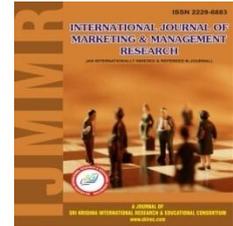




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## **METHODS OF PERFORMANCE APPRAISAL SYSTEM IN ORGANIZATION**

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### **ABSTRACT**

*The purpose of this paper is “to study the methods of performance appraisal system” in organization. With the rapidly changing technological, social, economic, political, and legal, environment and the trend towards globalization of business and industry, the effective management of human resource has become a really challenging job. There is no denying of the fact that human element is at the center stage in all economic activities. In this paper, an attempt has been made to conclude findings for the study and suggest various measures to serve as guidelines for the management of an organization. Application of these methods it is possible to enhance the effectiveness and efficiency of “performance appraisal System”.*

### **INTRODUCTION**

The process of HRD helps the employees to acquire or develop technical, managerial and behavioral knowledge, skills and abilities and moulds the values, beliefs and attitudes necessary to perform present and future roles. The process of performance appraisal helps the employee and the management to know the level of employee’s performance compared to the standard/predetermined level.

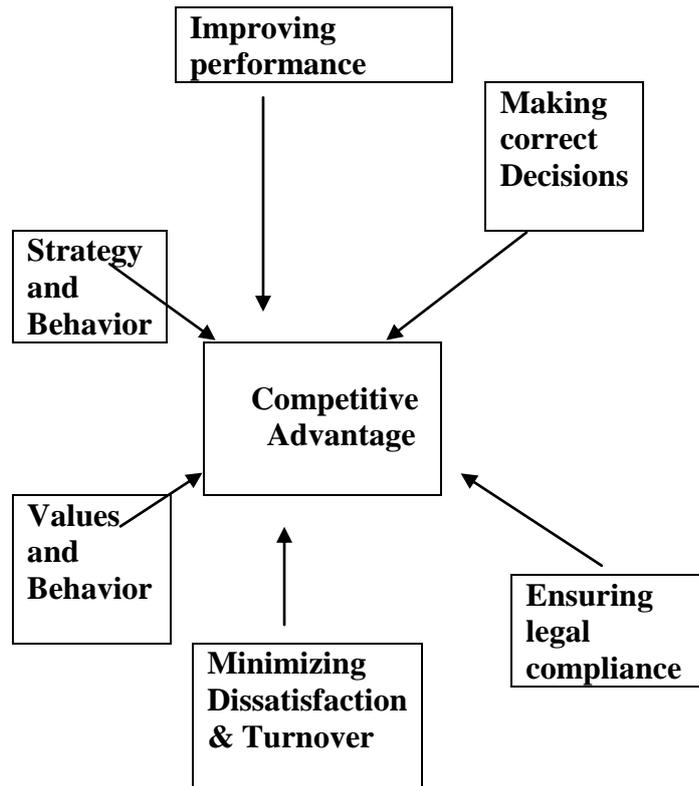
Performance appraisal is essential to understand the employee’s performance through HRD. In fact, performance appraisal is the basis for HRD. It was viewed that performance appraisal was useful to decide upon employee promotion/transfer, salary determination and the like. But in the recent development, Performance appraisal indicates that the level of desired performance, level of actual performance and the gap between these two. This gap should be bridge through human resources development techniques like training, and executive development, etc.

### **OBJECTIVE OF THE STUDY**

- 1) To know the theory and methods for effectiveness of the Performance Appraisal System in an origination.

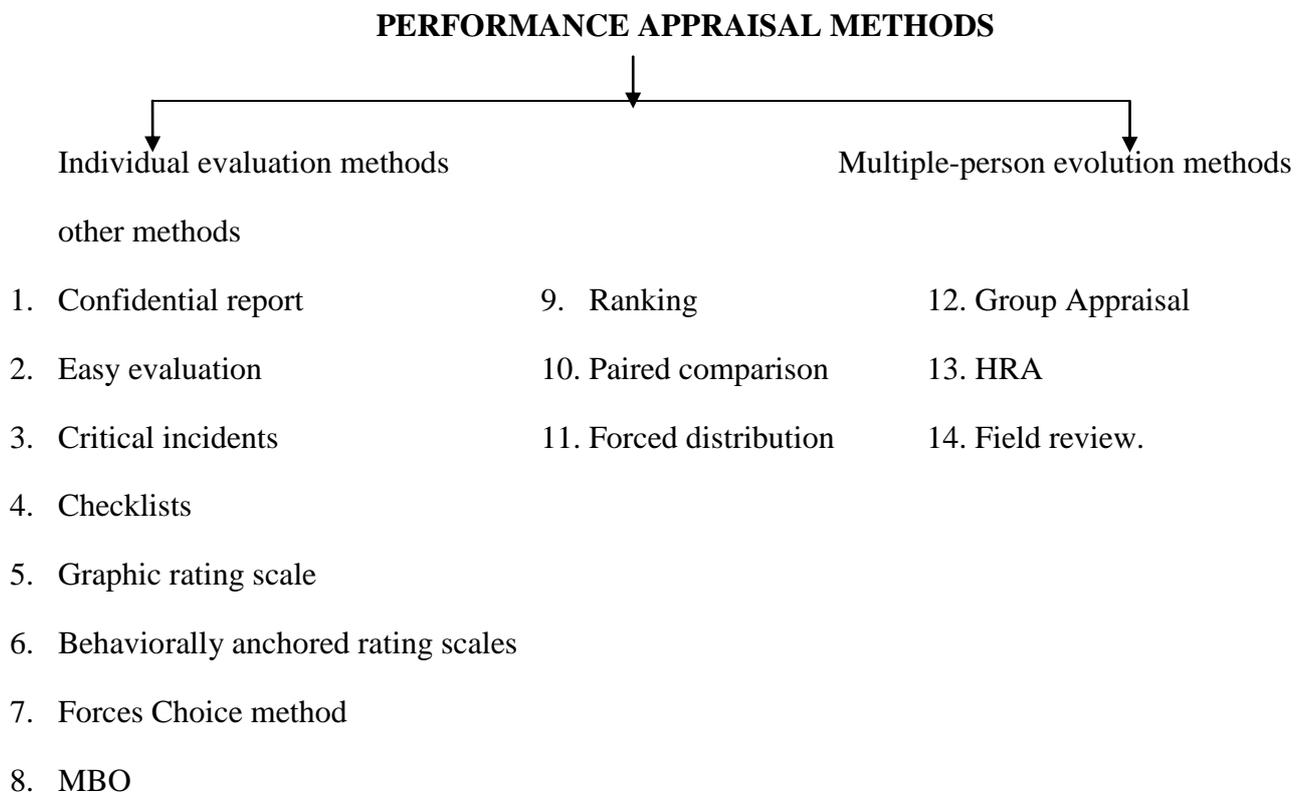
- 2) To take review of the Performance Appraisal System.
- 3) To study whether the identification training needs fulfill or not.
- 4) To find out the level of satisfaction from the performance Appraisal.
- 5) To help organization to overcome its weakness and develop healthy workforce.

