

A LITERATURE REVIEW ON PERFORMANCE APPRAISAL METHODS/ TECHNIQUES

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Abstract

Performance appraisal (PA) is a crucial technique for improving the skills of employees and organisations. Organizations have implemented performance appraisal to monitor and supervise relationships, growth, and development of individuals and organisations to increase overall productivity and job satisfaction. The human resource department is tasked with employee recruitment, selection, and retention. Retaining personnel, particularly those who are talented and competent, has become a major challenge. Motivation initiates, guides, and maintains an individual's goal-oriented behaviour. Employee retention is mostly determined by motivation. To inspire and retain employees, PA guidelines are used to assess workers, develop their competence, improve their performance, and issue awards. The focus of this research is on a survey of several performance appraisal systems used in organisations and the need of training. This paper focuses and analyses the literature findings on methods/techniques of performance Appraisal and its results.

Introduction:

In this changing environment, all firms have a variety of chances to seize as well as a variety of problems to overcome. To sustain in the change the role of management is to make necessary changes at the workplace in accordance with the job requirements. Management must modify policies, rules, and laws in order to stay competitive and meet the standards. Organizations are under a lot of pressure in terms of competency for a skilled workforce, for always improving production techniques, for attracting innovative technology entrants, and for employees who want to attain work-life balance. Any organization's performance is determined by the quality of its workforce, till now many firms face a number of challenges in maintaining that workforce quality.

Performance appraisal is the managerial activity concerned with determining the productive contribution of the employee to the organisation. Once ascertained this information can be used variously for determining compensation decisions, deciding on promotions, identifying training requirements, providing feedback to the employee, transfer, demotion etc. Human Resource Development focuses on building the best employees possible to aid the organization's continued growth. All employees must be valued, and they must always put in combined efforts in the labour market. This can only be accomplished by implementing a performance appraisal system, employee training, and development programmes in a systematic and orderly manner. Employee development in career-enhancing abilities is constantly valued, which leads to employee motivation and retention. There is no doubt that a motivated well trained and developed staff will be a valuable asset to the company and thereby will increase the chances of their efficiency and effectiveness in discharging their duties.

Literature Review

1) **Venclova Katerina (2013)**The article focuses on employee performance appraisal methods used in Czech agricultural enterprises. The first section of the article looks into the theoretical underpinnings of the term "formal appraisal" as well as employee performance appraisal methodologies as described by Czech and international experts. Furthermore, the paper provides staff performance appraisal methodologies that are regarded relevant for agricultural enterprises in the Czech Republic, based on a questionnaire study. The purpose of this paper is to determine the current condition of formal employee appraisal in a sample group of agricultural enterprises, as well as to investigate the relationships between various qualitative qualities. Predetermined goal-based performance appraisal, predefined standard outcome-based performance appraisal, and assessment interviews are the most often utilised techniques of employee performance review in agricultural enterprises, according to the findings. Agricultural firms use these methods in particular because the results are applied to other aspects of human resource management, such as the reward system and staff planning. In statistical terms, the relationship between agricultural organisations' approach of employee performance appraisal based on predefined goals and personnel planning (a human resources management area) has been established (p-value: 0.03, Phi coefficient: 4.578).

2) **Ashima Aggarwal, Gour Sundar Mitra Thakur (2013)**performed a review of performance appraisal methods Ranking, Graphic Rating Scale, Critical Incident, Narrative Essays, Management By Objectives, Assessment Centers, BARS, 360 Degree, and 720 Degree are some of the performance appraisal approaches discussed, as well as their benefits and drawbacks. The traditional method of performance appraisal or the modern method of performance appraisal are used by the organisations. Organizations utilise a performance appraisal system to assess the efficacy and efficiency of their personnel. Because each individual approaches their task differently, a performance appraisal system is required. Workplace performance, communication objectives, estimating employee potential, and employee counselling are all benefits of performance appraisal. After the research, the authors came to the conclusion that determining whether methodology is better than another is challenging because it relies on the nature and size of the organisation. Each methodology has its advantages and disadvantages.

3) **Peter R. Scholtes (1993)**the research is based on a comparison of total quality or performance appraisals. TQM and performance appraisal, according to the author, are incompatible. Customer awareness, systems thinking, a grasp of variance, teamwork

appreciation, mastery of improvement methodologies, and a comprehension of the process of personal motivation and learning are all required for TQM. TQM's very requirements are thwarted by performance appraisal. TQM necessitates that we comprehend, control, and improve processes in order to benefit the consumer. The goal of performance appraisal is to ensure that an individual's behaviour is controlled to the satisfaction of his or her boss. Managers must choose between the two approaches: one or the other, but not both.

4) **Rocio de Andres (2010)** looked into Distance function approaches are used to evaluate performance. Some companies use performance appraisal to analyse their employees' efficiency and production in order to plan their promotion, wage, and layoff policies, among other things. Initially, only the executive staff carried out this procedure, but it has since grown into an evaluation process based on the opinions of many reviewers, supervisors, collaborators, consumers, and the employees themselves (360-degree method). Reviewers analyse several signs connected to an employee's performance appraisal in such a process. The authors of this research proposed an evaluation system in which diverse groups of reviewers participate in the evaluation process. Given that reviewers have varying levels of knowledge about the employee being evaluated, it appears reasonable to provide a flexible framework in which reviewers can express their opinions on multiple finite scales based on their expertise. The ultimate goal is to create a global appraisal for each employee that the management team may use to make decisions about human resources strategy. In this way, the authors suggested a mechanism for aggregating individual valuation in a framework measure in order to achieve a global evaluation for each employee. The underlying optimization problems can be simplified to a fairly simple Extended Goal Programming formulation in this application.

