Integration of Ethics in Performance Appraisal and Legal Aspects: Importance and Issues Emerges in the Organisation

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Abstract: Performance appraisal has now become the most important part of any organisation which in general used to measure and improves the performance of employees and ultimately the performance of the organisation. But, if not used or carried out in appropriate manner it can be harmful instead of being useful. Thus, the organisation should follow a set of rules from starting known as ethical system. Therefore, this research paper shows the integration of ethics with the performance appraisal and the issues arises during the evaluation of performance of employees. This paper also provides the view on the reason behind the unethical practices.

Moreover, this study also dealt with the legal aspects involved in performance appraisal and again different issues related to it. However, this study does not provide information of ethical system practices in any particular organisation or legal practices. But, it simply provide general view of ethical system in performance appraisal and legal aspect involved in it, along with the issues emerges, which later on can cause problem between the relation of appraiser and appraise. This paper also not brings out the comparison between ethical system and legal aspect followed by different organisation.

Keyword: Performance Appraisal, Business Policies, Strategic Approach, Employee Assessment

I. INTRODUCTION

In this current scenario of dynamic business environment companies need to focus on its human resource and its performance, as it plays a vital role in strategic success of a company. One of the major aspects to improve level of performance of employees is to use performance appraisal. Among various HR practices performance appraisal is one of the most crucial terms used to measure employee performance and appears to be an indispensable part of HRM system (Shrivastav and Purang, 2011). But if not used or carried out in appropriate manner it can be harmful instead of being useful. Thus, the organisation should follow a set of rules from starting known as ethical system.

Therefore, this research paper shows the integration of ethics with the performance appraisal and the issues arises during the evaluation of performance of employees. This paper also provides the view on the reason behind the unethical practices.

Mostly organisations used different method for performance evaluation, rating and metrics which shows strength and weakness, measures work contribution, determines the training needs, identify poor performances. The methods used in performance appraisal supposed to be documented in Personnel Appraisal Manual all description that how the performance of employees evaluated and why the certain rating method is used. This documentation helps the organisation for any legal issue arise in the future related to the performance appraisal of employees in that very organisation. Thus, this study also dealt with the legal aspects involved in performance appraisal and again different issues related to it.

II. ROLE OF ETHICS IN PERFORMANCE APPRAISAL

“Ethics must be given proper preference and should be dealt as basis of performance appraisal. It’s foremost and prior purpose is get foolproof ethical results in performance review without affecting the performance and also provide assistance to improve the rating of performance of the employees. (Suresh, 2011)”

2.1 Performance Appraisal

Performance appraisal is used to measure the performance of the employees against the set standards how they are performing in the company. It is helpful in administering wages and salaries, providing performance feedback. Moreover, it is also provide results which form the basis through which different decision can be taken like whom to provide reward and whom to give punishment. Appraisal also provide help in placing the employee in the right type of job or department. The performance appraisal also aid in the future development of the employees as it pinpoint the respective strength and weakness of the employees individually and help them to work on it through training. Thus, in all it suggest different action to the administration for the employees like whom to promote or demote etc.
2.2 Managerial ethics in performance appraisal

While doing the evaluation of employee’s integration of ethics in it, is quite important. As these appraisals can be highly subjective to show its impact on the relationships between both the parties appraiser and appraise. There are several action which turns ethical action in to unethical one. Thus, the general characters of such act are as given below:

1. Rewards, punishments and threats
   All these must be used in appositive way to improve the performance of the employees. If used in improper way it definitely affect the performance of employees and demotivate them for future performance. Reward and punishment should not rely on the matter of favoritism and hatred.

2. Reliability and validity
   The most important task of manager is to provide reliable as well as proper valid information. This information can be documented and used for legal aspects if any problem arises in future. The appraisal practice perform by supervisors must be valid as this shows their ability that how well they are performing during the appraisal process.

3. Job relatedness
   The information provided in the appraisal should be related to the job performance only. It should not include personal conflict and grudges between the appraisers and appraise.

4. Standardization
   It characterize the standard format of appraisal system. This standardization provide equal opportunity to all the employees to perform in same system of measurement and rating.

5. Rater errors
   This shows it is again quite unethical to fulfill the needs of appraisal process personally without involving the employee as it may destroy the right information that is required during the appraisal process.

6. Similar-Different- Error
   This kind of error occur when appraiser measure the information in according to their own behavior and characteristics. The one which shows same characteristics would be rated higher and the one who is different would be rated lower. The performance basis in such cases would be totally neglected.

