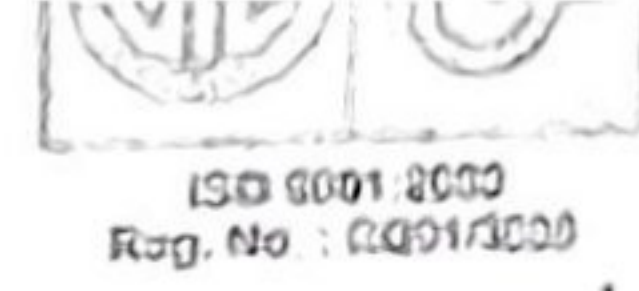




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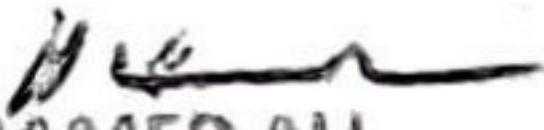
PG AND RESEARCH DEPARTMENT OF COMMERCE


National Conference on Human Resource Management - An Inventive Approach


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This is to certify that ~~Dr/Mr/Ms~~ ✓ Ms M.P. ASHA KUMARI, ASSISTANT PROFESSOR, DEPARTMENT OF COMMERCE, MUSLIM ARTS COLLEGE, THIRUVITHANCODE.

has actively participated in the One Day National Conference on "Human Resource Management – An Inventive Approach" organised by the PG and Research Department of Commerce, Muslim Arts College, Thiruvithancode held on 12th February 2019. He/She has presented a paper titled AN INVESTIGATION ON EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM


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HUMAN RESOURCE MANAGEMENT PRACTICES - AN INVENTIVE APPROACH

Dr. M. P. Asha Kumari
Dr. H. Sabeena Farveen



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AN INVESTIGATION ON EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM

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Abstract

In today's working environment there is a great deal of commitment and effort from Employees', who in turn naturally expect a great deal more from their Managers. Carl Heyel observes, " it is the process of evaluating the performance and qualifications of the employees in terms of the requirement of the job for which he is employed, for purposes of administration including placement, selection for promotions, providing financial rewards and other action which require differential treatment among the members of a group as distinguished from actions affecting all members equally others regard, it as a process of estimating or judging the value excellence, qualities or status of some object, person or thing. Performance Appraisal must be seen as a fundamental responsibility of an Employer to ensure there is frequent one to one discussion happening efficiently to appraise and give a valuable feedback all times. Performance appraisal is often a negative, disliked activity and one that seems to elude mastery. For many organizations, the primary goal of an appraisal system is to improve individual and Organizational performance. There may be other goals, however a potential problem with performance appraisal and a possible cause of much dissatisfaction is expecting too much from one appraisal plan. For example, a plan that is effective for developing employees may not be the best for determining pay increases. Yet, a properly designed system can help achieve organizational objectives and enhance employee performance. In fact, PA data are potentially valuable for virtually every human resource functional area.

Keywords: *Employee, Employer, Performance Management, Performance Appraisal, Manager, 360 Degree Appraisal System, BARS*

INTRODUCTION

Performance appraisal is an integral part of HRM and HRM deals with personnel is people. "People" is the important and valuable resource that every organization or institution has in the form of employees. Performance evaluation is the periodical, methodical and an unbiased rating of an employee's brilliance in matters pertaining to his existing job and the potential for a better job. Edwin B. Flippo (1986), a prominent personality in the Human Resource field said "performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in the matters pertaining to his present job and his potential for a better job". PA is thus a systematic way of reviewing and assessing the performance of an employee during a given period of time and planning for his future.

USES OF PERFORMANCE APPRAISAL

For many organizations, the primary goal of an appraisal system is to improve individual and organizational performance. There may be other goals, however. A potential problem with PA, and a possible cause of much dissatisfaction, is expecting too much from one appraisal plan. For example, a plan that is effective for developing employees may not be the best for determining pay increases. Yet, a properly designed system can help achieve organizational objectives and enhance employee performance. In fact, PA data are potentially valuable in virtually every human resource functional area.

Below are the key teams or Departments which would require Performance Appraisal report for planning and critical decision making for an Organisation

- Human Resource Planning
- Recruitment and Selection
- Training and Development
- Career Planning and Development
- Compensation Programs
- Internal Employee Relations
- Assessment of Employee Potential

PERFORMANCE APPRAISAL PROCESS

As shown in Figure 3.1, the starting point for the PA process is identifying specific performance goals. An appraisal system probably cannot effectively serve every desired purpose, so management should select the specific goals it believes to be most important and realistically achievable. For example, some firms may want to stress employee development, whereas other organizations may want to focus on pay adjustments. Too many PA systems fail because management expects too much from one method and does not determine specifically what it wants the system to accomplish.

