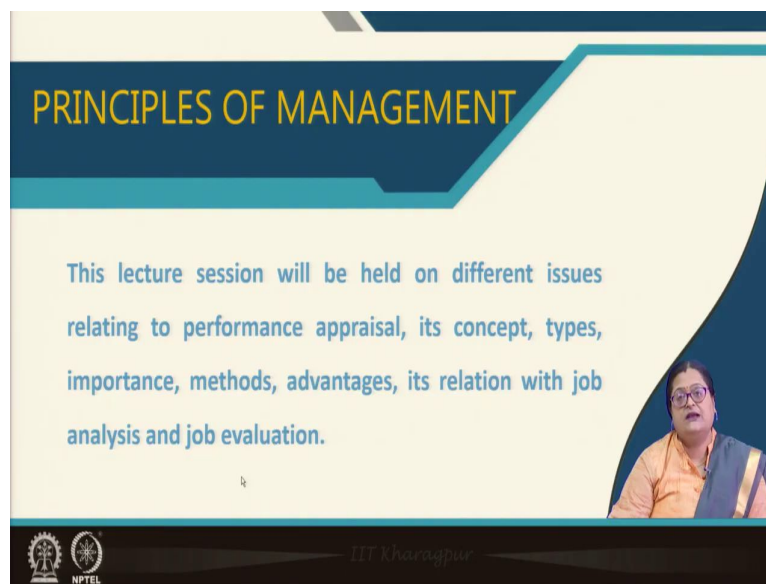


Principles of Management
Prof. Susmita Mukhopadhyay
Vinod Gupta School of Management
Indian Institute of Technology, Kharagpur

Module – 07
Lecture – 34
Performance Appraisal

Welcome to the module 7 on Performance Appraisal. In let us see what we will discuss in this lecture.

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This lecture session will be held on different issues related to performance appraisal, its concepts, types, importance, methods, advantages, its relation with job analysis and job evaluation. But, before we go on to the concept of performance appraisal and discuss the different types of performance appraisal, it is techniques importance and other things; we will begin discussion with high performance work system and performance management.

Because without understanding these two things and the importance of these two things for the efficient functioning of the organization, and the success of the organization. And, how it depends on the people's performance also it will be very difficult to appreciate the role of performance appraisal. So, in this session we will first discuss about high performance work system and performance management, and then we will link these two concepts to the

performance appraisal and move forward with the detailed discussion of performance appraisal and various aspects of it.

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High Performance Work System (HPWS)

High Performance Works System -

- A specific combination of HR Practices, work structures and processes that maximizes employee skill, knowledge, commitment and flexibility.
- Systems composed of many interrelated parts that complements one another to reach the goals of an organisations, large or small

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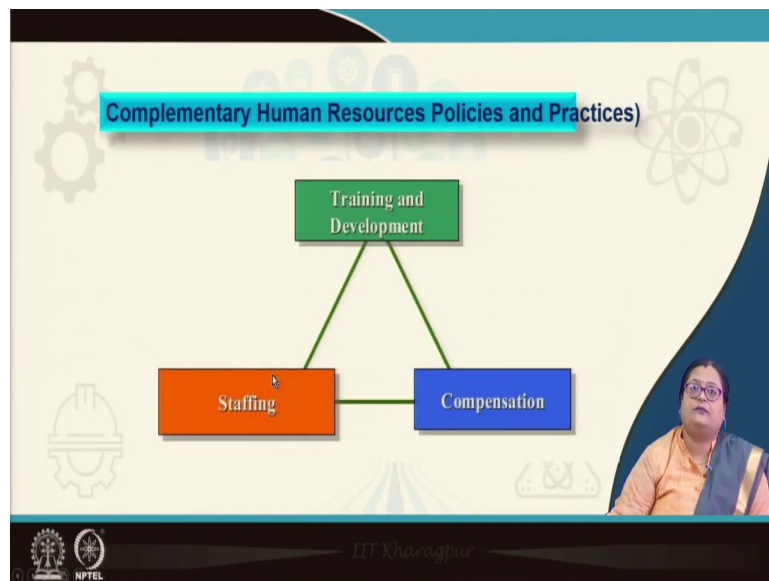
So, let us begin. Now, what is high performance work systems? High performance work system is a specific combination of HR practices, work structures and processes that maximizes employee's skill, knowledge, commitment and flexibility. It is a system which is composed of many interrelated parts that complement one another to reach the goals of the organization, whether it is large or small.

So, from this definition you can understand when you are talking of high-performance work system, we are talking of interrelated parts of subsystems, who complement each other's functions and work together to reach an objectives or organizational goals?

For any kind of organization whether it is a large organization or a small organization, it talks of alignment of the internal, we talk of it as internal fit and an external fit. Also, it is a combination of different HR practices and then processes in the organization, the organizational structure itself which helps to maximize the employee skill knowledge commitment and flexibility. Why we are discussing this first before we are discussing performance appraisal, because when we will be discussing performance appraisal first, we will need to understand what is performance.

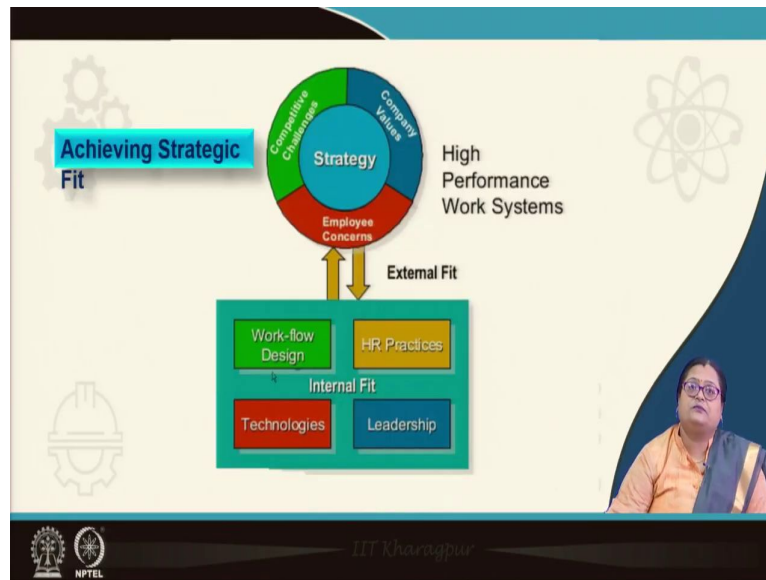
And, the performance of employees will definitely depend on the employee skill, knowledge, commitment and flexibility to adjust within the organizational systems and a high-performance work system, facilitates these employees flourishing within the organization in terms of skills knowledge commitment and getting flexibility.

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So, if we can diagrammatically try to represent it what we see like, high performance work system is a complementary human resource policies and practices, where we see staffing training and development compensation. All these three factors are very well linked with each other and each of the function is affecting the other function.

