A Study on Importance of Performance Appraisal Management in Multinational Companies

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ABSTRACT

A major concern of every organization should be to contribute positively towards the achievement of its objective. Organizational effectiveness is often equated with managerial efficiency. A manager can ensure organizational effectiveness only by guaranteeing the full utilization of human resource available through individual employees under his guidance. Hence, it is always required for a manager to monitor and measure the performance of employees. Moreover, since the organization exists to achieve the goals, the degree of success that individual employees have in reaching this individual goal is important in determining organizational effectiveness. The assessment of how successful employees have been at meeting their individual goal comes a critical part of human resource management. This leads to the concept of performance appraisal. The objective is to know how effective is the execution of performance appraisal system in multinational companies. The aim of most performance appraisal programming is to encourage the employees to set their own objective for the next time period following the review of his past performance. It enables the management to make effective decisions to modify earlier decisions based on the evaluation of the existing plans, information system, job analysis, and internal and external environment factors influencing employee performance. In the present study a attempt has been made to know the actual implementation of performance appraisal techniques in general and some other aspects such as awareness of the workers, effectiveness of the performance appraisal system in particular.

Keywords: Multinational Companies, Performance, effectiveness.

Introduction:

Performance appraisal is a term applied to a variety of processes that involve the assessment and development of an individual and their performance at work. In the United Kingdom, performance appraisal has been with us for the best part of a century. While it is to a large extent about evaluating a person's performance at work, three key issues are worth bearing in mind:

1. Performance appraisal is a two-way process. As much as the employer wishes to measure and understand an employee's performance, the employee wishes to gain something from the process.

2. The appraisal process is about the development of staff as well as about assessing their performance; it is about exploring the appraisee's potential for development in terms of their career;
3. In appraisal there is an important issue about the extent to which one looks at the overall picture of the individual and what they bring to the workplace beyond doing the basic job tasks and activities (e.g. to what extent do they help their team to function more effectively?).

A long, long time ago, there was once a boss who looked at an employee and thought, “Hey, you’ve been doing a great job. Let’s give you a promotion!”. And thus began the performance management software. Be it a tech startup, a small/medium-sized business, or a corporate; they all need some kind of performance management software in place. Performance reviews take place monthly, quarterly, half-yearly, or annually, depending on the choice of the reviewer or the need for review. While a full-time employee might only need a yearly review, someone on probation would require one as soon as their probation period is over. While your organization might have a payroll software system in place for performance evaluation that does not mean it’s a good one. The old way of tracking every employee’s tenure at your organization is too time-consuming for this day and age. You need something quick, something you don’t have to keep checking on constantly, something that is automated. What you need is performance management software. Now you obviously won’t just use it because I said so, which is why I’ve backed my statement up with an explanation too.

Here are 12 reasons why you should use a Performance Management Software:

1. Employees can review themselves

Performance management software allows employees to feel like they have a voice too. When employees get the chance to express their views and place their case in point, it makes them feel important. This can lead to an improvement in their performance knowing that their work and opinions matter to the organization.

2. Improves performance

With both the reviewer and the reviewee getting an opportunity to express their outlooks, it makes it easier to discuss the points or areas that need to be worked on. Once they get the chance to explain their side, there can be a mutual understanding on the weak and strong points of the employee. This clear understanding can largely lead to an improvement in the employee’s performance once they know what their problem areas are.

3. Time saving

With a software, you only have to set and design policies for entire departments at once. Then you can just assign these policies to employees based on their team, department, position without having to constantly make a new one every time. What’s more is that you don’t need to create new policies for every new employee. All you need to do is assign them the relevant one.

4. Automated reminders

Once you’ve assigned a policy and set a reminder, you can forget about it. The performance management system will remind you when the time comes based on when you’ve opted to receive notifications. These reminders erase the need to cross-check or go back to see when the last review was done to decide a time for the next review.
5. Timely feedback

Having an automated reminder in place allows you to set varying time-periods for when you want to review an employee. For example, you can set a monthly review system for employees on probation or half-yearly feedbacks for permanent employees. The choices are all yours to make, so there’s no need to have a single annual feedback system for everyone.

6. No paperwork

Save paper, go green! There is no paperwork required when dealing with a performance appraisal software. This reduces the chances of human error in the document itself as well as things getting lost or misplaced, which is practically impossible with a software. No paperwork also makes it economically beneficial.

7. Secure and confidential

Appraisal processes are extremely confidential. Since all this data is not accessible by anyone other than the admin, the risk of fraud is reduced. Further, with no paperwork involved, there won’t be a chance of someone coming across confidential details such as a manager’s final review about an employee and his compensation. This makes performance appraisal systems absolutely secure.

8. Easily track past records

Performance management software provides you with all the details you need in one single place. Get every employee’s past reviews, and even compare them with their current performance if needed! No need to scroll through pages and pages of past records. You can also view all pending reviews to be up-to-date with what’s due.

