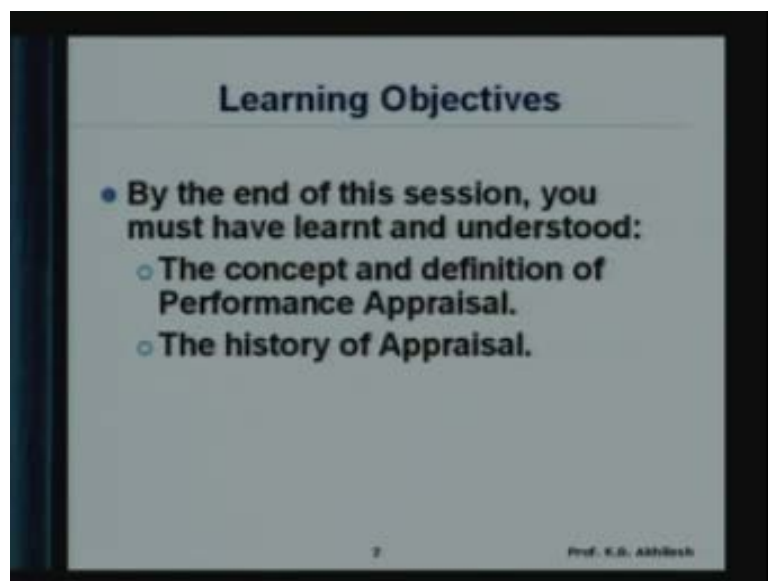


**Concept of Management and Evolution of Management Thought**  
**Prof. K. B. Akhilesh**  
**Department of Management Studies**  
**Indian Institute of Science, Bangalore**

**Lecture - 22**  
**Performance Appraisal - I**

Hello, so far we have discussed about various functions of management, scope of the activities issues relating to social responsibility, ethics and we started discussing you know discussing about the human resource functions, in that we took a overview of all the HR functions and then discussed about the recruitment selection and various selection methods and today we will talk about another important area is the performance appraisal. In performance appraisal, one can see how the individual needs and the organizational requirements are matched and the concern is to integrate the individual with the organization that being the central theme.

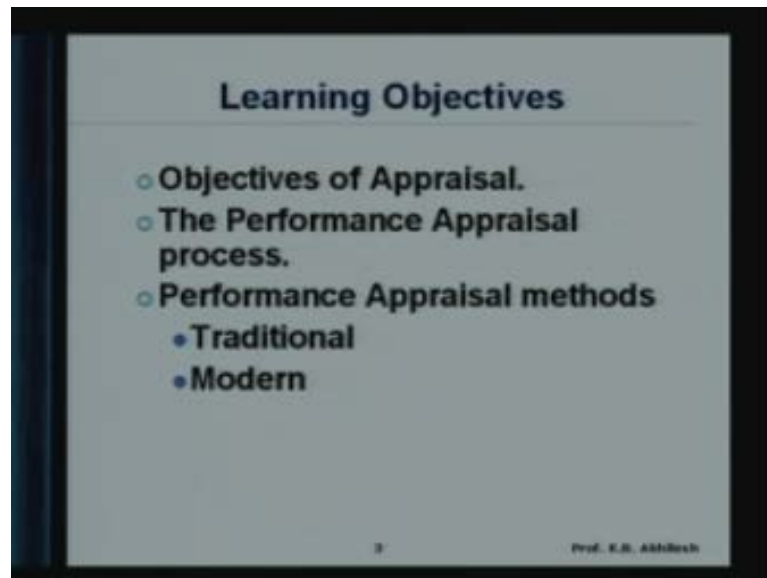
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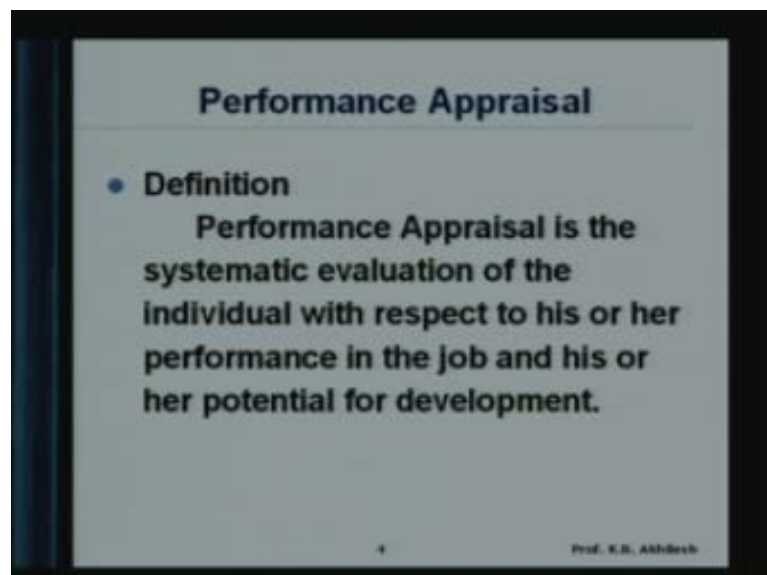
In this lecture, yours you are I would like to cover the following, at the end of this lecture you should be able to look at the concept and definition of performance appraisal, the history of appraisal process itself, how it has grown over a period of time as an area of concern, what are the objectives of appraisal, the performance appraisal process. As well as the performance appraisal methods both traditional and modern and we will try and elaborate on this in the

next lecture as well when we look at performance appraisal, it is the systematic evaluation of the individual with respect to the his or her performance and the potential for development.

