

UNIT -5

PERFORMANCE APPRAISAL

MEANING

Performance appraisal is a systematic evaluation of the employee's present job capabilities and also his potential for growth and development by his superiors. It can be either informal or formal.

DEFINITION

"Performance appraisal is a systematic, periodic and so far as humanly possible, the impartial rating of an employee's excellence in matters pertaining to his present job and to his potentialities for a better job "

—Edwin B, Flippo

objectives of employee performance appraisal:

- i. To identify employee weaknesses and strengths;
- ii. To identify and meet training needs and aspirations;
- iii. To generate significant, relevant and valid information about employee;
- iv. To provide inputs to increments of rewards, transfers, promotion and salary administration.
- v. To help in improving employee's performance if he is not found to be suitable during the review period;
- vi. To create a desirable culture and tradition in the organisation;
- vii. To help in planning career development and human resources planning based on potentialities.

METHODS OF PERFORMANCE APPRAISAL

Table 28.4 : Methods of Performance Appraisal

<i>Traditional Methods</i>	<i>Modern Methods</i>
1. Ranking method	1. Management by Objectives (MBO)
2. Paired comparison	2. Behaviourally anchored rating scales
3. Grading	3. Assessment centres
4. Forced distribution method	4. 360-degree appraisal
5. Forced choice method	5. Cost accounting method
6. Checklist method	
7. Critical incidents method	
8. Graphic scale method	
9. Essay method	
10. Field review method	
11. Confidential report	

TRADITIONAL METHODS:**RANKING METHOD:**

It is the oldest and simplest formal systematic method of performance appraisal in which employee is compared with all others for the purpose of placing order of worth. The employees are ranked from the highest to the lowest or from the best to the worst.

limitations of performance appraisal method are that:

(i) It does not tell that how much better or worse one is than another,

(ii) The task of ranking individuals is difficult when a large number of employees are rated, and

(iii) It is very difficult to compare one individual with others having varying behavioural traits. To remedy these defects, the paired comparison method of performance appraisal has been evolved.

PAIRED COMPARISON:

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each containing pair of names, the rater puts a tick mark against the employee whom he considers the better of the two. The number of times this employee is compared as better with others determines his or her final ranking.

GRADING METHOD:

In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance.

FORCED DISTRIBUTION METHOD:

This method was evolved by Tiffen to eliminate the central tendency of rating most

of the employees at a higher end of the scale. The method assumes that employees' performance level conforms to a normal statistical distribution i.e., 10,20,40,20 and 10 per cent. This is useful for rating a large number of employees' job performance and promo ability. It tends to eliminate or reduce bias.

FORCED-CHOICE METHOD:

The forced-choice method is developed by J. P. Guilford. It contains a series of groups of statements, and rater rates how effectively a statement describes each individual being evaluated. Common method of forced-choice method contains two statements, both positive and negative.

CHECK-LIST METHOD:

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in 'yes' or 'no' are prepared by the HR department. . The check-list is, then, presented to the rater to tick appropriate answers relevant to the appraisee. Each question carries a weightage in relationship to their importance. When the check-list is completed, it is sent to the HR department to prepare the final scores for all appraises based on all questions

CRITICAL INCIDENTS METHOD:

In this method, the rater focuses his or her attention on those key or critical behaviours that make the difference between performing a job in a noteworthy manner (effectively or ineffectively). There are three steps involved in appraising employees using this method.

- First, a list of noteworthy (good or bad) on-the-job behaviour of specific incidents is prepared.
- Second, a group of experts then assigns weightage or score to these incidents, depending upon their degree of desirability to perform a job.
- Third, finally a check-list indicating incidents that describe workers as "good"

or “bad” is constructed. Then, the check-list is given to the rater for evaluating the workers.

GRAPHIC RATING SCALE METHOD:

The graphic rating scale is one of the most popular and simplest techniques for appraising performance. It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee.

The form lists traits (such as quality and reliability) and a range of job performance characteristics (from unsatisfactory to outstanding) for each trait. The rating is done on the basis of points on the continuum. The common practice is to follow five points scale. The rater rates each appraisee by checking the score that best describes his or her performance for each trait all assigned values for the traits are then totalled.

ESSAY METHOD:

Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee’s strengths, weaknesses, past performance, potential and suggestions for improvement. Its positive point is that it is simple in use. It does not require complex formats and extensive/specific training to complete it.

FIELD REVIEW METHOD:

When there is a reason to suspect rater’s baseness or his or her rating appears to be quite higher than others, these are neutralised with the help of a review process. The review process is usually conducted by the personnel officer in the HR department.

CONFIDENTIAL REPORT:

It is the traditional way of appraising employees mainly in the Government Departments. Evaluation is made by the immediate boss or supervisor for giving effect to promotion and transfer. Usually a structured format is devised to collect information on employee’s strength weakness, intelligence, attitude, character, attendance, discipline, etc. report.

