

HUMAN RESOURCE MANAGEMENT- PERFORMANCE APPRAISAL

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Introduction

Most people like to know how they are doing. A good appraisal system / program provide this information in a form that can usually be communicated to the employee. According to George Bhinnici “if you give an employee specific achievable objectives, he will (automatically) change his behavior to meet the objectives”

The performance of an organization is thus dependent upon the sum total of the performance of its members. According to Peter Drucker “an organization is like a tune: it is not constituted by individual sounds but by their synthesis”. Performance appraisal systems provides management an opportunity to recall as well as feedback to people as to how they are doing, so that they can correct their mistakes and acquire new skills in their field.

Managing Human Resources and appraisal their performance in their work atmosphere are difficult one to the executives in the organizations. Appraisal plays a vital role in human resource management. It simply means the way / process of evaluating the performance or contribution of a company’s / firm’s own people. Human resources approach is not only concerned / deals with what the individual / employee contribute to the organization, it also deals with what the organization, it also deals with what the organization does for every individual in the organization.

Evaluation is entirely different from judgment. Evaluation concerned / related with performance where as judgment concerned with person. Appraisals of subordinates by superiors is deemed by an to be an essential part of the executive job. A systematic and periodic appraisal process is deemed superior to a casual, intuitive, and, at times, haphazard evaluation, which will always take place in the absence of such preplanning. In the sections that follow, we shall examine the particular values issuing from systematic appraisal, survey several alternative measurement systems, and indicate the prominent features of a program of installation.

Although the interest in the use of performance appraisal has increased over the last thirty years, the practice of formally evaluating employees has existed for centuries. The performance appraisal system has undergone a lot of changes over the years as shown below:

- 1900 : Subjective appraisals
- 1940 : Increased psychometric sophistication
- 1950 : Management by objectives (MBO)
- 1960 : BARS
- 1970-1990 : Hybrid system and approach

Meaning

PA refers to all those procedures that are used to evaluate the personality, the performance and the potential of its group members. It is the process of obtaining, analyzing and recording information about the relative worth of an employee.

Need / purposes of PA

Actually speaking, effective utilization of all resources of all resources depends on the utilization of human resources that should be evaluated periodically for which an appraisal sub- system is indispensable in the HRM system. Appraisal serve as a basis for improving the quality and quantity of the performance of the executives and managers . It also works as an indicator of the strengths and weakness of individual managers. Appraisal of subordinates by supervisors at frequent regular intervals is an important aspect of managerial job.

Objectives of PA

1. The main objectives of having PA are:
2. Identifying employee's training and development needs
3. Providing basis for promotion, transfer, termination etc.,
4. Enhancing employee's effectiveness
5. Developing inter- personal relationship
6. Aiding in wage administration

Uses of PA

PA provides a clear understanding to the superior about his subordinate's contribution and the capability or potentiality to contribute;

PA serves as a basis for improving the quality and quantity of performance of the executives in their present work;

PA helps to identify the strengths and weaknesses and to introduce methods to make the best use of the strengths and to overcome weaknesses;

PA enables to locate the problems, which may stand on the way of performance so that corrective action can be taken to improve the performance;

Appraisal enables the concerned executive to know where he stands, and to know his worth;

PA provides the basis for the superior to direct his subordinates to accomplish performance, while it enables the subordinates to understand their superior's expectations.

PA provides basis for promotion

PA provides basis for fixing compensation grade, and incentives;

PA enables the subordinate executives to make a reassurance of their future in the organization;

PA provides adequate information to the superiors to give appropriate recognition to their subordinates; and

PA provides basis for setting realistic standards.

Hence, performance appraisal has become a very common affair in any organization. Actually, it is a constant effort on the part of every manager to evaluate the performance of subordinate executives. Particularly, measured appraisals are not rare.

Systems / Methods of PA

There are a number of different types of systems for measuring the excellence of employee performance. They are In the discussion that follows, several performance appraisal systems will be described briefly. Among them are:

- Ranking
- Person-to-person comparison
- Grading
- Graphic scales
- Checklists
- Forced-choice description
- Behaviorally anchored rating scales
 1. Expectation scales(BES)
 2. Observation scales (BOS)

360 degree performance appraisal is a new concept in PA, where the feedback is collected from all around - the employee, the supervisor, the subordinates, the peer group and the customers. Various uses from this are: Team Building, performance management, self development and individual counseling etc.,

Some others are: BARS- rating in behavioural terms, self appraisal- evaluation by rate, upward appraisal - evaluation by subordinates etc.,

Modern Method - MBO (Management by Objectives) Most of the traditional / common casual methods of PA are subject to the aggressive / antagonistic judgements of the raters .The new concept MBO (Management by Objectives) propounded by Peter Druker. It is not only a method of PA, it is viewed by the practicing managers and pedagogues as philosophy of managerial practice because it is method by which managers and subordinates plan, organize, communicate, control and debate. The PA through MBO the main steps involved are: setting organization goal, defining the targets, performance review, feedback etc.,

MBO has its own special features rather than other PA systems by providing clear objectives about the organization. by defining the target to be achieved both by the employees as well as management, by creating harmony between them, creating close link between overall goals and individual goals etc.,

How to make PA

Appraisal can either be formal or informal. A study conducted by the National Industrial Conference of USA has revealed that 67 percent of the firms make use of formal

appraisal programmes. Formal appraisal finds favour with many organizations in India too. Now-a-days formal appraisal methods are more popular than informal appraisal methods.