RESPONSIBILITY FOR APPRAISAL

Often the human resource department is responsible for coordinating the design and implementation of performance appraisal programs. However, it is essential that line managers play a key role from beginning to end. These individuals usually conduct the appraisals, and they must directly participate in the program if it is to succeed. Several possibilities exist with regard to the person who will actually rate the employee.

Following are the participants to be considered for conducting an effective Appraisal system for an Employee

- Immediate Supervisor
- Subordinates
- Peers and Team Members
- Self-Appraisal
- Customer Appraisal

PERFORMANCE APPRAISAL METHODS

Managers may choose from among a number of appraisal methods. The type of performance appraisal system used depends on its purpose. If the major emphasis is on selecting people for promotion,

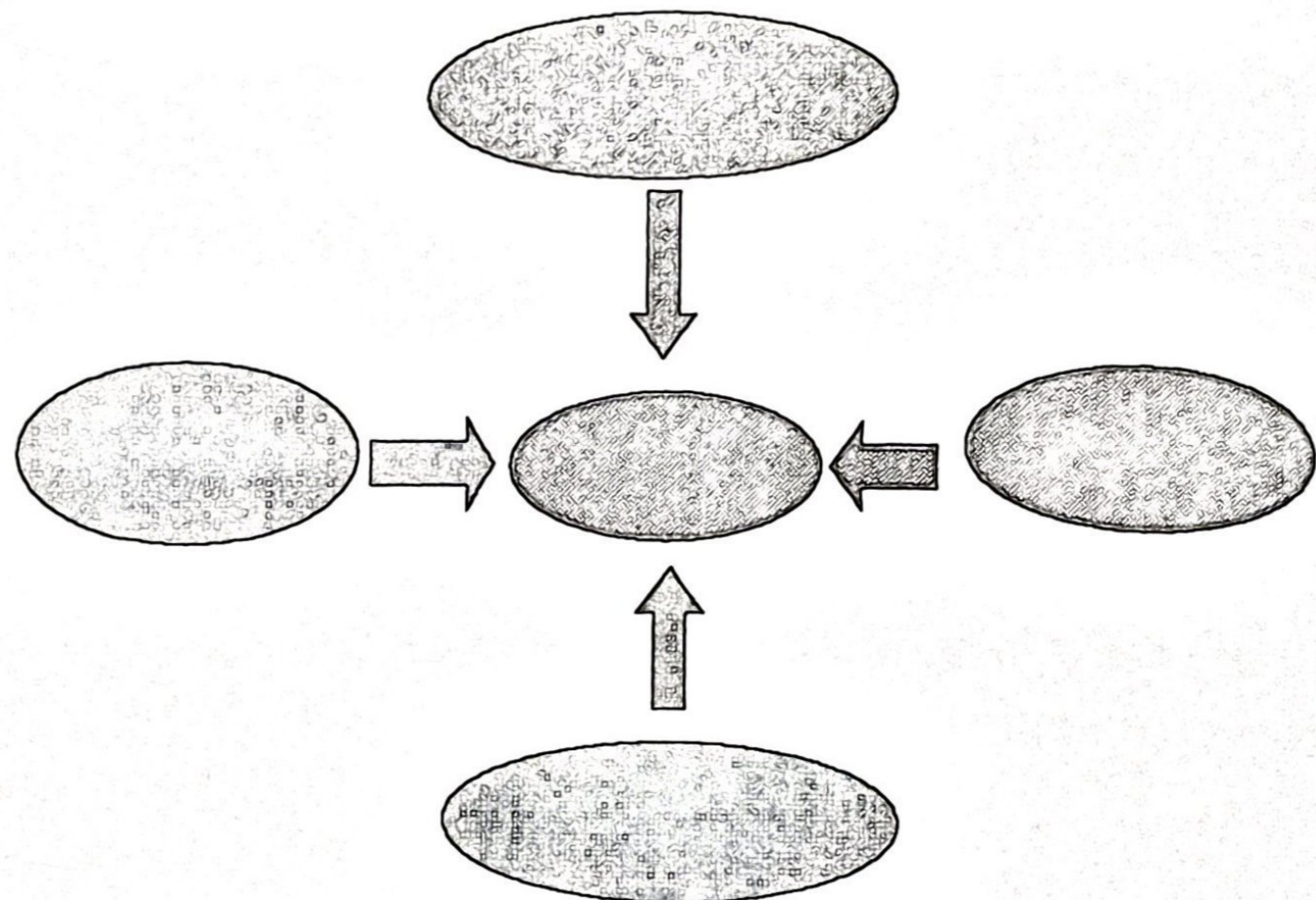
training, and merit pay increases, a traditional method, such as rating scales, may be appropriate. Collaborative methods, including input from the employees themselves, may prove to be more suitable for developing employees.

Below are some of the Appraisal methods used by major Organisations

(a) 360 – Degree Feedback Evaluation Method

The 360-degree feedback evaluation method is a popular performance appraisal method that involves evaluation input from multiple levels within the firm as well as external sources.