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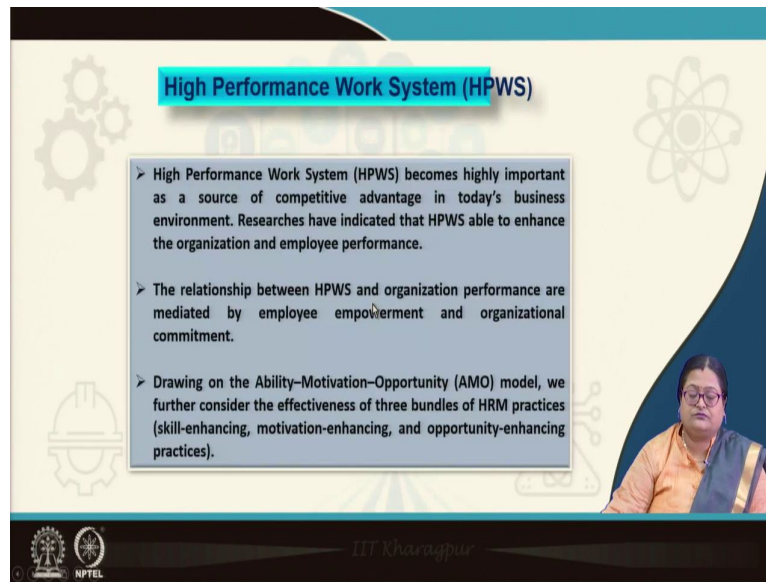


Here as we are discussing for high performance work system, it is very important of to achieve a strategic fit. We can achieve a strategic fit, if there is the we take up a strategy, which talks of meeting up the competitive challenges, then there is a set of corporate values and there are employee concerns. All these things will revolve the strategy, will affect the strategy, and the strategy will be designed to like answer all these areas.

And, these this is determined by the external environment in which the organization is functioning. This is going to affect the when you talk of the internal fate of the organization, within the organization is if you can see the workflow design, how the work is defined like, how workflow like, which department is like, gives the work to the other department and how they are connected with each other? What are the HR practices, what are the leadership and what are the technologies? When these all these are linked to each other this is called internal fit.

So, when there is an internal proper internal fit, it will help to achieve an external fit. And, when there is a proper external fit it is definitely going to affect the internal fit also. So, when we have a well-balanced system of internal fit and external fit. And, each is mutually affecting in developing the other, then we call it achieving a strategic fit. And, in high performance work system we want to achieve this balance of external fit and internal fit.

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The slide is titled "High Performance Work System (HPWS)" in a blue box at the top. It features three bullet points in a grey box: 1. HPWS is important for competitive advantage and enhances performance. 2. The relationship between HPWS and performance is mediated by employee empowerment and organizational commitment. 3. Drawing on the AMO model, HRM practices (skill-enhancing, motivation-enhancing, and opportunity-enhancing) are considered. A presenter is visible in the bottom right corner, and the NPTEL logo is in the bottom left.

- High Performance Work System (HPWS) becomes highly important as a source of competitive advantage in today's business environment. Researches have indicated that HPWS able to enhance the organization and employee performance.
- The relationship between HPWS and organization performance are mediated by employee empowerment and organizational commitment.
- Drawing on the Ability–Motivation–Opportunity (AMO) model, we further consider the effectiveness of three bundles of HRM practices (skill-enhancing, motivation-enhancing, and opportunity-enhancing practices).

Now, high performance work system it becomes very important as a source of competitive advantage in today's business environment. Researches have indicated that high performance work system will able to enhance the employee as well as the organizations performance.

The relationship between high performance work system and organizational performance are mediated by employee empowerment and organizational commitment, this is a very important point to remember. We may design a high-performance work system and we expect that there will be an improvement in the organizational performance.

But this link is mediated by employee's empowerment and organizational commitment. So, whether the employee gets committed to the organization, whether the employee is empowered to take certain decisions or not, these will definitely mediate the relationship between whether or designing a high-performance work system will lead to the improvement in organizational performance.

So, drawing on the ability motivation and opportunity model, which we call the AMO model, we further consider that the effectiveness of three bundles of HRM practices, which we call skill enhancing, motivation enhancing and opportunity enhancing practices. So, we see like employee empowerment and organizational commitment are important mediators in the relationship of how the work perform high performance work system will lead to organizational performance?

So, these employee empowerment and organizational commitment can be nurtured, can be cultivated in the organization, if we are following this ability motivation opportunity model, which we consider the effectiveness of these three bundles of HRM practices, which is called skill enhancing motivation enhancing and opportunity enhancing practices.

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FIVE LEAD ROLES FOR MANAGERS

The manager-led development activities that impact employee performance fall into five basic roles

1. Performance and Development Strategist

This role consists of activities that ensure employees know performance evaluation criteria, have development plans, and acquire needed knowledge and skills.

Activity & Impact

Explain Performance Evaluation Standards	19.8%
Create Individual Development Plans (IDPs)	12.0%
Ensure Necessary Skills/Knowledge	6.7%

12.8%

Planning

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So, this is will be an important link to the five lead roles for a manager that they have in the organization. So, what we see, when we are talking of performance management and development. So, the first important role for the man that the manager plays are that of planning the performance and the function as the performance and the development strategist.

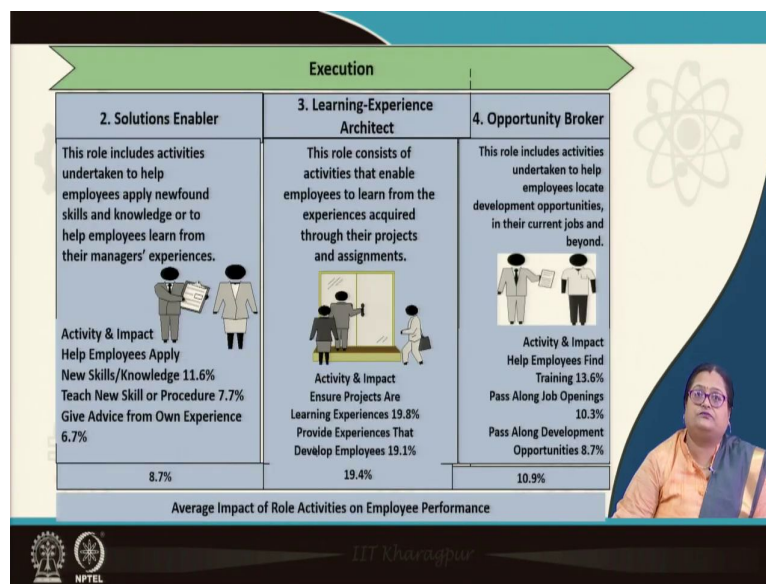
So, this role which as a performance and development strategies consists of activities like that, ensures like the employee knows about their performance evaluation criteria have a developmental plan and can acquire required knowledge and skills.

So, it is very important before we discuss on the performance appraisal to know about performance the nature of performance the managers, role in performance management, and performance appraisal is really a very one of the subsets of performance management. So, the first role of the manager as a performance and development strategist is to ensure, that the employees really know what they are expected to performing the organization like, and how they will be evaluated?

If, I do not know the criteria based on which the evaluation will be done for me, it will be very difficult to prepare myself for those evaluations and criteria and get to understand, whether I am doing well or not as per that criteria. So, it is very important that the employee knows about the performance evaluation criteria, they have development plans and acquire the needed knowledge and skills.

