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Effects of Performance Appraisal on Employee Performance in an Organization

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Abstract
Performance appraisal system is a key component in every organization. It is a tool used to identify, encourage, measure, evaluate, improve and also reward deserving employees. Organizations expect optimal performance from each of its employees because it will have a positive impact on the achievement of set goals. This paper is simply looking at the effects performance appraisal has on the employee performance based on the following headings Concept of Performance; Employee Performance; Factors Affecting Employees' Performance; Reasons Employees' Performance may be below Standard; Indicators for Employees' Performance; Employees' Performance Measurement; Functions of Performance Appraisal; Performance Management; Elements of Performance Management; Theoretical framework etc and explores the expectations of the employees and the organization. Performance appraisal is basically a tool for guaranteeing that employee performance is important. This paper observed that one of the greatest assets of any organization is her employees. Therefore, the higher the commitment of employees, the higher their performance would positively affect the organization's interest. As an organization that is set out to meet the laid down objectives, the employees are expected to do their jobs in the manner that would lead to the achievement of such goals. Appraisal systems are put in place to determine their level of performance.

Keywords: *Performance, Appraisal, Employee, Effectiveness, Efficiency, Organization.*

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I. Introduction

Background to the study

Performance appraisal system is a crucial component in every organization. Performance appraisal has become a tool for improving employees' development and organizational growth. People are employed to execute some particular duties in return they are rewarded by the organization for the job performed or services provided. Performance appraisal can be recognized, relate and applied in dissimilar methods in organizations. With performance appraisals in categories, the category is familiar to propel everyone to discharge their duties at the maximum level and consequently members may be optimally stimulated to take part in performance appraisal. According to Vasset, Mamburg & Furunes (2012), performance appraisal must have a positive motive and employees must be take part in the performance appraisal if they are to ameliorate their job performance.

For an organization to attain its aims, planning of the appraisal exercise is key topics that must be tackled to allow it attain its aim like employees development, plus improvements, promotions and assignments in managerial positions, punishment and persuasion, salary increase, staff performance feedback and determining their educational needs. Thus, an appraisal can be regarded as a key factor in spotting the employees' talents and capabilities and its result can make them aware of advancements, plans and goals. Anso (2014) opined that performance appraisal has come out as a tool for intensifying organizational growth and career development. Performance appraisal is a steady process through which performance of employees' are identified, measured and improved in the organization. In order to ensure that the organization system is understood by employees and effectively put into action by management, appraisal performance is applied. It is important that performance appraisal is periodically conducted to assess and evaluate an employee's job performance to measure against the stated standards required of the staff. It is important that employees in the organization know exactly what is expected of them, and the yardstick by which their performance will be measured and the out-come made known to them.

Performance appraisal system is pivotal element of the overall human resource management function in the workplace. Meyer (2001) asserts that there is a growing use being made of the performance appraisal process. Boyel (2007) noted that the increase use is generally, motivated by an organizational desire to affect employee behaviours, attitudes and ultimately organizational performance. This is as a result of the formation of goals at the initial point of the evaluation cycle, which furnishes employees with clear performance targets, the monitoring of performance during the evaluation cycle, which can be used to help poor performance and the reinforcement laid out for good performance through the available rewards like increase pay. The capability to reach these positive outcomes will be a function of the quality of the performance appraisals occurrence. Performance appraisal is a complex process and there is scope for variation, particularly when the supervisor is needed to make personal judgements of employee performance; principles of work planning, setting of agreed performance targets, feedback and reporting. It is connected to other human resource management systems and processes plus development, career progression, recruitment, placement, incentives and sanctions.

