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I) INTRODUCTION -

Performance Appraisal is the process of assessing quantitative and qualitative aspects of an employee's job performance. From the view point of employee performance appraisal is much important to get answers for their questions like, how well am I doing? How can I do better? And from employer, how will our employees doing individually and collectively? What can we do to help our employees to do better for us and for them? And for which employees are various personnel action appropriate?
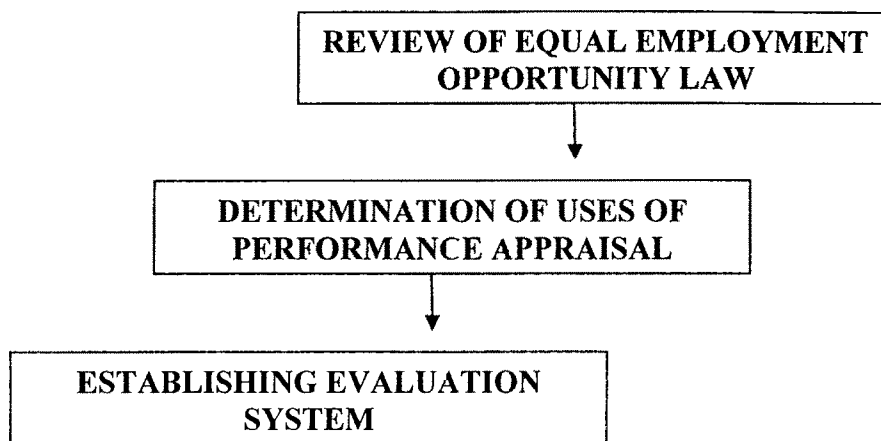
Performance appraisal is often a difficult and emotion-laden process. An employees self image, status in the work group, motivation, promotion , career opportunities, merit compensation ,commitment to perform and to improve all these are linked to the performance evaluation. Consequently, issues associated with the fairness, accuracy and uses of performance appraisal results are very important, deserving the employer's careful attention.

Unfortunately performance evaluation process has basic defects which make performance appraisal process ineffective, inaccurate, aimless and objectless. One major reason is that, we, as human beings have limited information processing capabilities. However, completely accurate and objective performance appraisals require the processing without error of complex and occasionally inconsistent information. These demands almost certainly exceed our information processing capabilities. Another is that organizations (especially co-operatives) are live in political impression and many decisions influenced by their probable political consequences. A manager, exercising professional judgments, may be less interested in providing an accurate appraisal than in motivating or otherwise influencing the behavior of subordinate. Interpersonal dynamics are often more important to harmonious and efficient workplace than an accurate appraisal for a particular subordinate. In addition, managers may shy away from having candidly accurate evaluations filed in an employee's permanent personnel folder. An employee's motivation, commitment and possibly entire career may be adversely affected by such statement. These realities make it possible that no organization, however, hard it tries, will be able to eliminate political behavior from the appraisal process. Such appreciation not withstanding, the appraisal process should not be dismissed as merely another example of organizational politics. It is important to realize that performance appraisal will probably always reflect an element of managerial

discretion and that such discretion is not necessarily bad. Limited discretion, exercised by trained and responsible evaluators will help to keep the performance appraisal system flexible, responsive and accurate. In spite of human limitations on the objective, processing of information and the political realities of the workplace, it remains possible for Performance Appraisal Process to achieve a high level of fairness, accuracy and usefulness in business organization.

II) PERFORMANCE APPRAISAL PROCESS –

Chart 6.1 Performance Appraisal Process Chart

REVIEW OF EQUAL EMPLOYMENT
OPPORTUNITY LAW

DETERMINATION OF USES OF
PERFORMANCE APPRAISAL

ESTABLISHING EVALUATION
SYSTEM

To get the fair and legal benefits from Performance Appraisal, organization has to consider some important steps in Performance Appraisal Process which are interrelated. The steps in Performance Appraisal Process are as follows, -

1) Review of Equal Employment Opportunity Law –

Legal requirements are first and foremost step in performance appraisal process. A concern for the requirements of an equal employment opportunity environment prior to the institution of a system will information, and provide the documentation necessary to support any legal challenges.

