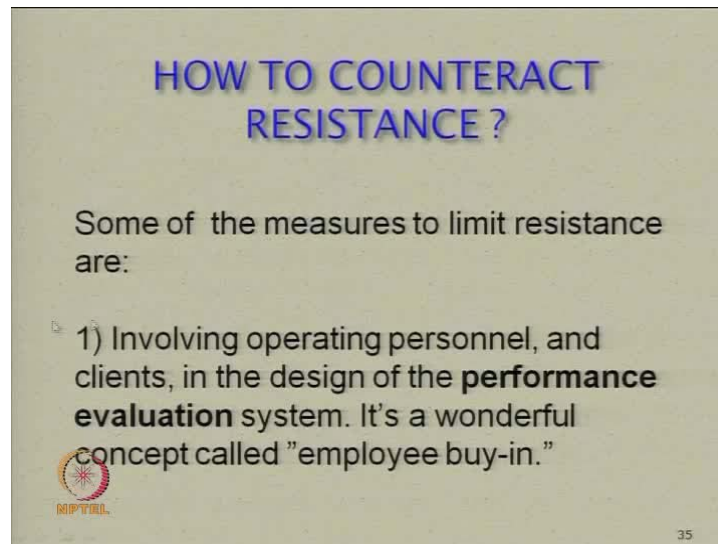


**Organization Management**  
**Prof. Vinayshil Gautam**  
**Department of Management Studies**  
**Indian Institute of Technology, Delhi**

**Lecture No. # 40**  
**Organizational Evaluation (Contd.)**

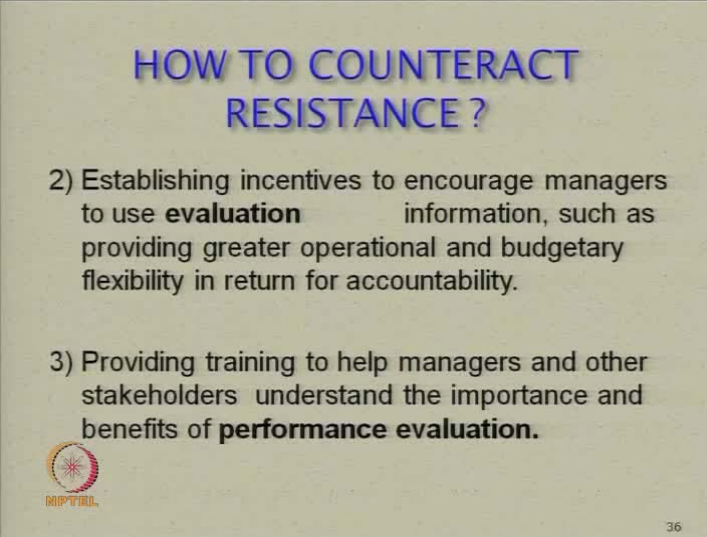
A look at causes of resistance of change always raises issues of what would be the ways of meeting the resistance.

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Some of the measures to limit resistance are: involving operating personnel and clients, in the design of performance evaluation system. It is a wonderful concept called employee buy-in. If you involve the people who are being evaluated in the process of evaluation, then a lot of anxieties are laid to rest. People are, at least, not worried about distortion of data; they are worried about the veracity of what is being said. Therefore, the level of confidence in the outcomes of that evaluation becomes larger.

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**HOW TO COUNTERACT RESISTANCE ?**

- 2) Establishing incentives to encourage managers to use **evaluation** information, such as providing greater operational and budgetary flexibility in return for accountability.
- 3) Providing training to help managers and other stakeholders understand the importance and benefits of **performance evaluation**.



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Establishing incentives to encourage managers to use evaluation information, such as providing greater operational and budgetary flexibility in return for accountability; in other words, you use the evaluation not to target a person or to render a job dysfunctional or to prove that it is redundant, but you practice an evaluation to improve the system. Again, the constructive use of the feedback is the central idea. You could use that to provide training to help managers and other stakeholders to understand the importance and the benefits of performance evaluation.

The world rotates on its axis, because we believe that most of the people are reasonable or rational, honest and well meaning. If you take away that assumption, then the whole thing becomes very complicated. What we have got to understand is, if you have got a good reason to have a credible evaluation system and ultimately everyone is going to benefit from it, have a dialogue and communicate to people the benefits of it. Do not expect 100 percent results.

