

Employee Performance Appraisal – In its’ Changing Phase

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ABSTRACT

Men are the most vibrant M in the 5 M’s of Production and Operations compared to Money, Machine, Materials and Methods. The performance of all the other M’s are depended on the Men’s performance. Hence we normally do performance appraisal for Men and Return on investment on the other factors. In this scenario, the concept called performance appraisal is followed universally to assess the performance of people in the organization. This system has undergone drastic change after 20th century. However in India we still believe in performance appraisal which is the stimulating tool to provoke the employees to perform in their key performance areas. An attempt is made in this paper to understand the route of the changing phase of employee performance appraisal which is today elaborated as Employee Performance Management System.

Keywords: Performance Appraisal, Performance Management System

1. Performance Appraisal

The past and the future

There is a great degree of unhappiness all around with performance appraisals. Rarely does one come across managers who are happy with the appraisal systems in their organization. Though such a great degree of unhappiness exists about them, the managers find it difficult to do without them because in the absence of an appraisal mechanism, howsoever weak it may be, it is difficult to get work done out of people. It is a good mechanism to control people. Employees want promotions, they want salary increments, they want good work conditions, they would like to be placed in prestigious positions, and would like to be transferred to places of their choice and like jobs giving them maximum satisfaction, and so on. Therefore, if people get what they want, they should give what their bosses want. And performance appraisal is one mechanism to make sure that people at every level do things the way their bosses want them to do. Thus the bosses at every level strive for better ratings of their own performance by assessing the performance of their subordinates and thus controlling their behavior. Performance Management System (PMS) can be viewed as an aspect or component of the New Age Management, which has been embraced as an international phenomenon in both practice and study. Indian organisations like its counterparts in other countries started implementing PMS in late nineties in an attempt to improve productivity as well as to ensure that their organisation is competitive in the international arena. The officers of many Indian organisations are rewarded according to their performance and can be sacked if they fail to measure up to their task. PMS seeks to change the mindset of many senior officers together with their subordinates to perform their responsibilities diligently in a competitive global environment. It is a performance enhancing strategy that requires all departments to have clearly written mission and vision statements. Organisational workforce is expected to have well defined plans and programs of how they intend to execute their duties and responsibilities and their performance is to be assessed on the basis of such plans and programs. Rewards in the form of promotions, further training and salary increments are determined by one’s ability to attain the goals or targets set for them. Hence, it is not surprising that in many Indian organisations, PMS is viewed as a change and quality management process that facilitates a comprehensive management of performance at all levels in an organisation.

2. The Conceptual Evolution of Performance Management Between 1991 and 1997

TABLE 1

Performance Appraisal - From 1991	Performance Management – Up to 1997
System	Process
Appraisal	Joint Review
Outputs	Outputs / Inputs
Reward Oriented	Development Oriented

Ratings Common	Less Rating
Directive	360 Degree Feed back
Monolithic	Supportive / Flexible
Owned by HR Professionals	Owned by Users
Profession / Cadre - Based	Service Based

Source: Armstrong and Baron (2000)

3.360 DEGREE APPRAISALS

360 Degree Appraisal system is a modern technique used in appraising the performance of employees in an organization where the performance of employees are evaluated by the Boss, Peers, Self and Subordinates / Customers, based on their targets/KRAs/KPIs./Behaviours etc. The advantage of this system over the traditional boss appraisal system is that, there will be better clarity of the employee performance in a broader sense and there is will be less error due to halo effect or bias. And the employees also will get a change to know the feedback and a voice for clarification in case of a gap in the actual and target performances. The concept is explained below in figure 3.1.

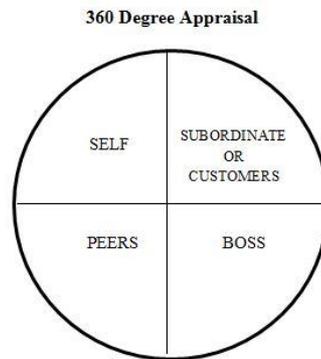


Figure 3.1

4.540 DEGREE APPRAISAL

This is another variety of multiple feedback system and it is an extended version of 360 degree feedback. 540= 360+ Clients or Vendors or Customers based on the relevance with respect to the designation of the employees. Here apart from Boss, Peers, Self, subordinate/customers, the clients /vendors also will be considered for evaluating the performance of the employees in their respective areas and based on their dealings with these people. The advantages of 360 degree feedback are applicable to this system also. Normally the managers in the middle level can be evaluated through this system for better clarity in the evaluation. This system is diagrammatically represented below in figure 4.1