The majority of appraisal-related litigation during these years has resulted from the use of evaluations to support promotion, discharge, layoff and merit pay personnel decisions. These cases have involved Title VII of the Civil Rights Act of 1964, The Age Discrimination in Employment Act, The Equal Pay Act and related statutes. With the exception of merit pay allocation, these personnel decisions may be considered selection decisions and may be subject to the same scrutiny by the courts as those selection decisions.

2) Determination of Uses of Performance Appraisal –

Decisions regarding the design and implementation of the performance appraisal

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system must be consistent with the intended uses of the information. Uses of the Performance Appraisal are briefly discussed below.

a) Performance Feedback –

Performance Appraisal helps to both, employees and also to employer to find out how well they are doing at present and how they can do better in the future. Employee wish to have this information not only for the personal satisfaction that positive feedback provides, but also to help them improve performance in order to qualify for organizational rewards such as promotions and merit pay. By employer's point of view, employer gets the information about efficiency of workers, faults in working systems and on this information employer may take some important decisions to achieve their goals.

b) Employee Training and Development Decisions –

Performance appraisal results may be used to determine whether an employee or group of employees will require additional training and development.

For managerial personnel, the performance appraisal process may point to the need for additional development as a means of improving current job performance in areas such as supervisory techniques, interpersonal conflict management, planning and budgeting and so on. In addition a manager may be groomed for a high level position if the Performance Appraisal results indicate that the potential exists for him or her to perform well in an advanced position.

Regardless of the organizational level of employee being evaluated performance appraisal systems are the primary means of delineating employee weaknesses that can be alleviated through training and development programs. Appropriate appraisal information can be used as a basis for tailoring a specific training and development program to aid employees in reaching their potentials.

c) Validation of Selection Programs –

Performance Appraisal provides a means of validating both internal (promotions and transfers) and external (hiring new employees from outside sources) selection programs. Organization spends a great deal of time and money recruiting and selecting employees. But sometime its find that properly executed recruitment and selection programs fail to choose correct, efficient employee because of mostly organization considers quantitative aspects like ability to analyze complex problems, interpersonal effectiveness, effective delegation of work and the like are difficult to measure and Performance Appraisal helps to recruiting and selection process, to select

best candidates which will qualify on both test of quantitative and qualitative. When inadequate attention is given to the proper measurement of employee performance, the effort and expenses devoted to developing sophisticated selection
devices are wasted.

d) Documentation and Support to Personnel Decisions –

i) Compensation Decisions -

Compensation decisions, to varying degrees, are based on the results of an employee's performance appraisal. Increase in cost of living, productivity, seniority and financial condition of the organization, these factors are considerable in pay raises but today employee performance, employee merit is also becoming significant criteria. Merit may allocate across many different jobs and departments in an organization. Information provided by the appraisal system should be such that employee performance levels across different jobs can be compared.

ii) Promotion, Transfer and Layoffs Decisions –

Performance Appraisal System may be effectively used for promotion purposes. Choosing one employee for higher post from number of other similar employees is possible by way of performance appraisal. Here organization may assess employees past performances, capabilities, absenteeism superior performances or their shortcomings.

Performance Appraisal is also useful in making transfers and layoff decisions. Performance Appraisal Process shows who are performing well on which job or post or who has weakest performance at given job by this information organization may take fair decisions regarding transfers and layoff. But these decisions directly depend upon quality performance appraisal system.

iii) Grievance and Discipline Programs –

Performance appraisal results can be used as an important source of documentation for formal grievances that are filed in connection with employee disciplinary actions. An organization may attempt to terminate an employee for general incompetence only to discover that the performance appraisal process is so poor that there is no acceptable documentation of substandard performance. Generally, because of handling of performance appraisal program carelessly by superiors most employees get positive performance evaluations.