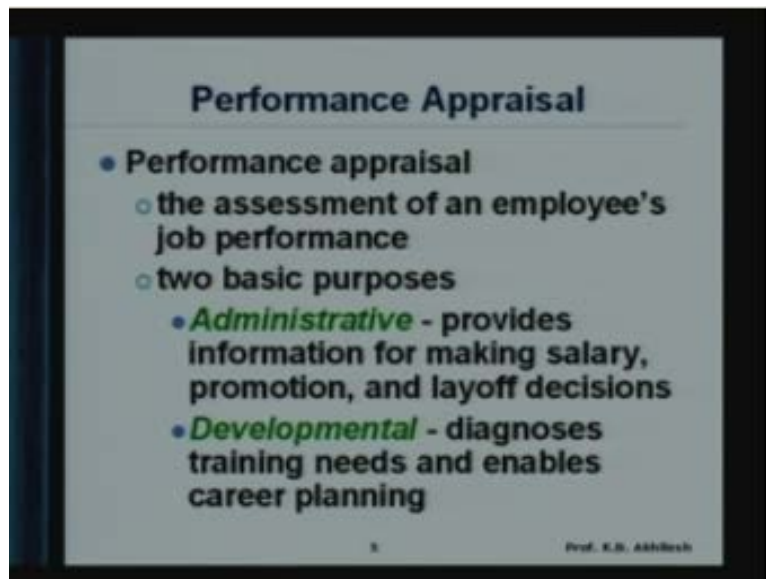
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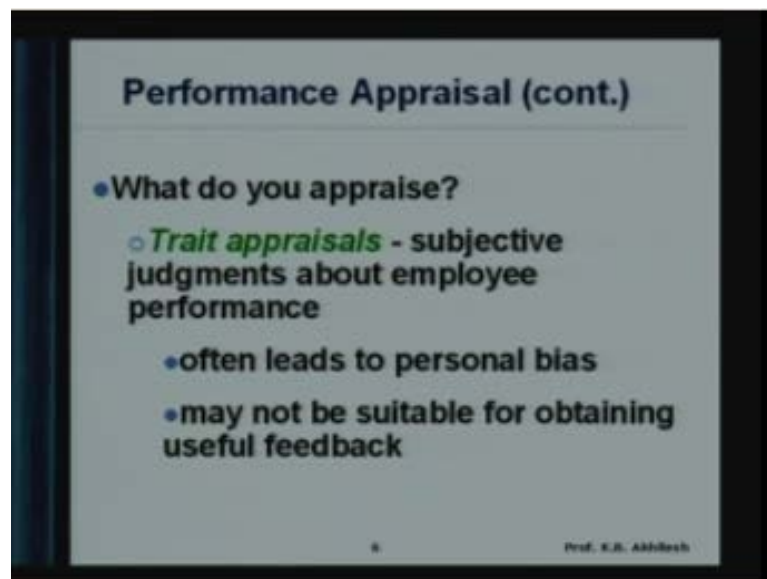
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So it is on the job performance and what one can deliver into the future I think that is what the performance appraisal would involve and the assessment of an employee's job performance and when you are trying to do this, it can be, one can do it with two basic purposes one with the administrative view another from a developmental point of view. When we talk about administrative view it provides information for making salary decisions, promotion decisions and also where you know you, one can take a decisions about the transfers and layoff and things like that these are purely administrative and the developmental needs are being perceived much more in today's organization and here you are trying to diagnose the training needs and you also see how appraisal can be used for the career planning and career development.

So that means today the emphasis is towards a making the personal changes transfers promotion, demotion things like that or putting the person for new assignments and when we look at the developmental purpose you try and define an idea and an agenda for the individual about what is that he or she needs to focus in the coming year or the coming years and organization also thinks of supporting such individual effort and initiatives, so that he can become a strong member of the organization.

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So the question is when performance appraisal what is to appraise? Initially people thought if the individuals have certain traits obviously it would result in performance. So subjective judgments about who have done with respect to the employee performance, so rather than measuring the performance it was much more trait based approaches. So often the perception of the bosses who are involved whether the individual is groomed well, dressed well punctuality, the style of expression and many of these things were also put as a part of this kind of a trait based approaches and then so and many a times even if you are given feedback on this it did not help persons to see what is that I should do so that I will perform better.

So in the you know in that sense the trait appraisals were not useful at all but however the practice was there for several years and then when you are looking at further from the trait people moved into the behavioral appraisals, they focus on more on observable aspects of the performance. So that you can see whether the worker is has kept his stools properly whether he is cooperating with the other workers or the coworkers. So many of these behavioral things were also considered as a part of the appraisal process but then at times it was confusing from comparing one aspect to the other but all the people although did not perceive the ratings really measuring what it supposed to measure.

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**Performance Appraisal (cont.)**

- **What do you appraise? (cont.)**
  - **Behavioral Appraisals** - focus on more observable aspects of performance
    - help ensure that all parties understand what the ratings are really measuring
  - **Results' Appraisals** - tend to be more objective
    - focus on production data

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So they were result you know the aspects of validity issues then, the third was in terms of the based on the results. So the appraisals were based on the results so that means people also talked about management by objectives or appraisal by objectives, so then the you look at the production data then you are able to link into the per piece rate basis or per hourly basis that what is that individual has contributed. So wherever the measurements were very clear appraisals were good.

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**Performance Appraisal (cont.)**

- **Management By Objectives (MBO)** - subordinate and supervisor agree on specific performance goals
  - develop a plan for attaining the goals
  - identify criteria for determining whether goals have been reached

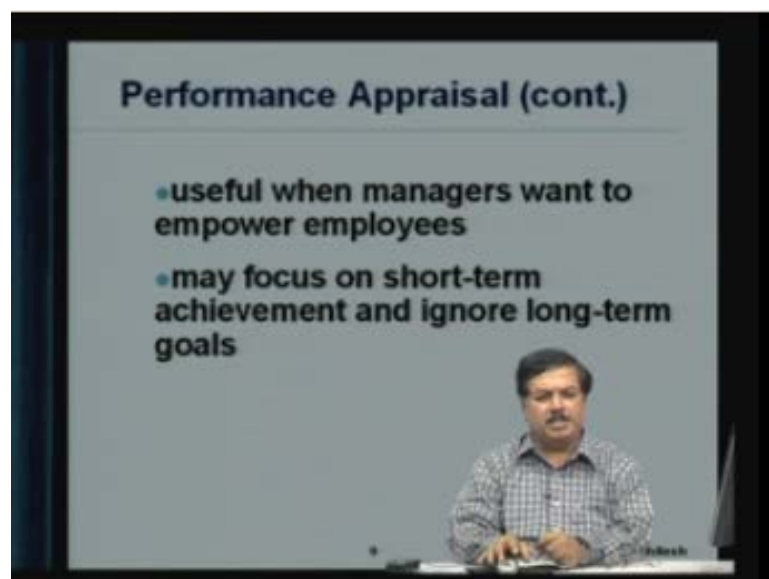
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So the results based appraisal objectives based appraisal also helped in many many ways but then so many a times objectives are not well understood or well appreciated and that is where the goal setting as well as the participation got emphasized. Now that was called as a management by objectives. So the subordinate and supervisor agreed on specific performance goals and then developed a plan for attempting this or attaining these goals and they also identified criteria for determining whether the goals have been reached or not.