5) **Yee C. C. and Y.Y.Chen(2009)** The Multifactorial Evaluation Model was studied in relation to the Performance Appraisal System. Employee performance evaluation is critical in managing an organization's human resource. Maintaining talented knowledge workers is crucial as the economy shifts to information-based capitalism. However, deciding whether a performance is "excellent," "bad," or "average" is a difficult issue for management. Furthermore, in the absence of a formal appraisal system, superiors may prefer to rate their subordinates' work performance informally and arbitrarily. The authors of this work suggested a performance appraisal system that uses a multifactorial evaluation model to deal with appraisal grades that are frequently expressed in ambiguous linguistic ways. The proposed methodology is for assessing employee performance based on predetermined performance appraisal criteria. The project was a partnership with one of Malaysia's leading information and communication technology companies on its performance rating procedure.

6) **Angelo DeNisi & Caitlin E. Smith(2014)** Researched the design and implementation of performance assessment and management systems to improve efficiency. The study focuses on a model that demonstrates how enhanced performance requires solid HR practises, fair assessment systems, effective performance management, and a clear understanding of an organization's overall strategic goals. The model is supported by three pillars: motivation, evaluation, and results management. The model depicts a perception of a relationship between effort put in and expected outcomes, as well as a perception of a relationship between the achieved result and the expected level of assessment, and a perception of a link between the level of evaluation and the evaluation's outcome. These connections lay the groundwork for figuring out how assessment and input might lead to better results. After analysing the academic and practise classes, the researcher determined that utilising a motivating method was the best way to incorporate the numerous minutes and parts that had been obtained, and offered a research framework based on the findings. Using an expectancy-

based motivational model, a set of study plans centred on contextual and system variables that would help with appraisals and performance management, resulting in increased individual performance, were established.

7) **Rafiqul (2006)** According to this notion, an effective performance evaluation system is a tool for evaluating employee performance and recommending ways to increase individual and organisational efficiency. Employee performance evaluations using the AHP (analytic hierarchy process) on ISMS personnel are the topic of this case study. AHP can be used to assess employee output in terms of quantity and quality of work, planning and organisation, initiative and commitment, collaboration and cooperation, communication, and external influences. The usage of AHP in the ISMS Company has a number of benefits, including the fact that it is quick and easy to adopt due to its standardisation, and it may meet subjective needs. It instantly assembles a team of decision-makers to address a specific issue.

8) **Abteen Ijadi Maghsoodi (2018)** The selection of appropriate Performance Appraisal (PA) techniques and financing scales for organisations in today's dynamic and agile environments is a challenging subject. Performance appraisal has evolved into a strategic strategy to merging company policies with human resource activities in modern enterprises. Finding the best PA approach is more difficult due to the presence of various elements in the decision-making process. The current study uses a multiple criteria decision analysis method, MULTIMOORA integrated Shannon's entropy significant coefficient, to examine PA methods. Using correlation coefficients of the final entropy values, the final rankings of the organizational components are compared to TOPSIS and TOPSIS incorporated Shannon's entropy approaches. A case study on the optimal PA method selection is analysed by identifying the criteria and alternatives based on the literature and expert comments of the case study using two approaches, MULTIMOORA and Entropy MULTIMOORA. Finally, the selected optimal method used in the case study and results are displayed and detailed with a thorough example after determining the ideal PA technique, which is 360-degree feedback.

9) **Manish Khanna (2014)** Performance appraisal is significant since it is an important part of any company's human resource strategy. Managing individual and team performance to accomplish corporate goals has a clear value. Performance appraisal is a significant instrument in the hands of personal management because it achieves the department's major goal of appraising the individual's worth, which is the major goal of the department of people development. Employees and their supervisors can collaborate to improve job results and satisfaction through the performance management process. When both the employee and the supervisor take an active role and work together to achieve the organization's goals, this approach is most effective. The management and the employee meet once a year for an appraisal. However, various trends are altering the appraisal's style and interaction. The authors reviewed certain unstructured appraisal methodologies, classic methodologies, and new performance appraisal strategies in this paper.

10) **Yoganandan, Saravanan and Priya (2013)** A pilot study of 56 employees focused on the performance evaluation system and the organization's growth. It looked at how the present PAS aids employee career development as well as employee participation in the performance evaluation process. The current evaluation method, which uses the IBHAR software, is well received by employees. Participation of employees in the development of performance assessment goals and priorities. The value of an employee's strengths and faults is underlined during the appraisal process. The result is good, indicating that employees are always improving in order to reach the company's growth goals.

Conclusion:

Employees are in charge of running and steering organisations. Employee performance contributes to the organization's growth and stability. Performance appraisal is a crucial technique for evaluating personnel. The performance appraisal is always done by and for the people (managers, employees). The evaluation technique is determined by the organisation, and the manager's job is to implement it by gathering relevant data from the employee and providing an output that is without any biases. The papers were examined with the goal of learning about the various tactics and procedures used by organisations for performance evaluation. The results of a performance appraisal provide the organisation with recommendations for making administrative and developmental decisions. Performance appraisal assessments are linked to decisions about an employee's promotion, awards, transfer, training, and career planning, etc. As a result, organisations must implement an appraisal process that aids in individual career development as well as organisational growth.

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