



A Detailed Study To Examine The Methods Of Performance Appraisal

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ABSTRACT

Managing and measuring performance became a key aspect of the New Public Management ideology-driven administrative changes. A poorly developed system for measuring and controlling performance, on the other hand, may cause employees' behavior to be distorted. The methods and processes used by firms to measure the level of performance of their employees and offer them with feedback are referred to as performance appraisal (PA). This method can be utilized for both administrative and developmental goals. Despite the fact that performance appraisal is a crucial tool for managing personnel, it rarely meets the expectations of managers and employees.

Keywords: Employee, Performance, Method, Phases, System.

I. INTRODUCTION

Performance assessment is a strong tool for calibrating, refining, and rewarding an employee's performance. It aids in the analysis of his accomplishments and the assessment of his contribution to the attainment of the organization's overall objectives. Performance appraisal goes to the heart of people management by focusing on performance and demonstrates management's interest in the employees' advancement.

A performance appraisal is a structured formal interaction between a subordinate and supervisor that typically takes the form of an annual or semi-annual interview in which the subordinate's work performance is examined and discussed with the goal of identifying weaknesses and strengths, as well as opportunities for improvement and skill development.

II. METHODS USED IN PERFORMANCE APPRAISAL SYSTEM

The methods of performance appraisal can be divided into two categories: classic and current methods. In the following paragraph, each approach is briefly detailed.

a. Traditional method

1. Essay appraisal method

This traditional form of appraisal, also known as “Free Form method” involves a description of the performance of an employee by his superior [12]. The description is an evaluation of the performance of any individual based on the facts and often includes examples and evidences to support the information. A major drawback of the method is the inseparability of the bias of the evaluator.

2. Straight ranking method

This is one of the oldest and simplest techniques of performance appraisal. In this method, the appraiser ranks the employees from the best to the poorest on the basis of their overall performance. It is quite useful for a comparative evaluation.

3. Paired comparison

A better technique of comparison than the straight ranking method, this method compares each employee with all others in the group [12], one at a time. After all the comparisons on the basis of the overall comparisons [16], the employees are given the final rankings.

4. Critical incidents method

In this method of Performance appraisal, the evaluator rates the employee on the basis of critical events and how the employee behaved during those incidents. It includes both negative and positive points. The drawback of this method is that the supervisor has to note down the critical incidents and the employee behaviour as and when they occur.

5. Field review

In this method, a senior member of the HR department or a training officer discusses and interviews the supervisors to evaluate and rate their respective subordinates. A major drawback of this method is that it is a very time-consuming method. But this method helps to reduce the superiors’ personal bias.

6. Checklist method

The rater is given a checklist of the descriptions of the behaviour of the employees on job. The checklist contains a list of statements on the basis of which the rater describes on the job performance of the employees.

7. Graphic rating scale

In this method, an employee’s quality and quantity of work is assessed in a graphic scale indicating different degrees of a particular trait. The factors taken into consideration include both the personal characteristics and characteristics related to the on-the-job

performance of the employees. For example a trait like Job Knowledge may be judged on the range of average, above average, outstanding or unsatisfactory [17].

8. Forced distribution

To eliminate the element of bias from the rater's ratings, the evaluator is asked to distribute the employees in some fixed categories of ratings like on a normal distribution curve. The rater chooses the appropriate fit for the categories on his own discretion.

b. Modern methods (New concepts)

1. Assessment centers

An assessment centre typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees to assess their competencies to take higher responsibilities in the future. Generally, employees are given an assignment similar to the job they would be expected to perform if promoted. The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics.

The major competencies that are judged in assessment centre's are interpersonal skills, intellectual capability, planning and organizing capabilities, motivation, career orientation etc [15]. assessment centre's are also an effective way to determine the training and development needs of the targeted employees.

2. Behaviorally anchored rating scales

Behaviorally Anchored Rating Scales (BARS) is a 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 behavioral statements describing important job performance qualities as good or bad (for e.g. the qualities like inter-personal relationships, adaptability and reliability, job knowledge etc). These statements are developed from critical incidents [17]. In this method, an employee's actual job behaviour is judged against the desired behaviour by recording and comparing the behaviour with BARS [16]. Developing and practicing BARS requires expert knowledge.

3. Human resource accounting method

Human resources are valuable assets for every organization [9]. The Human resource accounting method tries to find the relative worth of these assets in terms of money. In this method, the performance appraisal of the employees is judged in terms of cost and contribution of the employees [12]. The cost of employees includes all the expenses incurred on them like their compensation, recruitment and selection costs [18], induction and training costs etc. whereas their contribution includes the total value added (in monetary terms). The difference between the cost and the contribution will

be the performance of the employees. Ideally, the contribution of the employees should be greater than the cost incurred on them.

4. 360 Degree performance appraisal

360-degree feedback, also known as 'multi-rater feedback', is the most comprehensive appraisal where the feedback about the employees' performance comes from all the sources that come in contact with the employee on his job. 360-degree respondents for an employee can be his/her peers, managers (i.e. superior), subordinates, team members, customers, suppliers/ vendors - anyone who comes into contact with the employee and can provide valuable insights and information or feedback regarding the "on-the-job" performance of the employee [10].

360-degree appraisal has four integral components:

1. Self-appraisal
2. Superior's appraisal
3. Subordinate's appraisal
4. Peer appraisal.

Self-appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance. Superior's appraisal forms the traditional part of the 360-degree appraisal where the employees' responsibilities and actual performance is rated by the superior.