3) Establishing the Evaluation System –

This section deals with the many decisions necessary in establishing the evaluation

system. Following are the concerns that must be addressed prior to the establishment of the evaluation system.

a) Administrative Considerations –

A number of administrative considerations may influence the development of the performance appraisal system, including the frequency of administration, computer compatibility of the data, development and maintenance costs and ease of use. The frequency with which Performance Appraisals are administered depends on both practical considerations and the type of employees being evaluated.

Several factors enter into the decision of how often appraisal should be completed. First, performance appraisal may be geared to the reward cycle. Second, performance appraisal may be based on a task cycle with the evaluation of job performance being made upon the completion of specific project. Third, performance appraisal may be completed more frequently on lower level jobs where good versus bad performance can be discerned in relatively short amount of time. On the other hand, the performance of persons working in higher level, managerial and executive positions generally requires longer period of time to evaluate because many actions and decisions made by these individuals cannot be fully and accurately assessed in the short run.

Some organizations may also be concerned about the case with which the appraisal information can be made computer adaptable. This is important when personnel records are kept on computer tapes or disks, as when human resource information systems are used for personnel decisions.

The development and maintenance of the selected system is also an important issue for some organizations. Elaborate system requiring considerable time and effort, perhaps sophisticated statistical analyses in their development, may have higher developmental and maintenance costs.

b) Performance Criteria –

Performance appraisal criteria are commonly based on individual traits, cost-related outcomes, and behavioral criteria.

-Following are the two major problems pertaining to the criteria used to measure employee performance. And that we have to correct for effective evaluation system.

i) No Job Related Performance Appraisal System Criteria –

It is generally assumed that the criteria included in a performance appraisal system are strictly job related and within the control of the individual employee. Employees

should neither be held accountable for, nor evaluated on criteria beyond their control. Criteria pertaining to racial, sexual, religious, age and other personal characteristics (like lifestyle, political views etc.) that come under the purview of equal employment opportunity legislation must be excluded. In addition, it should be remembered that no universal set of job-related criteria exists for all jobs. For example criteria used to appraise the performance of mechanical engineer differ substantially from the criteria needed to evaluate the performance of nurse.

ii) No Accurate Means Of Measurement –

Certain aspects of job performance such as units sold or produced, error made and number of customers served can be measured with relatively little difficulty. Other facets of job behavior such as initiative, reliability and the ability to effectively communicate, present greater measurement difficulties that must be overcome in order to minimize biases that creep into the performance appraisal process.

c) Rater Selection –

Performance Appraisal should be conducted by those who are most knowledgeable about an employee's work performance and most able to closely monitor job behaviors. Two major abilities must have by appraisers. First, appraiser must be capable of eliminating or minimizing biases that arise during the performance appraisal process. Second, appraisers must have the opportunity to observe, the employee's full spectrum of job behaviors over-an extended time period with these two abilities considering.

d) Types of Appraiser -

The following are commonly used in evaluating job performance.

i) Immediate Supervisors –

The immediate supervisor works closely with the employees and therefore this person is generally best qualified to provide relevant information regarding the performances, deficiencies and potentials of the employees. But there are some disadvantages which want to avoid like, personal biases, conflicts, friendship etc. that may prevent the objective assessment of employee performance.

ii) Higher Level Supervisors –

Generally, higher level supervisors examine assessment of employees made by immediate supervisors. It brings some advantages in assessment process like; higher level supervisors may eliminate certain types of biases found in performance

appraisal. Furthermore, an employee may feel that their pay and promotion prospects are totally not under the control of the immediate supervisors.

iii) Multiple Supervisors –

Matrix organizational structures are used to manage temporary projects and persons working in matrix structures often report to more than one supervisors. In these situations it may be beneficial to obtain assessments from some or all of the supervisors who come into contact with the employee.

