AN UNDERSTANDING TOWARDS BENEFITS AND CONCERNS ASSOCIATED WITH PERFORMANCE APPRAISALS- A STUDY HIGHLIGHTING THE ESSENTIALS OF GOOD APPRAISAL SYSTEM

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ABSTRACT

Performance appraisal is a formal and structured system followed by the organizations for reviewing and assessing the performance of employees. Organizations' initiate the performance appraisals process for administrative purposes and for employee development purposes. For administrative purposes, it assists management in selection; retention; and training of personnel's, in estimating the number of personnel required, for rewarding and honoring employees, for legal requirements, and for granting hike in employees' salary. For employee development purposes, the appraisal process is used to communicate employees' strengths & weaknesses, to identify individuals' training needs & identify gaps in workers' performance, to judge the efficiency of human resource personnel's involved with recruitment, selection etc. and also to reduce the grievances of employees. An effective appraisal would always assist organizations in achieving the organizational goals.

Nevertheless, an appraisal would also be the cause of negative experience when the managers judge the employees' performance in a biased manner. The purpose of this paper is to focus on the purposes of using appraisals in an organization also to emphasize both the benefits and concerns associated with the appraisals. The main purpose of the study is to emphasis comprehensively the various essential requirements of good appraisal system. The good appraisal system is required to overcome the concerns associated with appraisals and to garner the true benefits of appraisals. The present study recommends that, for the successful achievement of organizational objectives, the appraisal system should be appropriate and effective.

Keywords: Objective vs. Subjective Measures, Negative experience, Fear and distrust of employees, Rating biases, Training to appraisers and Open communication.

INTRODUCTION:

Performance appraisal process is a formal structured system for assessing the performance of employees. It assists in comparing the employee performance to the established standards and agreed-upon goals (Fred.S & John.S, 2007, p.390). At organizations, the performance appraisal process is initiated not only for administrative decisions making but also with an aim to improve the performance of employees. The appraisals are usually linked to compensation benefits, and promotion in organizational hierarchy. Subsequently, appraisals contribute to the increased motivation among employees to perform efficiently. As compensation benefits and promotions are linked to appraisals, employees tend to understand the organizational objectives. Hence an effective appraisal would always assist organizations in achieving the organizational goals. Performance appraisals provide feedback on past performance, evaluates employees' potential and support development opportunities, it is applicable for managers as well to motivate employees to achieve personal goals that are compatible with organization's goals (Diane A, 2007, p.4). The effective performance appraisals usually allow easier communication of organizational goals. Performance appraisals are also often the source of increased self-esteem among the employees; because an effective appraisal would comprise of a promotion, and/or rewards and awards to the employees.

Nevertheless, an appraisal would also create a negative experience when the managers judge the performance of employees in a biased manner. The bias may occur either deliberately or inadvertently, whatever may be the reasons or causes it creates a negative experience for the affected employees. The negative experience would be the cause of grievances; and this would be the cause for vicious environment at organizations. The organization can achieve its success; provided the appraisals are integrated with the organization's goals and strategies i.e. a proper alignment of individual goals with organizational goals would create an effective appraisal system. The study focuses on the purposes of using appraisals in an organization; it also emphasizes the benefits and concerns associated with appraisals; further the study also suggests the essentials requirements needed for a good appraisal system.

RESEARCH OBJECTIVES:

The purpose of this paper is to focus on the purposes of using appraisals in an organization. The objectives of this study are also to emphasize both the benefits and concerns associated with the appraisals. The main purpose of this paper is to present comprehensively the essentials requirements of a good appraisal system.

RESEARCH DESIGN & METHODOLOGY:

The paper is focused to provide insights to the employers, academicians and other interested parties who wish to know the true purposes of appraisals. The study presents the benefits associated with a well-planned appraisal process. Further, the study also highlights the various concerns associated with appraisals. The concerns explained in the study which are presented in a comprehensive manner are Objective vs. Subjective measurements, negative experience of employees, fear and distrust of employees, lack of time and commitment devoted by the management, and various biases connected with performance rating. The efforts were made in the study to provide the readers the essentials of a good performance appraisal system. Data for this study were drawn through a review of **secondary sources**, consisting primarily of e-books on human resource management, authored by reputed academicians and consultants, several websites and blogs related to the study sites. The various essential requirements of good appraisal system are comprehensively presented in the study.