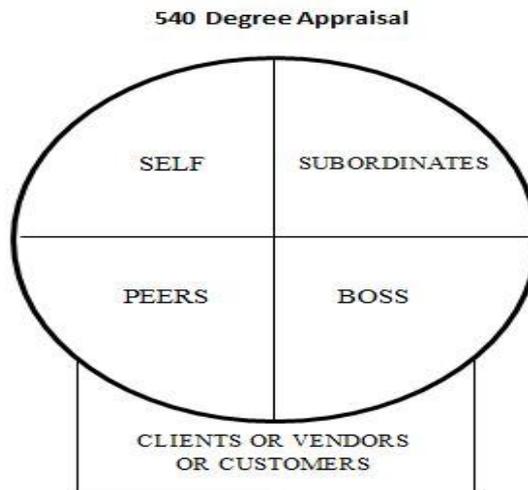


Figure 4.1

5.720 DEGREE APPRAISAL

This multiple feedback system is another extension of 360 Degree Feedback where 360 + Clients or Vendors + Customers. Apart from the internal assesses the external assessment also will be done by the clients or vendors and customers. This will help to identify the strength and weakness of employees and their potentials in performing higher level jobs. Normally the employees in the higher level can be evaluated by this technique and the feedback system will be much more error free compared the single layer boss appraisal system. The advantages of 360 degree appraisal system are applicable to this system also. This system is diagrammatically represented below in figure 5.1

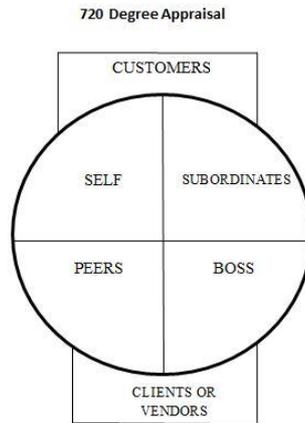
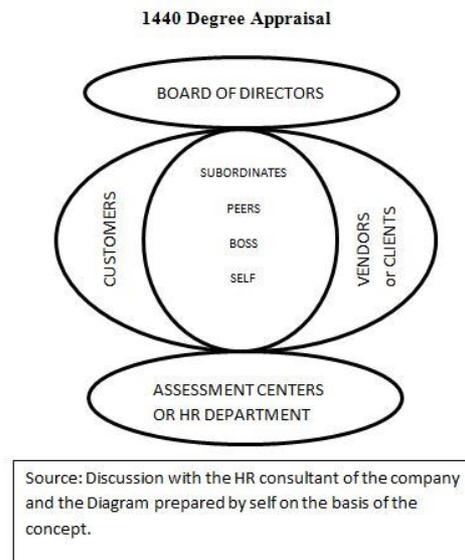


Figure 5.1

6.1440 DEGREE APPRAISAL

It is the latest version of 360 degree appraisal. This technique is very rare and used to evaluate the top level executives in the organization. Companies like Polaris, CNK Management (KPO) in Hyderabad, Frost and Sullivan a Norway based company operating in Chennai are following this appraisal for their top level executives. $1440 = 720 + 360$ (Board of Directors) + 360 (Assessment Centers (AC) /Human Resource Department). As the performance appraisal of the top level executives are highly complicated and relevant in the company's quality direction and progressive development the company shall follow this appraisal system in order to make the system error free and less biased. It is useful for the top level executives to correct themselves immediately if they deviate from the path which creates a gap in their performance. This system is not familiar and not used by companies in India except a very few above mentioned companies. It is very useful when we consider HR are the assets of the company and through this system the employee performance can be improved by identifying the actual gap. An attempt is made to represent this system diagrammatically based on the concept followed by the companies. This system is diagrammatically represented below in figure 6.1



7. Conclusion

The development of multiple employee performance appraisal system further replaced by employee performance management system which is a comprehensive system to develop the performance of employees by synchronizing the HR verticals from planning performance to evaluation of performance. This will help further to improve the overall performance of the employees. All these changing phases increase the scope for the path for improving the performance of the employees and help to reduce the chances of bias and errors in the presently followed traditional performance appraisal technique. There are some recent implications of the study in the field of upcoming researches in the performance management systems. Lot of researches did for clearly distinguish between performance appraisal technique and performance management systems. It is concluded with a remark that there is a research gap in this field and clear scope for further research in this field of study based on various industries and sectors due its unique differences.

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Dr. Rajeswari. R is basically a BA Economics graduate with PGDBA, MBA, MHRM, MFT and Ph.D. She has 17 years experience in industry and teaching. The industrial experience was in the field of Human Resource Management, International Marketing and Customer Care. She served many Business Schools as a professor and currently holding the position of Principal in a stand a lone B' School. She has done her research in the field of Human resources management by introducing a new performance management system for Indian Banking Sector.