

DEVELOPMENT ON UTILISING EMPLOYEE PERFORMANCE REPORT FOR APPRAISALS

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Abstract

Performance Management began around 60 years ago as a source of income justification and was used to determine an employee's wage based on performance. Organizations used Performance Management to drive behaviors from the employees to get specific outcomes. In practice this worked well for certain employees who were solely driven by financial rewards. However, where employees were driven by learning and development of their skills, it failed miserably. The gap between justification of pay and the development of skills and knowledge became a huge problem in the use of Performance Management. We are developing a system that maintains various positions like employee, supervisor and review manager for each department and competencies of each position, for the organization. These positions and competencies are classified and only are accessible or maintained by the Human Resource Department. Employees are supposed to fill a self-assessment on the competencies required for his or her position. Upon completion the form is sent to the review manager and his score for each employee with some comments is also taken. And the final score of the employee is calculated by taking the average of 3. Reports are generated in various levels like department, position, and competency.

Keywords: Respondents, Data Envelopment Analysis, Electronic Performance Monitoring

INTRODUCTION

The Society for Human Resource Management (SHRM), with partial funding from the SHRM Foundation, and Personnel Decisions International (PDI) co-sponsored the 2000 Performance Management Survey to gather information on performance management in today's workplace. The following report provides an analysis of the survey results, based on the responses of 480 human resource (HR) professionals. The traditional focus of performance management systems has been on performance planning and evaluation, rewards and discipline. In developing this survey, SHRM and PDI decided to focus on a more contemporary viewpoint of performance management. In addition to the traditional aspects, this survey covers development and career planning, feedback, coaching, training and development methods. The study objectives were to: measure current and best practices in performance management; measure how organizations view the effectiveness of their current performance management systems overall and of specific performance management tools; and forecast where activity will be shifting in the near future.

SHRM and PDI decided to survey SHRM members in organizations that were most likely to have performance management systems in place—those organizations with 100 or more employees. In July 2000, questionnaires were faxed to 2,710 SHRM members: one-third each from organizations with

100-499 employees, 500-2,499 employees and 2,500+ employees. Respondents could choose between two survey completion methods: paper or online. Of the 480 HR professionals responding to the questionnaire, 75% completed the paper survey and 25% completed the web survey. The survey report contains numerous tables and charts that capture the participants' responses. Several comparisons based on organization size are made throughout the report. Also; the report includes a copy of the survey questionnaire and an appendix that contains white papers relating to performance management.

CHARACTERISTICS

Overall Characteristics of Performance Management Systems Respondents gave top priority to performance management system objectives focused on employees rather than managers. Respondents were significantly more satisfied with traditional system components performance planning and evaluations, discipline compared with developmental components leadership development, development planning, 360-degree feedback, and coaching. Executive support for performance management was lacking. HR professionals reported that many executives and senior managers did not endorse or even use their performance management system. Planning and Evaluation Seven out of 10 respondents reported that their organizations had written performance plans for most executives. Nearly two-thirds (64%) had performance plans for most exempt employees, and nearly half (45%) had plans for non-exempt employees. Seventy-five percent of participants reported that most of their executives had performance goals linked to operating results, compared to 36% for exempt employees and

17% for non-exempt employees. Development planning and career planning efforts were limited. Twenty-five percent of participating organizations had written development plans for all executives, and a mere 8% of respondents' organizations had career plans for all executives.

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In this project we are developing a system that maintains various positions like employee, supervisor and review manager for each department and competencies of each position, for the organization. These positions and competencies are classified and only are accessible or maintained by the Human Resource Department. Employees are supposed to fill a self-assessment on the competencies required for his or her position. Upon completion the form is sent to the review manager and his score for each employee with some comments is also taken. And the final score of the employee is calculated by taking the average of 3. Reports are generated in various levels like- department, position, and competency.

LITERATURE REVIEW

This PA system is schematically illustrated in Figure 1. In general, the PA (Scheneier, Richard & Lloyd 1986) is concerned with three possible measures namely assessing results, behaviours, and personal characteristics. Each dictates a specific type of appraisal format based on competency or job related behaviour. These forms of appraisals are made by single or multi rater (two or more of supervisor/peer/self/subordinate/outsider).

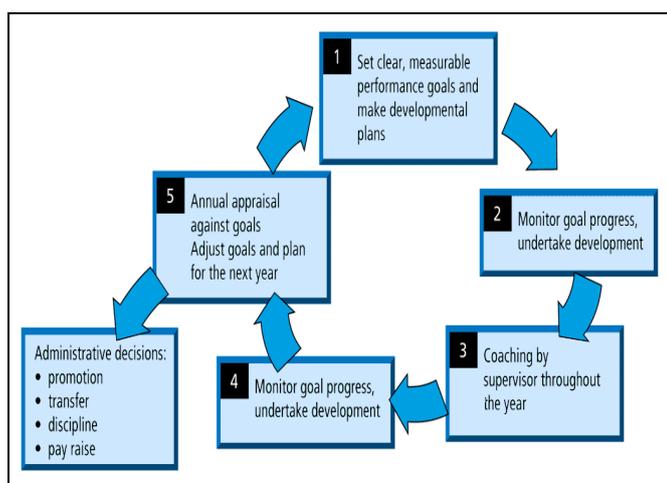


Figure1 Performance appraisal

Schematic representation of performance appraisal system explains the classification of the traditional methods of performance appraisal. It is based on qualitative features, quantitative dimensions and is objective in nature. The former

two elements take the category of either an absolute or a relative standard. These forms of appraisals are normally made by a supervisor, team members, peers, self, a subordinate or even an outsider. Organisation managements establish performance standards and devise instruments and methods that can be used to measure and appraise an employee's performance.