#### **HOW PERFORMANCE APPRAISAL CAN CONTRIBUTE TO FIRM'S COMPETITIVE ADVANTAGE**



## METHODS OF PERFORMANCE APPRAISAL

The performance appraisal methods may be classified into three categories, as shown in Figure.



### ➤ INDIVIDUAL EVALUATION METHODS

Under the evaluation method of merit rating, employees are evaluated one at a time without comparing them other employees in the organization.

#### 1. CONFIDENTIAL RECORDS

Confidential records are maintained mostly in government departments, through its application in the industry are not ruled out.

#### 2. ESSAY EVOLUTION

Essay evaluation is extremely useful in filling information gaps about the employees that often occur in the better structured checklist method.

#### 3. CRITICAL INCIDENT TECHNIQUE

This method is useful for peers to maintain logs on each employee and its behavior.

#### 4. CHECK LIST AND WEIGHTED CHECKLISTS

Another simple type of individual evaluation method is checklist. A checklist represents, in its simplest form, a set of objectives or descriptive statements about the employee and his behavior.

## **5. GRAPHIC RATING SCALE**

Under this method, a printed form, as shown below, is used to evaluate the performance of an employee. A variety of traits may be used in these types of rating devices, the most common being the quality of work. The rating scales can also be adapted by including traits that the company considers important for effectiveness on the job.

## **6. BEHAVIORALLY ANCHORED RATING SCALES**

This method represents the latest innovation in performance appraisal. It is a combination of the rating scale and critical incident techniques of employee performance evaluation. The critical incidents serve as anchor statements in a scale & the rating form usually contains six to eight specially defined performance dimensions.

## **7. FORCED CHOICE METHOD**

In the forced choice method, the rater is forced to select statements which are readymade.

## **8. MANAGEMENT BY OBJECTIVES**

The MBO process seems to be most useful with managerial personnel and employees who have a fairly wide range of flexibility and self control in their jobs.

## **➤ MULTIPLE PERSON EVALUATION METHODS**

In this section, let us discuss some techniques of evaluating one employee in comparison to another. Three such frequently used methods in organizations are ranking, paired comparison and forced distribution.

## **9. RANKING METHOD**

In Ranking Method superior ranks his or her subordinates in the order of their merit, starting from the best to the worst.

## **10. PAIRED COMPARISON METHOD**

Under this method the appraiser compares each employee with every other employee, one at a time.

## **11. FORCED DISTRIBUTION METHOD**

The forced distribution method operates under an assumption that employee performance level conforms to a normal statistical distribution.

## **12. 360- DEGREE FEEDBACK SYSTEM**

In 360-Degree appraisal system, an employee's performance is rated by supervisors, peers, subordinates and clients. This system is used all over the world.

### **13. HRA**

HRA means human Resource Accounting. This is a sophisticated way to measure the effectiveness of personal management activities and the use of people in an organization. It is process of accounting for people as an organizational resource.

### **14. FIELD REVIEW METHOD**

In this method, a trained skilled representative of the HR department goes into the field and assists line supervisors with rating of their respective subordinates. Based on this information, the expert prepares report, which is sent to the supervisor for review, change, approval and discussion with the employee who is being rated. The ratings are done on standardized forms.

#### **FINDINGS**

1. It was observed that, annual performance appraisal is undertaken by the superior for measuring the performance of employees and suggesting for improvement in the performance if any.
2. Comparison of employees within the organization is an effective tool for measuring performances.
3. Application of ranking method is useful for promotions, demotions and termination of employees.
4. It is possible to establish self controlling capacity among the employees.

#### **CONCLUSION**

- ❖ These methods are effective to improve the skill level of employee and can utilize their time and competencies well.
- ❖ The performance appraisal system can identify the training and development needs, so the management helps to employee by giving training and other strategies by using the above methods.

#### **LIMITATION OF THE STUDY**

- ❖ The study is limited for the managers and employee. And the remaining information was taken from Human Resource Department. Further, the methods will check from human Resource & objectionable methods will drop in accordance with the employee's performance.

#### **RECOMMENDATIONS**

1. To enhance the performance level, the company should support the employee and there should be more of involvement of employee in decision making for motivating.
2. The performance appraisal methods should be conduct quarterly.

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