

New Vistas Of Performance Appraisal In Current Era

Diksha Sahni

Assistant Professor, Management Department,
PMCC College, New Delhi, India

Abstract: In today's scenario, human resource is a very important asset of the company and the importance of human resource is very renowned to the organization. The purpose of any organization depends up on its ability to correctly measure the performance of its employees and use that measure to neutrally boost and optimize their performance. In modern business scenarios where the roles of jobs become more different it's not easy to measure the performance of any employee. That is why performance appraisal methods can be really beneficial. This paper estimated ten past oriented and four future oriented performance appraisal methods and also identifies advantages and disadvantages for using these methods. It is hope that this will visualize HR managers to select the right methods which will not only be beneficial for employees but for the whole organization, as Regular performance appraisals help conduct a corporate culture that raise personal success of the employee, along with collaboration. A central reason for the utilization of performance appraisals (PAs) is performance development initially at the level of the individual employee, and eventually at the level of the organization.

Keywords: Business; Future Oriented; Methods of Performance Appraisal; Organization; Past Oriented; Performance Appraisal; Utilization of Performance Appraisal

I. INTRODUCTION

Performance appraisal is an organized, periodic and so far as humanly possible, the impartial rating of an employee's excellence in matters affecting to his present job and to his potentialities for a better job. Performance management is a systematic process for transforming organizational performance by developing the performance of individuals and members. Performance appraisal is a developmental instrument which is utilized for all round improvement of an individual. It is the equalization of performance on an individual in an organized way. It helps to identify platform to improve one's job performance therefore benefiting organization and society as a whole. Traditionally performance Appraisal (PA) was utilized to a greater extent as a ordinary function to promote or reward employees than as a developmental instrument. Again it was more focusing on prehistoric performance with lesser or no orientation towards forthcoming activities. But the similar division cannot be seen in today's cut throat competitive current era. The performance appraisal can be used as an efficient managerial decision

instrument if its results are contributing the correct information about the achievement of employees.

II. RESEARCH METHODOLOGY

The research Methodology used in this study is based on secondary data, called from the sources such as research papers, Articles, Company official website's Etc. This research examines major aspects concerned with the Performance appraisal, to identify the methods necessary to adopt Performance appraisal, objectives, process, advantages and disadvantages of Performance appraisal. The aim is that this research paper can help for managers to decide which performance appraisal method they can use in which current situation. The main Findings of the study are presented here with:

III. OBJECTIVES

The major objectives of performance appraisal are mention in Table 1 below:

1. Employee Promotions	5. Employee Confirmation
2. Competency Building	6. Training & Development
3. Compensation Review	7. Improve Communication
4. HR Program Evaluation	8. Feedback and Grievance Redressal

Table1: objectives of performance appraisal

In current business era, it's not uncommon to search a single individual doing multi-tasking. This anticipates complex working models which provide a systematic approach to measure employee performance. It may help an organization to motivate employees, comprise and compensate top performers, reduce employee detritions, set individual goals efficiently and protect it lawfully in case an employee needs to be laid off. According to "Bobko & Collela" the standards of performance assessment are very external to the organization and the estimate purpose of the organization is to be considered for the performance appraisal management system. The objectives of employees and organization are correlated to the organization. In the performance appraisal system, there are various aspects of employee precipitation and performance of employees [Aryee & Chay, 4] which can restrain the overall system of performance management system.

The need to measure performance of several types of employees working in different line of work and environments in an organization challenges managers to indentify and use the most efficient performance appraisal methods.

IV. PERFORMANCE APPRAISAL PROCESS

Performance appraisal process broadly represents eight steps which are showing in Figure 1below