BROAD, COMMON AND GENERIC PERSPECTIVE OF THE STUDY:

The study presents the purposes of performance appraisal in organizations; and highlights the benefits associated with a well-planned appraisal process and the various concerns associated with appraisals. However, the present study does not focus on the methods used for appraisals in organizations. It is understood that each method of performance appraisal has its own strengths and weaknesses. Salvatore &

Hazel (**2008, p.303**) elucidates that, "Clearly, no single method applies to all occupations or situations, but all methods have some degree of validity in most cases". In a pragmatic sense, with regards to appraisals methods there are different classifications available. The performance appraisal methods are classified as narrow versus broad interpretation; traditional, newer & result oriented & the comparative, absolute, goal setting and direct indices. (R.S. Dwivedi, 2007, p.136). From the traditional & modern methods classification the viewpoints are that the traditional methods lay emphasis on workers' initiative, integrity, intelligence, creativity etc. the focus is more on personal traits of the employee. The modern methods lay more emphasis on the evaluation of workers' work results. Though modern methods tend to be more objective and worthwhile but yet they are subject to limitations.

One of the modern methods of performance appraisal is 360-degree feedback. In this method, the work performance of an employee is appraised by his/her superior, subordinates, peers and customers with whom he/she interacts and self-evaluation. However, like other traditional methods, this method also subject to suffer from the subjectivity on the part of appraiser. For example, the superior may rate the employee based on his experience, say the employee is negligent so obviously, the rating of the superior will be negative. But the peer (colleague) may give a positive rating on basis of 'give and take emotions' this subjectivity would mar the results. Considering, the subjectivity factor available almost in all methods, the present study suggests the organizations to consider certain important aspects to create an effective appraisal system. The important aspects or requirements essentially to be looked in by the management for an effective appraisal system are presented in a broad, common generic perspective.

PERFORMANCE APPRAISAL FOR ADMINISTRATIVE DECISION MAKING PURPOSE:

For administrative decision making purposes, the appraisal process is used for determining candidates not only eligible for promotion but also assists in earmarking employees who may require training for enhancement of their skills. Bohlander.G. & Snell.S., **(2009, p.363)**, specifies that, from the stand point of administration, appraisal programs provide inputs used for the entire range of HRM activities.

Ken Lloyd, PhD, (**2009**) a recognized consultant, author, and columnist who specializes in organizational behavior, communication, and management coaching and development, elucidates in the blog, "For Dummies" – " How Performance appraisals help in promotion, transfers, legal protection". According to him, "Performance appraisals play a key role in several administrative areas such as promotions, job transfers, and legal protection. With the data generated from employee appraisals, you're better able to make good decisions about a wide range of matters that directly affect your employees, your department, and the company at large. With accurate hard data in hand, employment-related decisions are easier for managers to make — and they're easier for employees to understand and accept." Performance appraisals are essentially the best tool for decision making, administrating the promotions and compensatory benefits to employees.

For administrative purposes, the performance appraisal is used for determining and validating the employees' selection parameters, enhancing retention practices and procedures, evaluating training programs, planning the number of personnel required, identifying the key factors for rewarding and honoring the employees, and meeting the legal requirements. Further, performance appraisal is most importantly used by the authorities for granting hike in employees' salary.

PERFORMANCE APPRAISAL FOR EMPLOYEE DEVELOPMENT PURPOSE:

The performance appraisal process is also initiated in the organizations to improve the performance of employees. The employee performance is essential not only for employee's development but also for the organization's collective development. Bohlander.G. & Snell.S., (2009, p.364) , specifies that, from the stand point of individual development, appraisal provides the feedback essential for discussing an employee's strengths and weaknesses as well as improving his or her performance.

BD Singh, (2010, p.134), rightly mentions that, "Performance appraisal for employee development purposes provides feedback on an employee's performance. The intent of such appraisals is to guide and motivate employees' to improve their performance and potential for advancement in the organization. Appraisal data can also be used for employee development purposes in helping to identify

specific training needs of individuals". For the successful implementation and outcome of the performance appraisal process, the organizations, through appraisals should inter-connect the employee development with organizational strategic development goals.

