

Chapter :-VI

Performance Appraisal.

CHAPTER VI

PERFORMANCE APPRAISAL

Performance appraisal is the process of measuring quantitatively and qualitatively an employee's Past or present performance against the background of his expected role performance against the background of his expected role performance, the work environment and about his future potential for an organization. The evaluation of the performance and personality of each employee is done by his immediate superior or some other person trained. Various rating techniques are employed for comparing individual employees in a group in terms of personal qualities or deficiencies and the requirements of their respective jobs.

6.1 Definition: -

According to Edwin B. Flippo .

“Performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job.”

1.

According to Dale S. Beach.

"Performance appraisal is the systematic evaluation of the individual with respect to his performance on the job and his potential for development." 2.

In the words of Dale Yoder,

"Performance appraisal includes all formal procedure used to evaluate personalities and contributions and potentials of group members in a working organization. It's a continuous process to secure information necessary for making correct and objective decisions on employees." 3.

6.2 OBJECTIVES:-

1. To review past performance.
2. To assess training needs.
3. To help individuals to develop.
4. To audit the skills with in an organization.
5. To set targets for future performance.
6. To identify potentials or promotions.
7. To reward good performance and appropriate work behavior with increments.
8. To recognize potentials / promising employees.
9. To plan for training based on feedback.
10. To create plan to resolve problems.

6.3 FEATURES / CHARACTERISTICS.

The main features of performance appraisal are as follows:

1. It is a systematic process consisting of a number of steps to be followed for evaluating an employee's strengths and weaknesses.
2. It's a systematic and objective description of an employee's strengths and weaknesses in terms of the job.
3. The appraisal is an ongoing and continuous process where the evaluations are arranged periodically according to a definite plan. It is not a one shot deal.
4. It may be formal or informal. The formal system is fairer and objective since it is carried out in a systematic manner using printed appraisal forms.

6.4 TYPES OF PERFORMANCE APPRAISAL.

There are different types of systems for measuring the performance of an employee. Each has its own advantages & disadvantages.

1) Ranking :-

In this method, every employee is judged as a whole without distinguishing the rates from his performance. A list is then prepared for ranking the workers in order of their

performance on the job so that an excellent employee is at the top and the poor at the bottom.

2) Paired comparison method.

In this method, every person is compared trait wise with other persons one at a time. The number of times one person is compared with others is tallied on a piece of paper. This number helps in yielding rank order of employees.

3) Grading system: -

Under this system, certain features like analytical ability co cooperativeness, dependability, job knowledge, etc. are selected for evaluation. The employees are given grades according to the judgment of the rater.

4) Graphic scales: -

A rating scale lists traits and a range of performance values for each trait. The supervisor rates each subordinate by circling or checking the score that best describes his performance for each trait. The assigned values for the traits are then totaled. The selection of factors to be measured on the graphic rating scale is an important point under this system.

5) Check List

A checklist is a list of statements that describes the characteristics and performance of employees on the job. The rater

checks to indicate whether the behavior of an employee is positive or negative to each statement. The performance of the employee is rated based on number of positive checks.

6) Essay

In this method, the supervisor writes a report about the employee which is based on his assessment. The supervisor continuously watches the subordinates and writes his assessment in the report.

7) Confidential Report :-

It is the most traditional way of appraising an employees performance. The confidential report is written by supervisor for a unit of one year relates to the performance, ability and character of the employee during the year. The report is not data based but subjective.

8) Critical Incident Method: -

This method attempts to measure workers performance in terms of certain events or incidents that occur in the course of work. The assumption in this method is that the performance of the employee on the happening of critical incidents determines his failure or success. The supervisor keeps a record of critical incidents at different times and then rates him on this basis.

6.5 Modern Types: -

Some of the modern methods of performance appraisal are as follows.

- 1) Management by objectives. (MBO)
- 2) Behaviorally anchored rating scales. (BARS)
- 3) 360⁰ Degree performance appraisal.

1) MBO –

Management by objectives is a philosophy of management. This can be traced back to 1954. Peter Drucker first described MBO in 1954 in the books 'practice of management'. Drucker pointed to the importance of managers having clear objectives that support the purpose of those in higher positions in the organization.

Definition-

“MBO is a process where by the superior and subordinate manager of an organization jointly identify its common goals define each individual's major areas of responsibility in terms of the results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members.”

-Dr George S Odiorne.

Characteristics.

Carroll & Tosi in an extensive account of MBO in 1973 note following characteristics.

1. The establishment of organizational goals.
2. The setting of individual objectives in relation to organizational goals.
3. A periodic review of performance.
4. Effective goal setting and planning by top management
5. Organizational commitment.
6. Mutual goal setting.
7. Frequent individual performance reviews.
8. Some freedom in developing means of achieving objectives.

MBO is thus a method of mutual goal setting measuring progress towards the goals, taking action to assure goal attainment, feedback and participation. It is a result-oriented philosophy enabling an employee to measure progress toward a goal which the employee often has helped to set. In the goal setting phase of MBO a superior and subordinate discuss job performance and a goal is agreed upon. Along with mutual goal setting, a major component of MBO is the performance review session between the superior and subordinate which takes place regularly to evaluate progress towards specified goals.

The MBO has been designed to overcome certain inherent problems of traditional appraisal systems. It really constitutes a new way of managing. Its major goal is to enhance the superior subordinate relationship, strengthen the motivational climate, and improve performance. It helps to improve managerial performance and effectiveness. It provides a workable framework to the manager with in which he can make decision, which is in the best inherent of the organization. The key concepts of MBO are emphasis on results participation, human relations and a regular review system. For the successful implementation of MBO proper planning and preparation is required.

The implementation of MBO is facilitated by the use of a series of eight inter dependent steps. These are as follows.