MODERN METHODS:**MANAGEMENT BY OBJECTIVES (MBO):**

The process whereby the superior and subordinate managers of an organization jointly identify its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures as guides for operating the unit and assessing the contribution of each its members

BEHAVIOURALLY ANCHORED RATING SCALES (BARS):

The problem of judgmental performance evaluation inherent in the traditional methods of performance evaluation led to some organisations to go for objective evaluation by developing a technique known as "Behaviourally Anchored Rating Scales (BARS). It combines the benefits of narratives, critical incidents, and quantified ratings by anchoring a quantified scale with specific behavioural examples of good or poor performance.

ASSESSMENT CENTRES:

An assessment centre is a central location where managers come together to participate in well-designed simulated exercises. They are assessed by senior managers supplemented by the psychologists and the HR specialists for 2-3 days. Assessee is asked to participate in in-basket exercises, work groups, simulations, and role playing which are essential for successful performance of actual job. Having recorded the assessee's behaviour the raters meet to discuss their pooled information and observations and, based on it, they give their assessment about the assessee. At the end of the process, feedback in terms of strengths and weaknesses is also provided to the assessee.

360 – DEGREE APPRAISAL:

360-degree feedback appraisal system, an employee is appraised by his supervisor, subordinates, peers, and customers with whom he interacts in the course of his job performance. All these appraisers provide information or feedback on an employee by completing survey questionnaires designed for this purpose.

COST ACCOUNTING METHOD:

This method evaluates an employee's performance from the monetary benefits the

employee yields to his/her organisation. This is ascertained by establishing a relationship between the costs involved in retaining the employee, and the benefits an organisation derives from Him/her.

Importance of performance appraisal:

IMPORTANCE

- Performance appraisal helps the management to take decision about the salary increase of an employee.
- The continuous evaluation of an employee helps in improving the quality of an employee in job performance.
- The Performance appraisal brings out the facilities available to an employee, when the management is prepared to provide adequate facilities for effective performance.
- It minimises the communication gap between the employer and employee.
- Promotion is given to an employee on the basis of performance appraisal.
- The training needs of an employee can be identified through performance appraisal.

DISCIPLINE

Definition of discipline

“Discipline is the force that prompts individuals or groups to observe rules, regulations, standards and procedures deemed necessary for an organization.”

-Richard D. Calhoun

Objectives of discipline:

1. To Motivate an employee to comply with the company's performance standards.
2. To Maintain respect and trust between the supervisor and employee.
3. To Improve the performance of the employee.
4. To Increase the morale and working efficiency of the employees.
5. To Foster industrial peace which is the very foundation of industrial democracy.

GRIVANCES**Definition :**

According to Michael Jucious, 'grievance is any discontent or dissatisfaction whether expressed or not, whether valid or not, arising out of anything connected with the company which an employee thinks, believes or even feels to be unfair, unjust or inequitable'.

OBJECTIVES

1. To enable the employee to air his/her grievance.
2. To clarify the nature of the grievance.
3. To investigate the reasons for dissatisfaction.
4. To obtain, where possible, a speedy resolution to the problem.
5. To take appropriate actions and ensure that promises are kept.
6. To inform the employee of his or her right to take the grievance to the next stage of the procedure, in the event of an unsuccessful resolution.

STEPS IN GRIEVANCES HANDLING PROCEDURE**STEP 1 – INFORMAL APPROACH**

The aim of the informal approach is to try to prevent the matter from escalating and to settle the problem early on. It is important during this stage to listen and take account of what the employee has to say, to reassure them that the complaint is being taken seriously and that it will be addressed.

If an informal approach is not appropriate or it does not address the grievance then the employer will revert to the formal process.

STEP 2 – A FORMAL MEETING WITH THE EMPLOYEE

This will involve holding a grievance hearing with an employee. The employee has a statutory right to be accompanied at a grievance hearing by a trade union representative. The meeting is an opportunity for the employee to explain the grievance and provide details, information or evidence to support the complaint.

STEP 3 – GRIEVANCE INVESTIGATION

If there is a need to conduct a grievance investigation it will include speaking to witnesses and any individuals implicated in the matter. This will help to shed light on the grievance and to establish the facts of the case.

STEP 4 - GRIEVANCE OUTCOME

Once the investigation has concluded and all of the facts established and considered a decision will then be made about whether to uphold all or part of the grievance or if to reject it. The decision should be communicated to the employee.

STEP 5 – GRIEVANCE APPEAL

The grievance outcome should notify the individual of their right to appeal. The appeal hearing chair should then establish why the employee is appealing the decision and

what resolution the employee is seeking. The case should be reviewed, the grounds for appeal investigated and fairly considered before an appeal outcome is reached. The appeal is usually the final stage of the grievance process.