At the end of the day, there will be about 15 to 20 percent people who would rather not do it, because it will be a camouflage to their inefficiency, their **unusability** and if I might add, their totally dysfunctional attitude. The important thing to realize in life, is that these people are as much a fact of reality as the mountains and the streams; you cannot wish them away. In any population size, which is more than 2, you will have some such representative; it is group dynamics.

Therefore, the practical way of dealing with it, is to come to terms with it; realize that there cannot be a 100 percent - simple. So, how do you go along? You carry those who come along with you and you forget those who do not. If there is anybody who makes it his life's mission to throw a **spanner on us**, hack him. Yes, that is a managerial option to be used sparingly, but you cannot have a situation where you say, you would not use it at all.

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There is a propensity in all domains to talk of new approaches, the emerging approaches - makes for a good headline. Let us look at some of the new approaches to evaluation.

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**Fundamentals of Appraisal Systems by Reider**

- ▣ Individual Accountability  
System should be such that MBO and individual performance deployment go hand in hand
- ▣ Build on Strengths  
Organisation should be equipped to deal with onion effect
- ▣ Managerial Support  
Supportive managerial support should be given priority over yearly evaluations.

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Reider talks of Individual Accountability. System should be, such that management by objectives and individual performance deployment go hand-in-hand, which means, that there is now talk of designing a system, where evaluation is an inherent part of the method. Learn to build on strengths. Everyone has a problem. You have to use people for what they are worth and no one is good for everything. My **caveat** to that is, make sure there is a bottom line of universality. Under the bottom line, what would I put? Reliability, first and credibility, second. In case of doubt, go back to the first.

If you have a reliable and a credible person, you can make use of him anywhere. You may have Aristotle himself. If he is neither, it is better, and hear me very carefully - not to deal with such person. He will not only not do the work, but he will be a disruptive influence in the situation. In fact, I would go to the extent of saying, close down the system; with me, if you do not have even a small miniscule minority of reliable and credible people, you cannot run the system.

My experiments in the corporate world and running of corporate enterprises has shown that all these three types of scenarios are possible, where 15 to 20 percent do not come along, but you can convince the others; two - you have a situation where you have a small core group of credible and dedicated people, reliable people and you can work around them. They may not be the most capable, but you can still work around them. And believe me, you can also have situations, where there is just no one credible. When

there is no one who is reliable - for whatever reason - close it down; it is a hard option and it has been exercised. What did the TATAS do when it came to the Nano plant in West Bengal? The glib assumption was that if there was investment of over so many 1000 crores, who will pull out? TATAS, being TATAS, turned around and said, watch us. You cannot go on functioning in that kind of environment, where you solve one problem and three are raised; you solve three problems and five are raised and you solve those five problems and two are back again.

One of my favorite quotes is, if you are not willing to stake all that you have for a cause, because you may fear that you will lose what you have - please hear it very carefully - if you are not the person who is willing to risk all that you have, for a cause that you believe in, for the fear that you may lose all that you have, you will lose it anyhow. This applies to relationships; this applies to work organizations; this applies universally. You cannot lead relationships; you cannot lead lives; you cannot lead organizations; you cannot lead corporate world and you cannot lead any institution in a situation of blackmail; above all, you cannot run an institution alone. Therefore, to run any institution credibly, you do need a small group of reliable and credible people, because neither of these two have any substitute.

Organization should be equipped to deal with the onion effect - everyone knows what that is. Supportive managerial support should be given priority over yearly evaluations.

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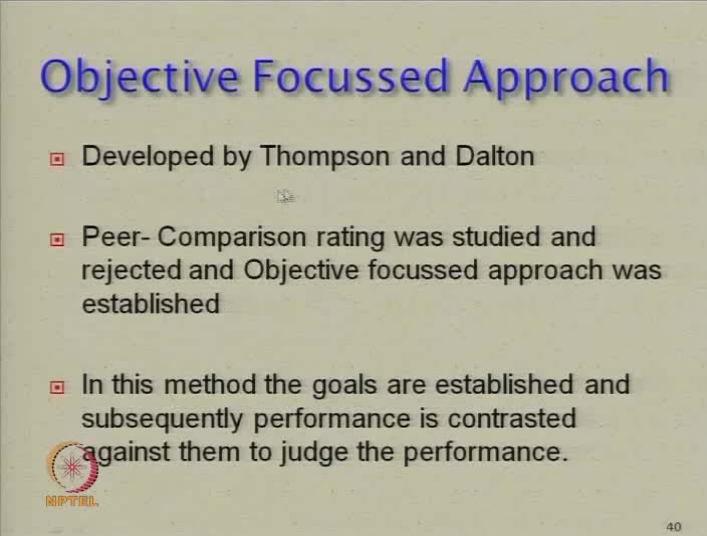
**Fundamentals of Appraisal Systems by Reider.. (contd)**