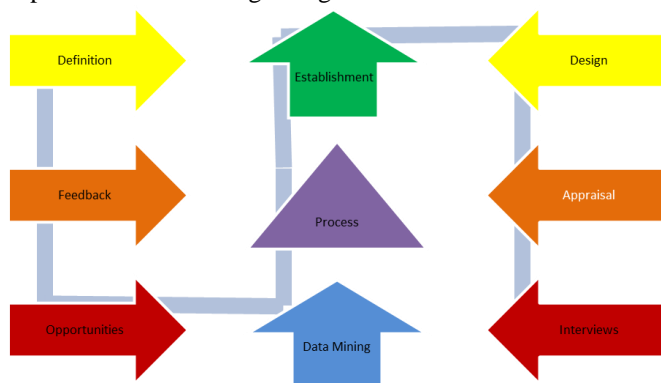


Figure 1: Performance Appraisal Process

V. PERFORMANCE APPRAISAL METHODS

There are several techniques/methods used for organizing performance appraisals, each member having their own advantages and shortcomings. Performance appraisal method needs to be selected which is Depending upon the needs of an employee. The methods of performance appraisal can be

divided into two different categories which is namely past oriented methods and future oriented methods [Aryee & Chay, 4; Bobko & Colella, 5] as shown in Table 2 below.

Past Oriented Methods	Future Oriented Methods
1. Rating Scales Method	1. Management By Objectives (MBO)
2. Checklist Method	2. Psychological Appraisals
3. Forced Choice Method	3. Assessment Centers
4. Forced Distribution Method	4. 360 Degree Feedback
5. Critical Incident Method	
6. Field Review Method	
7. Performance Tests & Observations	
8. Essay Method	
9. Cost Accounting Method	
10. Comparative Evaluation Method (Ranking and Paired Comparison)	

Table 2: Types of Performance Appraisal Methods

A. RATING SCALE METHOD

Rating scales are identified oldest and most popular methods to manage performance appraisals. This method comprise of various numerical scales representing job related performance criterions such as quality of work ,quantity of work , initiative, judgment, attitude, cooperation, knowledge, dependability, attendance, behavior, etc.

Rating scales can consist five substances as Good and Outstanding, Unsatisfactory, Fair, Satisfactory. The total numerical scores are calculated to derive final conclusions.

ADVANTAGES OF RATING SCALE METHOD:

- ✓ Least time consuming and cost effective
- ✓ No need of formal training
- ✓ Propose easiest way to communicate strengths and weaknesses
- ✓ Used in every type of job

DISADVANTAGES OF RATING SCALE METHOD:

- ✓ Rater's biases
- ✓ Data alteration due to usage by different raters.

B. CHECKLIST METHOD

According to this method, performance appraisal is usually based on descriptive statements about efficient and inefficient behavior on jobs by composing Yes/No type of questions. In this method rater only does the reporting or checking and the actual evaluation for an employee is done by HR department.

ADVANTAGES OF CHECKLIST METHOD:

- ✓ It can be standardized
- ✓ Ease of use and no need of formal training

DISADVANTAGES OF CHECKLIST METHOD:

- ✓ Time consuming method & costly
- ✓ Rater's biases
- ✓ Difficult to assemble, access, analyze and weigh a number of statements about the employee's characteristics, involvements, contributions and behaviors
- ✓ No scope for rater to provide relative ratings

C. FORCED CHOICE METHOD

In this method, sequences of statements are organized in the blocks of two or more. The rater evaluates which statement is true or false therefore forcing him/her to make a choice while the actual judgment is done by HR department

ADVANTAGES OF FORCED CHOICE METHOD:

- ✓ Absenteeism of biases due to forced choice

DISADVANTAGES OF FORCED CHOICE METHOD:

- ✓ Difficult to maintain correct statements

D. FORCED DISTRIBUTION METHOD

According to this method employees are flocked around a high point on a rating scale. Here the Rater is forced to make difficult decisions and initialize the most and least talented members of the work group. In this method performance is presumed to conform to normal distribution.

ADVANTAGES OF FORCED DISTRIBUTION METHOD:

- ✓ It helps to create a high performance environment in which the workforce continuously improves

DISADVANTAGES OF FORCED DISTRIBUTION METHOD:

- ✓ Enlarge unhealthy competitiveness
- ✓ Demoralize collaboration and teamwork

E. CRITICAL INCIDENTS METHOD

In this method particular incidents are recognized and described where employees did something really well or not, that needs to be improving during their performance period. Raters accomplish these incidents as and when they occur.