Figure 5.1 – 360 Degree Feedback Method



(b) Rating Scales Method

The rating scales method is a performance appraisal method that rates employees according to defined factors. The factors chosen for evaluation are typically for two types (i) Job related and (ii) Personal characteristics

(c) Critical Incident Method

The critical incident method is a performance appraisal method that requires keeping written records of highly favorable and unfavorable

employee work actions. When such an action, a "critical incident," affects the department's effectiveness significantly, either positively or negatively, the manager writes it down. At the end of the appraisal period, the appraiser uses these records along with other data to evaluate employee performance. With this method, the appraisal is more likely to cover the entire evaluation period and not focus on the past few weeks or months.

(d) Essay Method

The essay method is a performance appraisal method in which the appraiser writes a brief narrative describing the employee's performance. This method tends to focus on extreme behavior in the employee's work rather than on routine day-to-day performance.

(e) Work Standards Method

The work standards method is a performance appraisal method that compares each employee's performance to a predetermined standard or expected level of output. Standard reflect the normal output of an average worker operating at a normal pace.

(f) Ranking Method

The Ranking method is a performance appraisal method in which the appraiser ranks all employees from a group in order of overall performance.

(g) Forced Distribution Method

The forced distribution method of performance appraisal requires the appraiser to assign individuals in a work group to a limited number of categories, similar to a normal frequency distribution. The purpose of forced distribution is to keep managers from being excessively lenient and having a disproportionate number of employees in the "superior" category.

(h) Behaviorally Anchored Rating Scale Method (BARS)

The behaviorally anchored rating scale (BARS) method is a performance appraisal method that combines elements of the traditional

rating scales and critical incident methods; various performance elements are shown along a scale with each described in terms of an employee's specific job behavior.

A BARS system differs from rating scales because, instead of using terms such as high, medium, and low at each scale point, it uses behavioral anchors related to the criterion being measured. This modification clarifies the meaning of each point on the scale and reduces appraiser bias and error by anchoring the rating with specific behavioral examples based on job analysis information. Instead of providing a space for entering a rating figure for a category such as Above Expectation, the BARS method provides examples of such behavior. This approach facilitates discussion of the rating because it addresses specific behaviors, thus overcoming weaknesses in other evaluation methods. Regardless of apparent advantages of the BARS method, reports on its effectiveness are mixed. A specific deficiency is that the behaviors used are activity oriented rather than results oriented. Also, the method may not be economically feasible since each job category requires its own set of BARS. Yet, among the various appraisal techniques, the BARS method is perhaps the most highly defensible in court because it is based on actual observable job behaviors.

CHALLENGES WITHIN PERFORMANCE APPRAISAL

Performance appraisal is constantly under a barrage of criticism. The rating scales method seems to be the most vulnerable target. Yet, in all fairness, many of the problems commonly mentioned are not inherent in this method but, rather, reflect improper implementation. For example, firms may fail to provide adequate rater training or they may use appraisal criteria that are too subjective and lack job-relatedness.

Below are the common hindrance occurs during Performance Appraisal

- Appraiser Discomfort
- Lack of Objectivity
- Employee Anxiety
- Manipulating the Evaluation
- Personal Bias

CHARACTERISTICS OF AN EFFECTIVE APPRAISAL SYSTEM

The basic purpose of a performance appraisal system is to improve performance of individuals, teams, and the entire organization. The system may also serve to assist in making administrative decisions concerning pay increases, promotions, transfers, or terminations. In addition, the appraisal system must be legally defensible. Although a perfect system does not exist, every system should possess certain characteristics. Organizations should seek an accurate assessment of performance that permits the development of a plan to improve individual and group performance. The system must honestly inform people of how they stand with the organization.

The following factors assist in accomplishing these purposes.

- Job-Related Criteria
- Performance Expectations
- Standardization
- Trained Appraisers
- Continuous Open Communication
- Conduct Performance Reviews
- Due Process

CONCLUSION

Now that all is said and done, is performance appraisal really all that important?

Yes. Used well, performance appraisal can be the most powerful tool an organization has to ensure the achievement of strategic goals, to focus the energy of organization members on the achievement of its mission, and to reinforce the importance of everyone's living up to the company's vision and values. It is genuinely important to make sure that all employees in the organization understand that there is a direct connection between their performance and the achievement of the company's mission. If employees don't see any connection between what the organization says is important in its mission statement or pronouncement of vision and values and what the employees are held accountable for in their performance appraisal, they will become cynical about the importance of the stated mission. More than any other tool in the organizational arsenal, the performance appraisal process has the power to direct the attention and energy of every organization member toward the achievement of strategic goals and corporate values. Although performance appraisal serves many important functional duties, performance appraisal is not an end in itself. Performance appraisal used to its maximum benefit, is the means by which everyone in the organization understands and is held accountable for meeting the most important objectives.

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