Performance can be seen as efficient use of available resources in the organization. Udu and Okafor (2015), assert that efficiency is the ability to attain organizational objectives using the available resources to reach and exceed the target at the end of the planned period. With the level of rivalry linked with global market, it is very extremely crucial that organizations work with least cost with the purpose of attaining the soaring output. In as much as efficiency is about cost, organizations are striving assiduously to keep their operations costs to the barest least cost as it would enable them give their products at a low price so to pull through in the market arena. It is the full responsibility/duty of all employees to utilize resources adequately to achieve highest values for the organization. In order to determine employees' effectiveness and efficiency, management establishes standards to measure their output. Udu and Okafor (2015) stated that, it is the determination of how well employees perform their job that is termed performance appraisal and also that performance appraisal is the measure of the degree of accomplishment of the organizational goals. It is informative to record that efficiency in an organization cannot be entirely imputable to performance appraisal. The efficiency may not be obligatory because of performance appraisal only but while comprehending the importance of performance appraisal, it is seen that the basic causes of efficiency in an organization have a connections to good working relationship/conditions, good polices, motivation, qualified staff, good salaries etc.

II. Objective Of The Study

This study considered the effects performance appraisal has on the employees' performance. This paper was set out to ascertain that performance appraisal has effect on employees' performance. Organizations are set out to meet the laid down objectives, and the employees are expected to do their jobs in the manner that would lead to the achievement of such goals. Appraisal systems are put in place to determine their level of performance.

III. Theoretical Framework

This study is anchored upon the Expectancy Theory propounded by Vroom (1964). The choice of this theory was informed by the fact that the issues in employees' performance management are better explained under the framework of this theory. This theory is also known as Valence-Instrumentality /expectancy (VIE). The assumption of this theory is that if one thing happens, it will lead to another and that the expectancy in the proposition is the probability that an action or effort will lead to an outcome. Where a person chooses between alternatives which involve uncertain outcomes he is not only moved by what he expects, but also by the degree to which he believes these outcomes to be possible. Expectance is a momentary belief concerning the likelihood that a particular act will be followed by a particular result.

Vroom says, the model is based on the assumption that man is a rational being and will always try to maximize his pay off. He will choose an alternative that would give him the most benefit. He was also of the opinion that an individual's motivation towards an action is determined by his anticipated values of all positive and negative outcomes of the action multiplied by the individual's expectancy that the outcome would yield the desired goals. He went further to say that motivation is produced by the anticipated worth of an action to an individual's view or understanding of the probability that his goal would be attained. Thus, for this theory, motivation to work is strongly determined by an employee's view/understanding that a certain type of behaviour will lead to certain type of result and his personal preference for that type of result. In Vroom's theory, motivational force = Valence Expectancy. Expectancy is the view/understanding that a certain result will come as an outcome of a particular behaviour while Valence is concerned with how much value a person put in a specific result. Ile (1999) opines that expectancy and valence must be present before an optimal point or level of motivation can occur. This theory as to do with choice of behaviour of both employees and the management that can be a guide to the desired result.

Vroom's expectancy theory has been noted to be useful in explaining employees' satisfaction and effectiveness vis-à-vis the nature of the employees' interaction with the management. The employees expect to be treated as humans and not partial treatment by the management and management in return expects undivided loyalty and effective performance from the employees so that in the end, common objective of attaining the organizational goal may be achieved.

IV. Concept Of Performance

The concept of performance is linked to the achievement of the organization in relation to the goals that are set which must be accomplished through the contributions of each employee. The concept of performance is often confused with productivity. Productivity is a concept that is more related to the ratio between input and output, while performance is a wider concept that embraces both the economic and operational areas of a business. Performance refers to excellence, and comprises productivity and profitability among other non-cost factors, such as speed, flexibility, quality and delivery. Tangen (2005) asserts that efficiency and effectiveness are two terms that are somewhat cross-functional in regard to performance, productivity and profitability. Business dictionary (2015) defined performance as the accomplishment of a given task measured against preset known standards of completeness, cost, accuracy and speed. In a contract, performance is deemed to be the fulfilment of an obligation, in a manner that releases the performer from all liabilities under the contract.