iv) Peer Evaluation –

Co-workers and colleagues are often able to evaluate certain facets of an employee's job performance that cannot be evaluated by supervisors and others. Contribution to work on group projects, interpersonal effectiveness, the ability to communicate, reliability and initiative are factors that might be assessed by fellow employees. But there are also some drawbacks like, personal biases, conflicts friendship or competition for same post, promotion etc.

v) Subordinate Evaluation –

Subordinates are also having abilities to evaluate their superiors. Subordinate evaluations may be useful in assessing an employee's ability to communicate, delegate work, allocate resources, disseminate information, resolve interpersonal differences and deal with employees on a fair basis. Subordinate evaluations are generally used in conjunction with other sources of performance appraisal information.

vi) Self Evaluation –

The usefulness of self appraisal is in question from many years. Some thinks that self appraisal data are self serving. But some see this like where differences appear; they are not inaccuracies so much as reflections of differing opinion regarding which aspects of employee performance are important. But, it may be useful if supervisory appraisals are there simultaneously.

e) Rater Training –

Even the best designed performance appraisal system will be ineffective unless the managers and supervisors are properly trained. At minimum, persons using the performance appraisal system should –

i) Understand the importance of Performance Appraisal and its impact on an employees pay, promotion and career opportunities.

ii) Be familiar with their organization's performance appraisal methods.

iii) Be trained to consistently and objectively observe and report on the job performance of employees. It is important that raters understand the importance of reliability and validity as it relates to Performance Appraisal.

iv) Understand the importance of post-appraisal interviews as a means of providing feedback, to employees on their job performance.

f) Types of Errors –

Following are the some types of errors that rater must consider before doing actual appraisals.

i) Halo Error –

The Halo Error occurs when the person completing the Performance Appraisal allows a single attribute or general impression of the person being evaluated, which misrepresents the entire performance appraisal system. For example, employee holding degree of most popular institution etc.

ii) Past-record Anchoring –

Regardless of an employee's current level of performance, if past performance ratings have been high, supervisors will continue to rate the level of performance as high. Even when lower performance appraisals are given, they are rarely more than one level lower than before.

iii) Inappropriate Rating Patterns –

Inappropriate rating patterns arise when the rater fails to make necessary and appropriate distinctions among the performance levels of different employees.

iv) Recency Effect –

The Recency effect occurs when the performance appraisal process is distorted by recent incidents or employee behaviors that occur shortly before the evaluation. Such events may be disproportionately weighted by the rater. For example, a salesperson may capture on important account two weeks prior to the date of his/her performance appraisal, it will inflate the performance appraisal. But suppose this time is from one week then, rater may place an otherwise good employee at lower level.

III) PERFORMANCE APPRAISAL METHODS –

There are enough methods, and going on inventing and trying new methods of measuring quantity and quality of employee's job performance.

- Recently, following methods are most commonly used.

i) Ranking Method –

Employee ranking methods emphasize how employees compare with one another. Regardless of the ranking procedure selected, the final result is a rank order of employees in terms of their job performance. The first three ranking methods discussed below.

a) The Simple or Straight Ranking Method –

An evaluators attempt to process information about performances of all employees simultaneously, in order to rank them from best to worst. This information processing becomes increasingly more difficult as the number of employees being evaluated increases.

b) The Paired Comparison Method –

This method reduces the information processing to simple comparison of only two employees at a time. The term paired comparison is used because employees are evaluated against each other, two at a time. Actually employees are evaluated/compared against each other on each job related criterion used, and then final, overall ranking is determined.

c) Alternative Ranking Method –

Here, evaluator is presented with a list of all employees and requested to select the best and worst employee from that list. A new list is started with the name of the best employee at the top and the worst at the bottom. The evaluator then crosses off the two selected names on the original list. The evaluator then selects the best and worst employee from the remaining names on the original list. The best employees selected this time are placed on the new list directly under the best employee from the last selection. The worst employees are placed on the new list directly above the worst employees from the last selection. This process is continued until all employees have been cross off the original list and placed on the new list. The employee's location on the new list becomes the rank for that employee. In this fashion the ranking is created from top down and the bottom up. The evaluators only need to select the two employees at the extremes- good or bad, each time, in order to build the list.

ii) Rating Scales –

Following are the types of rating scales used for performance appraisal.

a) Graphic Rating Scales –

Graphic rating scales are the most prevalent form of Performance Appraisal.