- ▣ Flexible Systems  
System should support wide spectrum of skills, abilities and potentials. Slavish adherence to evaluation procedures place obstacles in unleashing human talent
- ▣ Quantitative Feedback  
Helps to identify the performers and the non-performers in an organisation objectively

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Flexible Systems: systems should support wide spectrum of skills, abilities and potentials. Slavish adherence to evaluation procedures place obstacles in unleashing human talent. Quantity feedback helps to identify the performers and the non-performers in an organization objectively.

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**Objective Focussed Approach**

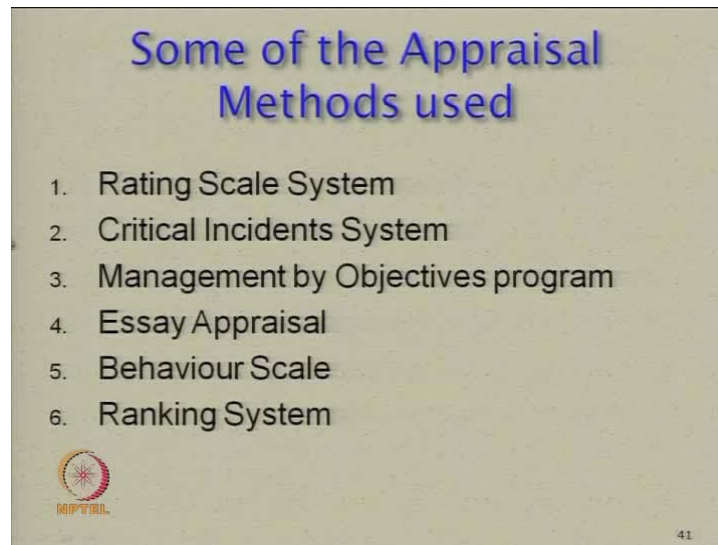
- ▣ Developed by Thompson and Dalton
- ▣ Peer- Comparison rating was studied and rejected and Objective focussed approach was established
- ▣ In this method the goals are established and subsequently performance is contrasted against them to judge the performance.

 NPTEL

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Focused approach has been developed by Thompson and Dalton. Peer-comparison rating was studied and rejected and objective focused approach was established; it is what their research studies established. In this method, goals are established and subsequently performance is contrasted against them to judge their performance. So, establish the goals, then assess the performance and contrast the performance against the goals and that is called peer comparison. And that is a step ahead of what I was telling you, **as peer as a anything else.**

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Some of the appraisal methods used in this case are: Rating Scale Method, Critical Incident Systems, Management by Objectives, Essay Appraisal, Behavior Scale or Ranking Systems. We do not have the time nor are we going to get into narrating all this, because organizational evaluation and performance appraisal is a domain as large as to form a subject matter by its own right.

This has been a discourse on organization management spread over 15 topics. Each of those 15 topics have been suitably dealt with in span of 1 hours, 2 hours, 3 hours - depending upon the nature of the content. The objective has been to give you an understanding of how organizations function, what makes them effective and what are the interventions which can be practiced to improve their functioning.

The reason why organization management has been chosen as the topic is because this is the foundation of all management activity. No matter in which incarnation of which function it is whether you do finance or whether you do marketing, whether you do manufacturing or information systems - you need organization to deliver it. We discussed this when we began this course and this is how the course began to evaluate, the course began to get its own feedback and the course began to rule. It has gathered strength by the kind of feedback we have had, as the course discussions grew. This is where we would like to conclude, because you should know what is it that this course seeks to answer and what are the issues which this course does not address itself to. And

typically, here we are not going to begin a course on performance appraisal. But at the same time, you need to be made aware that there are techniques of performance appraisal which are so well developed and would take so much time to discuss, that it could form a subject matter in its own right.

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### Ex. of Rating Scale Method

**XYZ Constructions, Som Vihar, New Delhi**

**Employee Rating Scale**

Employee: Tulsi Ram  
Department: Accounting  
Rated by: Ashok Singh  
Date: 11/11/05

Behavior:	Unsatisfactory	Questionable	Satisfactory	Outstanding
A. Quantity of work	1	2	3	4
B. Quality of work	1	2	3	4
C. Work initiative	1	2	3	4
D. Efficiency	1	2	3	4
E. Overall	1	2	3	4

MPVRL

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Here is an example of a Rating Scale Method. This speaks for itself and through this, you can understand how rating scale will be used. As I said, we are not going to get into the philosophy of the rating scale or what are its strengths or weaknesses in any major manner. But as you can see, there are rating items here and there is a scale here and in each case, you are asking for an opinion.