Folan & Browne (2005) assert that organizational performance is a source of influence to the actions taking by firms and the level at which an organization realizes its goals as well as the stated objectives of the organization through the strategies and polices of the organization. To Carton & Hofer (2006) the notion of organizational performance is pined on the premise that it is a combination of productive assets made up of human, physical, and capital resources, for the major reason of accomplishing a shared purpose. Jones & George (2009) assert that organizational performance is the measure of how a manager utilizes the resources of the organization efficiently and effectively to accomplish the goals of the organization as well as satisfying all the stakeholders. Some other writers like Richard, Devinney, Yip & Johnson (2009) viewed organizational performance as a term that is made up of three major areas of firm outcomes as given – (1) product market performance such as sale, market share etc, (2) financial performance that is made up of profits, return on assets (ROA), return on investment (ROI) etc. (3) shareholders return such as total shareholder return (TSR), economic value added (EVA). Selden and Sowa (2004) opine that organizational performance is designed to mean that organizations are to accomplish certain goals that are both intrinsically and implicitly specified. An individual or a group of individuals are motivated by the expectations and rewards at their disposal and exert effort to meet the needs and goals. In short, organizational performance is an approach used to assess the progress made toward goals, identifying and adjusting issues that have hindered the progress of the organization in a competitive business area.

Many writers have defined performance management in different ways. Wurim (2012) opines that performance management is a system which consists of the processes used to identify, encourage, measure, evaluate, improve and also reward employees' performance. Flippo (1984) opines that "Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job." According to Slabbert and Swanepoel (2002) "Performance appraisal is a formal and systematic process by means of which the relevant strengths and weaknesses of the employees are identified, measured, recorded and developed." According to Beach (1980) "Performance appraisal evaluates systematically performance of individual with regard to his or her performance on the job and his potential for development." According to Armstrong and Baron (2009) it is a strategic and integrated approach to delivering the performance of the people individually and collectively.

Within the purview of HR practices, the performance appraisal provides some ways and means to examine and evaluate the required skill and capabilities of employees for, a particular job. It is an operating method to provide needful data and information in respect of different area of personnel department. Organizations exist to achieve goals and employees' abilities to reaching their individual goals are very critical in human capital planning process. Performance evaluation is defined as a process of assessing and communicating with employees in how they can improve their performances. Martinez (2001) asserts that performance management is essentially about measuring, monitoring and enhancing the performance of employee as a key contributor to overall performance of the organization. According to Dessler (2008) performance management is the process that unites goal setting, performance appraisal and development into a single common system whose aim was to ensure that the strategic aim of the company is fully supported by the employees' performance. Baron and Armstrong (2007) define performance management as an integrated and a strategic approach towards enhancing the organizational effectiveness by bettering the performance of employees as well as through developing the individuals and teams capabilities. In the cause of this study, this definition given by Baron and Armstrong (2007) is embraced for it includes employee efficiency and performance.

EMPLOYEE PERFORMANCE

Employee performance has to do with employee work activities and how well those activities are carried out. It is not assessed only on an annual or quarterly basis but any time deemed fit to help employers identify areas of high and low performance and suggest areas for improvement. Campbell (1990) defines work performance by employee as behaviour or actions that are relevant to the goals of the organization. Employees' are important resources without which an organization would fold. If employees are not available then other resources like machine, materials and money are useless and cannot produce anything within an organization setting. Employees' are the most valued and important resources that play key roles in the activities of an organization.

Armstrong and Baron (2005), opine that a sustained organizational success will be achieved through a strategic and integrated approach to improving the performance and developing the capabilities of individuals and wider teams. Employee performance is a complex mix of skills, knowledge, ability, attitude, effort and results. A performance management objective is to increase employee performance and align individual and team efforts with organizational goals and objectives. Improving employee performance brings about good business sense and may also avail an organization with competitive advantages.

Lawler, Porter and Vroom (2009) suggest that performance is a function of ability and motivation as depicted in the Formula of Performance = f (Ability × Motivation). The effects of ability and motivation on performance are not additive but multiplicative. People need both ability and motivation to perform well, and if ability is there and motivation is zero, there will be no effective performance (Armstrong 2010). Employees' performance is job related activities expected of workers and how well those activities are executed that would lead to organizational productivity. Many business personnel directors assess the employee performance of each staff member on an annual or quarterly basis in order to help them identify possible areas for improvement (Daft and Marcic 2007).