The typical graphic rating scale system consists of several numerical scales, each representing a job related performance criterion such as quality of work, initiative, job knowledge and so forth. Each scale ranges from excellent to poor performance. The rater checks the appropriate performance level on each criterion, and then computes the employee's total numerical score.

b) Behaviorally Anchored Rating Scale (BARS) –

BARS provide concise narrative descriptions or examples of what constitutes "excellent" quality of work or "poor" interpersonal skills. The particular point on the rating scale where an example behavior is placed is based on the collective judgment of job experts. The person holding this job would be evaluated on several other criteria such as job knowledge, efficiency, job skills and written and oral communications among others. Each of the additional criteria would include a scale with narrative descriptions. The rater would then evaluate the employee and obtain a composite appraisal score similar to graphic rating scale.

c) Behavioral Observation Scales (BOS) –

It is also based on a behaviorally oriented job determined and scales are established. An employee is rated on a scale of 1 to 5 for each dimension and a score and overall rating (excellent, good, and satisfactory) are determined.

iii) Other Methods of Performance Appraisal –

Following are the methods of performance appraisal which are widely used.

a) Essay Evaluation Method –

Rater evaluates an employee's performance describing the performance in his/her 'own words'. Essay evaluations may be useful in filling the gaps and covering points that may be missed in standardized performance appraisal program.

b) Management By Objectives (MBO) –

It is a form of performance appraisal because it involves the establishment of performance objectives and an assessment of how well those objectives are fulfilled. MBO includes following steps –

i) Subordinate proposes goals for the next time period.

ii) Subordinate and superiors discuss, modify and reach an agreement regarding the specific nature of the goals.

iii) Periodic formal and informal reviews regarding progress and problems associated with achieving the goals are made.

iv) The cycle is repeated.

Performance Appraisal under the MBO system permits frequent evaluation and perhaps more importantly, enables the employee to become involved in the appraisal process.

c) The Critical Incident –

The Critical Incident approach to Performance Appraisal delineates certain criteria or behaviors that are critical to the successful performance of a job. The implementation step involves giving each evaluator a list of these general categories and asking him/her to record any positive or negative incidents that occur pertaining to the general categories. An employee's performance on these critical incidents then serves as a basis for rewards and developmental actions.

d) A weighted checklist –

It is developed by first obtaining a number of statements about employee performance on the job. Each statement is then evaluated by a group of persons, usually the supervisors of those being appraised on how favorable or unfavorable each performance statement is to job success. This item-by-item evaluation is typically done on either a 7 or 11 point scale, with low values representing unfavorable scores and high values representing favorable scores. Scores are then converted into weights.

FINDINGS IN GOKUL -

PERFORMANCE APPRAISAL -

In Gokul, actually appraisal of performance of employee has been done by next higher authority. And that person observes the subordinate or employee and sends his/her confidential report to his/her higher authority as and when ask to do so. Evaluating employee's work, activities, attitude is basically part of responsibility of their post. Fair, accurate and biasless appraisal may adversely affects management/superior relations with employee or subordinate and for this reason there is on too much hard and fast rules in Gokul as, Gokul is a co-operative concern and so it is based on co-operation to each other.

USES FO PERFORMANCE APPARISAL IN GOKUL –

i) To understand performance of every employee, it becomes necessary to management.

ii) For selection of trainee employees fcr training and development programmes.

iii) For internal selection of employee.

iv) It is useful to Gokul in promotion, transfer, layoff decisions of employees.

v) Results of Performance Appraisal are important for formal grievances in connection of employee.

vi) It is also beneficial in dealing with labour union