BENEFITS ASSOCIATED WITH PERFORMANCE APPRAISAL:

Mark C., (1991, p.130), states the reasons for having the formal appraisal process, he affirms that, "Regular performance appraisals reduce the employment related liability exposure and protect the firm. Consistent, accurate, and well documented appraisals lower the probability that the firm will lose a wrongful termination or discrimination suit". Further, he suggests that, "the firm needs a consistent history of evaluation on every staff member to minimize this potential liability". Effective performance appraisals also assist management in minimizing the employee attrition.

Performance appraisal, apart from reducing employment related liabilities; it is also used for successful human resource planning. Highlighting the importance of performance appraisal in human resource planning, Tapomoy, (2008, p.145), in his book titled, "Performance appraisal and management-concepts, antecedents and implications" has rightly justify the need of performance appraisal in human resource planning. As per his justification, "Valuable appraisal information can allow the organization to do better human resource planning, test validation and development of training programmes." An effective performance appraisal is the source for providing feedback to employees for improvement and development.

A well planned appraisal process executed effectively in an organization would contribute the following benefits to the organization.

1. **Documental evidence**: Performance appraisal process generates documental evidence of employee performance history. This data would assists management in better understanding of employees' performance as this information would be used for rewards, awards, promotions and for sanctioning compensation benefits.
2. **Formal structure:** Appraisals provides a formal structure which facilitates managers to discuss the work performance with their subordinates. Understanding the major requirements of work is a prerequisite for success.
3. **Better performance:** Appraisals provides an opportunity to employees to discuss problems and concerns with their immediate superiors and this would be the source for employees' better performance and motivation.
4. **Develop employee goals**: Appraisals assists in developing employee goals. Transparent appraisal measures would assists employees to develop goals as most employees prefer to have progress in their career and better future.
5. **Motivate employees**: Appraisals motivates employees to perform effectively as in most organizations appraisal is inter-connected with compensation, promotion, renewal of contracts etc. The effective performance appraisal process also serves as an effective tool for career planning as employees' promotions, rewards and recognitions are based on appraisals.
6. **Achieving organizational goals**: Organizations can also benefit from and use performance appraisals in communicating their strategic vision with their employees. Therefore, employees' goals should be closely aligned as possible with those of organizational goals for achieving mutual benefits. (**Diane A, 2008, p.17**)

CONCERNS ASSOCIATED WITH PERFORMANCE APPRAISALS:

Since performance appraisals are conducted on human beings it is subject to number of errors and biases. There are many reasons for the managers to go wrong while appraising the employees' performance. Some of important concerns associated with appraisals are presented below:

(a)Objective Vs. Subjective Measurements:
Objective performance measures are those that can be verified by others and are in quantitative form.

Objective measures are used on jobs where productivity totals are calculated per-product or per-service. But, objective measures would lose their significance if rating is done subjectively by the raters or appraisers. Subjective measurements are used by the management on those jobs which cannot be easily measured such as employee performance related to after- sale- service given to customers, supervisors jobs etc. Subjective performance ratings are those that are based on personal opinions of the evaluators. While using subjective measurements, managers usually assign a numerical score that represents the perceived performance of employee on that job. The perceived rating whether it is correct or not is obviously a subjective matter of interpretation.

Jason G, Demand Media, suggests, that "Objective measures work best in situations where each employee can be assessed directly and each employee's performance can be meaningfully compared to another employee." With regards to subjective measures he opines, "Subjective measures are very good at allowing a supervisor to exercise judgment about an employee's performance in complicated systems." Subsequently, regarding subjective measures he cautions that, "However, if the employer/employee relationship is sour, employees may see a negative rating as either punitive or unfair." Often the cause for grievances for employees is because of subjectivity in appraiser's rating. Therefore, it is essential that organizations should not only overcome subjectivity factor but shall also show seriousness while selecting the appraisal measure for a specific job. Management should analyze first whether the measure is aptly suitable to a given job. A wrong or ineffective measure or rating would harm more than correct or effective rating that provides benefits to the organization.

(b) Negative experience:

The performance appraisal process would result into negative experience for the employee for various reasons. The reasons are that their seniors not giving the performance feedback to employees, over emphasizing either recent or past performances, being too positive or too negative, being over commanding, being critical and not giving constructive suggestions and rating the employees inappropriately or selecting the wrong metric for measurement of performance. Among all the reasons, the rating is considered to be a sensible aspect and employees would tend to take seriously when the rating results do not match their expectations. Negative experiences among employees results into unhappiness and would affect employees' productivity and would be the cause of reduced organizational productivity.