So, in an MBO approach that it was a joint goal setting, joint review as well as agreement on the specifics of goal achievements. I think this was an another step where the the appraiser and the appraisee did not bother about the qualities the the specific behaviors which can be linked to the results but rather than they focused on what are the deliverables and understanding analyzing the deliverables as a part of the planning process and the agreements were compared with actuals of how much has been done I think that also helped MBO as a kind of a control mechanisms.

Now when MBO was over emphasized as a control mechanism it fails in terms of as an appraisal mechanism because people started pushing their objectives as much down as possible and then the subordinates who are very strong and the bosses were weak means you know it use to result in suboptimal level kind of a performance.

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So but MBO but killed in some sense MBO did not take off because of several reasons but the you it was very very useful when managers wanted to empower employees when they wanted to discretion to the employees to think agree upon and achieve and managers were working as a kind of a bouncing role. So but the the the real difficulty was the focusing on a short term achievements and many a times ignore the long term goals of the organization. So that means sometimes the quality was compromised quantity got overemphasized billing out overemphasized but not the corresponding delivery in the collection things like that so the organization perceived some gaps in performance because it was not very well understood, you also see another important term called the BARS or the call the behaviorally anchored rating scales.

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Rating	Description
7 (Outstanding)	Use measures of quality and well-defined processes to achieve project goals. Define quality from the client's perspective.
6	Look for identifies ways to continually improve the process.
5	Clearly communicate quality management to others. Develop a plan that defines how the team will participate in quality.
4 (Average)	Appreciates TQM as an investment. Use measures of quality that define substance levels.
3	Views quality as costly. Legitimizes quality.
2	Focuses her/his concerns only on outputs and deliverables, ignoring the underlying process.
1 (Poor)	Blames others for absence of quality. Gives lip service only to quality concerns.

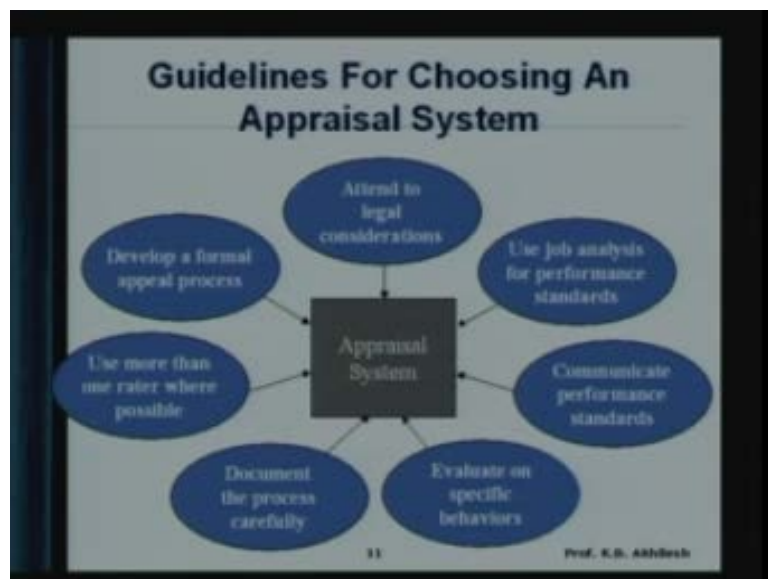
Prof. K.B. Abhishek

So the behaviorally anchored rating scales was an another attempt to reduce the biases and the subjectivity which got involved in a trade based approaches or behavioral based approaches even though an extent result based approaches and that is the time where the BARS got developed. A “BARS” as it stands for you know the name stands for is behaviorally anchored rating scales. So that means you took a sample of behaviors which are exhibited on the job or around the job situations and arrange them in a kind of a scale from poor, average to the outstanding.

We can see in this example in this example we see the one it talks about blame, blames others for absence of quality gives a service only to quality concerns or in terms of the gifts, lifts service only to quality concerns I think these takes about really the poor but the next scale is focus, focuses her or his concerns only on outputs and deliverables ignoring underlying processes. Third one is views quality as costly and sometime legislates quality or demands, fourth one it has measures from quality that define tolerance levels move on to the next level clearly communicates quality management to the others develops a plan that defines how team will participate in quality but beyond that look for identifies ways to continually improve the process and outstanding is use this measures of quality and well defined processes to achieve project goals, defines quality from the clients prospective and if you see in the scale of one to seven the different behaviors what one can see are executed as poor average and outstanding.

So depending on the kind of behaviors one can mark whether it belongs to the scale 1, 2, 3 or 4 or 5 or 6 or 7, so what is that kind of a level of a performance as well but the difficulty of BA, BARS is or behaviorally anchored rating scales are very complex to develop and costly in terms of the investment in time and effort and the expertise and people also seek when the conditions change and context changes it is very difficult to change the BARS as well.

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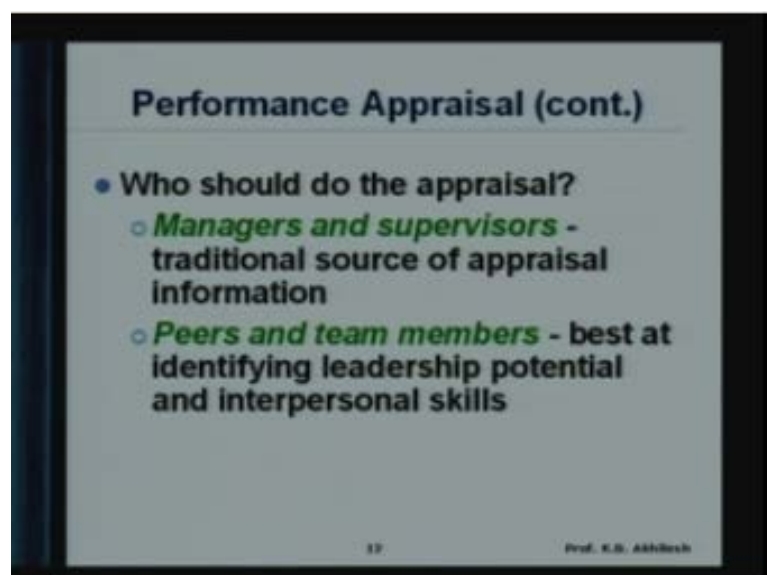




So the anchor rating scales got into this kind of an issues of some difficulty but when you are thinking of guidelines for choosing an appraisal system, organizations do consider several aspects, let us look at this following figure. One of the things is in terms of the one need to look at and develop a formal appeal process that means if somebody is not satisfied with the ratings of the boss there must be an opportunity to take up at the higher levels for review and appeal, second is attend to legal considerations. So that means it should not discriminate people just because they belong to some group or some area or some reason, some region and then use of job analysis it becomes extremely critical to define performance standards is a well-defined, well conducted time study process studies and also all the activities of the job helps in defining good performance standards.