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**GUIDELINES FOR CRITICAL INCIDENTS ANALYSIS**

Instructions: Appraise the employee on both daily job activities and the handling of special projects and the non routine situations.

Date: \_\_\_\_\_

Incident: \_\_\_\_\_


Employee's action: \_\_\_\_\_

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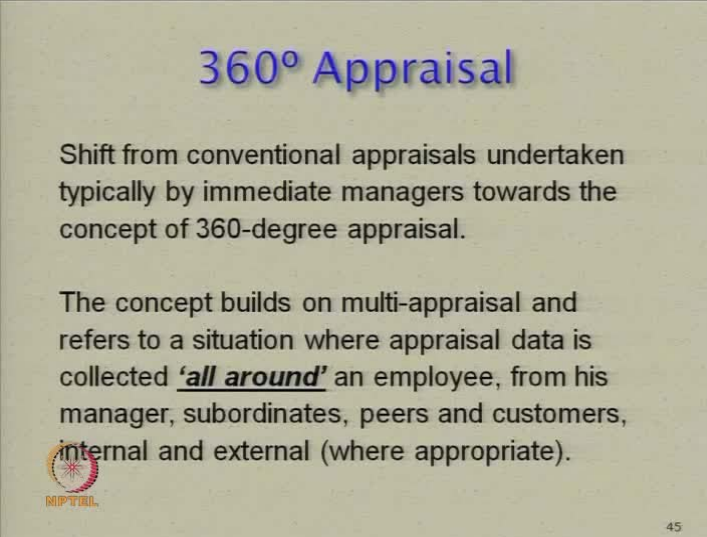
Expected performance: \_\_\_\_\_

Supervisor's appraisal: \_\_\_\_\_

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Guidelines for Critical Incidents - this is how it is formatted. My purpose is to help you take a look at the format, so that when it comes to actual life you are aware of how it works. The instructions in this case would be appraise the employee on both - daily job activities and the handling of special projects and the non-routine situations; then you ask for the incident and you ask for the employee action.


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**360° Appraisal**

Shift from conventional appraisals undertaken typically by immediate managers towards the concept of 360-degree appraisal.

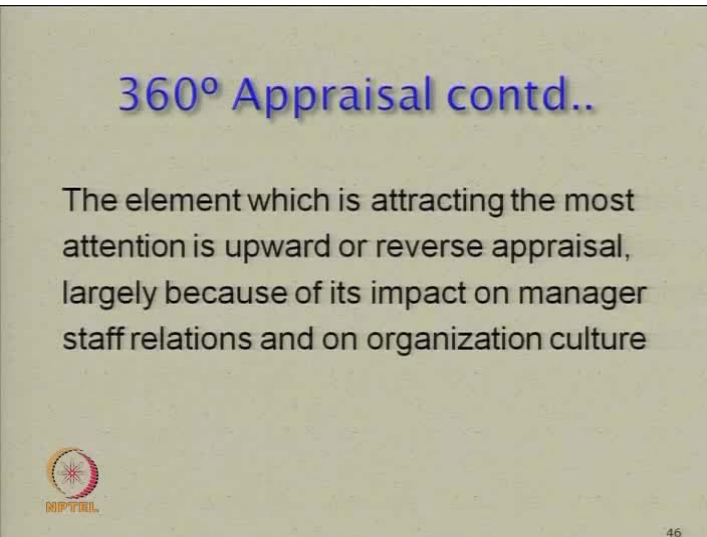
The concept builds on multi-appraisal and refers to a situation where appraisal data is collected **'all around'** an employee, from his manager, subordinates, peers and customers, internal and external (where appropriate).



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Then there is a 360 degrees Appraisal - shift from conventional appraisals undertaken typically by immediate managers towards the concept of 360 degrees appraisal. The concept builds on multi-appraisal and refers to a situation where appraisal data is collected all around - from an employee, from his managers, subordinates, peers to customers - internal and external in which everyone who is a stakeholder in that performance offers an opinion. Again, more easily said than done, but people who have practiced it, are convinced that it is possible to structure it and it is possible to take it to its logical conclusion.