Negative experience of the employee would negatively bias the employees' perceptions. This will be the cause for resentment and employee become bitter towards his/her senior and also he/she would develop an unpleasant opinion towards the organization. This results into unhappiness and affects the physical and emotional well-being of the employee and also affects the organization's productivity (Carolyn M. & Fred L., 2013, p.757). Therefore, it is very essential that organizations beforehand decide performance metrics and communicate the same to the employees for their better understanding. This will ensure employees that metrics are appropriate or fair enough to measure their performance.

(c) Fear and distrust of employees:

In many cases perceptions of employees towards appraisal become a matter of concern as many employees feel anxious when they are assessed and appraised for their performance. Some people do have the perception that, management through appraisals would harm them cause for vengeance or hate and contemplates that, they will be retrenched from the job. The major concerns among employees during appraisals are anxiety for fair appraisal, fear of subjectivity in appraisals, fear of personality traits are focused rather than results etc. For the performance system to be successful, the management shall motivate employees not only for their better performance but also for perceiving performance appraisal positively. An effective performance appraisal assists employees in learning from past mistakes. The employees may perceive appraisal process negatively when they have fear and distrust towards management. Lack of interest among employees to learn from the past mistake implies ineffective performance appraisal. Belete G., Tariku J., & Assefa T. (2014 p.181) asserts that, "On the contrary, if employees perceive performance appraisal as evaluative in which case they consider it as a tool of punishment for unfavorable performance, they would not be ready to learn from their past

mistakes". If employees do not show inclination towards learning is a serious concern for the organization as this will surely affect the productivity. Therefore, it is essential that management shall take efforts to ensure that employees perceive performance appraisal positively.

Silvio, Stephanie, & Beatrice, (2008, p.176), in their book, "Managing cultural Diversity", have suggested that; "Although employees are typically cynical and critical of performance management systems [and fearful and nervous] probably the majority of the problems associated with these relate to the poor performance management skills of their managers". Hence for the successful appraisal process management should provide training to the appraisers as appropriate appraisals would benefit both the organization and the employees. To overcome fear and distrust among employees, management should encourage standardization in appraisal procedures and practices.

(d) Lack of time & commitment devoted by the management:

Most of the apprehensions that emerge through appraisals are for lack of time and commitment from the management. The anxieties emerge among employees; cause of management ineffectiveness is more challenging and critical. Therefore, it is essential that management should devote impressive amount of time and true commitment for successful implementation of appraisal process. One of the efforts management can adopt to bring seriousness among appraisers is to make them accountable so that they take their performance management responsibilities seriously. Dick Grote, **(1996, p.263)**, in his book "The complete guide to performance appraisal" opined that, "The most important factor in determining whether appraisers will take their performance management responsibilities seriously and devote a substantial amount of time to the system and its requirements is whether they themselves are held accountable for using the system well". It is widely understood that managers do not spent time for those tasks for which they are not accountable. If managers are held accountable they will use the system accurately and the organization can garner the true benefits of appraisals.

(e) Biases associated with Rating:

Another most grave concerns associated with appraisals are biases in rating. Raters often commit mistakes while appraising employees' performance. Biases are considered to be unfair, managers' shows inclination or prejudice in favor of or against one person with another person. Bias leads to inaccurate assessment of work performance. There are different types of Biases, these are:

  i. **Halo effect:** Halo effect occurs when there is a tendency to rate the performance of a worker uniformly across all dimensions. For example if a worker is having a positive quality such as good attitude he would be evaluated positively on attitude and also on other dimensions such as quality of work, team spirit and for problem solving etc. In simple halo effect is an error occurred because of the tendency of the manager to over-rate his employee. Author, Susan C. **(2002, p.327)**, in the book "Human resource Management" suggested how to minimize the halo effect, according to her, "One way of minimizing its influence is to have the supervisor judge all of his subordinates on a single factor or trait before going on to the next factor. In this way he can consider all of the men relative to a standard or to each other on each trait."