ADVANTAGES OF CRITICAL INCIDENTS METHOD:

- ✓ Assessments based on actual job behaviors
- ✓ Ratings are encouraged by descriptions
- ✓ Easy feedback
- ✓ Chances of subordinate development are high

DISADVANTAGES OF CRITICAL INCIDENTS METHOD:

- ✓ Negative experience can be prioritized
- ✓ Incidents can be irretrievable
- ✓ Needs to be very close management of the employee

F. FIELD REVIEW METHOD

According to this method the appraisal is done by someone outside employee's own division. The Rater can be from corporate or HR department of the administration.

ADVANTAGES OF FIELD REVIEW METHOD:

- ✓ Convenient for managerial level promotions

DISADVANTAGES OF FIELD REVIEW METHOD:

- ✓ Rater may not be familiar with employee's work scenario
- ✓ Difficult to observe employee's actual performance

G. PERFORMANCE TESTS & OBSERVATIONS

This method is based up on the test of knowledge or capability of an employee. These tests can be in written layout or an actual presentation of skills

ADVANTAGES OF PERFORMANCE TESTS & OBSERVATIONS:

- ✓ Helpful to compute potential of an employee than actual performance

DISADVANTAGES OF PERFORMANCE TESTS & OBSERVATIONS:

- ✓ Costs of test development or motivation can be high

H. CONFIDENTIAL RECORDS

This method is frequently used by government sectors, but it can also be used in any business as well. Here the appraisal is done in the format of Annual Confidentiality Report (ACR) which may maintain ratings with respect to attributes like leadership, attendance, team work, reasoning ability, self initiative expression, technical ability, etc. This process is highly secretive and restricted in nature.

ADVANTAGES OF CONFIDENTIAL RECORDS:

- ✓ Useful when data relevant to employee achievement has to be kept secret and managed by few people

DISADVANTAGES OF CONFIDENTIAL RECORDS:

- ✓ Ratings can be operated due to the linkage of assessments to HR actions like promotions, incentives, developments, transfers etc.

I. ESSAY METHOD

In this method, Raters are required to figure out the positive and negative points of employee's behaviors. This method is a non-quantitative performance and is usually mixed with the graphic rating scale.

ADVANTAGES OF ESSAY METHOD:

- ✓ Useful in filling information gaps which is generally occur in a preferable-structured methods

DISADVANTAGES OF ESSAY METHOD:

- ✓ Majorly dependent upon the writing skills of rater
- ✓ Hugely dependent on memory power of rater

J. COST ACCOUNTING METHOD

According to this method, performance of an employee is estimated from the monetary returns yields to his or her organization.

ADVANTAGES OF COST ACCOUNTING METHOD:

- ✓ Help ascertain cost to keep employees and benefit the organization procure from them

DISADVANTAGES OF COST ACCOUNTING METHOD:

- ✓ Highly dependent upon cost and benefit techniques
- ✓ Highly dependent on memory power of rater

K. COMPARATIVE EVALUATION METHOD (RANKING & PAIRED COMPARISON)

These are collection of distinct methods that equate performance of an employee with that of other co-workers. The methods used are either ranking method and paired comparison method.

Ranking Method: In this method, higher ranking of his employee based on excellence, from best to worst.

ADVANTAGES OF RANKING METHOD:

- ✓ Easy to manage and explain

DISADVANTAGES OF RANKING METHOD:

- ✓ Highly dependent on memory power of rater
- ✓ Highly dependent upon cost and benefit techniques

PAIRED COMPARISON METHOD: In this method, each employee is rated with another employee in the form of pairs. The number of comparisons can be calculated with the help of a formula as follows: $N \times (N-1) / 2$

ADVANTAGES OF PAIRED COMPARISON METHODS:

- ✓ Useful where objective of data is unavailable

- ✓ Useful where priorities are not mention

DISADVANTAGES OF PAIRED COMPARISON METHODS:

- ✓ Tough to compare with two employees due to different jobs or departments

VI. FUTURE ORIENTED PERFORMANCE APPRAISAL METHODS

MANAGEMENT BY OBJECTIVES (MBO): According to this method, managers or employers set a list of objectives and make estimations on their performance on a regular basis, and finally make rewards which is based on the results achieved.

