

# A STUDY ON EMERGING TRENDS IN PERFORMANCE APPRAISAL IN 21<sup>st</sup> ERA.

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**Abstract** -Modern Performance Management System provides structured environments to help manager provide employee evaluation that are defensible and accurate, fair. Today's need of the hour is to identify the talent and ensure that such employees performance reveals high reward culture in an organisation. Such culture starts with a clear understanding and building the strong relation between the working culture of the organisation and employees performance. Every manager needs some way to appraise employees performance. If Employees performance is good, you'll want to reinforce it, and if it's bad, you'll want to take over corrective action. It is essential for all the organisations to look towards the recent trends in appraisal system and their necessity in today's era. It is very essential to look and take into consideration the way performance is measured. Recent trends emerging in Performance Appraisal method would help the organisation to evaluate the behaviour and performance of employees in the workplace underlying the goals of the organisation. In this paper, we have studied the emerging trends in Performance Appraisal followed by organizations that stress more on employees and employee development. Today's, organizations must focus on helping employees develop new skills and align them with their business goal. The study reveals process of evaluation of an employee systematic assessment of an employee regarding his expectations of the organisation, present job, and to appraise the talent of employees working in an organisation.

**Key Words:** Appraisal, Employee Development, Career Growth, Employees Performance, Work Standards.

## 1. INTRODUCTION

After world war-II appraising employee work became common and judging peoples work has occurred informally for centuries.

Over last 100 years, Performance Management is not a new concept but the way companies conduct the appraisal has massively change. With the more reliability of mobile technology giving more flexibility and the way the companies are recognizing the value of high performance reward culture, this

will help in defining good performance in organisation which will continue to have a greater input in the way peers are judged and evaluated. By proper preparation of the system of Performance Appraisal followed in the organisation, the manager is clear about a broader picture of employees performance and career goals, and take charge of career development. In the past, most organizations have adopted Rating Scale, Gradient rating, Management by Objectives, 360 degree Feedback, Critical Incident Technique, Behaviorally Anchored Rating Scale etc to assess performance. It is the duty of managers to make institutions run in the desired manner. They should therefore have the capability to evaluate both the individual as well as the collective output of the workers in the establishment (Lewin, 2004). In this regard, establishments have come up with systems that evaluate their output and that of its workers. These are termed Performance Appraisal Systems. The application of emerging Performance Appraisal system will help in promoting progress of any organisation, conferring better remuneration to staff and management, while a bad one would result in the opposite.

## MEANING AND DEFINITION OF PERFORMANCE APPRAISAL

Performance Appraisal is a systematic process that evaluates an individual employee's performance in terms of his productivity with respect to the pre-determined set of objectives. An appraisal should be viewed as an important process within a broader performance management system that links to it. Potentials of the employee for future performance must also be assessed.

## A FORMAL DEFINITION OF PERFORMANCE

### APPRAISAL IS:

“It is the systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development”.

### LITERATURE REVIEW:

In (2002) great research describes Performance Appraisal as a formal management tool that helps evaluate the performance quality of an employee. HRM guru's as cited in (1987) define it as a process which apart from evaluating also identifies and develops human performance. The history of Human Resource since 1950s, have made drastic change in 1962-1998, 61 per cent of organizations regularly used Performance Appraisals, compared with only 15 per cent immediately after World War II. In (1981) pointed out the primary tool to be the trait-rating system, which focused on past actions, using a standard, numerical scoring system to appraise people on the basis of a previously established set of dimensions. The main tool, used under here was trait rating system. Great author in (1973) held that Performance Appraisal has basically two important purposes, from an organizational point of view and these are:

1. The maintenance of organizational control
2. The measurement of the efficiency with which the organizations human resources are being utilized.

Still, there are also a variety of other declared purposes for appraisal as per HRM guru's in (2003) and (1993) and some are; improving motivation and morale of the employees etc. Furthermore, Bowles and Coates (1993) conducted a postal survey of 250 West Midland companies in June 1992, where organizations were asked questions pertaining to the use of Performance management in the organization. These questions included the apparent purpose of PA in the management of work, its strengths and weaknesses. Performance Appraisal can be beneficial in the following ways:

- PA was favorable in developing the communication between employer and employee
- It was useful in defining performance expectations
- It helped identified training needs.

### OBJECTIVES

- The broad objective of this study is to examine the recent trends in the Performance Appraisal system essential as a need of the 21st century to all the organisation.

- To know the importance of emerging practices of an appraisal system for the employees and the development of the organization.

### METHODOLOGY

The methodology used - secondary research and data of top firms of the industry to suggest some good ways of implementing performance management in today's era.

The research study is particularly based on the secondary resources i.e. different scholarly articles and Performance Appraisal systems adopted by organisations

### ANAYSIS

Let's look at the emerging trends in the Performance Appraisal processes of organisations based on secondary data.

### Team Performance Appraisal

According to a famous journal headline, “In U.S. Companies teams have become commonplace”. Sometimes it becomes difficult to appraise the team performance in an organisation. Various methods are used to evaluate employees performance some are not so effective while some are very effective. The positive and negative of team appraisal depend on contribution of team member. A team appraisal can be conducted effectively and efficiently by supervisor. Therefore, the companies should focus on measuring both the individual and the team performance. Sometimes, team-based objectives are also included in the individual performance plans. Clear understanding is needed for team members of their responsibility as an individual contributor along with their team members.