7. Training
   Training should be provided to the appraisers to make them familiar with the different rating errors and it also improves the rater performance. If appraisers are unaware then there is possibility for unethical errors during the appraisal.

8. Employee Access to results
   It is important to provide feedback to the employees for their growth and development. Hiding any kind of information is unethical. In this way employees should know the rules of the game. If appraising performance is meant to improve employee’s performance, then withholding the result would not serve any purpose. Employee themselves could not be able to improve their performance unless they do not have access to this information. Also, permitting the employees to go through the provided results of performance appraisal and if they find mistake made by the supervisor they can even go for this in legal way for their right. Besides, this the employees also have the facility of grievance for the issues they are facing in the organization relate to the process of performance appraisal. If it does not carry out finely, it will not sort the main purpose of performance appraisal.

9. Open communication
   Continuous feedback should be provided for better appraisal results. The appraisal interview should be such that it provide full freedom to the appraiser as well as appraise to express themselves only without any fear. The appraiser must clearly define the whole process of appraisal starting from the method to be used to the performance standard expected form the employees. In the same way if any confusion resides in employees mind then it is supposed to be asked from the appraiser clearly in advance for better performance and results of appraisal.

10. Legal Sanction
    Legal aspect is also one of the important part that need to be concerned during the appraisal process.

11. Confidentiality
    This means that the feedback provided to the employee must be confidential. Leaking the information to other employees is unethical.
    Thus, performance appraisal is important for employees to evaluate the performance but implementing training and awareness for performance managers is also a good way to get better and unethical results in practice. As, training and awareness about ethical errors minimize the possibility for unethical results.

2.3 Ethical issues arises in performance appraisal

In general ethics is the code of conduct that exist in a society. The main aim is to provide information in regard with what is right and what is wrong in any organization.
a) Laws and regulations of performance appraisals
The laws and regulations mainly does not allow any superior to discriminate the employees on the basis of religion, sex or any other aspect (Aswathappa, 2005, p.593). This simply forces the appraiser to give his views on employees performance instead of avoiding by putting forward various unusual reasons. But, in the long run it is very tough to be honest on the performance evaluation and feedback of the employees as it demotivate the employees and also harmful for the manager as well as for the firm at large (Maddux, 2010, p.30).

b) Evaluation errors
The errors that occurs during the process of performance appraisal are denoted as valuation error. These error could takes place in any organization in many ways as given below (Maddux, 2010, p.32).

- Setting of an arbitrary and unilateral performance standards and goals. This error occurs when supervisor does not communicate properly with the employees for appraisal or performance measurement and apply false value instead of the original one.
- Manager does not have any clear idea about future orientation and also do not know how to measure the success in effective manner.
- Manager do not consider the ideas of other employees in the organization means lack of interactive spirit.
- When manager lack required attributes during the performance appraisal then it results in lot of conflicts in the organization.

2.4 Reason for unethical reviews
Mostly managers are supposed to make changes in their results of performance appraisal. The manager generally changes their result because of the following reasons.

- Accurate and exact result must effect motivation and performance of the employees in negative manner.
- In order to raise bar for merit.
- The need to neglect the negative thoughts in the department.
- Do not want to create any kind of negative permanent record.
- The need to promote the employees who shoes even poor performances.
- The need to provide rewards to the employees displaying great effort when the results are quite low with respect to the given standards.
- The wish to protect the performance of good performs, whose performance are suffering from personal problems.
- The need to avoid confrontation with certain employees who are really hard to manage in the organization.

3.1 Legal aspects in performance appraisal
The legal implication of performance appraisal in practice is quite exhaustive as it varies from one state or national jurisdiction to the next. There are various principles that should be opted during the performance appraisal to show equity as well as fairness.

1. Performance appraisals should not be used in a way to punish the employees unnecessarily without any reason or fault of employees only because of the reason that they are not up to the mark from their point of view. This shows their unprofessional behavior in the organization.
2. The result generated during the process of performance appraisal should be fair as well as accurate. Employee, not performing up to the mark must be taken care with the help of documentation of the behavior provided by the group and peer members. This documentation must be helpful if any employee raise the question on the appraisal result.
3. Appraisal process must not consider and differentiate the employees on the basis of race, religion, age and male, female etc.
4. An employee must have right to express or even comment on their performance appraisal results and ask to recheck the appraisal process and method which is opted to review their performance.
5. Information recorded should be in such manner that it shows both good as well as bad perspective of employee’s performance during the appraisal.
6. Only appraisal results should not decide that whom to promote or terminate but along with this a broad range of factors must be taken in to account for such decision in the organization.
7. The employee who is not performing well must be given more chances to improve instead of taking strict action because of only one mistake.
8. Timely feedback should be provided to the weak performer. As, it seems quite unfair to reveal the result of performance after a time gap. However, it should be done with less time gap and if anything happens wrong then it should be corrected timely so that the yearly result would generate better results.