Employee performance defines whether people execute their job duties and responsibilities and how well they are done. It is only when employees' are up to their duties and responsibilities that productivity/service delivery of an organization can increase. Organizations assess their employees' performance on an annual basis in order to define certain areas that need improvement. Such is usually done through performance appraisal or evaluation. Issues such as quality and, or quantity of work done, level of supervision required, cooperation with other staff, initiative, creativity, respect for constituted authority, punctuality etc are usually used in the assessment of employee performance (Udu and Ndieze *2013).*

Gibbs (2000) as cited in Ofoegbu and Joseph (2013) observe that the crucial issues of the job performance will be numerous in the coming decades. A continuing emphasis on organizational effectiveness, productivity and increasing stakeholders pressures for quality of service, will focus attention on the link between employees and corporate performance. Performance of the employee is the driving force behind an organization's growth and profitability. Ikeanyibe, (2009) opines that when employees are low performers, they take longer time to complete jobs, which cost employers more money due to the time lost. When the employees are performing, they accomplish more in a given amount of time hence the organization will certainly be productive.

According to Chaudhary and Sharma (2012), employee performance is the activity of performance; of doing something fruitfully; by knowledge as famous from simply possessing it. A performance comprises an event in which normally one group of people the performer or performers act in a particular way for another group of people. It is relevant to align the organizational objectives with the employee's agreed measures, skills, competency requirement, development plans and the delivery of results. Employees' performance has to do with employees' work activities and how well those activities are carried out. It is not assessed only on an annual or quarterly basis but any time deemed fit to help employees identify and suggest areas for improvement.

Armstrong and Baron (2005), opine that a sustained organizational success will be achieved through a strategic and integrated approach to improving the performance and developing the capabilities of individuals and wider teams. Employees' performance is a complex mix of skills, knowledge, ability, attitude, effort and results. A performance management objective is to increase employees' performance and align individual and team efforts with organizational goals and objectives. Improving employees' performance brings about good business sense and may also avail an organization with competitive advantages. Performance of employees is one of the things that are important to the organization. Organizations expect optimal performance from each of its employees because it will have a positive impact on the achievement of set goals.

Employee performance can be expressed as whether an employee does his assigned tasks and responsibilities are as expected. It has observed that employee performance is a delicate issue in organization. That is why organizations organize employee performance appraisal periodically – an exercise that assess the skills and knowledge of employees. It could also be the description of one's long term professional goals.

When employees are not well managed, it portends danger for the organization. An organization cannot be efficient if the human resource is not recognized. Employees are individuals of different sexes, socio-religious groups, age, educational levels etc. they exhibit both similar and dissimilar behavioural patterns and characters to a certain level. Technology is advancing every now and then but it alone, cannot bring about the expected change in economic performance of an organization unless human potentials are fully utilized for maximum production. Therefore management must be aware and be interested in the needs of the employee to boost his productivity. Walton (1985) asserts that more committed employees will perform better at their jobs.

The likely outcome of employee performing better and being more productive is an overall improvement in workforce stability.

In the case of this study therefore, performance is the process by which organizations' employees act in certain prescribed ways to discharge jobs assigned to them on day to day bases in the interest of the organization. The extent to which they discharge such duties could be influenced by the performance appraisal processes.

FACTORS AFFECTING EMPLOYEES' PERFORMANCE

Employees' performance in general, refers to behaviours that are relevant to organizational goals and that are under the control of individual employees (Campbell, McCloy, Oppler and Sager 1993). This implies that behaviour of the employee plays an important role in achieving goals through his performance. There is however some factors that affect employee performance. According to Root (1985), an effective employee is a combination of a good skill set and a productive environment. Many factors affect employee performance that managers need to be aware of and should work to improve at all times. He further opines that to get the maximum performance from employees, one need to provide them the tools they need to succeed and pass instruction in very clear and understandable ways. Other issues such as managerial standards, motivation, commitment and employee evaluations are also essential.

