



A multi-dimensional analysis of organizational performance appraisal through selected modern techniques

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Abstract

Performance appraisal has emerged out to be one of the most crucial functions of a human resource department in any organization, as it manifests to be one of the core provider of inputs for further decision making as regards training and development to be imparted as well as compensation management. In this regard, there is a necessity to have a sound understanding about the applicability of various traditional and modern methods of performance appraisal, and their relative superiority. The present article lays an emphasis over some modern techniques of performance appraisal, while trying to address issues of subjectivity, bias, cost, and feasibility.

Keywords: performance appraisal, decision making, compensation management, feasibility

Introduction

Human resource management has started gaining ever increasing prominence, and is the crux to be perceived by employers who wish to achieve their goals on a holistic scale, with equal preference given to the aspirations of employees and management alike, and on the other hand, constantly emphasize upon the fact that monetary and non-monetary aspirations of employees as well. In this regard, there are several intricate and interdependent functions to be assimilated by a HR manager, with the most important feature being the gradual transition from the narrow outlook of personnel management to a revolutionary approach where every human being is looked upon as a resource with limiting factors. The HR approach is essentially constituted with the following essential functions:

1. Recruitment and selection (positive and negative processes respectively).
2. Placement and induction.
3. Training and development.
4. Performance appraisal.
5. Employee discipline.

Among the above mentioned functions, performance appraisal tends to be the most sensitive aspect of a HR department, owing to its subjectivity as regards:

1. The nature of the attributes being discussed.
2. The appropriate device of performance appraisal to be used.

For the purpose of appraising employees, an effective method is the need of the hour, with excellent capabilities in terms of quantifying attributes in a manner that ensures the following:

1. Consistency- the method of performance appraisal used should not be frequently replaced by the organization unless there is an absolute need to do so. This ensures follow up of results over the years and tracks deviations if any.
2. Transparency- the method of performance appraisal (unless confidential) to be employed must be made clear to all the employees working in the organization, and no scope for concealment is to be given.

3. Comparability- the method must be capable of drawing inter departmental and inter-firm comparisons in the long run, if the need arises. This feature ensures that the company is not myopic and rather strategic in terms of its outlook.
4. Time-tested- a careful research needs to be taken up in understanding whether similar organizations have taken up such methods before finally applying them in the organization.

No method of HR appraisal stands to be absolutely risk and error free when compared to its peer techniques. However it can be quite intriguing to understand the applicability of each of these to different operations of the organization.

The various types of performance appraisals can be broadly classified as under:

- A. Traditional methods- these methods include checklist method, rating scale method, and ranking method (straight line and paired comparison method).
- B. Modern methods- these methods include 360 degree appraisal, appraisal by superiors, subordinates, peers, and self-appraisals, apart from human resource accounting systems.

2. Review of Literature

1. Performance appraisal based on a forced distribution system: its drawbacks and remedies

Anil K. Ghosh Indian Statistical Institute(2012)-The prime focus of this paper was an evaluation of the a selected set of appraisal systems followed by entities applying the results of the preceding year under different schemes of allocation of workers and parallel identification of the limitations of the forced ranking appraisal system and strike an extensive comparison between the newly proposed and the existing method of performance appraisal to demonstrate the usefulness of the proposed method. The paper suggested the replacement of grades based on only previous year and also suggested better criterion which have been adjusted to take in multivariate data into consideration.

2. GNA University Techniques of Performance Appraisal-A Review- Ashima Aggarwal-(2013)

In this paper the review of some ubiquitous performance appraisal techniques along with their respective pros and cons were presented in a classified format. The paper concluded that since there are many techniques that used for performance appraisal, it would be very complex to understand those techniques is an exhaustive in nature because of its dependence upon the type and size of organization.

3. Research Design

3A. Objectives of the study

1. To understand the essence of some modern methods of performance appraisal.
2. To explore each of these methods of performance appraisals with a multi-dimensional approach considering the need of employers, employees, aspirations which are both monetary and non-monetary in nature.
3. To highlight the suitability of each technique based on time and suitability.
4. To give out necessary suggestions.