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**360° Appraisal contd..**

The element which is attracting the most attention is upward or reverse appraisal, largely because of its impact on manager staff relations and on organization culture



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The element which is attracting the most attention is upward or reverse appraisal, largely because of its impact on managers, staff and all organizational culture. Maybe so, it is my case that reverse appraisal attracts attention, because of its novelty amongst other reasons. Oh! Just look at the great thought of the driver appraising his boss. You know like it is the day of the underdog. It is always possible to overdo something in its newfound enthusiasm, but while curbing the newfound enthusiasm to a mature level, it does stand to reason that very many times a feedback from the subordinate is a useful instrument, provided it can be handled maturely.

Now, how you create that sense of maturity is the complex question and to which there are no easy answers; but the recommendation remains the same. Till you can achieve that maturity, do not touch it.

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**360° Appraisal..**

In upward appraisal managers and employee are reversing their roles.

- ▣ Traditionally the employee's role has been to supply whatever it takes to meet the demands of the manager, who was viewed as the 'customer'.
- ▣ Now manager is the supplier of directions, resources and coaching advice to 'internal customer'-the employees

 Nicholas(1992)


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In 360 degrees appraisal, in upward appraising managers and employees are reversing their roles. Traditionally, the employee's roles has been to supply whatever it takes to meet the demands of the manager, who was viewed as the customer. Now, manager is the supplier of directions, resources the coaching advice to internal customers - the employees. Not my views, they are duly annotated.

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## Sources and References

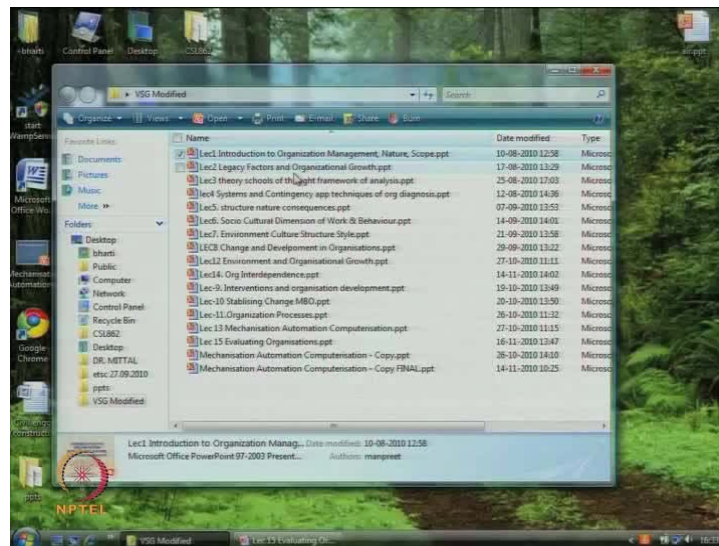
- ▣ Personnel/Human Resource Management by David A DeCenzo and Stephen P Robbins ,Prentice Hall India 3<sup>rd</sup> edition 2004.
- ▣ Personnel Management Handbook by Alexander Hamilton Institute,1998 First edition
- ▣ [http://www.tbs-sct.gc.ca/pubs\\_pol/dcgpubs/tbm\\_161/ep-pe1\\_e.asp](http://www.tbs-sct.gc.ca/pubs_pol/dcgpubs/tbm_161/ep-pe1_e.asp) as on 13/11/2k5 at 11:00 AM
- ▣ [http://www.odpm.gov.uk/stellent/groups/odpm\\_urbanpolicy/documents/page/odpm\\_urbpol\\_608055.hcsp](http://www.odpm.gov.uk/stellent/groups/odpm_urbanpolicy/documents/page/odpm_urbpol_608055.hcsp) 13/11/2k5 at 11:00 AM
- ▣ [www.laetusinpraesens.org/musings/orgeval.php](http://www.laetusinpraesens.org/musings/orgeval.php) 13/11/2k5 at 13:00 PM



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These are the sources and references which you may find useful and they are like in any other course.

