



*Journal of Advances and
Scholarly Researches in
Allied Education*

*Vol. VI, Issue No. XII,
October-2013, ISSN 2230-
7540*

**“REVIEW OF PERFORMANCE APPRAISAL
SYSTEMS WITH SPECIAL EMPHASIS ON CASE
STUDIES OF PRIVATE COMPANIES”**

AN
INTERNATIONALLY
INDEXED PEER
REVIEWED &
REFEREED JOURNAL

“Review of Performance Appraisal Systems with Special Emphasis on Case Studies of Private Companies”

Kalpana Tripathi¹ Dr. Prakash Divakaran²

¹Research Scholar

Abstract – In this paper we present about performance appraisal systems with special emphasis on case studies of private companies. Employees are performing well when they are productive. Productivity implies both concern for effectiveness and efficiency, effectiveness refers to goal accomplishment. However it does not speak of the costs incurred in reaching the goal. That is where efficiency comes in. Efficiency evaluates the ratio of inputs consumed to outputs achieved. It is not desirable to have objective measures of productivity such as hard data on effectiveness, number of units produced, or percent of crimes solved etc and hard data on efficiency.

Keywords: Performance appraisal, employee, company, performance

----- X -----

INTRODUCTION

The performance appraisal is the process of assessing employee performance by way of comparing present performance with already established standards which have been already communicated to employees, subsequently providing feedback to employees about their performance level for the purpose of improving their performance as needed by the organization. As mentioned above the very purpose of performance appraisal is to know performance of employee, subsequently to decide whether training is needed to particular employee or to give promotion with additional pay hike. Performance appraisal is the tool for determining whether employee is to be promoted, demoted or sacked in case of very poor performance and no scope for improvement.

Every corporate sector uses performance appraisal as a tool for knowing about the employee and take decisions about particular employee.

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.

2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

The study by Eleni T. Stavrou, Christakis Charalambous and Stelios Spiliotis [1] utilizes an innovative research methodology (Kohonen's Self-Organizing Maps (SOMs), Neural Network Analysis) to explore the connection between human resource management as a source of competitive advantage and perceived organizational performance in the European Union's private and public sectors. While practices in these two sectors did not differ significantly, three diverse but overlapping HRM models did emerge, each of which involved a different set of EU member states. Training & Development practices were strongly related to performance in all three models and Communication practices in two. These results show the usefulness of an innovative technique when applied to research so far conducted through traditional methodologies, and brings to the surface questions about the universal applicability of the widely accepted relationship between superior HRM and superior business performances. While new to the field of human resource management, this methodological approach has been used successfully across different disciplines and lines of research (Moreno et al., 2006; Deichmann et al., 2003; Veiga et al., 2000; Smith, 1999; Mazanec, 1995). Self-Organizing Maps (SOMs) belong to the broad category of unsupervised neural networks and the basic idea behind them is

competitive learning (Kohonen, 1995). This procedure is superior to other methods. Thus it provides a visual representation of the relationships that exist in the original data, while avoiding creating artificial clusters (Deichmann et al., 2003; Mazanec, 1995). SOMs have additional advantages which make them appropriate in the current study. First, they are able to outperform the traditional data reduction and clustering techniques, in both speed and quality of solution (Smith, 1999). Second, they have the capacity to operate on very large samples and need no a priori assumptions about the distribution of the sample (Deboeck and Kohonen, 1998). Using SOMs helps overcome structuring task problems associated with finding the appropriate underlying distribution and the functional form of the underlying data.

OBJECTIVES OF PERFORMANCE APPRAISAL

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

ADVANTAGES OF PERFORMANCE APPRAISAL

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

1. **Promotion:** Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.
2. **Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal

tries to give worth to a performance. A compensation package which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.

3. **Employees Development:** The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.
4. **Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.
5. **Communication:** For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:
 - a. Through performance appraisal, the employers can understand and accept skills of subordinates.
 - b. The subordinates can also understand and create a trust and confidence in superiors.
 - c. It also helps in maintaining cordial and congenial labour management relationship.
 - d. It develops the spirit of work and boosts the morale of employees. All the above factors ensure effective communication.
6. **Motivation:** Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

-Case study-

Performance appraisal system of Bharti Airtel

Bharti Airtel was the first telecom company to have an All-India footprint by covering all the 23 telecom circles of India. It was one of the five largest companies in India in terms of the market capitalization and the flagship organization of Bharti Enterprises, one of India's leading business groups with diverse interests

such as telecom, agro products, insurance and retail. Its brand 'Beetel' was the country's largest manufacturer and exporter of world class telecom terminals.

