

A REVIEW OF LITERATURE ON THE PERFORMANCE APPRAISAL OF THE EMPLOYEES

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ABSTRACT

Human resources are the most vital part of any organisation. The success of the organisation obviously depends on the performance of its employees. Employee's performance hence should be frequently monitored and feedback should be given. Performance appraisal is frequent review of the performance of the employees in their job and their contribution to the organisation. These appraisals will generally be used to judge the employees contribution to the production of the company and in their promotions, rating and rewards. It also helps the employees to work on the feedback given to them during these appraisals. Performance appraisal is one of the HRD mechanisms used by HR department.

Keywords: Performance Appraisal, Feedback, HRD Mechanisms.

I. INTRODUCTION

Changing trends in markets and emerging of the new firms demands and efficient employees in an organisation. As human resources the most important role in any organisation, they should be monitored and kept in high spirits. Performance appraisal is an old concept. In fact it began in China in the Weidy Dynasty (AD 261 – 265) where an imperial rater appraised the performance of the members of office family. (Smriti) The Performance appraisal helps the management to assess the strengths and weakness of the employees. It is a tool for measuring their performance in the current period and also their future potential. It helps the management to easily identify the under performers. Based on the Performance appraisal a proper feedback should be given which helps the employees to improve themselves. This a vast area and have huge literature reviews. Many researchers have given contribution to this field. The concept of HRD was first presented by Leonard Nadler in 1969 at a conference in the United States. "He defined HRDs as learning experiences that are organized, over a specific period, and designed to provide the potential for behavior change." (Human Resource Development) According to Invancevich and Glueck, "Human resource management is the function performed in organizations' that facilitate the most effective use of people (employees) to achieve organizational and individual goals". (Narang)

Edwin B. Flippo defines Performance Appraisal as "a systematic, periodic and so far as humanly possible, an impartial rating of an employee's excellence in matters pertaining to his present job and his potentialities for a better job." (Smriti)

The human resource management mechanism is the integration of human resources through the elements of the human resource management system to promote the full effect and best state of human resources. Various HRD mechanisms were identified as variables including performance appraisal and reward systems, feedback and advice, potential assessment and career development, employee happiness, and quality of life, organizational development and training and development. Employees also have chance to ask questions to their managers and may share their feedback. As a part of performance review, they may also have a chance of self evaluation. Feedback and appraisal are two different concepts. Feedback usually is verbal and is ongoing process. It provides information. Whereas, Appraisal is a judgment, at a regular interval and is mostly written format. This is linked to the pay, rewards, promotion etc.

II. LITERATURE REVIEW

The history of performance appraisal ways back to the early 20th century and can be traced to Taylor's pioneering Time and Motion studies. Though a formal appraisal programme was introduced by New York City Civil Services in 1883 before WW1, it is believed to be started for the first time during WW1. Then US army chief Walter Dill Scott, kept man-to-man rating in military establishment. According to C. Heyel (1973) "performance appraisal is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which they are employed. For the purpose of administration, including

selection for promotions, placement, providing financial rewards and other actions which necessitate differential treatment amongst the members of a group as distinguished from actions affecting all members equally". In the views of Wonston Oberg (1972), "Common descriptions include performance appraisal, merit rating, behavioral assessment, employee evaluation, personnel review, progress report, staff assessment, service rating and fitness report." (Abanikanta)

As per A. Monappa and M. S. Saiyadain Douglas Mc Gregor (1957)- Formal appraisal plans are designed in such a manner that they will be meeting one need of the organization and two of the individuals.

1. Systematic judgments for supporting an increase in salary, transfers, demotions or terminations.
2. Means of informing the subordinates about their performance, and suggesting the required changes in their skills, attitudes, behaviour, or job knowledge. Clear information will be given about their position.
3. For further training, coaching and counseling these appraisals are used. (Abanikanta)

Armstrong (2006)- "it is a systematic process for improving organizational performance by developing the performance of individuals and teams Further he also added on that performance appraisal allows the supervisor to grab the full potential of the employees through capacity development. Performance appraisal reveals career-growth plans; helps in identifying the training needs and helps in bringing employee goals and organizational goals together. (Armstrong, 2006)

In an organization, the supervisors of any organisation have a major role in transforming the behavior of the employees which may improve it or decrease it. As per the equity theory, a feeling of uneven treatment decreases the performance and commitment among the workers. Hence fair performance appraisals should be conducted with utmost care (Fulk et al., 1985)

Anup Bhurtel and Eka Raj Adhikar conducted a study with 14 supervisors of the Council for Technical Education and Vocational Training (CTEVT) of Nepal to investigate the perception of supervisors on performance appraisal in relation to employee development adopting a qualitative design The results of the study implied that supervisors interpreted the existing appraisal system in a less effective manner, and it was mostly used for promotion criteria. The appraisal could not be conducted on the non-permanent employees and the results of the permanent employees were also kept confidential. Since they failed to discuss the results they were not able to set the goals for further development. The study suggested for a comprehensive performance appraisal system which could include the developmental plans for the employees. (A.Bhurtel&EK.Adhikari, 2016)

Paradise Bank is a nationalized bank in India. The employees are highly satisfied as they feel that the management is fair in terms of compensation. The Chief HR manager at all times made it a point to see that the appraisal system being followed gained the confidence and support of the employees. Hence a feedback session always followed post the appraisals. (Caselet 1)

Ashima Aggarwal, Gour Sundar Mitra Thakur (2013) conducted a review on the methods of performance appraisal. After the research, the authors came to the conclusion that determining whether one methodology is better than another is challenging because it relies on the nature and size of the organisation. Every methodology has its own pros and cons. (AggarwalAshima&MitraThakurGour., 2013)

Employees mostly dislike performance appraisal because they feel that managers do not always rate them on objective criteria. This is called as "Rater bias" by the experts. Another factor confirmed by previous researchers is that mood of the manger has an influence on the ratings of the performance appraisals. When managers do not follow stated policies and procedures it leads to dissatisfaction, disappointment and distrust amongst the subordinates. This results reduced motivation and organizational performance and may ultimately impact the organizational climate. There is a frequent discontent between the employee and the managers on the degree of feedback. Untrained and unprepared managers diminish the motivation and satisfaction among the subordinates. Further imposing unreasonable standards of performance by the managers may diminish employee satisfaction. These untrained raters by committing errors in performance appraisal reduce the confidence of the employee about the performance appraisal system. (GaryRoberts&MichaelPregitzer, 2007) Organisations use this performance appraisal for varied reasons like for increasing the productivity of the

employee, training and development of the employees. This is documented in a study of why companies use performance appraisals (CJFombrun&RLLaud, 1983)

III. CONCLUSION

Self-esteem of the employee and also opens the door for a better future Performance appraisal is most common in almost all the organizations and most of them are subjective based on manager and supervisor's assessment. Till date in majority of firms performance appraisal is a confidential report. The vital feature of this is assessing the strengths and weakness of the employee and their contribution towards the productivity of the organization. Few organizations use this to set the targets and goals for the upcoming period, where as some do it in collaboration with employees and employers and also they follow a peer assessment too.

Though the parameters are set to apply uniformly to all the employees, inconsistency and untrained raters cannot make it successful and fair enough. Another point to be viewed on is the favouritism by the superiors which leads to a biased appraisal and creates discrimination among the staff. In order to avoid these external sources can be used. Performance appraisal should be human-centric with more realistic human values. Organisations should overall uphold the interests of the workforce and strive to provide a positive reinforcement. Satisfied customers are those who are well motivated and contribute their best to the organization.

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