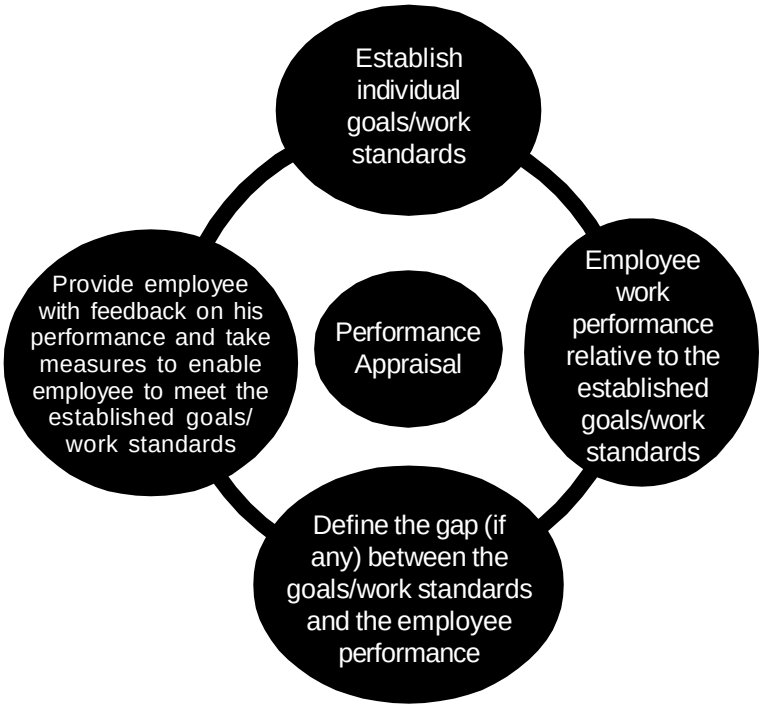
employee's strength, weakness and potentialities as these individual capabilities directly influence his work performance. Performance Appraisal thus, justifies the reason either to maintain or enhance the employee's performance on his job. In the former case, where it is necessary to maintain the high performance level an employee can be motivated through performance based pay. In the latter case, where it is necessary to enhance the current performance level, an employee may be given counseling sessions or Training & Development along with the motivation for the performance linked pay.But in some cases, Performance Appraisal may necessitate the requirement for a change in manpower Planning.

Performance Appraisal by itself is an integrated loop, where one step is predetermined by the other. The Performance Appraisal loop is as follows:



We can define the Performance Appraisal loop in the following way. The Performance Appraisal process starts with establishing individual goals or work standards for all employees, making sure that the employees are aware of their job duties and job standards. After a determined period of time, the employee work performance is assessed, by benchmarking it against the established goals or work standard by his manager or supervisor. This assessment tells us the difference between employee's actual work

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