

EFFECTIVENESS OF PERFORMANCE APPRAISAL ON CORPORATE PROFITABILITY

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ABSTRACT

In recent years it is necessary to find more scientific, effective & fair assessment method, to examine the current performance appraisal for the success & failure of the organization. In The organization HR play key role in performance appraisal process. It includes the importance of the appraisal process and different types of appraisal and their effectiveness.

KEYWORDS:- Performance appraisal, Evaluation, Performance, Productivity, Profitability Motivation.

1.INTRODUCTION

Performance appraisal is the process of obtaining analyzing and recording information about the relative worth of an employee. The focus of Performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. The purpose of the performance management is to ensure that the work performed by employees is in accordance with established objectives of the organization. Employees should have clear understanding of the quality and quantity of work, expected from them. Employees should also receive the information about how effectively they are standing with the expected standards. Due to effective performance management system opportunities for employees development identified and it encourages and facilitates employee development also resolves performance pay disputes. Its aim is to measure what an employee does. In the world of globalization there is N...number of competitive factor in the market also there is competition among different organization and same organization having similar product and also within the organization. The overall success of each and every organization is depending on upon the quantity and capability of employees. How successful the organization will be told by the employees. Human beings are considered as an important asset of every organization. It is duty of every organizational authority to motivate the employees and influence the behavior of the employees through performance appraisal system. Performance appraisal system is dealing as a strategic concept because it is dealing with organizational mission, vision & goal. Key result area of all the employees will checked if employees are achieving its performance up to the mark. In a country like India which is developing economy, it is essential to evaluate every individual every individual's talent & achievement with sensible consistency and accuracy. Performance management cycle begins by performance monitor, review, Performance Plan (agreement), Act. Performance management is a means of getting better result from the organization, team & individuals within an agreed framework of planned goals, objectives and standards by Armstrong & Murlis. According to Flippo, A prominent personality in the field of HR "Performance Appraisal is the systematic, periodic and an impartial rating of employee's excellence in the matters pertaining to his present job and his potential for better job . "Performance appraisal is systematic way of reviewing and assessing the performance of an employee during a given period of time and planning for his future. Performances is our reality. It is a powerful tool to calibrate, refine and reward the performance of the employee. It helps to analyze his contribution towards the achievement of the overall organizational goals. Performance appraisal is a formal system that evaluates the quality of employee performance In simple terms, appraisal may be measured against a factors as job knowledge, quality of output, initiative leadership, abilities, supervision dependability, cooperation, judgment, versatility, and health etc. Formal definition of Performance appraisal is "It is the systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development. A more comprehensive definition is "Performance appraisal is a formal structure system of measuring and evaluating employee's job related behavior and outcomes to discover how and why the employee is presently performing on the job, how employee can perform more effectively in the future so that the employee, organization and society all benefits.

2. TRADITIONAL PERFORMANCE APPRAISAL

The history of performance appraisal is quite brief. It roots in early 20th century, can be traced to Taylors pioneering time and motion study. During the First World War appraisal concept was developed by US army.

3. IMPORTANCE OF RECENT TREND OF PERFORMANCE APPRAISAL

Performance appraisal is a most valuable human resource tool. It is a vital component for the development of company as well as for individual employee. The system of performance appraisal motivates the sincere employees and in certain cases it punishes the dishonest employees. This is benefited to employees as well as for the organization. Productivity increases if there is a fair performance appraisal system implemented in the organization. Performance appraisal plays critical role in organization ability to achieve its strategic goals. Organization and the HR department has to design and implement Performance appraisal system in an organization is a core managerial function. The challenges faced by the present days organization is absolutely depending on the effectiveness of its performance management system which ultimately acts as a catalyst for In India there are large manufacturing firms where there is a co-existence of two different systems in same organization e.g. MBO and 360 degree Performance appraisal system, Open ended system, Semi-open, Closed system. The intention of Performance appraisal is to evaluate the employee at all levels in organization. There are many advantages of Performance appraisal system; firstly organization comes to know who high performer is and who is not. This helps organization to make some sort of disciplinary action against low performer or recommended them for the employee, as he comes to know about the work areas which he is lacking in and has to do improvements on the same. Employees, come to know about the expectation of organization from him. The evaluation of employees is done by the superiors, on the basis of some predicted criteria and if gaps are found in the employee's performance the superior in the organization will know and decide which employee in the organization requires training. To achieve organizational objective Training need analysis is essential which would be identified only by performance appraisal. Generally employees need to train to move the organization forward. To move organization further the owner and management should have some idea, some strategy for solving organizations current problems. Organizations' experiences some deficiencies so to bridge a gap between these capabilities. It needs to achieve its objective and what it currently has. Based on performance appraisal one should try to conduct Training need analysis to find out a gap in its people capability. It can be short fall knowledge, attitude and skills of our employees. So to bridge this gap by providing training programme to employees, ask every single individual to be perfect and get a maximum productivity which will directly indirectly motivate employee so that he will give good and better product which will be benefited and profitable for organization. A survey was conducted in Industrial area in Pune and adjoining area regarding the performance appraisal system which the companies are following. Among the company survey they were asked which performance appraisal system are implemented. Most of the companies said that they followed KRA and 360 degree performance appraisal system. It was seen except for very few, all the employees of the companies are satisfied with performance appraisal system. That most of the companies are conducting performance review interview and the training need is communicated to the employees. While most of the companies are following the method of on the job/off the job training, some are following the method of training by experts. As far as motivation is concern the companies are following monetary/ non-monetary/ job expansion. Interview conducted with various levels of employees has revealed that better performance and increased productivity depends on work culture and employees satisfaction. Ethical aspects of performance appraisal are to actually look into different process like judgment and observation. It is a task of every manager to observe the performance and to keep a check on every employee's performance. There should be the certain standard framed by the HR department and with the consultation of HODs of various debarments for the performance. Legally and scientifically, the key requirement of any appraisal system are relevance implies that clear links between the performance standards for particular job and organizational objectives, Sensitivity states that a performance appraisal system is capable of distinguishing effective from ineffective performers. And reliability is consistency of judgment to provide reliable data by raters wit different perspective will see same individual employee job related performance an individual behavior very differently. Employee's effective performance. The true goal of performance appraisal is employee's development & organizational improvement. Ultimately competitive asset of any organization is it human resources, thus organization should develop employee competencies which should be aligned with the organizations business goals. This can be achieved through performance management system which also acts as behavioral change tool and it can also enable performance management system which can improve overall organizations performance.

3. CONCLUSION

It is concluded that research by effective performance management system is a key tool of communication & motivation within the organization. There should be the strong support from management for carrying out fair and transparent performance appraisal system. If employer has to reduce the labour turn over he has to reward and develop his employees. If employees are satisfied definitely brand and profit is created into the market. So based on performance

there should be some incentive and benefits & promotion policies to the employees, there can also be non-monetary benefit. The frame work for Performance Appraisal system has its core elements as improving individual performance in accordance with organizations performance keeping in mind employee's personnel goal. As employees are valuable assets for every organization- by taking an overview on performance Appraisal system and its profitability to corporate in certain cases the employees may be motivated and on other hand employees are demotivated. But the end result is that unless and until we all are not working as a team organization cannot achieve its productivity, quality and profitability. So the performance Appraisal system should be taken in a positive way. Organizational capabilities will be build identifying Key result areas of every individual. Based on the same training need will also be identified. The best performer gives the quality work, where effective performance appraisal has positive effect on corporate performance & profitability.

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