Data Envelopment Analysis

Traditionally, PA or efficiency measurement has been a major managerial concern in both the manufacturing sector and the service industry. Consequently, a wide variety of methods are used to measure efficiency. One of the methods is Frontier approach, which evaluates efficiency against production functions. A production function defines the maximum levels of outputs attainable with a certain combination of inputs or the minimum possible level of inputs for certain level of outputs. The engineering based approach defines productivity by comparing the current performance to a suitable set of engineering standards (Sueyoshi 1992). In both these methods controversy arises when the analyst attempts to assign relative weights to factors. Thus, prior assumptions on weights have reservations, and this problem is eliminated in the use of DEA, as the weights are assigned voluntarily by the method.

DEA measures efficiency by estimating an empirical production function, which represents the highest values of outputs that could be generated by relevant inputs, as obtained from observed and input output vectors for the analysed Decision Making Units (DMU). The efficiency of a DMU is then measured by the distance from the point representing its input and output values to the corresponding reference point on the production function (Mohamed & Luc 2008). DEA defines the relative efficiency for each DMU (bank branches, employees in engineering teams, hospitals, schools) by comparing its input and output data to all other DMUs in the same cultural environment. In addition to relative efficiency measures, a DEA study provides the following four properties (Paradi, Smith & Schaffnit-Chatterjee 2002). A piecewise linear empirical envelopment surface to represent the best practice frontier, consisting of units which exhibit the highest attainable outputs in relation to all other DMU's in the population, for their given level of inputs

An efficiency metric to represent the maximal performance measure for each DMU measured by its distance to the frontier. Specific targets or efficient projections onto the frontier for each inefficient DMU. An efficient reference set or peer group for each DMU defined by the efficient units closest to the DMU.

WHY DO WE CONDUCT PERFORMANCE APPRAISALS?

The appraisal process gets extremely complicated very quickly. And remember, anytime a process in an organization is complicated, it costs a lot of money. So why do we even do performance appraisals? What value provided to the organization and to the individual makes the process of evaluating the performance of our workers so critical? If performance appraisals are done in the correct manner, they can provide us with a series of valuable results. However, done incorrectly, the process of evaluating employee performance can actually lead to lower levels of job satisfaction and

productivity. In this section, let's discuss three major reasons why organizations complete performance evaluations—communicating, decision making, and motivating.

Electronic Performance Monitoring (EPM) is the process of observing ongoing employee actions using computers or other nonhuman methods. The number of employees monitored through EPM has increased drastically in the past 20 years. In the early 1990s, about one third of employees were being monitored electronically. By 2001, approximately 78% were monitored electronically,⁵⁹ and in 2010 that number more than likely increased even more. The reason for this steep increase is that EPM apparently is an effective means of increasing productivity.⁶⁰ EPM allows management to know if employees are actually working or doing personal things during work hours. The biggest upside to EPM seems to be that it provides information for concrete results-based performance evaluations. Certainly, this is a valuable outcome. However, some researchers and practitioners argue against EPM because of a number of factors including ethical questions concerning such monitoring, legal concerns over employee privacy, and apparent increases in stress due to constant monitoring of performance. So, the question is whether or not organizations should use EPM systems. There's no simple answer to such a question. Again, EPM has been shown to increase productivity, and organizations need to maximize employee productivity. However, increases in stress are known to decrease productivity if the stress level becomes too significant. So there's an obvious trade-off between more employee monitoring and controlling stress levels in our workforce. Management must understand this trade-off in order to successfully improve productivity in the organization overall. In addition, the ethical and legal questions noted in the previous paragraph may be significant enough in some cases to cause individual employees to leave the organization. If these individuals are our more productive workers, and especially if they are knowledge workers, what does the loss of these knowledgeable individuals do to organizational productivity? There doesn't appear to be any current research-based answer to these questions. Therefore, because these questions exist, organizations must be very careful in how they implement EPM processes so that they improve their chances of reaching the stated goal of EPM—improving organizational productivity. Finally, as these programs are rolled out in the organization, managers must be acutely aware of the potential for increased levels of stress as well as employee feelings concerning invasion of privacy that could lead to decreases in productivity and higher rates of turnover as well. In other words, management must work to overcome the potential problems and costs in order to gain the benefits.

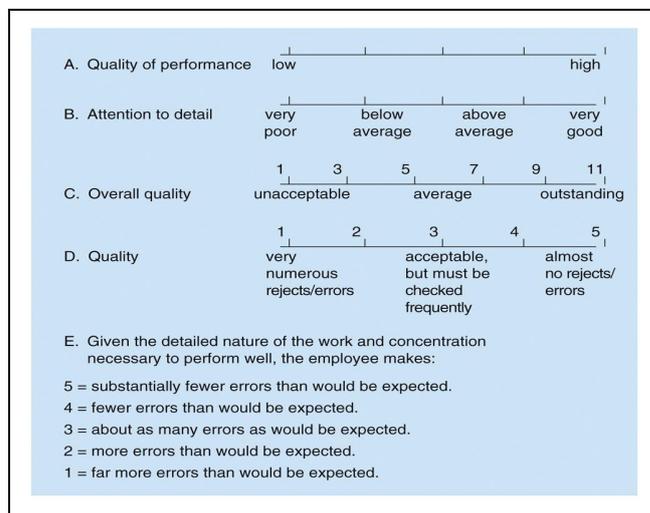


Figure 2 Electronic Performance Monitoring

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