So, what the manager has to do is to explain the performance evaluation standards to the employees, then create individual development plans, and ensure necessary skills and knowledge are imparted to the employee. So, these covers mostly 12.8 percent of the role of the total 5 lead roles.

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Next after planning is the execution in execution. You see that the manager can or the leader can play three important roles. First is that of the solution enabler.

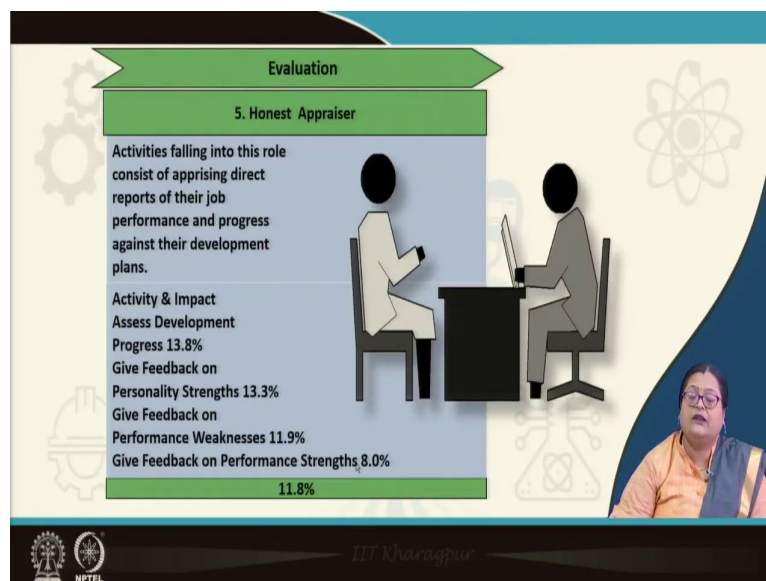
So, it is in this active role it includes the activities of undertaking to help the employees to apply newfound skills and knowledge to the like expected work or to help employees learn from their managers experience so, that is very important. So, the role of the manager is mainly that of the facilitator who helps the employee to either learn from the manager's experience or learn by applying the newly found knowledge and skills that the employee may have developed to practice it and get the feedback from it.

Learning experience architect; so, these roles consist of activities that enable the employees to learn from experiences, acquired during their projects and assignments. So, here the important role for the manager is to see, like the projects that are given to the employees bring some learning experiences to them. And, those experiences really enrich the employee and leads to his or her development.

Fourth role is that of the opportunity broker. So, this role includes the activities undertaken the employees to help to locate, wherever are the development opportunities in their current jobs and between.

So, it is helping employees to find training pass along job openings and development opportunities. So, again you see this learning helping as the learning architect takes about 19.4 percent of the role an opportunity broker as 10.9 percent of the role of the manager.

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And, last comes the role of the honest appraiser, which is the 11.8 percent of the role. So, which this role consists of appraising direct reports of the job performance and progress against their development plans.

So, it assesses development progress gives feedback on the personal strengths and weaknesses and tells like what are how those things can be corrected? How what training that the person should take so when and so forth. So, all the 5 out of all the 5 roles as you see that the manager has to play, it is more of a hand holding support, it is more of a mentor a coach,

who is going to who guides the person about the expected performance, then his or her present level of development, what more the person has to develop? So, that the person can reach to the expected level of performance, where from he will get those learning opportunities.

How he can learn from observing the mentor, how he or she is solving the problem? So, it is like a coach or mentor the leader the manager is always hand holding the employee to become a better employee as in terms of performance and as per his or her growth as a person in as a performer. And, one of the roles is of course, that of appraiser where he gives an on, he or she gives an honest feedback, about the employee about the status of development the person is in and what more the he needs to do to develop oneself to the expected level?

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Principle of High Performance Work System (HPWS)

The Principle of Performance-Reward Linkage -

- > It is important to align employee and organisational goals. When rewards are connected to performance employees will naturally pursue outcomes that are mutually beneficial to themselves and the organisation

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So, the principles of high-performance work system are to link the performance with the reward. So, it is important to align employee and organizational goals. So, when rewards are connected to employee's performance employee will naturally pursue the outcomes that are mutually beneficial to themselves and to the organization, but to connect reward to performance, it is very important to know, what is expected of the employee in terms of performance, which will be seen in the next upcoming slides.

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The slide features a light yellow background with faint icons of gears, a lightbulb, and a network diagram. A blue header box contains the title. A larger blue box contains two bullet points. In the bottom right corner, there is a small video inset showing a woman with glasses and a blue vest over an orange shirt. The bottom of the slide has a dark blue footer with the IIT Kharagpur logo and the NPTEL logo on the left, and the text 'IIT Kharagpur' and the number '11' on the right.

What do we mean by performance management?

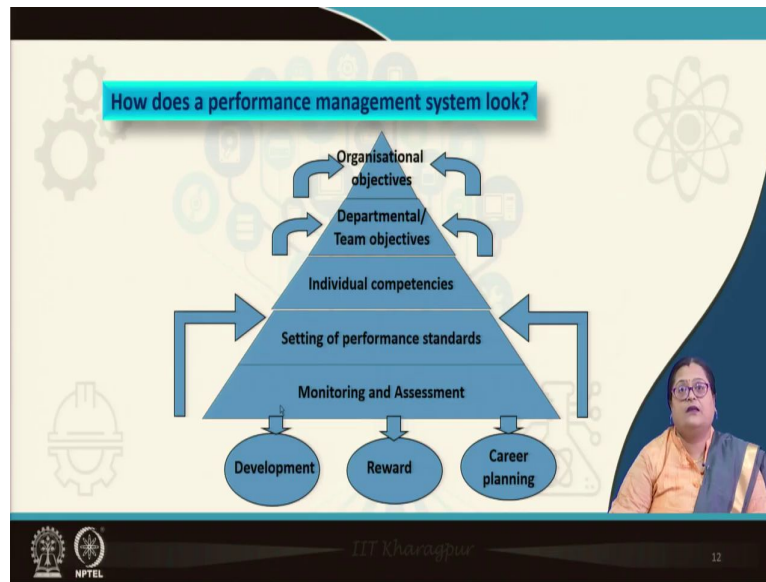
- 'The policies, procedures and practices that focus on employee performance as a means of fulfilling organisational goals and objectives' (Lowry (2002) in Marchington and Wilkinson (2005))
- 'Establishing a framework in which performance by individuals can be directed, monitored, evaluated and rewarded, and whereby the links in the cycle can be audited' (Mabey and Salaman (1995) in Torrington et al (2005))

In this line itself, because we are discussing on performance and the managers role in like helping the person to get the requisite knowledge, skilled and development and learning and training opportunities.

What we see we are talking here about a bigger picture, which is not only of evaluating the person per se the employee per se, but helping him to know what is expected of him and how to perform and how to develop oneself and also to check to get a feedback like whether he has been able to perform well or not. This whole process is called performance management. So, how it is defined is it is the policies procedures and practices that focus on employee performance as a means of fulfilling organizational goals and objectives.

It is 'establishing a framework in which performance by individual can be directed, monitored, and evaluated and rewarded, and whereby the links in the cycle can be audited'. So, it is very important like whatever you are doing you are taking a feedback at each and every step you are seeing like whether you are meeting an expected criterion or not. So, the this or being audited is a very important term, where you are putting your checks on each of the steps to see, how far you have been able to meet the expected outcome?