 ii. Horn effect: When an individual's performance is appraised on the basis of negative quality across all dimensions is called horn effect bias. For example if a person for some reasons has few absences, the rater would not only give low rating to consistency dimension at work but also to other dimensions. Horn effect would results into an overall low rating to an employee than actually required. While making a comparison between Halo and Horn effect, S.D. Geet, Deshpande, Mrs. Asmita A.D. (2009, p.7.32), in their book titled "Human Resource Management" elucidated that, "In halo effect, some positive quality is considered while in horn effect, some negative quality is considered and hence, horn effect is considered as exactly opposite of halo effect. Horn effect results in overall lower rating of the employees under appraisal." Both the errors are said to be unfair and leads to inaccurate assessment of employee's work performance. Management should provide training to appraisers to remain accurate and fair during appraisals.

iii. **Central tendency:** Often most raters adopt a conservative strategy and assign most rates to the middle of the rating scale say, if the rating scale is measured from 1 to 10 the middle rating 5 is

opted. The appraiser prefers to play safe and rate employee regardless of their individual performance. Average rating provides average score to all employees irrespective of their performance. An under performer may benefit from the rating and above standard performer would be underrated. Under both these circumstances there would be no benefit for the organization. Elucidating, the concerns associated with average ratings, Ronald R., **(2002, p.94)**, in his book titled "Managing organizational Behavior" stressed that, "People seem more comfortable on middle ground than taking a strong stand at either extreme. This bias causes a manager to miss important opportunities to praise or correct employees." Management should initiate steps to help appraisers' rate appraisals confidently for achieving organizational objectives.

iv. Excessive severity and Leniency: The raters depending upon their individual's own thought process would rate either very strictly or leniently. Severity occurs when the rater gives negative evaluations considering more the limitations of the individual and thus making the assessment excessively severe. Leniency occurs when the rater assign all employees high rate or a positive rating on scale regardless of actual performance. While explaining the errors associated with appraisal rating biases, Gary E., (2014, p.158), in the book titled "Servant Leader Human Resource Management- A moral and Spiritual perspective, he opined that, the rating errors. "Leniency: Consistently assigns higher ratings regardless of true performance level. Severity: Consistently assigns lower ratings regardless of true performance level." Both the biases are destructive to organizations; hence through training appraisers should be made aware of possible dangers associated with such biases.

v. **Similarity effect:** When the evaluator evaluates the employee performance on the basis of the similarity factor between the evaluator and the employee is called similarity effect bias. For example, if the rater or evaluator tends to give higher rating to the employee because the employee hails from the place, the evaluator has grew up or the employee speaks the language which is the mother tongue of the evaluator, or share looks ideas, attitudes, preferences etc. Consequently, because of the similarity factor some employees may take advantage for good rating. Deepak B., (2011, p.77), in his book, "Performance Management systems and strategies" highlighted how some ratees (employees) could take the advantage for good rating, the author opined that, "Some ratees may deliberately induce the raters to commit this type of error, aping their behaviours, tastes and preferences. Their demonstration pleases the raters and consequently they get the best rating. Raters training can reduce such performance rating bias." Management should educate raters to remain objective oriented while rating even if the employee happens to be his best friend.

vi. **Most recent behavior effect:** When the evaluator rates the employee based on the employee most recent behavior while ignoring the demonstrated behavior of the employee during the whole appraisal period is called most recent effect bias. The authors- S Van, S Botha, R Kleynhans, O lotz, W Meyer, C O' Neill, & A Schlechter, of the book titled "Human Resource Management"- Fresh Perspective, (2009, p.161), a University of Johannesburg publication, suggests that "An employee's behavior often deliberately improves and productivity tends to rise several days or weeks before the evaluation. It is only natural for an appraiser to remember recent behavior more clearly than actions from the most distant past"**.** To diminish this shortcoming, the authors suggested that, the appraiser should consider the individual's performance over the entire period for better and appropriate results.

vii. **Primary effect or first impression effect:** When the rater considers the first information more than the later information while rating the employee performance is called primary effect or first impression effect bias. The authors, Amy R. & Denise M., of the book titled "The Park and Recreation Professional's hand book", (2011, p.195), asserts that, "The first impression of an employee can be negative or positive and can sometimes be quite strong. The initial impression error occurs when the evaluator bases the appraisal on that first impression of the employee and thus fails to recognize behaviors the employee consistently demonstrated during the evaluation period." To mitigate this effect, raters shall keep a periodical record of workers performance and then rate them accordingly.