3B Scope of the study and sources of data

The study is based purely on secondary data. An attempt is made based on the understanding derived from these methods to underline the relative superiority of the techniques adopted. The scope is general and is not confined to any organization in particular.

The important techniques covered in the study are:

1. Self-appraisal
2. Appraisal by superiors and subordinates
3. Peer appraisal
4. 360° appraisal

4. Modern methods of performance appraisal

The modern methods of performance appraisal take only consideration a combination of methods rather than a single approach to determine the overall performance of an employee. These methods seem to depend excessively on subjective opinions of individuals around the candidate who is being assessed; as such it is quite challenging to consider it as a valid sample to be generalized to the entire capability of an individual. Organizational behaviour as such has been regarded as an imperfect science, owing to the differential responses of two or more individuals at the same point time and the same individual responding with a differential behaviour at two different points of time.

It is for this purpose that the HR manager plays a very strategic role in deciding the eligibility criteria for those individuals who are given the authority of performance appraisal. The inherent qualities of the individual in charge of performance appraisal are:

1. Free of prejudice (bias)
2. Experienced in work being appraised
3. Must not be in a position exerting undue influence.

Some important modern methods of performance appraisal with respect to reference groups are appraisals by:

1. Superiors

Under this method, the immediate superiors under whom the employee has to be appraised is consulted for his metric assessments as regards the employee's work at the organization. The pre-requirements for the same are-

- Verify the credibility of the superior concerned as regards his reliability in the previous appraisals.
- Make sure that the employee and the employer have no episodes of disagreement by conducting a blind trial if necessary involving third parties.
- Ensure that the superior is well-versed with the difficulties associated with working at the grassroots.
- Undertake periodical training programs tailored to meet the needs of the executives to ensure they are equipped with metrics and statistical techniques.
- If extreme scores are perceived, compare with previous assessments.

2. Subordinates

This is a less common but at times effective technique which is adopted to understand the working of candidates at the managerial and executive positions in terms of leadership skills. There are three types of leadership skills which can be understood through the subordinates:

- Laissez faire -complete freedom given to employees in terms of discretionary powers with respect to working conditions, caution must be taken so as to ensure that there is no over-rating given to these executives.
- Autocratic leadership- in this regard caution must be exercised that the employees do not under-rate the leader owing to prejudice.
- Democratic style- in general, a genuine feedback can be expected from the employees under a democratic leadership.

3. Self-appraisal- can be regarded as suitable only if there are objective criterions used such as

- Checklist- an employee needs to assert or negate his accomplishment towards a particular task.
- Quantitative information such as number of units sold or produced, number of orders executed or procured, which are often used to compare standards set with the actual

In this regard, qualitative aspects such as efficiency and punctuality cannot be perfectly self-appraised, and hence a more reliable technique based on scientific assumptions is to be taken.

4. Peer appraisal- Is a widely accepted technique owing to the comfort zone that it provides, as regards promoting free flow of thoughts.

- The major factor that leads to huge success through this method is the breaking of barriers regarding status and authority.
- Caution needs to exercise as regards elimination of undue favouritism by peer groups as well as animosity that may prevail at times.

5. 360° appraisal- is an emerging trend where information is elicited from all possible interest groups of the candidate including all of the above mentioned individuals, and consistency is evaluated for the same.

- One demerit of this technique is the enormous time and cost involved, and hence cannot be adopted by all organizations.

5. Summary of findings, suggestions and Conclusion

1. Criteria to take up the responsibility of performance appraisal is equally essential as criteria set for employees.
2. The methods of performance appraisal should address issues of comfort, feasibility, and economy required by the organizations.
3. 360° appraisal is by far the most convincing of all forms of appraisals as it covers superiors, subordinates and peer groups to check for consistency, however suffers from the disadvantage of poor economy.
4. The modern methods of performance appraisal generate superior benefits as compared to traditional methods owing to their capability of minimizing subjectivity when taken up on a comprehensive scale.
5. These techniques can be studied with special reference to MNCs with cross cultural conflicts, where the root causes of disputes and poor leadership skills can be addressed.

To summarize, these modern techniques can be used as a complement rather than a substitute to traditional methods of performance appraisal, and can go a long way in ensuring holistic development of the candidate and also in building a holistic resource potential for the organization as well.

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