### Rank and Yank Strategy

The Rank and Yank Strategy came into process at General Electrics and associated with CEO Jack Welch also referred as “Up or Out Policy”. It is a Performance Appraisal model in which best-to-worst ranking methods are used and it is a process by which employees of the company rank against each other and company terminates the lowest performer. The process begins with identifying and separating the poor performers from the good performers. This strategy will help the company for better understanding of hiring, retaining talent and downsizing.

### Human Resource Accounting

Human resources are a valuable asset for any organisation and it can value in monetary terms. This method evaluates the performance of an employee in terms of cost and contribution. Human resource cost includes expenses incurred on HR planning, recruitment, selection, induction, and training. The difference between the cost and the contribution of an employee reflects the performance of that employee.

### 360-degree feedback

Multi-rater feedback is also known as 360-degree feedback which was first used in the 1940s. The main purpose of evaluating the performance of employees in an organisation will help the employees to receive confidential, unattested feedback from the people who work around them. In the organisation some selected employees will fill out a form which is usually a feedback form and an employee self-assessment form through which employee will be cleared about his/her strength and weaknesses. Usually this is used for employees at middle and senior level. The complexity of their roles enables the organization to generate sufficient data from all stakeholders for a meaningful assessment. Multi-rater feedback has four parameters in it :

- Superior's appraisal
- Sub-ordinate appraisal
- Peer appraisal
- Self appraisal

The organisation focusing on this system will help the organisation to map the career path based on feedback, determine the right skills to be accessed ensure proper selection of appraiser.

### 720-degree feedback.

In this method, the assessment is done not only by the stakeholders within the company but also from the groups outside the organisation. These external groups who assess the employee's performance are customers, investors, suppliers and other financial institutions. In this system, we provide feedback after the original/main 360-degree appraisal. This is only performed in exceptional cases. Some managers feel that an effective procedure to measure improvements and receives feedback is essential for the success of an appraisal. This gives pre and post-intervention results. The pre-intervention results set the baseline. The development program is then carried out to improve the participants' behaviour through training/development/ education. 720

degree is an appraisal by 8 dimensions (self, peers, supervisors, subordinates, suppliers, customers, family and shareholders). 90 degree is by one person by the supervisor and in 180- reviewed by supervisor and self. Then in the next 270 degrees, one more dimension of people are involved in assessing. 360 degree is four dimensions. Basically, this evaluation is done on a yearly basis by the peers, supervisor, managers etc. 720-degree appraisal system consists of appraisal by all the persons consists of top management, superiors, subordinates, peers, internal clients and auditors, external suppliers, customers, and all stakeholders of the firm Whether they have met the organisation's goals and target and also aspects of self-improvement for greater performance in future through Performance Appraisal. An evaluation of HRM since 1994 a research has been carried out, moreover, they also always rely on the superior to solve their problems. 1980 "hierarchy and inequality" deeply rooted in Indian traditions, (1986). The employees in India are often concerned with their personal relationships with they are superior rather than the actual job performance itself. A sample of 113 supervisors was tested from large manufacturing organisation's in India and it is proven that there is a significant correlation between the interpersonal of the subordinate and the Performance Appraisal rating system. Since 2010 India is a "collectivist" nation. The focus of the Performance Appraisals is turning towards career development relying on the dialogues and discussions with the superiors. The assessment is done not only by the stakeholders within the company but also from the groups outside the organisation. The difference between the cost and the contribution of an employee reflects the performance of that employee. The problems in the implementation of the Performance Appraisal processes are being anticipated and efforts are being made to overcome them. □

### SUMMARY AND SUGGESTED PRACTICES

If we look at the ongoing shift in the Performance Appraisal process and compare it with what these mentioned organizations are implementing, we can have a clear picture of the emerging trends that are going to shape the future of employee performance and organizational development. Performance reviews highly focused on employee development and skill training and less over the regular employee assessment. The findings of this research indicate that there is an association exists between these two

variables. Excellent Performance Appraisal practices lead to enhanced employee performance. Furthermore, in today's working environment, the employee themselves wants to have the knowledge of how they fit their organisation. In the Indian situation, culturally influence dependence of subordinates on superior gives precedence to favourable or unfavourable Performance Appraisal evaluation over the actual job performance.

### CONCLUSION

To meet the current business scenario, the emerging trends in Performance Appraisals will help in upgrading and facing a key task in an organisation for better career development. In the fast varying scenario and changing trends, Performance Appraisal has become an essential supervisory skill as the supervisor who rates his/her employee too high or too low, is doing a disservice to them and to the company hence it seems a need for any organisation to know how to conduct appraisal effectively and thereby understand the emerging trends to be considered into practice in the 21st century. Hence this emerging trends practices will help to shrink the gap between employee. Therefore considering the emerging effective Performance Appraisal system will help to link between the performance standard and critical job elements identified through a job analysis and dimensions to be rated for a particular job and organisation for Career Growth, Employees Performance and Work Standards.

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