Managerial standards can be a factor in motivating or de-motivating employees. Managerial standards should be in line with the job duties outlined in the job description outlined by human resources. The background of the employees, including their educational history, is also outlined in a job description. Therefore, managers should keep their expectations in line with the duties assigned to the employees. By expecting more from employees' than they were hired for, or than their background have prepared them for, managers can diminish employees' performance. In this area, some factors need to be considered:

Root (1985) opines that in getting the best performance from employees, there need to be some sort of motivation beyond the pay. Motivation can come in various forms like financial incentives, the opportunity to get involved in projects, a career path that leads to management and direct involvement from management into the daily tasks. Therefore effective motivation can create a productive workplace, but lack of motivating factors can leave employees searching to give their maximum effort to perform.

Employees that feel as though the organization has made a commitment to employees' success tend to perform better. According to (Root1985), commitment means offering a competitive rate of pay and benefits package, offering assistance in paying for employees' higher education costs, developing a regular training schedule that keeps employees' updated on organization changes and gives pertinent information for employees' to do their jobs and upgrading equipment to ensure that employees' have the most efficient technology available to do their work. He concludes that commitment shown by the organization is returned in the form of commitment from employees'.

An effective employee evaluation is an interactive process where the manager gives his input on the employee's performance, and the employee gets the chance to point out what she has learned throughout the year. It means that managers create a plan along with the employee for the next year on how the employees' can develop and improve their performance. Therefore, comprehensive employee evaluations are important to the performance of employees'.

REASONS EMPLOYEES' PERFORMANCE MAY BE BELOW STANDARD

Mathis (2004) asserts that all organizations and supervisors from time to time have employees who struggle because of their inability to perform up to the standard that is required. The solution to this type of situation is to address the root cause so that the problem will not resurface. Some reasons why an employee's performance may be inadequate: 1. Employees will perform at a low level if they do not feel supported by management. 2. Employees will perform at a lower level if they are not involved in the communication loop (i.e. if they are not communicated to properly through the existing mediums). 3. Employees will perform at a lower level if they are not able to control their attitudes. 4. Employees will perform at a lower level if they do not understand the information. These reasons are sometime over looked or ignored by managers. Any manager who is concerned about the well being of the employees will be willing to assist in improving/addressing these things through proper communication channels.

INDICATORS FOR EMPLOYEES' PERFORMANCE

A performance indicator is simply a quantifiable measurement or data point used to gauge performance relative to some goals. It is easy to see that there are many performance indicators, and the value of those indicators is directly tied to the goal progress measured. In this study, the employee performance indicators are - productivity, timeliness, quality of production, quantity of production and responsiveness etc. These indicators reflect the range of employees' activities and the perspective of other stakeholders in the workplace.

EMPLOYEES' PERFORMANCE MEASUREMENT

Managers' not only set goals and plan work routines, but they also measure progress toward those goals and give feedback to employees. High standards are set for the employees. Employees must know what they need to do to perform their jobs successfully. Performance elements tell employees what they have to do and standards tell them how well they have to do it. Gluck (2016) opines that employee job performance could be measured with different tools and processes by the employers. The tool used must be very reliable and also credible in other to measure correctly. The thing to consider while choosing a tool is whether the tool could give the most level of objectivity required. Mayhew (2016) noted that employee's job category, employee-supervisor relationship and workplace culture determine the choice of tool used for the measurement. According to Mayhew, the human resource personnel have the soul right to choose a measurement tool that is considered adequate for use in the organization. The following tools are used for performance measurement. (a) Performance Appraisals (PA) – Mayhew (2016) states that, an employee's performance appraisal is one of the most comprehensive and common ways to measure how well an organization's employees are performing. Managers and supervisors can utilize a plethora of performance appraisal methods and forms during an annual employee evaluation. Regardless of the type of performance an organization uses, the goal is to ''improve managers and employees perception of the value and importance of measuring performance'', according to the Balanced Scorecard Institute. (b) Self Evaluation- Gluck (2016) states that, this tool allows employee to rate himself against the same or similar criteria used by his supervisor. Often this involves qualitative and quantitative criteria. This method can raise the credibility level of the process in the view of the employee; especially when the employee's self-assessment scores lines up closely with that of the supervisor. When the scores are somewhat at odds with one another, this tool offers discussion processes whereby these differences can be discussed in a safe, constructive manner.