- 1) Formulation of long-range Organizational goals & plans.
- 2) Development of key areas of objectives to be accomplished as well as the time period in which they are to be completed.
- 3) The establishment of sub objectives.
- 4) The establishment of standard of performance.
- 5) The formulation of action plans.
- 6) The implementation of corrective action.
- 7) The systematic review and evaluation of individual progress towards the attainment of the goals.

8) The appraising reinforcing and strengthening of appropriate behaviors through training rewards and career planning.

2. 360 Degree Performance Appraisal:

It is also called multi source assessment. In this system employees receive performance feedback on a variety of dimension by an assortment of individual with whom the person interacts namely their boss, colleges and peers, their own subordinate and internal & external customers. The 360-degree feedback refers to the practice of using multiple rates often including self ratings in the assessment of individuals. Thus the feedback comes from all around them 360 degrees.

The important factor for the success of 360-degree performance assessment is to ensure that the right people are selected to provide the feedback. Both critics and supporters of the individual should be selected. Another key factor for the success is avoiding punishment for bad results.

This form of performance evaluation can be very beneficial to managers because it typically gives them a much wider range of performance related feedback than a traditional evaluation.

The 360° model Allows: -

- (1) The process design to be created by those who use the system i. e employees & Managers.
- (2) Used a valid process for developing employers competencies for assessment.
- (3) Uses a valid method for selecting evaluation teams.
- (4) Ensures absolute respondent anonymity and confidentiality for the feed back.
- (5) Relies on a research-based protocol for collecting and scoring data and reporting information.
- (6) Ensures that all participants are trained to provide and receive feedback.
- (7) Includes an understandable process and technology safeguards to ensure fairness that is communicated to all participants.

It is assessed for effectiveness, fairness, accuracy and validity by the users.

3) Behaviorally Anchored Rating Scales (BARS)

The bars were introduced as an attempt to overcome the ambiguity associated with interpreting rating scale value. BARS are descriptions of various degree of behaviors with regard

to a specific performance dimension. The behaviors specifically defined to provide one the anchors for rating scales.

The BARS Procedure typically involves following steps.

1) Generate Critical Incidents:

Individuals who are knowledgeable of the job in question describe specific examples of both effective and ineffective job behaviors. They are asked to describe specific illustration (critical incidents) of effective performance.

2) Develop Performance Dimensions.

The behavioral incidents are clustered into a smaller set of performance dimensions.

3) Retranslation / Reallocate incidents:

Any group of people who also know the job then reallocate the original critical incidents They are given the cluster definition, critical accidents and asked to redesign each incident to the dimension it best describes.

4) Scaling Incidents:

The same group in stem three rates the behavior described in terms of effectiveness or ineffectiveness on the appropriate dimension by typically using 7 or 9 point scales.

Average effectiveness ratings for each incident are then determined



and a standard deviation criteria is set for determining which incident will be included in the final anchored scales.

5) Develop Final Instrument:-

A subset of the incidents that merits both the retranslation and standard deviation criteria is used as a behavioral anchor for the final performance dimensions.

A final BARS instrument typically comprises a series of vertical scales that are anchored by the included incident.

6.6 Analysis of data

Table 6:18

Employees opinion about performance appraisal system.

No	Points	Favorable	Unfavorable.
1	Awareness about performance appraisal system	15	05
2	Relation between promotion and P.A. System	14	06
3	Modification in present system	17	03
4	Feedback from discussion section about performance	02	18
5	System help ness to effective Planning & Promotion	14	06
6	Appraiser's invitation of suggestions of appraisee	15	05

Table 6:18 show various points about performance appraisal system. There were six questions asked to employees and the response is mostly positive. 75 % employees are aware about

appraisal system. 70% employees said that their annual increment and promotion is purely based on performance appraisal. 65% employees think that present system needs of modification and 20% employees get feedback from discussion section about there performance. 70% employees agree about performance appraisal system help in effective salary planning and promotion. 75% employees says that their appraiser was invite their suggestions.

The responses of employees are nearly 70% favorable and it is good about performance appraisal system of the company.

Table 6:19

Employees opinion about criticism and opportunities.

No	Points	Always	Usually	Sometimes
1	Acceptance of criticism from boss	04	12	04
2	Opportunity to use of special skill & abilities	07	11	02

Table 6:19 shows two points related to performance appraisal system. First point is acceptance of criticism from boss to correct employees themselves. 20% employees always accept criticism while 60% usually accepts and 20% accept criticism

sometimes. Second point is getting opportunity to use of special skill & abilities.

The above responses were favorable and it shows good relation between management and employees.

Table 6:20

Employers opinion about Performance appraisal

No	Points	Favorable
1	Use of conscious judgment for rating employees	Always
2	Present systems linking with rewards or punishment	Yes
3	Is knowledge and expertise are recognized and rewarded	Yes
4	Use of performance appraisal as a tool for coaching and counseling to your employees	Usually
5	Change in performance appraisal system time to time	Yes
6	Existing system help ness to improve employees job performance	Yes
7	Is every promotion is based on performance appraisal System.	Yes

Table 6:20 shows employers opinion about performance appraisal system. Employer always uses his conscious judgment for rating employees. The present performance appraisal system is linked with the rewards or punishment. In company, there were knowledge & expertise are recognized and rewarded. The system is used as a tool of coaching & counseling. The system

is changed time to time. Employer agrees that the present system help employees to improve there job performance. Promotions of employees are based on the performance appraisal system.

Employers opinions about performance appraisal system are positive and it indicates that employer gives his Careful attention to improve the employees job performance.

Reference:

1. Flippo Edwin B.- “Personnel Management”
2. Dale S. Beach- Personnel- A Management of people
at work.”
3. Dale Yoder-“Personnel Management & Industrial
Relation.”