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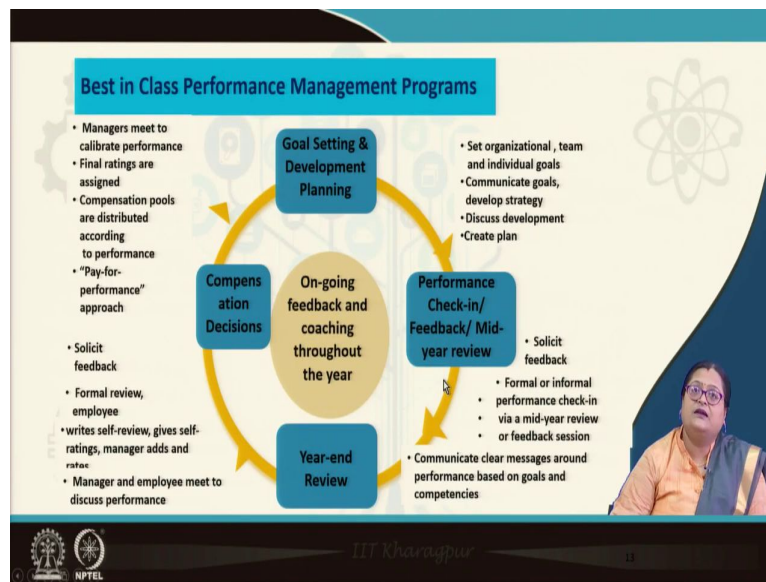


How does a performance management system look like is where you see it is; obviously, connected to the top you will find the organizational objectives. The organizational objectives are connected to the departmental and team objectives, which are connected to the individual competencies.

And, this is connected to the setting up of performance standards, monitoring and assessment and that is leading to development reward and career planning. Which is again giving a feedback on setting up the performance standards department this individual competency will definitely affect the departmental team objectives, that the departmental and team objectives are going to affect the organizational objectives.

So, what you see? First it is very important to define the organizational objectives and in a cascading manner it is very important to link the individual performance with the organizational performance and then to see how it can be motivated enhanced rewarded through this development reward and career planning, which will help to enhance the performance again and meet the standards. So, this whole process is called the performance management system.

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If, we have to look into the best type of performance management system which is their; which is one of the key points of it is the ongoing feedback and coaching throughout the year. It is not a onetime activity it is a continuous activity of goal setting development and planning, performance check ins and feedback that is a midyear review year end review and compensation and decisions.

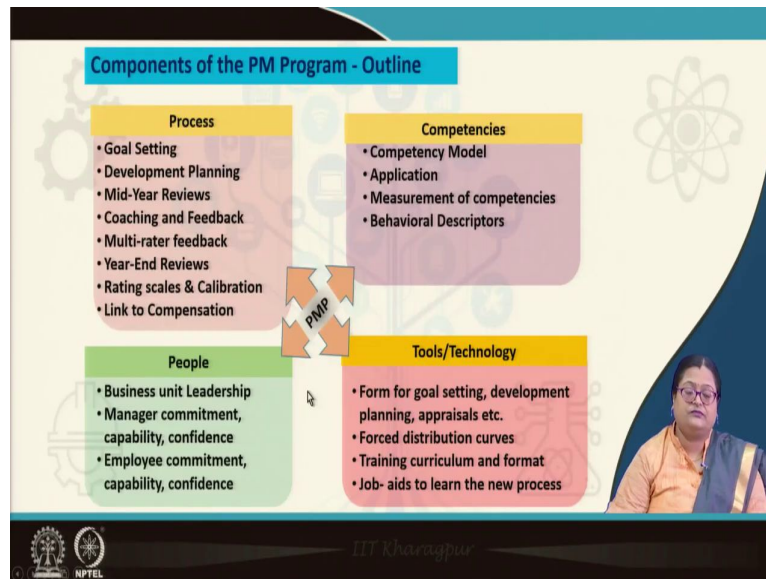
So, in goal setting what is done? The organizational and team goals individual goals are decided their goals are communicated and then strategy is developed and the creator development plan. So, in performance feedback, the feedback is solicited formal and informal, performance check is takes place where midyear review and feedback are given, and come it is given in clear messages to understand like the how the goal is connected to the competencies of the individual?

Again, in the year in feedback the employee writes self review gives self rating and the managers add their ratings and meet to discuss the performance. At the end when these final ratings are calibrated then it is leading to the performance and it is linking the pay to the performance and you get the reward for it.

So, this process whenever you are taking your feedback and checking in like whether you are performing well or not, whether the employee is giving a fair self review feedback these are processes which we call performance appraisal. And, this whole process of planning then doing this midyear review year end review connecting it with the compensation decisions and

giving ongoing feedback and coaching throughout the year, the whole process is called the performance management program.

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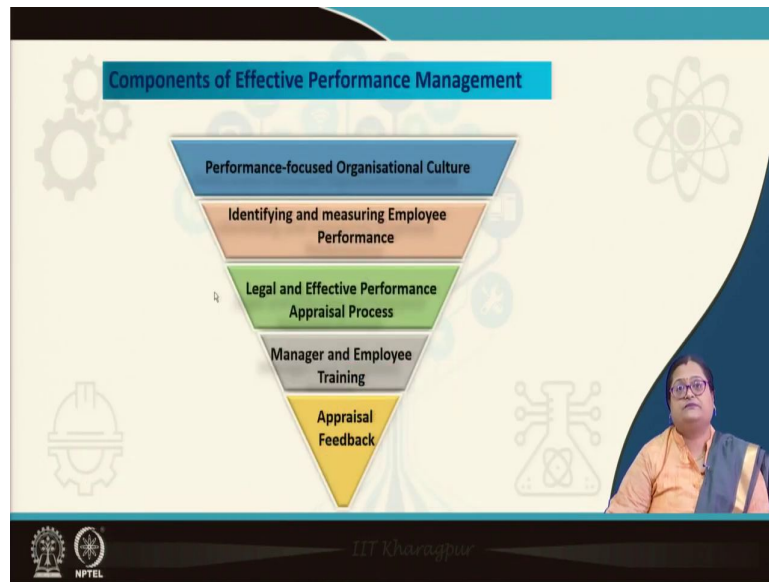


So, what are the main components of the performance management program is the process is goal setting development planning, midyear review, coaching and feedback, multi rater feedback, year-end review rating skills and calibration, link to compensation. Here we have to depend on the competency model of the individuals, then the application of these things then behavioral descriptions measurement of the competencies.

Then, we have to understand what are the tools and technologies over here is you have to develop goal setting development planning appraisal for these forms need to be there. There should be force distribution curves and then training curriculum and format, then how to understand the jobs and how to understand the new processes? And, the for the people, there is a business unit leadership and managerial commitment to the capacity development confidence and employee commitment to the capacity development and confidence building.

So, these are the components of the performance management program. So, out of this what you can see performance appraisal is embedded in terms of writing skills and calibration etcetera, but this is a very small part of the whole activity, but very important part where you are evaluating, whether the person has been able to reach the expectations that was there regarding the performance.