FUNCTIONS OF PERFORMANCE APPRAISAL

Levinson (1976) asserts that 'Performance appraisal has three basic functions: (1) to provide adequate feedback to each person on his or her performance; (2) to serve as a basis for modifying or changing behaviour toward more effective working habits; and (3) to provide data to managers with which they may judge future job assignments and compensation. The performance appraisal concept is central to effective management. Much hard and imaginative work has gone into developing and refining it. In fact, there is a great deal of evidence to indicate how useful and effective performance appraisal is. Yet present systems of performance appraisal do not serve any of these functions well.'' Performance appraisals are functional in the following ways. **Human Resource Planning** – organizational strengths and weaknesses can accurately be revealed by means of the information gotten through a well-designed appraisal system. Appraisal ensures an employee has requisite skills, specialties, competent and other necessities to occupy an appropriate position. Fombrum (1984) cited in Mohammed and Hassan (2014) posit that if an employee has been exposed to the required training and still struggles with inefficiency and performing below expectation, the options to follow in solving this problem is replacement, degradation or even a sack. **Recruitment and Selection-** reliabilities of recruitment and selection tests and other performance assessment tests are useful index to determine and appraise an employee. Saadat (2003) asserts that results gotten by evaluation of present performances would be helpful in predicting the future performances of those to be employed. **Employee Development and Training-**Saadat (2003) opines that performance assessment outcomes play key role amongst others in defining educational needs and in determining the kind of skill that organizations need mostly. Performance evaluation also clearly shows who needs what type of training even though it does not guarantee training competent employees. Information thus facilitates understanding the training needs. When performances are assessed, talents and abilities are at the same time evaluated.

PERFORMANCE MANAGEMENT

The motive of performance management is to improve the use of resources which leads to efficiency. Performance measurement enables an organization to asses and compares performance against benchmarks and review how strategies and practices can be upgraded to maximise efficiency in the organization. Efficiency has to do with performing in the best possible way with the minimal waste of effort and time. It is about doing things right. On the other hand effectiveness is about doing the right things. Competence appraisal of an employee performance in the workplace is to improve the overall effectiveness of the establishment. Kane and Lawler 2009 showed that the major functional areas of performance appraisal systems are informative, motivational and administrative. The informative function is met when the appraisal system gives data to management and appraises about the employee's strengths and weaknesses. The motivational function necessitates producing a learning experience that motives the employee to improve his performance. On the other hand, appraisal affects the administrative function by facilitating an orderly ways of determining salary increase and other rewards, and of delegating authority and responsibility to the most capable employees. Performance appraisal when effectively used help employees and managers to set up goals in the interval prior to the next appraisal. Through the appraisal an employee discovers what is expected of him and is able to set goals to meet that expectation. The employee will understand better his weaknesses and strengths thus adjusting accordingly to the right behaviour. Appraisal also establishes a constructive avenue for providing feedback to employees about their behaviour/performance and getting their input management. Mwema and Gachunga (2014) opine that appraisals are giving support in establishing plans to improve behaviour, and are able to get a better grip on the goals and priorities of the organization.