It was India's leading private sector provider of telecommunications services, covering a wide spectrum comprising mobile, fixed line, broadband and enterprise services. As of December 2007 it was India's largest integrated private telecom service provider with 55.16 million mobile subscribers constituting a market share of 24.09% of the entire mobile telephone industry.

PROBLEMS

The Performance appraisal form of each employee passes through a number of heads and needs to be signed and rechecked by a number of VP's, which may create lot of confusion and waste large amount of time. The appraisal comprises of lot of comments and remarks by various heads and VP's rather than simple grading on the basis of points, which is not so practical and convenient in evaluating. The appraisal system is done yearly and not quarterly. Rewards based on appraisal system are given only occasionally which hampers the motivation of the employees. Employees don't get feedbacks properly as a result they can't work properly on it.

RECOMMENDED SOLUTION:

Broader HRD base: One other thing to be noted is that there is only one HRD office for the whole organization, which is not sufficient enough. The company should have a few more of these department controls set up to make it reachable to every employee of the organization.

The appraisal system should be done on half yearly basis that is at least one appraisal system in every 6 months. This helps the employees to keep a track of their own performance also.

The rewards based on appraisal system should be given often and regularly; this gives motivation to the employees. The rewards should be given either in monetary basis or reward basis. Appraisal should be done by the very next boss. If the VP's do the appraisal system in many cases it is found that they are not fully aware of the person's performance.

CONCLUSION:

In this paper we found that performance appraisal is the practice of actively using performance data to improve an organization's performance as well as employee motivation. We found that this practice involves strategic use of performance measures and standards to establish performance targets and goals,

to prioritize and allocate resources, to inform managers about needed adjustments or changes in policy or program directions to meet goals, to frame reports on the success in meeting performance goals, and to improve the overall quality of work in any organization.

REFERENCES:

- [1] Eleni T. Stavrou, Christakis Charalambous and Stelios Spiliotis, "Human resource management and performance: A neural network analysis", Elsevier Publications, European Journal of Operation Research, 181, (2007), 453-466.
- [2] Ya-Fen Tseng and Tzai-Zang Lee, "Comparing appropriate decision support of human resource practices on organizational performance with DEA/AHP model", Elsevier Publications, Expert Systems with Applications 36 (2009), 6548-6558.
- [3] W.-B. Lin, "The exploration of employee involvement model", Elsevier Publications, Expert Systems with Applications 31 (2006), 69-82.
- [4] Rachel W.Y.Yee, AndyC.L.Yeung and T.C.EdwinCheng, "An empirical study of employee loyalty, service quality and firm performance in the service industry", Elsevier Publications, Int. J. Production Economics 124 (2010), 109-120.
- [5] Michael Workman, "A field study of corporate employee monitoring: Attitudes, absenteeism, and the moderating influences of procedural justice perceptions", Elsevier Publications, Information and Organization 19 (2009), 218-232.
- [6] Carolyn Holton, "Identifying disgruntled employee systems fraud risk through text mining: A simple solution for a multi-billion dollar problem", Elsevier Publications, Decision Support Systems 46 (2009), 853-864.
- [7] Nader Azizi, Saeed Zolfaghari and Ming Liang, "Modeling job rotation in manufacturing systems: The study of employee's boredom and skill variations", Elsevier Publications, Int. J. Production Economics 123 (2010), 69-85.
- [8] Julie M. Hays and Arthur V. Hill, "A preliminary investigation of the relationships between employee motivation/vision, service learning, and perceived service quality",

Elsevier Publications, Journal of Operations Management 19 (2001), 335–349.

- [9] <http://www.whatishumanresource.com/performance-appraisal>
- [10] <http://www.managementstudyguide.com/performance-appraisal.htm>
- [11] <http://mbapgdmstuff.blogspot.in/2012/10/case-study-performance-management.html>
- [12] Geeta Kumari, Neha Kaleramna and K.M.Pandey- Study on Performance Management System of Private Companies: a Case Study of Endurance Pvt. Ltd. Maharashtra, India International Journal of Innovation, Management and Technology, Vol. 1, No. 5, December 2010 ISSN: 2010-0248