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The components of effective performance management system will find performance focused organizational culture, identifying and measuring employee performance, legal and effective performance appraisal processes, manager and employee training and appraisal feedback. So, here you will see again giving appraisal feedback and then effective appraisal processes, these are embedded important parts of performance management.

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The slide is titled 'Identifying and measuring Employee Performance'. It contains two main sections: 'Performance' and 'Job Criteria'. The 'Performance' section lists several metrics: Quantity of output, Quality of output, Timeliness of output, Presence at work, and Cooperativeness. The 'Job Criteria' section lists 'Important elements in a given job' and provides a table of 'Management Job Criteria as Sample Firm' with their respective weights.

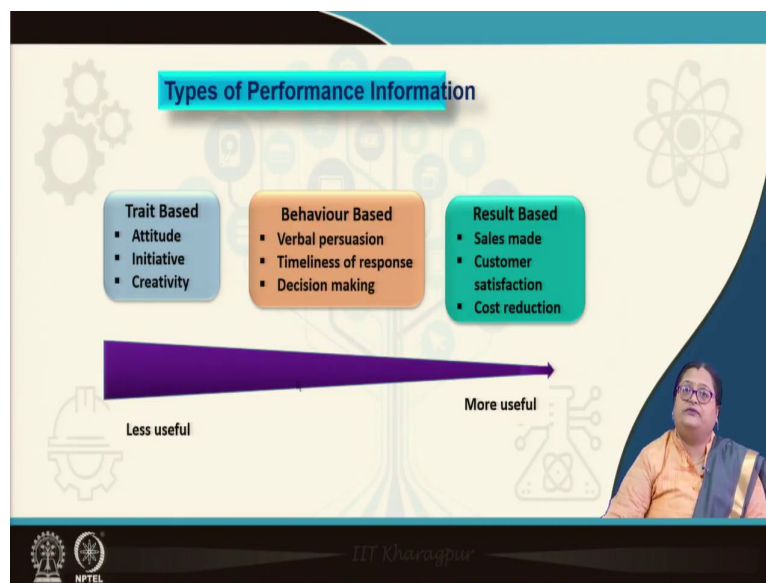
Management Job Criteria as Sample Firm	Weight
Revenue increased	40%
Cost control	30%
Employee development	30%
Total Management Performance	100%

Now, what is we are talking many times about performance, but how to define performance. Performance is what an employee does and what he does not? So, such is that it is measured

in terms of quantity of output, quality of output, timeliness of the output, presence at work and cooperativeness.

So, it is one of the ways to define it is the job criteria or the important elements in the given job and like how that person or the like, how may revenue has increased or not whether cost control was there or not how much was spent in employee development and that will define whether management has performed well or not? So, this is an example of a sample firm.

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Now, we seek many types of information when you are trying to evaluate performance, but we have to understand it is very clearly like, what is expected of us. So, there can be three types of performance information; one is trait based, which is the persons specific to the person is what is the attitude of the person, whether the person has taken any initiative or not have that person shown any creativity or not?

Then, behavioral based where you find, whether there is a verbal persuasion, whether the person has responded timely or not, whether the person is able to contribute in decision making or not. Most observable thing, which is important the result based is like the whether it is like what is the actual sales made, what is the customer satisfaction, what are the cost reduction these are observable results? And, these are most more useful while you are measuring the performance.

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The slide is titled "Performance Standards" and contains the following content:

- Performance Standards
 - Expected level of performance
 - ❖ Benchmarks, goals and targets
 - Characteristics of well-defined standards
 - ❖ Realistic
 - ❖ Measurable
 - ❖ Clearly understood

Job creation: Keep current on supplier technology.

Performance standards: 1. every four months, invite suppliers to make presentation of newest technology. 2. Visit supplier plants twice a year. 3. Attend trade shows quarterly

Job creation: Do price or cost analysis as appropriate

Performance standard: Performance is acceptable when employee follows all requirements of the procedure, 'Price and Cost Analysis'.

The slide also features a small inset image of a woman in the bottom right corner and logos for IIT Kharagpur and NPTEL at the bottom.

So, what you find your expected performance standards or it is performance standards are expected levels of performance in terms of benchmarks goals and targets. Characteristics of well-defined targets are they should be realistic they should be measurable and clearly understood.

So, what we see over here is when you are talking of an example of keep current on supplier technology. So, what you find over here like every 4 months, you have to invite a supplier to make a presentation, then visit supplier plans twice a year attend trade show regularly.

So, these are like what are the expected activities that you need to do, when you are going to like keep current on supplier technology. So, the job that has been defined has been like, broken down into important activities that the person needs to do. So, that he can achieve this activity properly this job properly.

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Difference between Performance Management and Performance Appraisal

Performance Management	Performance Appraisal
➤ Processes used to identify, encourage, measure, evaluate, improve and reward to the employee performance.	➤ The process of evaluating how well employees perform their jobs and then communicating that information to the employee

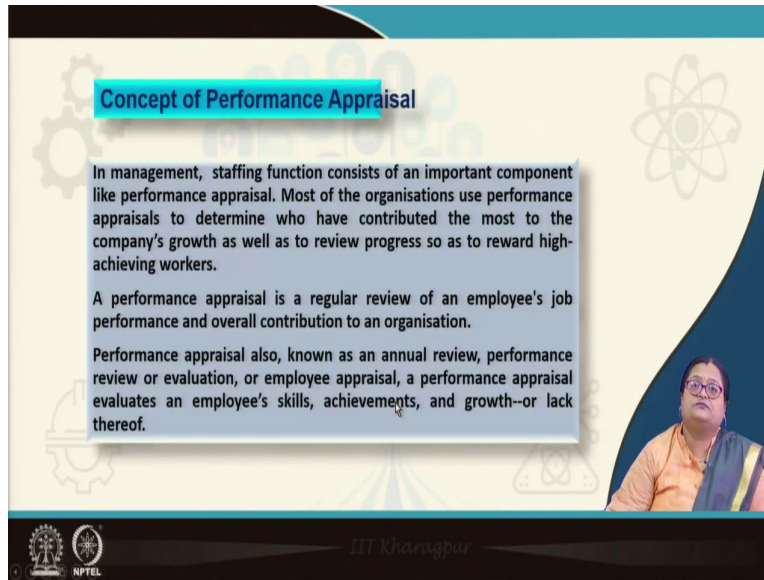
Performance Management → Performance Appraisals → Performance Feedback → Performance Rewards and Development

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Now, we have to understand, what is the difference between performance management and performance appraisal? Performance management is the process used to identify encourage, measure, evaluate, improve and reward to the employee performance.

Whereas, performance appraisal is the process of evaluating how well employees perform their job? And, then communicate that information to the employee. So, what you see performance appraisal is one of the sub processes of performance management, where which is a whole process, which connects performance management to performance appraisal then feedback and performance and reward development.

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Concept of Performance Appraisal

In management, staffing function consists of an important component like performance appraisal. Most of the organisations use performance appraisals to determine who have contributed the most to the company's growth as well as to review progress so as to reward high-achieving workers.

A performance appraisal is a regular review of an employee's job performance and overall contribution to an organisation.