DeNisi, Budhwar and Varma (2008) opine that the dissimilarities in national cultures would contribute to the dissimilarities in the ways the performance management system has been applied in public sector. It is of the opinion of some writers that the main issue of evaluating the work performance of the government bodies in the globe has been to determine the performance criteria in relation to the objective set by their agencies. Boyle (2007) asserts that it was valid to assume that performance management measures for productivity would suit in all organizations globally. It was because the decision-makers may not be aware of the implication of the objectives until substantial and diligent scrutiny was done. Niven (2002) states that most governments' around the world have embraced some sort of performance management in the light of the debilitating economy and the rise of public voices' towards transparent and accountable government. Niven (2002) also sees performance management system as an incentive for the government to take stock of how well services have been rendered. Thus, most governments worldwide are trying to improve the level of service to the community and the attitude of their employees. The embracing of certain performance appraisals to improve performance of the service in the public sector organization has been given optimal priority. Performance management has been found to be the avenue of showing accountability within the public sector. The establishment of benchmarks for year-to-year improvement has contributed to better service provisions as they are a way of informing the public through published performance indicators on how government funds have been spent - Davis (2006). Considering all that have been said, it is good to note that the application of the performance management system might vary from one setting to another or culture to culture.

PERFORMANCE APPRAISAL SYSTEMS AS PRESENTED BY MWEMA AND GACHUNGA (2014)

(1) Graphic Rating Scale (GRS) – this presents appraisers with a list of dimensions which are aspects of performance that determine an employee's effectiveness. Examples of performance dimensions are maturity, adaptability, motivation and cooperativeness. Each dimension goes with a multi-point (3, 5, or 7) rating scale. The points along the scale are defined by numbers and/or descriptive words that show the level of performance. The midpoint of the scale is usually anchored by such words as 'average', 'adequate', 'satisfactory', or 'meets standards' Kane and Lawler (2009). (2) Behaviourally Anchored Rating Scales (BARS) – this is relatively new technique which combines the graphic rating scale and critical incidents method. It consists of predetermined critical areas of job performance or sets of behavioural statements describing important job performance qualities as good or bad (for the qualities like inter-personal relationships, adaptability, and reliability, job knowledge etc). These statements are developed from critical incidents. Employee's actual job behaviour is judged in this method against desired behaviour by recording and comparing the behaviour with behaviourally anchored rating scale. Experts' knowledge is required in the developing and practicing.

ELEMENTS OF PERFORMANCE MANAGEMENT

Many elements are involved in the success of a performance management system such as clear goals, reliable measures, performance monitoring, initiatives and corrective actions, rewards and recognition. Clear Goals – goals can be geared toward implementing strategies and improving operational effectiveness. Whatever be the case, difficult goal demands crucial action and proper effort. Goals must be based on a strong vision of what is possible and diligent study connected to the performance measures, well known and accepted by employees and other as part of their accountabilities. Reliable Measures – it is true that performance measures are the key to performance management. It will be hard to direct and improve performance without tracking how it changes. Performance measures must reflect how the organization creates value. In practices, measures must also be well known and accepted as fair and complete. Performance Monitoring – to have a proper and successful performance management, there must be regular inspection of the performance measures, interpret trends and study root causes of observed issues. Let the employees be aware that performance measures are reviewed and new actions set. Initiatives and corrective Actions – performance management systems must include new initiatives and corrective actions. Employees should do something based on what they have learned. Set new and higher goals that seem achievable. Introduce mid-course corrections where an employee performance is off track. Always strive to inspire new actions rather than apportion blame. Rewards and Recognition – these are key components of performance management. Rewards and recognition must be present, must be meaningful to the employees at the receiving end, and must be dependent on performance.

V. Conclusion

This paper observed that one of the greatest assets of any organization is her employees. Therefore, the higher the commitment of employees, the higher their performance would positively affect the organization's interest. The primary aim of a performance appraisal should be to improve the employees' efficiency and effective performance that leads towards the success of the organization. This paper concludes that the performance appraisal system must deeply viewed the workforce and recognize that the employees are the most important resource in the organization. This paper proves that performance appraisal has clearly and significantly affected employees' performance in organization. The study recommends that management should endeavour to motivate all the employees, by ensuring free flow of proper communication between employees and managers, counselling/coaching those employees that need it. Organizations must also seek to enhance the employees' motivation in every area needed so that they become satisfied toward the appraisal system.

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