management. Such an appraisal is used to evaluate and determine the real worth of an employee. An effective performance appraisal usually has two functions: evaluative, to tell people in which they stand, to make selections on any advantage growth, any income boom, advertising, demotion, switch and to evaluate recruitment; and developmental, to offer an worker with information about his or her weaknesses, to provide her or him an opportunity to enhance, to pick out strengths, and education and development desires. An employee's overall performance can be measured in three one-of-a-kind ways: norm referenced/comparative, behavioural/non-comparative and output orientated strategies (additionally referred to as result-based totally). The primary contraptions of overall performance appraisal are: a combination of agencies and character appraisal; appraisal through a manager; self-appraisal; peer-overview; upward appraisal; multi-source evaluation/360 degree and benchmarking. Performance appraisal has a strategic consciousness because of its alignment with organisational business, linkage to aggressive benefit, motivation, selection, reward, training and development

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