9. Generate report and graphical analysis

Once a review has been completed, a performance management system software can give you a detailed report on the outcome. Along with this, you also get a to-the-point graphical analysis of the review to help you understand the outcome better.

10. 360 degree feedback

Performance management system software allows you to select who reviews an employee. Apart from managers, you can also select team members that they coordinate regularly with to review an employee on their work. After everyone including the reviewee has done their part of the work, the admin himself has the right to go through the review and approve or disapprove it. This helps in getting an all-round review to clarify things down to the smallest point and eliminate any confusion.

11. Behavior and work results

Apart from delivering at work, it’s also important to see whether an employee is comfortable working at an organization or with the people around them. Employee performance tracking system also allows you to review an employee based on their attitude at work and behavior with the people around them.

12. Achieve transparency

With both parties getting a chance to share their thought processes, their reasons and explanations while filling in their reviews, performance management system
software allows for total transparency. When you get to place everything on the table, it reduces any confusions and helps dispose of the issues that might be bothering someone.

Performance appraisal software smoothens out the process of reviews, confirmations, and appraisals and also saves a huge amount of time. These software are the latest trend and for a very good reason.

**Review of Literature**

Sameera Begum, K. Sarika & G. Sumalatha (2015) compared performance both public & private sector as a whole based on the parameters like two-way communication between appraise and appraiser, feedback system in which peers, Superiors, and Junior Employees give feedback to every employee, adopting technologies, monetary and non-monetary benefits, job security, Leave Management System as well as Process of Recruitment & Selection.

Kona Yasoda (2016) detailed the elements of an Ideal Performance Management System. The important elements are job descriptions, performance expectations, appraisals, compensations, disciplinary policies and commendations. She described globally trending models like Team Performance Appraisal, 360 Degree Appraisal, Rank and Yank strategy, the new model and real-time feedback.

Ramila Ram Sign & S. Vadivelu (2016) mentioned in their paper about the performance appraisal in India. Retention of the employees in the organization is a difficult task for the management. Motivation play a key role in this aspect. Performance appraisal is a tool to know the employees performance in various aspects. It is useful for salary increment, promotion, staff retention and to reinforce staff behavior.

The above referred literature shows that Performance Appraisal is only tool in assessing the employee’s tasks and responsibilities matching their capability. A comparison has been done in public and private sector enterprises where private sector appraisals have been more effective.

Dr. D.B. Bagul (2013) studied the attitudes of the employees towards performance appraisal in SEMCO ELECTRIC PVT LTD, Chakan. He suggested 360 degree feedback model and reduce the parameters in evaluation with higher officials and opined that appraisals must be simpler and shorter. Amie Farrell (2013) mentioned that the finding of the study revealed that overall the employees were happy with having to complete performance appraisal by knowing the benefits they receive like rewards and promotions at NALCO.

Amit Hole and Dr. Ashutosh Misal (2013) found out Employees who work related with sale of insurance policies in private sector general insurance companies is performing good than employees who work related with sale of insurance policies in public sector general insurance companies.

Sanjita Tendon (2013) concluded that Performance Appraisal is more effective in private sector than public sector by conducting z-test. She suggested to utilize numerical ratings. Training is essential for appraiser biases to be reduced. Moreover, she tells an employee is selected, trained and motivated and finally appraised for the performance.

**Research methodology:**

The research methodology is a systematic way to solve the problem and it is an important component of the study without which researcher may not be able to obtain the facts and figures from the employees. In the light of
the above discussion the following findings and conclusions are made. It is revealed that the executive are getting feedback on their performance though which they can review their performance. Sort on the problems and can overcome the difficulties. The management has a clear understanding about the problem that the workers are the best with moreover, they are eager to solve the problems of the workers as and when they arise. It is recommended that employees should be immediately communicated. The result of the appraisal particularly when they are negative.

**Objectives of Performance Appraisal:**

Generally, the aims of a performance appraisal are to:

a. To provide employees feedback on their performance.

b. Identify employee training needs.

c. Document criteria used to allocate organisational rewards.

d. A basis for decisions relating to salary increases, promotions, disciplinary actions, bonuses, etc.

e. Provide the opportunity for organisational diagnosis and development.

f. Facilitate communication between employee and employer.

g. Validate selection techniques and human resource policies to meet regulatory requirements.

h. To improve performance through counselling, coaching and development.

i. To motivate employees through recognition and support.

**Conclusion**

Research (Bannister & Balkin, 1990) has reported that appraises seem to have greater acceptance of the appraisal process, and feel more satisfied with it, when the process is directly linked to rewards. Such findings are a serious challenge to those who feel that appraisal results and reward outcomes must be strictly isolated from each other. There is also a group who argues that the evaluation of employees for reward purposes, and frank communication with them about their performance, are part of the basic responsibilities of management. The practice of not discussing reward issues while appraising performance is, say critics, based on inconsistent and muddled ideas of motivation. In many organizations, this inconsistency is aggravated by the practice of having separate wage and salary reviews, in which merit rises and bonuses are decided arbitrarily, and often secretly, by supervisors and managers.

**References:**