The next aspect is the performance standard itself but a good understanding of this performance standards must be there and a good communication is a necessity. Another important thing is evaluating on specific behaviors definitely what constitutes a good and a contributing behavior and what constitutes not so effective behaviors. So the effective behaviors to ineffective behaviors continue as we mention in the behaviorally anchored rating scales must also be understood by the appraiser and the appraisee.

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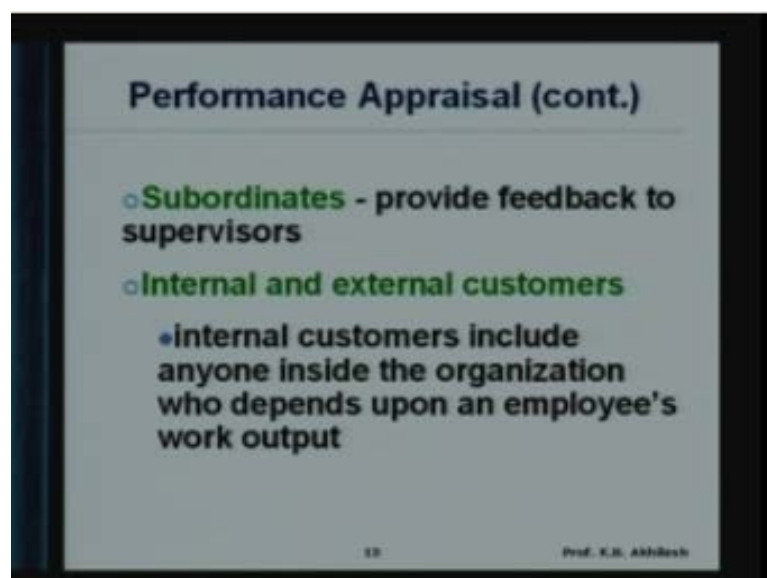


Another important question we need to ask is who should do the appraisals and it could be the managers and the supervisors. The managers and the immediate supervisor appraising the

performance would always give very very valuable information. They are the traditional sources of appraisal information and the immediate boss, immediate supervisor, they have a complete picture of what the individual is doing, what are the attitudes, how contributing member he or she is to the whole team. So they have the fair assessment of this but a boss's boss or a super boss assessing would always result in confusion lack of clarity and sometimes not in a position to link the effort to the performance to the results.

So that is the time where there will be many misunderstanding and people not able to appreciate or the kind of judgments passed about their quality and quantity of work many organizations also have realized that it is better always get some more information about the performance from peers and the team members. The peer evaluation the assessment by the team members is excellent but it is to be used for the development of leadership, identifying the leadership potential and also improve interpersonal skills and the focus is extremely important when collecting the peers and the team members evaluation and sometimes you can also collect data from the subordinates, they provide feedback to the supervisors means subordinates have to be much more objective and they must be in openness and it is important to see how bosses perceive the views of the subordinates.

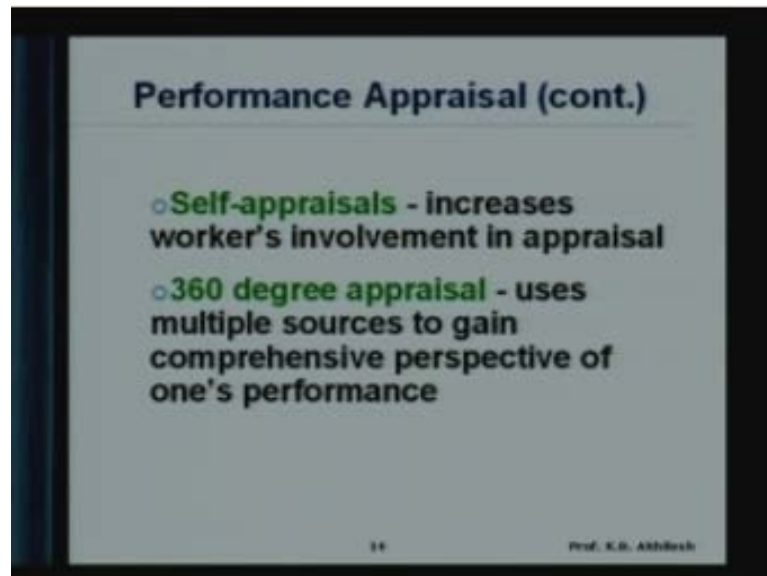
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So it becomes extremely culture specific and culture plays a significant role, another is the internal and external customers. Internal customers include the other departments anyone

inside the organization who depends upon the employees work output. So all the interdependencies within the organization can be explored in in relation to this internal customers and also you have the external customers. So the external customers and the internal customers together constitute another source of feedback and feedback information.

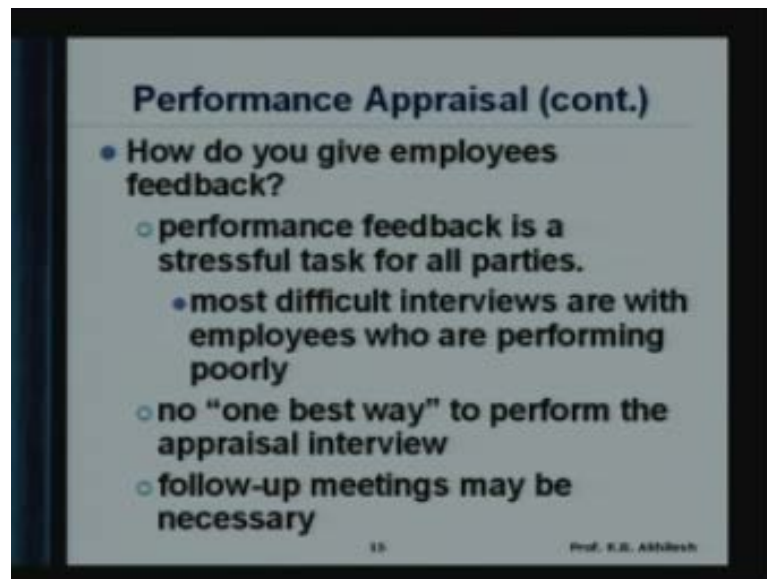
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Self-appraisals is another idea, the self-appraisal is done by the individual and the individual lists some of the strengths and the weaknesses some of the constrains and some of the opportunities and within that what is that he or she did and then what is that they achieved, what is that they considered as extraordinary and what contributed for that kind of a performance.