According to McGregor,

1. A formal position description, usually prepared by staff groups, which spells out the responsibilities of the job, determines the limits of authority, and thus provides each individual with a clear picture of what he is supposed to do.
2. Day-by-day direction and control by the superior within the limits of the formal position description. The superior assigns tasks, supervises their performance, provides recognition for good performance, criticizes poor performance, correct mistakes, and resolves difficulties in the day-to-day operation. .
3. A periodic, formal summary of the subordinate's performance by the superior, using some kind of a standardized rating form.
4. A session in which the superior communicates his judgements to the subordinate, discusses the reason for them, and advises the subordinate on ways in which he needs to improve.
5. The subsequent use of the formal appraisal by others in the administration.

It is always appropriate to have a mutual interaction between the appraiser and the appraised. In the process, the employee should be given adequate opportunity to speak out why the performance fell short, and how would the employee attempt to improve the performance to cope with the standards. The appraiser must also be in a position to suggest ways and means for his subordinates to overcome their difficulties. It is, perhaps, more important for the appraiser to avoid bias, if any, so that the evaluation will be unambiguous.

Developing the PA system

A formal performance appraisal system can provide a framework within which appraisers and appraises can operate. A performance appraisal system can be developed through a programme comprising the following stages:

Determine overall approach to performance appraisal. The decisions on the overall approach to introduce performance appraisal should cover the following:

- (1) What are the objectives of introducing performance appraisal?
- (2) What are the benefits and features expected from keeping the PA?

Where and how should PA be introduced? Performance appraisal is best introduced on an organization-wide basis starting at the top.

Decide who is to be covered? At one time most schemes were restricted to managers but performance appraisal is now being extended to all the members of professional, administrative, Technical and support staff.

Decide on whether the same approach should be adopted at each level. In most cases, the essence of the approach is the same for all levels, though performance measures used vary for different levels.

Setting up of project team consisting of managers and other employees and facilitated by a member of the human resources department and/or an outside consultant are a valuable means of getting involvement and ownership.

Define role of human resource department. The role of human resource department in developing and implementing performance appraisal system is to convince top management that its introduction will make a significant impact on the organizational performance.

The project team needs to pay attention to each point against a background of an understanding of the objectives to be attained and the culture and structure of the organization. Particular attention will need to be given to the development of rating plans and document design.

Pilot test. The whole PA system cannot be pilot tested because the cycle lasts generally for 12 months. Some aspects of performance appraisal like drawing up performance agreements, objective setting, document completion, etc. can however be pilot tested. Based on the experience gained, the system may be fine-tuned.

Plan implementation programme. The implementation programme should cover the following:

Date of introducing performance appraisal in the whole or different parts of the organization, Procedure for evaluating the process, Briefing/training programme.

Process of PA

Performance appraisal (PA) is an important process in every organization. In some organization, performance appraisal is more formally structured and is staffed as a separate department. In others, it is less formal and is coordinated by others, it is less formal and is coordinated by other departments such as compensation, employee relations, or human resource, generate significant improvement of create problems depending on its design and implementation.

In recent years, the performance appraisal process has changed significantly. At one time, it was a subjective function controlled primarily with input from the employees' immediate supervisor. It is now more objective and uses specific, established measurable targets that are often based on a variety of inputs.

Performance appraisal comprises the following steps

- Select performance factors (based on job description) to be evaluated and set the standards to be achieved
- Set the performance review period
- Measure actual performance
- Compare performance with set standards and rate it with a suitable scale
- Communicate the rating to the appraisee
- Use the performance appraisal for the desired purpose.

Problems in PA system

Appraisal is indispensable in effectively actuating, appraisal has its difficulties also, appraisal must be a continuous process, it must not be a once for all affair. The effort for continuous appraisal may make it laborious. Some may be bias. Personal attitudes may injure the appraisal. It may lead to a prejudice, wrong etc., some may use different standards for different individuals. Errors in rating (Halo effect, Stereotyping, Central Tendency, Personal bias etc.) Lack of Reliability, Incompetence, Negative Approach, Multiple Objectives, Lack of Knowledge are the some problems arises in PA.

To Overcome These Problems In PA And To Be An Effective PA, The System Should Ensure Mutual Trust, Clear Objectives, Training, Job Relations Etc.,

Conclusion

Managing and evaluating the behavior of employees in work situation are very difficult one even though there are some methods available. PA should not be bias, should be adoptable, should be transparent, it should be honest, acceptable by all one. Problems associated with PA like faulty managerial assumptions, leniency (mercy), unclear standards should be avoided. The appraisal instrument should be behavior oriented rather than trait-oriented. Specific and well defined instructions and training should be given to the appraiser. Results of the appraisal process should be communicated to the employee, then only the provision for appeal can be made by them, if disagreement events arises.

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