Performance appraisal also, known as an annual review, performance review or evaluation, or employee appraisal, a performance appraisal evaluates an employee's skills, achievements, and growth--or lack thereof.

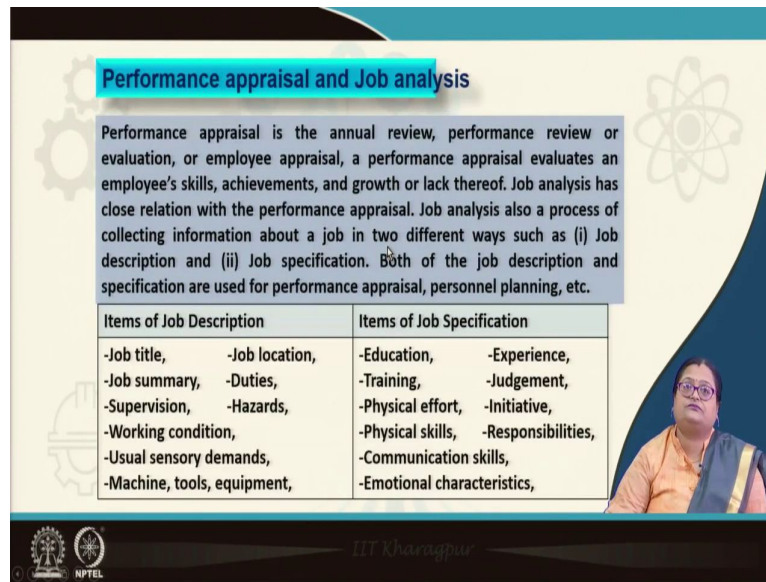
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Then, what is performance appraisal? Aid management whenever you are talking of staffing functions one of the important functions is definitely is that component of staffing is performance appraisal.

So, it is used to determine who have contributed the most to the company's strength and to reward the person based on the high achieving workers. So, it is a regular review of the employee's job performance and overall contribution to the organization. It is also known as annual reviews evaluation or employee appraisal, a performance appraisal, evaluates an employee skills, achievements and growth or lack of any abilities thereof.

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Performance appraisal and Job analysis

Performance appraisal is the annual review, performance review or evaluation, or employee appraisal, a performance appraisal evaluates an employee's skills, achievements, and growth or lack thereof. Job analysis has close relation with the performance appraisal. Job analysis also a process of collecting information about a job in two different ways such as (i) Job description and (ii) Job specification. Both of the job description and specification are used for performance appraisal, personnel planning, etc.

Items of Job Description	Items of Job Specification		
-Job title,	-Job location,	-Education,	-Experience,
-Job summary,	-Duties,	-Training,	-Judgement,
-Supervision,	-Hazards,	-Physical effort,	-Initiative,
-Working condition,		-Physical skills,	-Responsibilities,
-Usual sensory demands,		-Communication skills,	
-Machine, tools, equipment,		-Emotional characteristics,	

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There is a definite link between like performance appraisal and job analysis. So, when we talk of performance appraisal, it is the annual review performance review or evaluation or employee appraisal.

A performance appraisal evaluates an employee skills achievements and growth or lack thereof. Job analysis has close relation with the performance appraisal. Job analysis is a process of collecting information about a job in two different ways, such as job description and job specification.

Both the job description and job specification are used for performance appraisal, personnel planning etcetera. So, what are the elements of job description? It is the job title, job location, job summary, duties, supervision, hazards conditions, like, sensory demands, machine tools equipments etcetera.

In terms of job specification, it is the required qualifications, required qualities in terms of education, experience, training, judgment, physical effort, initiatives physical skills, responsibilities, communication skills, emotional characteristics, required by the employee to perform this job well.

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Process of Job analysis

There are five important stages through which Job analysis is done. Such as-

- Selection of job for analysis within the organisation
- Gathering information/Data collection
- Processing information/Data compilation
- Job description
- Job specification

Job analysis specifies the tasks and duties and the qualifications expected from prospective jobholders to hire right number in right types to fill the job

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The processes of job analysis are to selection of the job for analysis gathering information and data collection, processing of information, then job description, and job specification. So, job analysis actually specifies the tasks and duties and the qualification required from the prospective job holders to hire the right number and right type of people and fill the job. And to understand what are expected in terms of performance? Or the qualities expected of a performer.

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Performance appraisal and Job evaluation

One of the task of performance appraisal is the evaluation, or a performance appraisal evaluates an employee's skills, achievements, and growth or lack. Job evaluation is also a process of analysing and assessing the various jobs systematically to ascertain their relative worth in the organisations. The distinctions between two are as follows:

Job evaluation	Performance appraisal
Job is rated keeping such factors required for performance	Employee is rated on the basis of his/her performance
Job rated before the employee is appointed	It takes place after the employee has been placed for job
Purpose is to set satisfactory wage differentiation	Purpose is to effect career development, lay off, transfer
Not so compulsory	It is done regularly for all

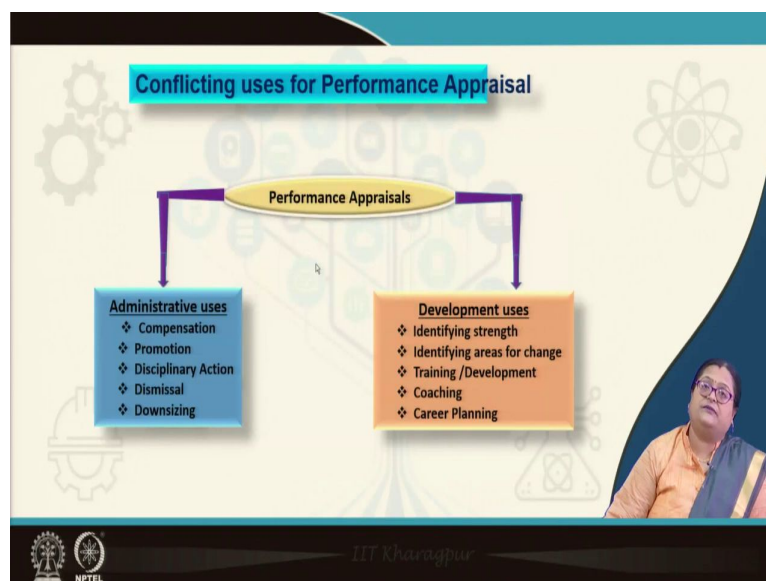
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Performance appraisal is also linked with job evaluation. So, one of the functions of performance appraisal is the evaluation or a performance appraisal, evaluates employee's skills achievements growth and lack, lack of it. Job evaluation is also a process of analysing and assessing the various jobs systematically to ascertain their relative worth in the organization. What is the distinction between these two concepts are in job evaluation, job is rated keeping, such factors required for performance? In performance appraisal the employee is rated based on his or her performance.

In job evaluation, the job is rated before the employee is appointed. In performance appraisal it takes place after the employee has been placed for job. In job evaluation the purpose is to set satisfactory wage differentiation. In performance appraisal purpose is to effect carrier development layoff and transfer.

Job evaluation is not so compulsory, but in performance appraisal it is done regularly. Job evaluation gets linked to performance appraisal, whenever we are talking of pay for performance. So, the job evaluation helps you to understand the worth the value of the job and the what will be the salary or compensation structure. So, that a particular nature of performance can be directly linked to the desirable compensation at that particular based on the demands of the job which are there.