So many of these things are recorded and stated by the by the self, so the self-appraisals are another or is an another extremely useful information. So that is how we are using this word 360 degree appraisal that means you uses multiple sources, multiple sources of information to gain comprehensive perspective of one's performance. So that means you use from the self from the internal and external customers from the superiors subordinates, sometimes colleagues as well so that is from all degree when you collect information and provide that information to the individual for the developmental purposes then the one can talk about the use of this 360 degree appraisal.

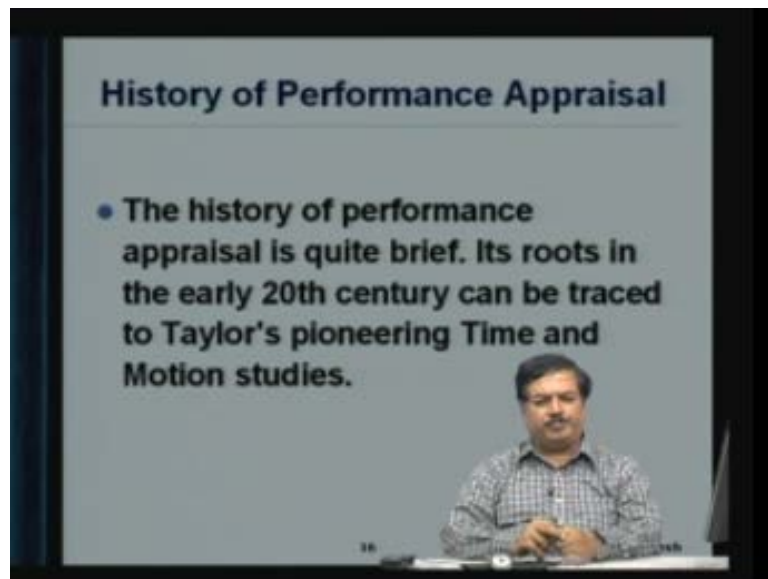
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Now the next important question comes how do you give employees feedback, the giving feedback about one's performance, one's attitude, one's behavior is always a tough task, performance feedback is stressful and it is stress prone experience for the bosses and as well as to the employees or the appraisal. So the appraisee and the appraiser when you see all of them experience this kind of a difficulty and it is extremely important to follow some of the principles of feedback. It need to be descriptive and not judgmental, it is databased and should be mutually verifiable, it is consistent and it is always intended to help you know such principles will help the usefulness or the use of the feedback in improving the performance but there is no one best way to talk about the how to do this, how to conduct this kind of an appraisal interview.

But follow-up meetings are necessary, discussions are important and the and the sincerity of the bosses are extremely useful and one it should not be very judgmental unduly critical but to give a mutually verifiable databased not impressionistic kind of a feedback will sustain the process of this appraisal interview or the dialogue between the boss and the subordinates and it is a very important to look at this stage, history of performance appraisal, why I am mentioning about the history of performance appraisal is how organizations have perceived the usefulness and the relevance of this area. The history and performance appraisal if you see the one can typically see from the 20th century at the beginning of at with a Taylorism.

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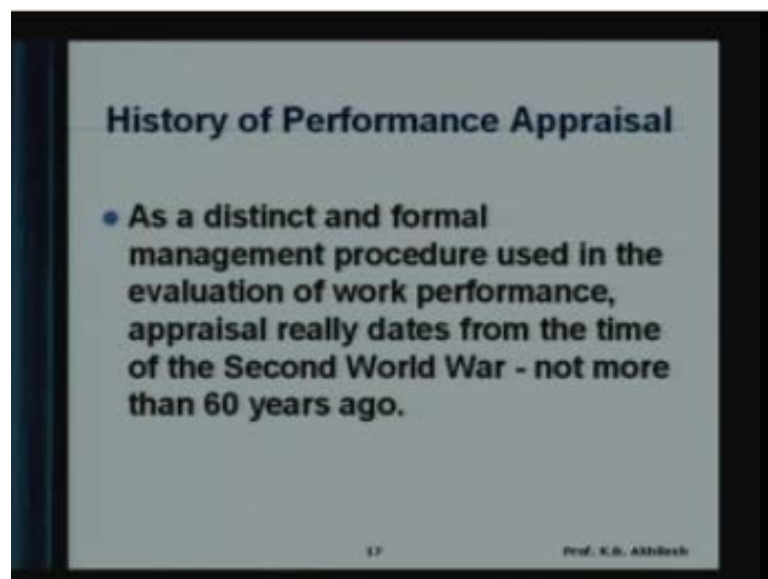
**History of Performance Appraisal**

- The history of performance appraisal is quite brief. Its roots in the early 20th century can be traced to Taylor's pioneering Time and Motion studies.

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**History of Performance Appraisal**

- As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War - not more than 60 years ago.

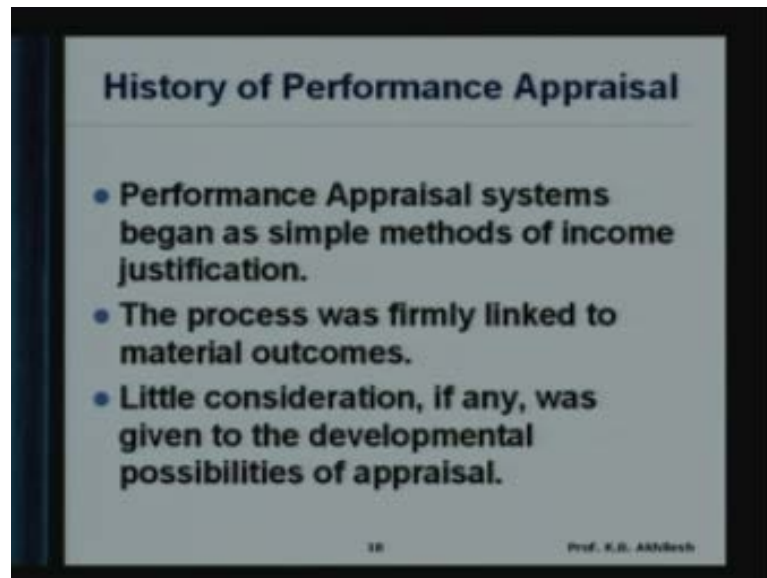
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We have talked about pioneering in terms of the time and motion studies, work can be standardized, work can be measured and then there was a machine view of the individual but then with started talked about as a distinct and a formal management procedure and it was used in the evaluation of work performance but appraisal really dates from the time of the second world war that means not more than 60 years ago. So that means systematic

evaluation started with the kind of a system where the bosses recorded the individuals contribution and then linked the same thing to the reward systems.