This method acclimatizes more on the results achieved (goals) but there is no way how employees can fulfill them.

ADVANTAGES OF MANAGEMENT BY OBJECTIVES (MBO):

- ✓ Extremely useful for managerial positions
- ✓ Since emphasis is on the future, the appraisals are more formative

DISADVANTAGES OF MANAGEMENT BY OBJECTIVES (MBO):

- ✓ Not applicable to all jobs

PSYCHOLOGICAL APPRAISALS: This method is used to estimate employee's potential for coming performance rather than the previous one. It is done using indepth interviews, aptitude test, psychological tests, and discussion with managers. This method plays an important role on employee's emotional, and motivational, intellectual and other personal characteristics affecting his/her performance.

ADVANTAGES OF PSYCHOLOGICAL APPRAISALS:

- ✓ Helpful for identifying employees who may have their considerable potential

DISADVANTAGES OF PSYCHOLOGICAL APPRAISALS:

- ✓ Time consuming and cost effective
- ✓ Highly dependent upon the ability of psychologists
- ✓ Assessment Centers In this method: - managers are highly interested to participate in job related exercises which are estimated by trained observers. It is more stressed on observation of behaviors across a series of specific exercises or work samples. The key attributes evaluated in this method are persuasive ability, self confidence, communicating ability, planning and organizational ability, assertiveness, resistance to stress etc.

ADVANTAGES OF ASSESSMENT CENTERS:

- ✓ Useful for measuring future performance
- ✓ High reliability, predictive ability and content validity compared to other methods
- ✓ Highly Useful for determining the criteria for selection and promotion

DISADVANTAGES OF ASSESSMENT CENTERS:

- ✓ This process is very costly
- ✓ 360 Degree Feedback: - In this method, performance data on an employee is reproduce from a number of shareholders like immediate supervisors, workers, team members, customers, peers and self.

ADVANTAGES OF 360 DEGREE FEEDBACK:

- ✓ Offers are more extensive view towards the performance of employees
- ✓ Useful to determine customer satisfaction, inter-personal and team building skills
- ✓ Useful for self-development of an employee

DISADVANTAGES OF 360 DEGREE FEEDBACK:

- ✓ More time consuming and complex to analyze
- ✓ Needs training in order to receive balanced and existent feedback from all raters.

VII. CONCLUSION

The performance appraisal can be used as an efficient managerial decision instrument

It's not pleasing to take which performance appraisal method to choose for any organization as it includes factors

like time, money and most importantly skills of raters. As we have seen already, each method has its own advantages and disadvantages. In modern business scenarios where employees are gradually engaged in multi tasking and multi department work organizations should at least select two performance appraisal methods. One past oriented method and other one is future oriented method to best evaluate the performance of an employee.

REFERENCES

- [1] Armstrong (2012), "Armstrong's Handbook of Human Resource Management Practice". London: Kogan Page.
- [2] Anonymous (2012), "Performance Appraisal Methods", URL: <http://www.hrware.com/performance-management/performance-appraisal-methods/>
- [3] Anderson, Charles & Johnson (2003), "The Impressive Psychology Paper", Chicago: Lucerne Publishing.
- [4] S. Aryee & Y.W. Chay (2001), "Workplace Justice, Citizenship Behaviour, and Turnover Intentions in a Union Context: Examining the Mediating Role of Perceived Union Support and Union Instrumentality", Journal of Applied Psychology, Vol. 86, No. 1, Pp. 154-160.
- [5] P. Bobko & A. Colella (1994), "Employee Reactions to Performance Standards: A Review and Research Propositions", Pers. Psychol. Vol. 47, No. 1, Pp. 1-29.
- [6] R.F. Martell & M.R. Borg (1993), "A Comparison of the Behavioural Rating Accuracy of Groups and Individuals", Journal of Applied Psychology, Vol. 78, No. 1, Pp. 43-50.
- [7] M.L. Poon (2004), "Effects of Performance Appraisal Politics on Job Satisfaction and Turnover Intention", Personnel Review, Vol. 33, No. 3, Pp. 322-334