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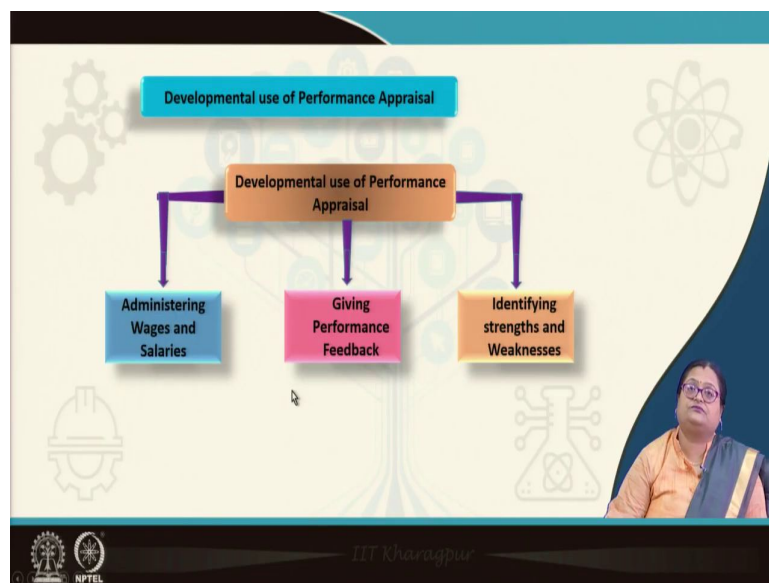
There could be conflicting use of performance appraisal. So, in administrative uses of performance appraisal, or compensation, promotion, disciplinary action, dismissal, and

downsizing. The development uses of performance appraisal are identifying the strength and identifying areas for change, training development, coaching and career planning.

Generally, there is a negative connotation in the people's mind about performance appraisal, because they see it as a negative function, which is going to like punish a person or transfer a person and taking disciplinary action and people are generally scared about performance appraisal.

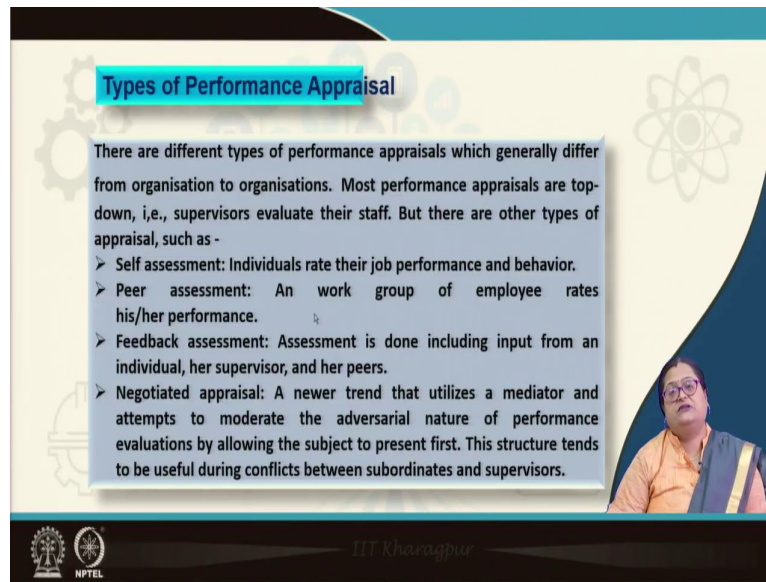
But there is a development concept also where we talk of if we see performance appraisal as a feedback taking mechanism of where you are presently and what you need to develop on, and how you can develop on it by acquiring more skills and competencies, then it has a positive connotation?

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The development use of performance appraisal is administering wages and salaries, getting performance feedback and identifying your strengths and weaknesses.

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Types of Performance Appraisal

There are different types of performance appraisals which generally differ from organisation to organisations. Most performance appraisals are top-down, i.e., supervisors evaluate their staff. But there are other types of appraisal, such as -

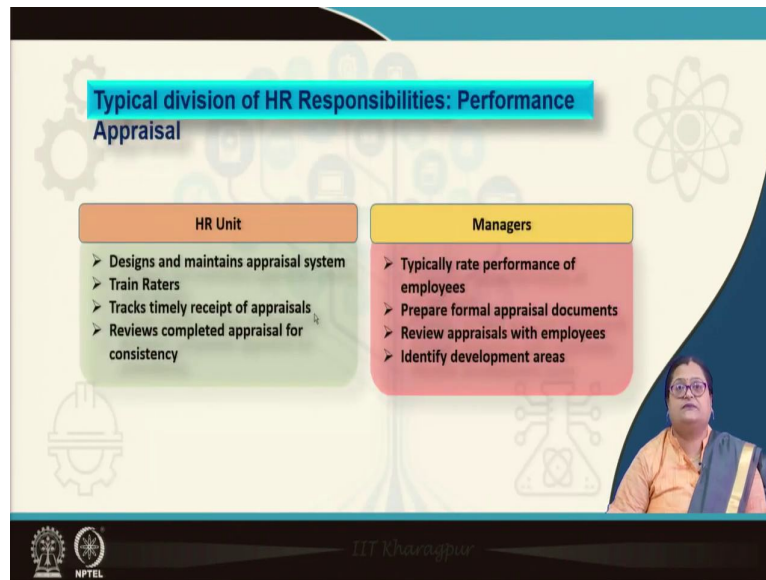
- Self assessment: Individuals rate their job performance and behavior.
- Peer assessment: An work group of employee rates his/her performance.
- Feedback assessment: Assessment is done including input from an individual, her supervisor, and her peers.
- Negotiated appraisal: A newer trend that utilizes a mediator and attempts to moderate the adversarial nature of performance evaluations by allowing the subject to present first. This structure tends to be useful during conflicts between subordinates and supervisors.

The slide also features a video inset of a woman in an orange shirt and glasses, and logos for IIT Kharagpur and NPTEL at the bottom.

There are various types of performance appraisal, but which were like generally done by the managers, to their supervisors, to their staff. But there could be other things like the self assessment, peer assessment, feedback assessment and negotiated appraisal all these things we will be again saying in revisiting it again.

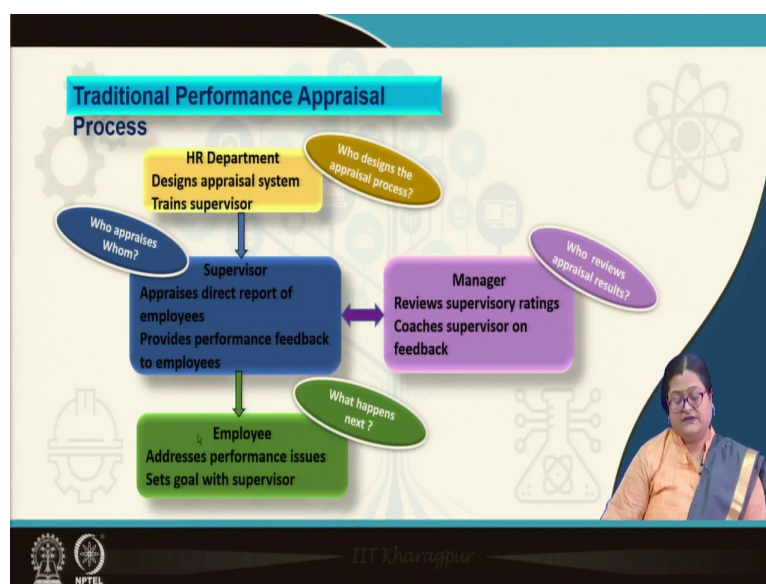
When you talk of self assessment, it is the individuals rate the job and behavior, in peer assessment a work group of employee rates his or her performance. In feedback assessment; assessment is done including input from an individual, her supervisor or her peers. And, in negotiated appraisal it utilizes a mediator and attempts to moderate the adversarial nature of performance evaluation by allowing the subject to present first. So, it needs to be used carefully while there is some conflict between the subordinate and supervisors.