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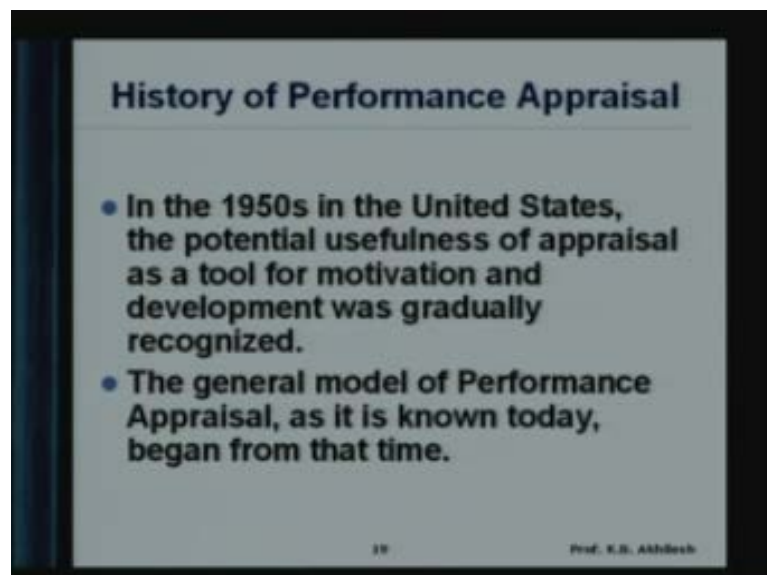


**History of Performance Appraisal**

- Performance Appraisal systems began as simple methods of income justification.
- The process was firmly linked to material outcomes.
- Little consideration, if any, was given to the developmental possibilities of appraisal.

18 Prof. K.B. Ashish

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**History of Performance Appraisal**

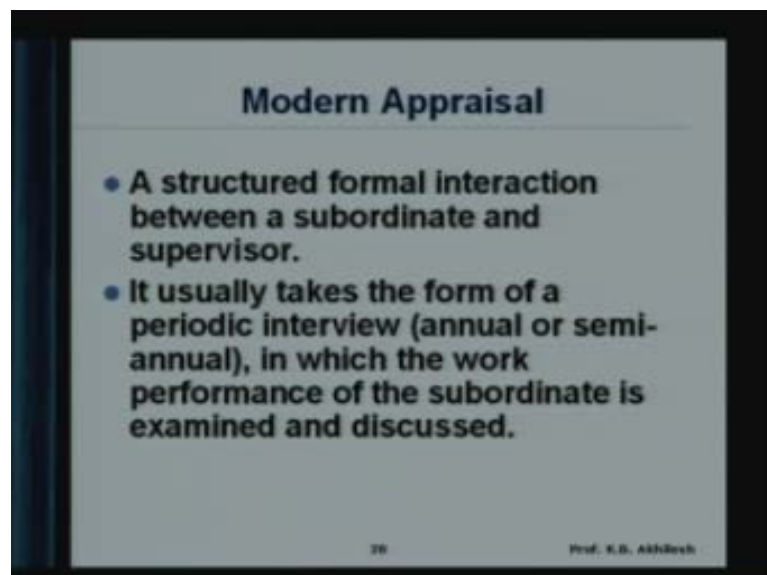
- In the 1950s in the United States, the potential usefulness of appraisal as a tool for motivation and development was gradually recognized.
- The general model of Performance Appraisal, as it is known today, began from that time.

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So it is simple method of the kind of an income justification, so that means what an individual has done or what is that one has done then the process was firmly linked to that kind of a material outcome, these are the activities I have done this much time has spent, this

much I should get and then you know there was no consideration about the developmental aspects of the appraisal but then we also started seeing in the 50's most of the time you know it is a review us they talked about the potential usefulness of this appraisal as the tool for motivation and development and this was gradually recognized in the management field where bosses thought that they can record this the contributions, the activities of the individual in a systematic way. The general model of performance appraisal was also called as a as a kind of a merit rating but this is a, this was the period where you know it started as this merit rating, merit review things like that.

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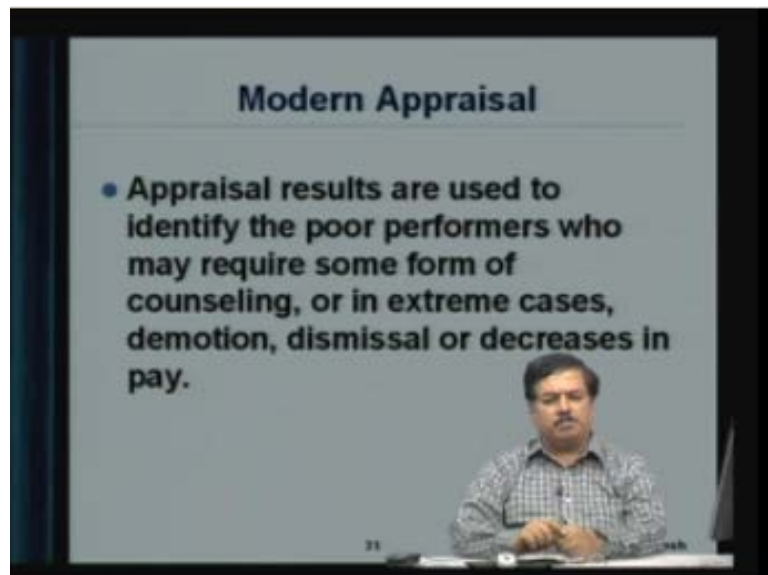
But the modern appraisal today, we see a structured a formal interaction between the subordinate and supervisors no doubt the merit rating, the confidential report, the merit appraisals the many of these things are they also called as the they do, annual lazy hours like annual confidential reports all these things were useful but all of them have to limited sense and use as well as the developmental goals are concerned most of the time they were used for administrative purposes.