viii. **Spillover effect:** When the evaluator does evaluation or appraises the performance of employee based on his past performance without giving due consideration to the present performance is referred as spillover effect bias. The authors, Amy R. & Denise M., of the book titled "The Park and Recreation Professional's hand book", (2011, p.195), mentions that, "The spillover effect occurs when past performance appraisals, whether good or bad, unfairly affect the current evaluation." The management should design a system where performance of workers is maintained in records and raters should judge workers performance judiciously rather than irresponsibly.

ix. **Contrast effect:** When raters' rate employee based on the performance of other employee instead of company predetermined standard is said to be a contrast effect on rating. In the words of Ms. Sharlyn L., (2013), presented under the topic "Overcoming 5 Common Performance Appraisal Biases" in her blog- HR Bartender , 2013, that, "Contrast: This occurs when the manager compares an employee's performance to other employees instead of the company standard. When employees are ranked in comparison, someone must end up at the bottom, even if they are exceeding the company standard. The problem isn't the employee – it's the goal or standard that has been set." Organizations should initiate setting appropriate standards while rating the employees' performance this would solve major rating difficulties.

x. **Context effects:** When the rating of individuals is done based on the performance of the group ignoring the respective individual contribution is referred as context effect bias. Robert L., Carlla S., William C., (1994, p.388), "Understanding Industrial and Organizational Psychology- An integrated approach" has elucidated that, "A contrast effect would occur for the employee in the low-performing group if that person were rated higher when in the context of the other employees than when rated alone." Management should devise a system where both the individuals and group performance are measured and assessed objectively.

PERFORMANCE APPRAISAL SYSTEM:

A performance appraisal system is a combination of techniques or methods standardized by the organization to evaluate the performance of employees. Employee performance is assessed and evaluated by the organization using various evaluation techniques or methods.

Pallab, an eHow contributor, has defined performance appraisal system as "A performance appraisal system is an integral employee practice of the macro human resources (HR) framework of an organization. It is a formal--and at times informal--and documented process of the performance of workers, professionals and other staff members of an organization. All professionally managed businesses and enterprises have performance appraisal systems to measure the intrinsic worth and work performance of employees and encourage, motivate and reward them based on their performances." Performance appraisal system main purpose is to provide the complete documental evidence related to workers performances which would be the base for all HRM policies.

ESSENTIALS OF A GOOD PERFORMANCE APPRAISAL SYSTEM:

In an organization numbers of crucial decisions are made on the basis of evaluation therefore, the appraisal system should be reliable, valid and consistent. For example, if appraisal is initiated for promotion of an employee, the appraisal system should supply the information relating to the potentialities of employees to carry out activities at a higher level with more responsibilities.

Dennis M. Daley, (2010, p.555) suggests that, "in designing a performance appraisal system, an organization must answer five questions: Why do we appraise? What do we appraise? Who does the appraising? When do we appraise? And how do we appraise?" In analyzing the requirements of designing an effective performance appraisal system, the author also suggested that, "although there may be wrong answers, there are no single correct or best answers to these questions. An organization must design its appraisal system around its needs and capabilities".

While designing the appraisal system the organizations shall consider the following aspects to create an effective appraisal system.

1. **Focus on purpose of appraisal:** The organization should have clear perspective with regard to as to why appraisals are required? The purpose of employing appraisals is importantly for two reasons, the administrative and the employee development purpose. The development purposes are for selection, retention, training, promotion and for providing compensation benefits in a more objective manner. Similarly, the employee development purpose is to provide feedback to employees, to recognize training needs, to improve the performance of workers and importantly to reduce the grievances. When purpose of appraisal is clear to the management and based on it if the system is design it would give objective or impartial results.

2. **Standardization of variables for measuring performance:** The organization should brainstorm on what is to be appraised so that the organizational objectives are achieved. Essentially, the management should analyzed carefully and confirm the standards to be followed in an organization. For assessment purpose the relevant variables for measuring the workers performance should be decided objectively. Standardized production units and service parameters should be decide well in advance so that there are no surprises to employees during appraisals.

3. **Gathering of information for better results:** The organization should design a system through which the information about employee overall performance is gathered. Productive information about performance is likely to source from line managers, supervisors, colleagues, employees themselves (self-appraisal), production figures, service feed backs etc. An effective system will make use of many of the sources for better results.

