

# Performance appraisal

[Business](#), [Management](#)



Performance Appraisal Performance Appraisal Introduction Performance appraisal or interchangeably performance measurement can be simply referred to the process of monitoring and reporting varied information concerning the performance of an employee, group, or organisation. This managerial technique assists the top level management to evaluate the current position of the organization with respect to employee performance and thereby to identify the areas of improvement. Since performance appraisal is an effective way to boost organizational productivity and competitiveness, this management tool has the potential to influence the firm's net profitability. This paper will discuss how effective performance appraisals can improve employee performance. Strategic Advantages It is clear that the employee appraisal technique is extremely beneficial for the top management to gather a range of reliable information that is crucial to the firm's effective strategic management. Performance evaluation is particularly intended to identify whether or not an employee or a group is successful in meeting the targets within the specific period of time. The score ratings obtained through the performance measurement method aid the management to formulate different strategic decisions including employee promotion, training, retention, and termination. Management experts suggest that this technique is greatly helpful for managements to exercise better control over their human capital and ultimately supply chain activities. In other words, this tool benefits the management to align its employee performance with organizational goals. It is identified that performance measurement is helpful to evaluate individual employees' skills and potentials and thereby to distribute various duties and responsibilities

among them appropriately. Performance appraisal process can motivate employees to perform better because every employee strives to achieve fast career growth. Hence, optimized employee performance is another strategic advantage of performance measurement system. For employers, succession planning is a great strategic benefit obtained from performance evaluation process. Finally, this technique assists managers to identify what employees need in terms of support and resources in order to improve their performance.

**Potential Forms of Bias** Most of the performance appraisal systems are characterized with some potential forms of bias. One of the major identified potential biases related to performance evaluation is that the appraiser gives unfair advantages to employees or groups. As Aswathappa (2005, p. 593) points out, often the appraiser discriminates beneficiaries on the ground of sex, religion, or politics while conducting the performance appraisal. Undoubtedly, such unfair practices would adversely affect the morale of other employees. Scholars identify process standardization as a key ethical issue in performance evaluation. It seems that different appraisers, sometimes the same appraiser, employ different types of appraisal charts, procedures, and rating methodologies to evaluate employee performance. Under such circumstances, interests of all employees and groups are addressed discriminatingly. Another potential bias is that appraisers often do not convey the performance requirements to the beneficiaries (employees) before commencing the performance evaluation process. Hence, employees would not know what is going to be assessed; and this situation in turn may provide employees with low performance ratings. In sum, employees cannot improve their performance efficiency and

gain high ratings unless they are not informed about the performance expectations of the management. Another major issue is that there is lack of open communication between employees and their managers and this pitfall raises many concerns over ethical standards of the performance appraisal process. Management experts point out that in some organizations, employees barely obtain access to their performance measurement results. As a result, employees cannot obtain proper feedback on their performance and hence they fail to identify the potential areas of improvement. By restricting employees from accessing their performance evaluation results, firms limit employees' right to question the results through proper channels if employees are not satisfied in the ratings the appraiser made.

**Achievement of Strategic Objectives** Evidently, performance appraisals can contribute to the achievement of strategic objectives. As DelPo (2007, p. 11) states, properly executed performance appraisals can assist an organization to identify their real employee strengths. Based on this information, the organization may cut down the number of employees or hire fresh candidates so as to improve the net profitability. In addition, this technique greatly benefits service sector organizations to meet a key strategic objective- customer satisfaction. It is clear that a well designed performance evaluation may assist those organizations to assess how their employees interact with the customers. Based on the results obtained, firms may make necessary arrangements to improve employee performance.

**Conclusion**

From the above discussion, it is clear that effective performance appraisals are helpful to improve employee performance. In addition, this technique may assist organizations to achieve their strategic objectives. Flawless

decision making regarding employee hiring, training, promotion, and termination is a major strategic advantage of this management tool. Some potential biases including unfair employee treatment raise some ethical concerns over performance evaluation process. References Aswathappa, K. (2005). Human Resource and Personnel Management. New Delhi: Tata McGraw-Hill Education. DePo, A. (2007). The Performance Appraisal Handbook: Legal & Practical Rules for Managers. US: Nolo.