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The screenshot shows a Windows XP desktop with a file explorer window open to a folder named 'VSG Modified'. The window displays a list of PowerPoint files with columns for Name, Date modified, and Type. The files listed are:

Name	Date modified	Type
Lec1 Introduction to Organization Management, Nature, Scope.ppt	10-08-2010 12:58	Microsoft Office PowerPoint 97-2003 Presentation
Lec2 Legacy Factors and Organizational Growth.ppt	17-08-2010 13:29	Microsoft Office PowerPoint 97-2003 Presentation
Lec3 theory schools of thought framework of analysis.ppt	25-08-2010 17:03	Microsoft Office PowerPoint 97-2003 Presentation
Lec4 Systems and Contingency app techniques of org diagnosis.ppt	12-08-2010 14:36	Microsoft Office PowerPoint 97-2003 Presentation
Lec5 structure nature consequences.ppt	07-09-2010 13:53	Microsoft Office PowerPoint 97-2003 Presentation
Lec6 Socio Cultural Dimension of Work & Behaviour.ppt	14-09-2010 14:01	Microsoft Office PowerPoint 97-2003 Presentation
Lec7 Environment Culture Structure Style.ppt	21-09-2010 13:58	Microsoft Office PowerPoint 97-2003 Presentation
Lec8 Change and Development in Organisations.ppt	29-09-2010 13:22	Microsoft Office PowerPoint 97-2003 Presentation
Lec12 Environment and Organizational Growth.ppt	27-10-2010 11:11	Microsoft Office PowerPoint 97-2003 Presentation
Lec14 Org Interdependence.ppt	14-11-2010 14:02	Microsoft Office PowerPoint 97-2003 Presentation
Lec-9 Interventions and organisation development.ppt	15-10-2010 13:49	Microsoft Office PowerPoint 97-2003 Presentation
Lec-10 Stabilizing Change MBO.ppt	20-10-2010 13:50	Microsoft Office PowerPoint 97-2003 Presentation
Lec-11 Organization Processes.ppt	26-10-2010 11:32	Microsoft Office PowerPoint 97-2003 Presentation
Lec 13 Mechanisation Automation Computerisation.ppt	27-10-2010 11:15	Microsoft Office PowerPoint 97-2003 Presentation
Lec 15 Evaluating Organisations.ppt	16-11-2010 13:47	Microsoft Office PowerPoint 97-2003 Presentation
Mechanisation Automation Computerisation - Copy.ppt	26-10-2010 14:10	Microsoft Office PowerPoint 97-2003 Presentation
Mechanisation Automation Computerisation - Copy FINAL.ppt	14-11-2010 10:25	Microsoft Office PowerPoint 97-2003 Presentation

To conclude then, what we have done under the Performance Appraisal System is by no means exhaustive. It could not be exhaustive for the simple reason that by definition, the nature of the discourse has been to give you an introduction, to take you into the by-lanes not by way of making you an expert; but helping you to understand what is essentially, an introduction to how this domain works. We began by talking about the introduction to

organizational management - nature and scope; then we went to the legacy factors and organizational growth; we moved onto the theories and schools of thought and framework of analysis; systems and contingency approach; structure, nature and consequences of organization structure; socio cultural dimensions of work and behavior; environment culture and style; change and development in organizations; interventions and organization development; stabilizing change and MBO; organization structure and processes; environment and organizational growth; mechanization, automation and computerization; organizational interdependence and finally evaluation of organizations.

In walking you through all these, the attempt has been to make sure that you as a practicing professional, irrespective of what profession you come from are able to look at an organization. If you are required, you enter an organization, you are able to understand how it works to the extent that it affects you, you are able to appreciate what you do, **gets to be used in what manner**, you also get to see what you use a result of some other peoples effort, you see a part of the larger teamwork and at the end of the day, you look at the critical elements which will help you to be more effective, which will help you to be more finely tuned in and which will help you, above all, to have power to improve your workstation. You may or may not get promoted, you may or may not have advance skills which will be needed day after tomorrow; but one thing, you can always do is - in the decision spaces available to you, use your discussion positively and constructively for a purpose which takes the functioning of the organization forward.

Remember, this is a course beamed at people who are either taking care of managerial responsibilities or aspiring to take care of the managerial responsibilities. Therefore, in each case, there is a space in which he will or she will exercise his discretion. This space is best understood in the form of two concentric circles. The inner circle is determined by rules and regulations of the organization; he cannot violate that. The outer circle is determined by the popular opinion and the general will, if you violate that, then you have organizational turbulence. But between these two circles, he is pretty much the king to do what he wants and do it for the good of the organization. It is this ability to use your judgment and discretion positively and correctly, constructively which makes the job of handling managerial situations and exercising managerial capabilities such a fruitful and satisfying one, which is, perhaps one of the essence of any professional's life. I hope you enjoy practicing and taking forward on this course as attempted to share with you.

Thank you very much.

God bless.