4. **Assessment for complete production cycle:** The appraisal of a worker should not be either for only past performance or only for the present performance. Instead, the performance of the worker should be appraised on a wholesome basis. Say, for example employees' irrelevant behavior could be changed with proper guidance and mentoring and the employee can be corrected in due course of performance. Therefore, an employee should not merely be judged for a momentary irrelevant behavior but should be adequately assessed for the complete production/process/service cycle.

5. **Transparent policies and standardization of appraisal process:** The appraisal policies should be focused towards encouraging the desirable qualities required in employees and discouraging the undesirable qualities. Additionally, the communication system should be developed effectively so that the organization's expectations are made known to employees. Also, the management should adopt the transparency in appraisal policies and standardization of appraisal process. The standardization of appraisal process is possible through standard procedures, appraisal forms, techniques and ratings etc. Transparent policies and standardized appraisal process would benefit both the employees and organization and provides mutual respect.

6. **Training to appraisers:** The appraisal system should not only focus on standardization of procedures followed during appraisals. Though for the uniformity and comparison the entire appraisal forms, techniques, ratings should be standardized. However, training to appraisers should be the main priority for the organizations. The success of appraisal largely depend on appraisers efficiency, appraisers should be familiar with ratings procedures and should be conversant with the entire appraisal process followed in an organization. Training to appraisers should include idea generation on rating, maintenance of documental evidences and formalities to follow during the appraisal interviews. Successful training to appraisers would overcome the rating biases.

7. **Open communication:** The management should also focus on open communication, it is essential that managers should explain clearly the performance expectations to their subordinates prior to the appraisal period. It assists employees in understanding the performance measures and prepares them for undergoing appraisal process. The adequate feedback to the employees on their performance will help employees to understand the gaps, reduces grievances and allows them to prepare for the future.

8. **Appraisals to be integrated with the organization's goals:** It should be noted that the purpose of appraisals will be lost when the organization initiates the performance appraisals just for the sake of doing it. If so, the organizations are said to be wasting their considerable time. The organization can achieve its success; provided the appraisals are properly integrated with the organization's goals and strategies i.e. a proper alignment of individual goals with organizational goals would

create an effective appraisal system. Gavriel S., (2001, p.859), the author for "Handbook of industrial engineering technology and operations management", suggests that, "A major strategic advantage of performance management is that it is a method by which managers signal to employees the mission of the unit or the organization. Managers can use performance management to align their employees' behavior with organizational goals or strategy. Employees want to be rewarded and will engage in behaviors that their supervisors emphasize."

9. **Consistency:** Essentially, the performance appraisal process should be consistently followed in an organization. Some companies use the practice of calibration to make sure performance appraisals remain consistent across managers. At a typical calibration meeting, managers come prepared to discuss how they plan to rate employees and explain the reasons behind the ratings. The meetings are usually led by an experienced facilitator, such as the organization's head. These meetings provide a forum for discussions about individual employees' performances with the goal that, the managers for sure will apply similar standards for all employees.

10. **Management commitment:** The apprehensions that emerge because of management ineffectiveness are more challenging and critical when compared to the benefits that may emerge from the effective or appropriate appraisals. Therefore, it is essential that management should devote impressive amount of time and true commitment for successful implementation of appraisal process. One of the efforts management can adopt to bring seriousness among appraisers is to make appraisers accountable so that they take their performance management responsibilities seriously.

CONCLUSIONS:

Performance appraisal is a formal and structured system for reviewing and assessing the performance of employees. Performance appraisal is not only used for administrative decisions making but it is also used with an aim to improve the performance of employee. However, an appraisal would also may leads to negative experience when the managers or supervisors judge the performance of employees in a biased manner. For earning the trust of employees the management should devout impressive amount of time and true commitment during the appraisal process is in progress, and shall assert that, the managers are held accountable this may caution them to use the system accurately.   Most importantly, organizations' should follow transparent and consistent appraisal procedures for garnering the true benefits of appraisals. The management should also focus on open communication, it is essential that managers should explain clearly the performance expectations to their subordinates prior to the appraisal period to avoid confusion. The organizations' shall envisage that, for the successful implementation of performance appraisal process, the process should be *integrated with the organization's goals and strategies*. Hence, for the successful achievement of organizational objectives, the appraisal system should be appropriate and effective.

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