



A CASE STUDY OF HUMAN RESOURCE APPRAISAL SYSTEMS IN AN ELECTRONIC COMPANY

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ABSTRACT Performance appraisals form the core component of the activities of Human Resource department of a company. They help in separating meritorious employees from others. They form the basis of the promotion of good employees. It implies that performance appraisals should be as accurate as possible. When good employees are promoted, they have job satisfaction. Their morale increases and the company gets profits. The present study is a study of performance appraisals systems in a reputed Electronics company. It has been observed that the company uses Graphic rating scales and critical incident method of performance rating. The result of the study indicates several drawbacks, of the above methods. Instead of the above techniques it would be better for the company to incorporate the latest techniques like. 1. Management by Objectives 2. Assessment center method and 3. 360-degree appraisal method. The findings of the study throw light on these new techniques and their incorporation in the company.

KEYWORDS : MBO, Assessment center method, 360 – degree appraisal.

About the Company:

X Electronics Company (the actual name has been disguised) is a prestigious Electronic company producing electronic devices which have sales globally as well as nationally. It produces Hardware, Software and Firmware

Literature review:

The appraisal process begins with the establishment of appraisal standards. These appraisal standards have to be evolved out of job analysis and job description.

These performance standards should also be clear and objective enough to understand and measure. Once performance standards are established, it is necessary to communicate them to employees of the organization. Unfortunately, too many jobs have vague performance standards.

The problem is compounded when these standards are not communicated to employees. Communication is a two-way street.

The third step in appraisal process is the measurement of performance.

Four common sources of measurement are

1. Personal observation
2. Statistical reports
3. Oral reports
4. Written reports

Each has its own strength and weakness but a combination of these increases both the input sources and probabilities of receiving reliable information.

The next step in Appraisal process is comparison of actual performance with standard performance. This attempts to note deviation, between standard performance and actual performance.

Performance Appraisal techniques:

1. Absolute standards
2. Relative standards

1. Absolute standards:

Under absolute standards, we have following techniques

1. Essay appraisal:

Here the employer has to write an essay describing employee's strengths, weaknesses and suggestions for employee's improvement.

The strength of the essay appraisal lies in its simplicity. But the main drawback is that it provides only qualitative data and HRM decisions improve only when useful quantitative data is provided.

2. Critical Incident method:

If focuses rater's attention on certain critical or key behavior that make the differences in doing a job effectively and doing it ineffectively.

The appraiser writes certain anecdotes that describe what the employee does that was especially effective or ineffective.

The strength of critical incident method is that it looks at behaviors. But weaknesses are that it does not give quantitative or numerical data.

3. Graphic rating scales:

One of the oldest and most popular methods of performance appraisal is Graphic Rating scales. It focuses on Quantity and Quality of work, job knowledge, cooperation loyalty, dependability, honesty and initiative.

The assessor goes down the list of factors and notes the point along a scale or continuum. But the drawback is that it does not provide in depth information that is provided by critical incidents and essay methods.

4. Forced choice method:

Here the appraiser is forced to choose from only two alternatives good or bad for example a lecturer is good or bad there is no Via media. The advantages of this method is that the appraiser does not know the right answer. It reduces bias and distortion.

Behaviorally anchored rating scales:

Here the appraiser rates the employees based on the items along a continuum. BARS specify definite observable and measurable job behavior.

The research on BARS indicates that it is far from perfect. However it does tend to reduce rating errors.

Present system of performance appraisals in X Electronics Company:

All the above system of performance appraisals discussed in literature review namely

1. Essay Appraisal
2. Critical Incident method
3. Graphic Rating Scales
4. Forced Choice method
5. Behaviorally anchored Ratings Scales (BARS)

Were existing in the Electronics Company. It can be seen that these existing techniques could measured performance qualitatively and not quantitatively. These techniques were not appropriate for a labor intensive production process. Hence certain new techniques were suggested for the company.

Suggested Performance appraisal techniques for X Electronics Company:

1) 360 degree appraisal:

First developed in America, in 1992 this technique has attracted the attention of India too. In India companies like Reliance Industries, Wipro Corporation and Infosys technologies, Thermax, Thomas Cook are using this technique effectively.

In 360 degree appraisal an employee is appraised by his superiors, peers and subordinates on attributes like talent, behavior and technical considerations.

In Agricultural universities a professor is appraised by himself, by students and by farmers who consult him.

Appraisal by superiors:

The superior is a person who is most familiar with his subordinate and who best knows his strengths and weakness. The superior also knows best the areas of training and development which the subordinates need.

Appraisal by subordinates:

Subordinates can test their superior on how well he delegates authority, how well he disseminates information and how well he resolves interpersonal conflicts. In Indian Colleges students gave feedback about their teachers.

Appraisal by Clients:

Clients may give good ratings only when employer cooperates with them.

Evaluation of 360 degree appraisal:

This is better than traditional techniques because it examines an employee from various angles.

2) Management by Objectives(MBO):

MBO was developed by Dr Peter Drucker and is not merely a technique of managing but it reflects entire philosophy of management.

Here the superior and subordinate sit together and mutually set goal say for a year.

After a year the subordinate's performance in terms of goals accomplishment is reviewed by superior. If the subordinate has achieved the goals he is given promotion. If he has not achieved the goals action may be taken.

Weaknesses of MBO:

a) Appraisal by results emphasizes on work accomplishment and achievement. Sometimes it is possible that a person may miss results because of factors beyond his control.

b) Lack of understanding:

Lack of top management support and hasty implementation also causes failure.

A manager may become so engrossed in performing assigned activities that he loses sight of goals. This is called activity trap.

But in spite of all these limitations MBO is the best technique of performance appraisal.

3) Assessment Center Method:

Here the workers are sent to assessment center where working conditions are simulated.

Here workers are made to work and several tests are conducted on them. Then final assessment is made.

Conclusion:

We recommend the following modern techniques of performance appraisals like 1. 360 degree appraisal 2. Management by objectives and 3. Assessment center method in X Electronic Company. Even a blend of these techniques is recommended for effective performance appraisal systems. Then only meritorious employees can be identified and financially rewarded. The talented engineers will be retained by

the company. These talented engineers will excel in key result areas like market leadership, innovation and productivity. A satisfied Engineer is an asset to a company. The company will get huge amount of profits and have large market share. The company will become internationally famous. Companies like Tata and Birla have successfully incorporated these techniques and grown to pinnacles of success.

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