Subordinates' appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities [14], superior's ability to delegate the work, leadership qualities etc. Also known as internal customers, the correct feedback given by peers can help to find employees' abilities to work in a team, co-operation and sensitivity towards others.

Self-assessment is an indispensable part of 360-degree appraisals and therefore 360 degree performance appraisals have high employee involvement and also have the strongest impact on behavior and performance. It provides a "360-degree review" of the employees' performance and is considered to be one of the most credible performance appraisal methods.

360-degree appraisal is also a powerful developmental tool because when conducted at regular intervals (say yearly) it helps to keep a track of the changes and others' perceptions about the employees. A 360-degree appraisal is generally found more suitable for the managers as it helps to assess their leadership and managing styles [15]. This technique is being effectively used across the globe for performance appraisals. Some of the organizations following it are Wipro, Infosys, and Reliance Industries etc.

5. Management by objectives

The concept of 'Management by Objectives' (MBO) was first given by Peter Drucker in 1954. It can be defined as a process whereby the employees and the superiors come together to identify common goals, the employees set their goals to be achieved, the standards to be taken as the criteria for measurement of their performance and contribution and deciding the course of action to be followed.

The essence of MBO is participative goal setting, choosing course of actions and decision making. An important part of the MBO is the measurement and the comparison of the employee's actual performance with the standards set. Ideally, when employees themselves have been involved with the goal setting and choosing the course of action to be followed by them, they are more likely to fulfill their responsibilities.

III. PHASES IN PERFORMANCE APPRAISAL SYSTEM:

Performance appraisal is seen merely as a once-a-year drill mandated by the personnel department. But in organizations that take performance appraisal seriously and use the system well, it is used as an ongoing process and not merely as an annual event. In these companies, performance appraisal follows a four-phase model.

Phase 1: Performance Planning. At the beginning of the year, the manager and individual get together for performance-planning meeting. In this hour-long session they discuss what the person will achieve over the next twelve months (the key responsibilities of the person's job and the goals and projects the person will work on) and how the person will do the job (the behaviors and competencies the organization expects of its member). They typically also discuss the individual's development plans [10].

Phase 2: Performance Execution. Over the course of the year, the employee works to achieve the goals, objectives, and key responsibilities of the job. The manager provides coaching and feedback to the individual to increase the probability of success. He creates the conditions that motivate and resolves any performance problems that arise [15]. Midway through the year — perhaps even more frequently — they meet to review the individual's performance thus far against the plans and goals that they discussed in the performance-planning meeting.

Phase 3: Performance Assessment. As the time for the formal performance appraisal nears, the manager reflects on how well the subordinate has performed over the course of the year, assembles the various forms and paperwork that the organization provides to make this assessment, and fills them out. The manager may also recommend a change in the individual's compensation based on the quality of the individual's work. The completed assessment form is usually reviewed and approved by the appraiser's boss. Others — perhaps the department head or the compensation manager — may also review and approve the assessment.

Phase 4: Performance Review. The manager and the subordinates meet, usually for about an hour. They review the appraisal form that the manager has written and talk about how well the person performed over the past twelve months. At the end of the review meeting, they set a date to meet again to hold a performance-planning discussion for the next twelve months, at which point the performance management process starts anew. Of course, there may be many individual variations on the basic theme, but most sophisticated companies generally follow this four-phase process.

IV. BENEFITS OF PERFORMANCE APPRAISAL

The benefits typically claimed by those who defend or advocate performance appraisal systems include the following:

- **Feedback.** Performance appraisals provide employees with feedback regarding their performance, usually at least once a year and often on an interim basis during the year. This leads to reduced errors and waste, increased productivity, improved quality and service for customers, as well as enhanced employee motivation, commitment, and a sense of ownership [14].
- **Goal setting.** Performance appraisal sessions provide an opportunity for discussions that include setting work related goals and objectives for the individual as well as aligning individual and organizational goals.
- **Career management.** Performance appraisal sessions also provide opportunity for identifying training and development needs and discussing career progression opportunities.
- **Objective assessment.** Performance appraisals are made objective through uniform processes and criteria. This also results in a fair, valid, and legally defensible basis for rewarding and recognizing individual performance.
- **Legal protection.** Performance appraisals afford the corporation legal protection against employee lawsuits for discrimination and wrongful termination. A candid and perhaps blunt observer might add a final benefit: The formal performance appraisal system buttresses the organization's hierarchical authority system. It gives the supervising manager control over some of the carrots and sticks in what is essentially a carrot-and-stick management system. The list of benefits above must be balanced against the costs of performance appraisals. Some of these are "hard" costs that can be measured and expressed in dollars and cents. Others are "soft" costs, best gauged in terms of their drawdown on human and political capital [9].

V. CONCLUSION

Many elements in an organization, particularly those relating to personnel, are determined by performance appraisal or evaluation. It is particularly widespread in businesses. Managers frequently use appraisal tools to witch hunt perceived enemies, and the appraisal tool's neutrality is occasionally skewed and biased. In a nutshell, an

assessment tool is considered to be a strategic part of management for improving performance [11] when it is used efficiently and without bias. Some managers, on the other hand, enjoy using appraisal as personal property and discretion to irritate subordinates when such tools are used to select staff promotions and recognition for a job well done. As a result, the unusual use of appraisal tools has an impact on employee retention among those who believe they have been treated unfairly by prejudiced management. This comes at a high cost to the company, especially in a tight labor market where expert talents are hard to come by [13].

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