It usually took the form of a periodic interview or on a kind of an annual or semi-annual but in which the work performance of the subordinate is examined and discussed so the structured formal interaction started very recently where the subordinates, subordinate and the superior had to sit together and discuss, understand the goals, review the goals and

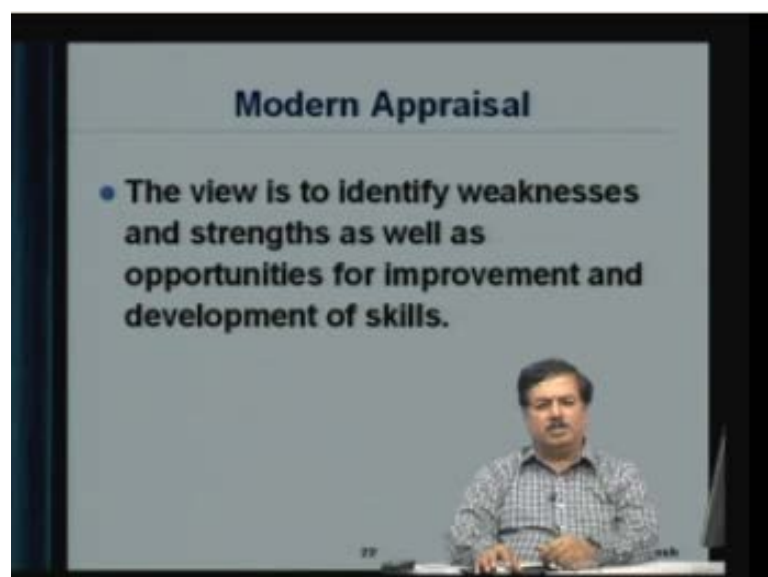


improve upon it, appraisal results are used to identify the poor performers who may require some form of counseling or in extreme cases a kind of a demotion, dismissal or the decrease in pay.

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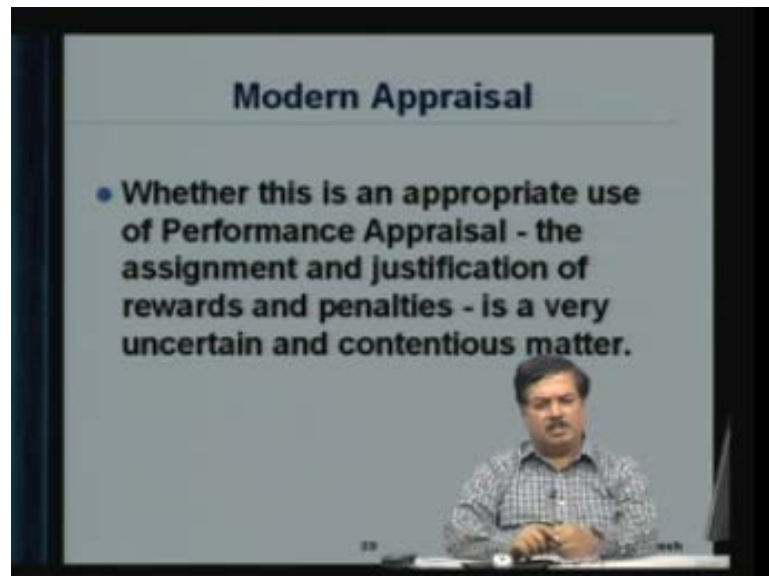


So many organizations if you see they do not use the appraisal for some of the negative actions except may be that they may not get the increments but dismissals and demotions are



not necessarily are supported by the appraisal processes. The view is to identify weaknesses and strengths as well as opportunities for improvement and the development of skills. I think that was the modern appraisal was all about, we did not bother about what the individual has but rather it focused on what the individual can do and deliver.

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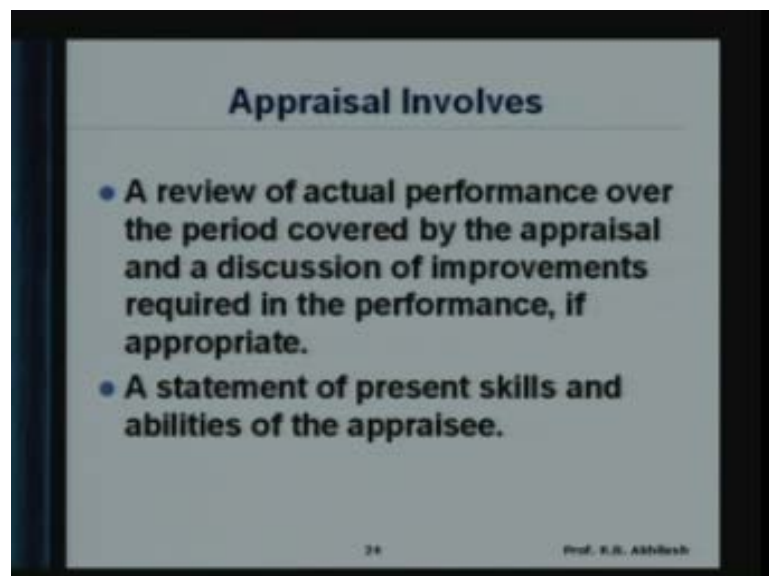


**Modern Appraisal**

- Whether this is an appropriate use of Performance Appraisal - the assignment and justification of rewards and penalties - is a very uncertain and contentious matter.

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**Appraisal Involves**

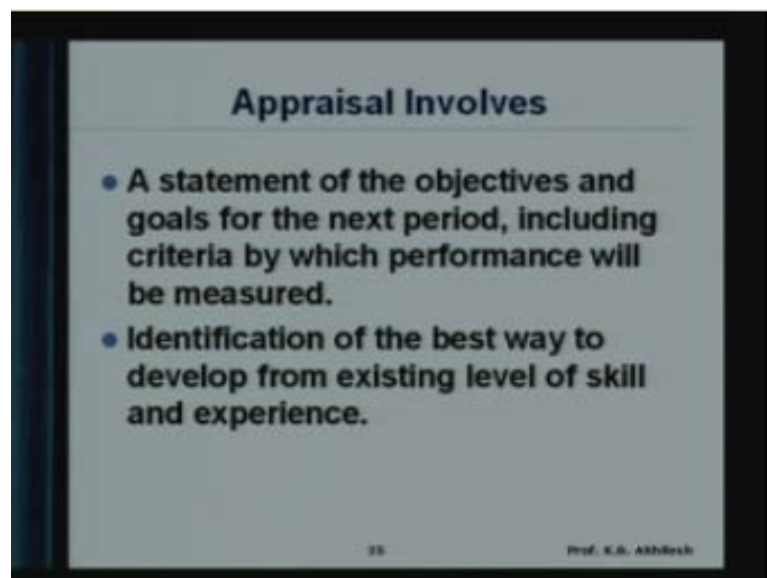
- A review of actual performance over the period covered by the appraisal and a discussion of improvements required in the performance, if appropriate.
- A statement of present skills and abilities of the appraisee.