9. If an employee is dismissed or demote from the organization because of the wrong act or poor performance then the employee has a right to go for legal action and investigate the matter from his point of view. All this purposely suggest he management to keep the records of all the incidents and acts which forces the management to take such action. The legal aspect in general differ from one state to another this must be kept in mind.

10. If an appraisal result is not up to the mark or expectation of appraiser then take the view of third party on it whether the appraisal result seems fair or reasonable. Otherwise, the supervisor should make changes in the result as second opinion does not support his view and also find that where the mistake is done by him during the appraisal.

11. Criticism should be done to improve the performance and also not be used for personal basis It should be related with job not with the relation that person is having with the supervisor.

12. The process of appraisal is not as easy as appears to be. It requires trained employees either appraiser or appraise. If is not carried out by trained people it will result in wrong and unfair data. This ultimately harms the whole organization. Thus, performance appraisal should be treated as important task by the employees of the organization.

13. The results obtained from the appraisal should not be revealed to everyone. The appraiser should maintain the confidentiality of the data in the organization.

3.2 Legal Issues in performance appraisal

These issues are related to the performance appraisal during its process and it is totally out of control of manager in simple words it is not in the hand of supervisor. It is generally because of misuse of power by the management and creates an environment of unfair appraisal of employees. Due to this discrimination also occurs resulting in false appraisal by the management as appraiser is not free to do appraisal according to the needs and demand of appraisal process. It mostly happens to the lower level of hierarchy of an organization. Moreover, which gives rise to such issues?

a) Discrimination

This practice generally occurs at the lower level of organization which is quite unethical. In such cases the lower level employees would never be appreciated for their work by the management because of the act of favoritism, especially during the time of appraisal due to this the employees working at lower level get demotivated and results in reduction in the level of output which is harmful for the whole organization (Grote, 1996, p.330). Thus, a right should be there for employees in regard of such issues in the organization.

b) Public Policy Issues

This public policy issue is important for the process of performance appraisal as it provide the guidelines for the fair conduction of appraisal (Aswathappa, 2005). Moreover, it provide the information related to the right and freedom of employees for appraisal and also the right to go for penalty act if something wrong or unfair happens to them. However these kind of policies are set by administration of any organization.

c) Contractual issues

In general terms a contract refers to an agreement. If this contract is breached by any of the party then that party have to face the problems. Thus, if it is related to appraisal then again it must be handled with proper care by the management of the organization.

d) Tort liability issue

This issue gives rise because of the act of top level management as they always take for granted to the lower level management and believes that they have no power and right to go for any problem or civil wrong (tort) subjected to them. But, this law again provide right to the lower level employees to go for legal aspect for the wrong thing happen to them and also ask for the compensation from the top level management.

III. CONCLUSION

It should be noted that ethical system plays a crucial role in the process of performance appraisal. Effective system provides all the employees with reliable information along with the objectives, mode and criteria for appraisal. It will not be effective if employee’s do not realize that the appraisal’s has been created for the sake of organization and ultimately for employee’s success and not to punish them and cause conflicts. If employees are not able to make critical remarks, they will not be able to believe in the reliability of the appraisal. The appraisal involving ethical is aimed at helping people to become better and provides the firm with information useful in developing personal policy. In general, the superior who knows how to make appraisal, firstly talks about work and then characteristics, virtues and faults, self-assessment and then finally present the result of appraisal results which considered about all the work carried out. Moreover, being a good listener superior tries to understand employee’s argument and most of all can admit mistake done by them.
Ethical appraisal is fair and objective. Mutual understanding and respect create open and friendly environment. Carrying out ethical appraisal is an extremely difficult, yet quite possible. Effective appraisal brings about a number of benefits both to the firm as well as its management and employees by taking care of issues involved in it.

Understanding legal aspect of appraisal in an organization is also important as it has positive impact on building strong partnership relations, avoiding employment conflicts and lawsuits. The study shows that appraisal system can be useful if it is based on principle of equity, regularity and timeliness, efficiency and transparency. If properly administered, it will help protect employment relations and minimize the employer’s exposure to liability for unfair termination and related claims.

IV. REFERENCES