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What are the typical responsibilities of HR towards performance appraisal are the HR unit designs and maintains appraisal system, the train the raters, and tracks timely receipt of appraisals, reviews completed appraisal for consistency? So, but the important role is also taken by the managers who typically rate performance of the employees, prepare formal appraisal documents and review appraisal with employees identify the development areas. So, it is both the HR unit and the management has to work hand in hand complimentary for the proper performance appraisal of a particular employee.

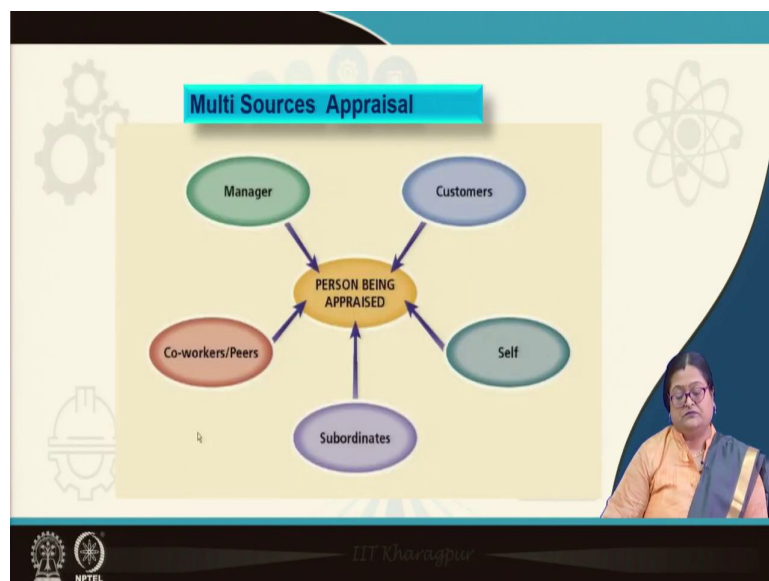
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So, the traditional performance appraisal processes the HR department, designs appraisal, and trains the supervisor. The supervisor who is in direct contact with the employees, appraises direct report of the employees, and provides performance feedback to employees, which is given to the managers. Who review the supervisory ratings coaches, supervisor on feedback and again mutually communicating back to the supervisor?

Then, the supervisor gets the feedback gives a feedback to the employee regarding the performance issues and they are along with the discussion with the supervisor. The goal is set for achieving target goal is set for achieving and how to like evaluate the person on those goals? It is jointly decided by the employee and the supervisor.

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What we can see over here, like the person being appraised is being appraised by multiple sources, this is called multi source appraisal, he is appraised by his who subordinates co workers is appraised by himself and customers and managers. And, each of these appraisals sometimes may be conflicting to one another and we need to be careful about it.

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Employee Rating of Managers

Advantages	Disadvantages
<ul style="list-style-type: none">➤ Helps in identifying competent managers.➤ Serves to make managers more responsive to employees.➤ Can contribute to the career development of managers.	<ul style="list-style-type: none">➤ Negative reactions by managers to employee ratings.➤ Subordinates' fear of reprisals may inhibit them from giving realistic (negative) ratings.➤ Ratings are useful only for self improvement purposes

Now, what is that of advantage and disadvantage of employee ratings of managers is it helps in an advantage is helps in identifying competent manager's, serves to make managers more responsive to employees and can contribute to the career development of managers.

Disadvantage is negative reaction by managers to employee ratings, subordinates their fear of reprisals may inhibit them from giving realistic feedback and ratings are usual, useful only for self improvement purposes.

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Team/Peer Rating

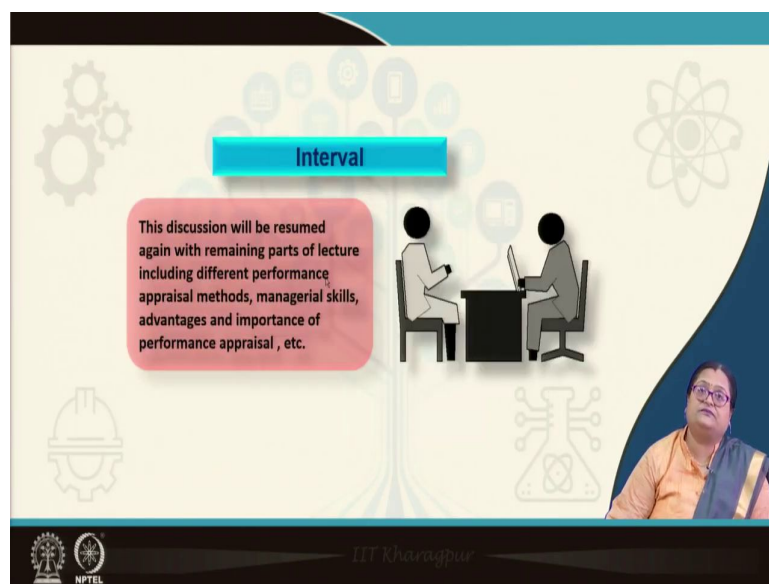
Advantages	Disadvantages
<ul style="list-style-type: none">➤ Helps improve the performances of lower rated individuals.➤ Peers have opportunity to observe other peers.➤ Peer appraisals focus on individual contributions to teamwork and team performance.	<ul style="list-style-type: none">➤ Can negatively affect working relationships.➤ Can create difficulties for managers in determining individual performance.➤ Organisational use of individual performance appraisals can hinder the development of teamwork.

What is the advantage and disadvantage of team rating is? Advantage is helps improve the performance of lower rated individuals, peers have opportunity to observe other peers, peer appraisals focus on individual contributions to teamwork and team performance. Disadvantages can adversely affect working relationship can create difficulties for managers in determining individual performance, because people are performing in teams, organizational use of individual performance appraisals can hinder the development of teamwork.

So, if you are focusing more on the team you do not have though scope maybe to observe the individuals, but again if you are using individual performance appraisal, then you do not get the scope of seeing the person embedded in a team and how that team is functioning in totality.

So, these are like in order to achieve one in a better way maybe you have to compromise on the other. So, these are the disadvantages of the team and peer rating.

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So, we will continue with this discussion in the next session, where we are going to discuss on the different performance appraisal methods, managerial skills, advantages and importance of performance appraisals, etcetera, stay tuned for the next lecture.

Thank you.