Performance Appraisal: Dimensions of Retention and Management Strategies

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ABSTRACT

Finding a good human resource for business is difficult but retaining that in business for long term even more difficult. Most of the businesses in modern time have been finding it very difficult to curb attrition in the organisation. This not only incurs various costs for the organisation but this brings complication in business because business organisation can not utilise the other resources optimally. There has always been debate in the business world on the tools of curbing attrition. Performance appraisal is one of the tools available to the managers and Management to deal with human resources and understand their expectations from the organisation and at the same time to make human resources understand what is expected out of them for business. This tool is being used by manager and management in different ways. And that affects the overall business due to attrition.

Key Words:
Human resource, Organisation, optimisation, attrition, management

INTRODUCTION:

In modern world it is easy to set up business. We have all the facilities in place to set up business. But do we have resources and tools to keep that business going for ever. No we don’t have, that is why most of the companies get closed within twenty years of their setting up business. Why this happens again and again, the reason is our human resources doesn’t feel happy about their organisation. And when this goes on and on; the organisation builds a reputation/image of anti human resources organisation. Employees not only are required to perform according to the standard set for them but they are required to adhere the rules, regulations and policies of the organisation. If somebody is not adhering to the policies set even if he/she is a good employee performance wise he/she can be given a poor rating.

Performance appraisal is a process of evaluating the employee’s performance with the help of actual performance and the objective set for him/her. With the help of performance appraisal, remuneration, promotion and training are drafted for the employee. Performance appraisal is a tool which can be used by manager/management in different ways.

This can be use used to retain the employee as well as to retrench. Now a days not only these two are the only objectives. Performance appraisal can be used in different ways. It can be used in positive and negative way.

Motivation: Performance appraisal can be used for motivation of the employee in the organisation. A good rating and positive feedback of the manager/management can boos the morale of the employee. But this is not being used properly or is being used intentionally other way so that only those employees who are liked by the managers getting good feedback and rating i.e. biased performance appraisal is being done. That is why the unrest comes among the employees.

Discipline: Performance appraisal can also be used for maintaining the discipline among the employees. Employees not only are required to perform according to the standard set for them but they are required to adhere the rules, regulations and policies of the organisation. If somebody is not adhering to the policies set even if he/she is a good employee performance wise he/she can be given a poor rating.

Retention: Now a days retention of employee is the challenge which is being faced by managers of most of the organisations. Being a manager you can not give the top rating to each employee so you can not satisfy the most of the employee. This is a challenge for the management to
keep or retain the average and above average level employee. So performance appraisal with number of different ratings and reward and recognition are being used by management to retain the employee. But even then the attrition is so high.

Rating of employee is done in the organisation, which is also done with different motives. Sometime to retain the employee managers give top or high rating to employee who doesn’t actually deserve. At the same time if managers think employee can switch over to other organisation in near future than they don’t give him/her top or high rating. Something to motivate the employee who doesn’t have a good feeling for the organisation; is given good rating or rewards/recognition to build his confidence. These are performance appraisal strategies, management plays with and that is not easy enough.

Retrenchment: If managers/management is not satisfied with any particular employee even if the performance of the employee is satisfactory. May be there are discipline or integrity issue but the management don’t want to show the world that the employee has been fired than performance appraisal is the tool which can be used. He can be given poor rating which can motivate the employee to leave the organisation.

Even though most of the managers are well qualified and have good working experience even than MNC’s and top Indian organisation have been suffering from high rate of attrition. The TBR data suggests that while Cognizant showed a 10% attrition rate in Q4 2012, in Q4 2013, the rates were up 14.5%. Wipro ITS has also seen nearly a 4% jump in its attrition rates at 16.3% in Q4 2013 from 12.9% in the previous year’s last quarter. Infosys attrition rates jumped 3% from 15% to 18% in the last one year. Tech Mahindra and HCL have also seen a substantial rise in attrition in Q4 2013 from the same period a year ago. Only TCS saw a slight reduction in its attrition rate pegged at 10.9% from 11.2% a year ago.

Performance appraisals reinforce the traditional hierarchy and managers are expected to support their employees. In the traditional performance appraisal the manager sets (or approves) the goals and in effect, become a judge rather than working as a coach. Another negative is that managers are not always the best person to provide feedback on employees day to day activities as they spend less time with the employees than there lateral peers. In the instances where peers and/or customers actually are asked to provide input, their answers are tempered or screened by the managers, thereby constraining the sources of feedback.

Some where the tool of the performance appraisal is not being used effectively otherwise it would not have been happening. Most of the organisations have been trying to retain the employee for the long run. There are so many costs associate with hiring and inducting the new employee in the organisation. So the organisation want to continue with the current /present employee so that resources can be utilised optimally. This brings the stability in the organisation. Unless the management use performance appraisal in positive way i.e. according to the needs of organisation and employee, they won’t be able to defeat attrition and won’t be able to run the business for longer run.

CONCLUSION:

Management is key link between business entity and employees; managers are expected to support their employees. If they can understand the requirement or goal of the business of long term and keeping that in mind the satisfaction of employee than only they can curb attrition. Performance appraisal is the tool for providing best control system and curbing attrition in the business organisation; the only requirement is using that in best interest of business earnestly.

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