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So the question is whether this is an appropriate use of performance appraisal so the assignment and justification of rewards and penalties was a kind of an uncertain and always it became a kind of a contentious matter. So that means it provided for the kind of anxiety, it provided for that kind of an uncertainty, the individuals discomfort was noticed. So that is how people also took some strong, strong objection to the the kind of appraisal process where the power was much more at the bosses level.

So a review of actual performance over the period covered by the appraisal and then a discussion of improvements required in the performance if appropriate I think that was the, that was not really involved in the appraisal process. So very clearly a statement of present skills and abilities of the appraisee was to be captured and a statement of the objectives and goals for the next period including criteria by which the performance will be measured.

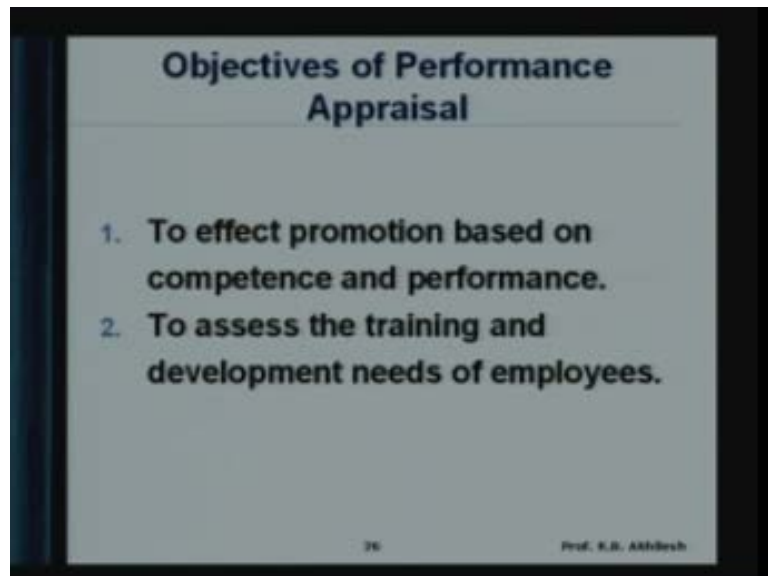
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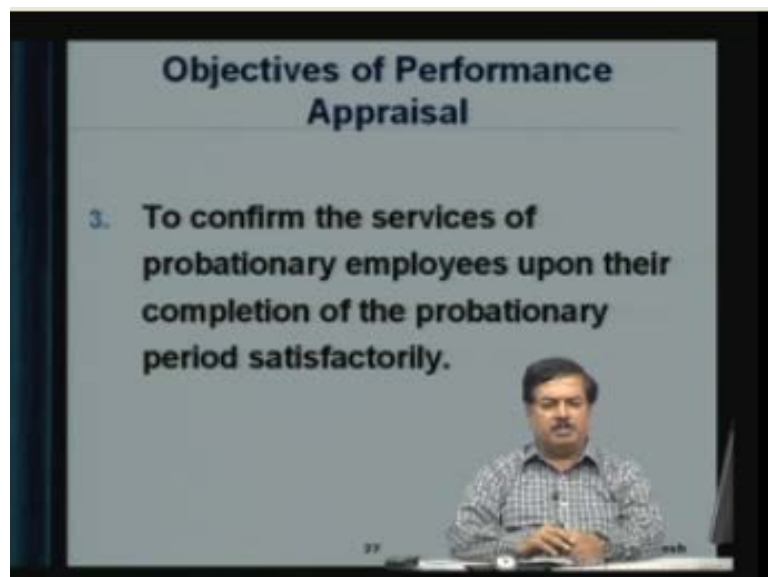
So a review of the past review of the specific contribution also projected as a kind of a goal setting exercise. So identification of the best way to develop from existing level of skill and experience that means an appraisal also involved identifying a specific plan of action in terms of bridging any gaps in the knowledge or developing the skills which are necessary to perform in a future condition and that is how the objectives of performance appraisal, why one should introduce a performance appraisal system, one can always start listing some of the known and obvious reasons but one can also link to various other activities of human

resource functions in the organization to read some of these things is to effect promotion based on competence and performance, I think that is one of the key things of the appraisal where it resulted in the career movement to assess the training and developmental needs of the employees.

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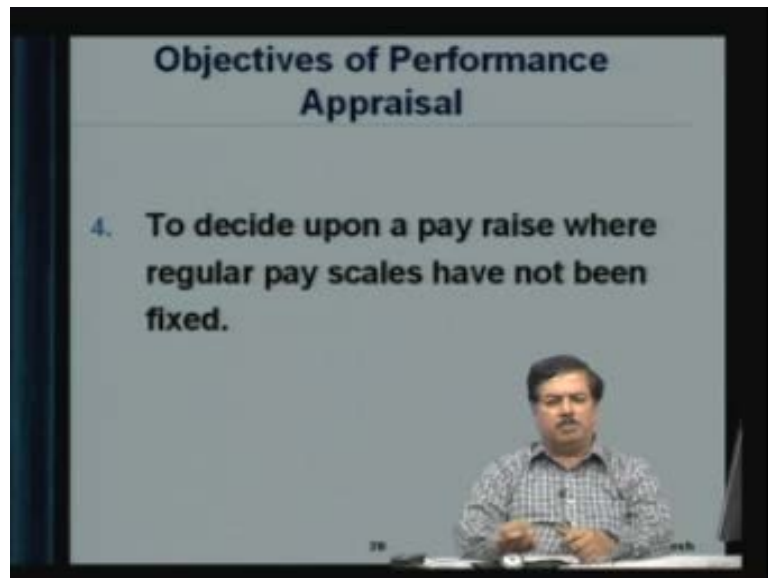


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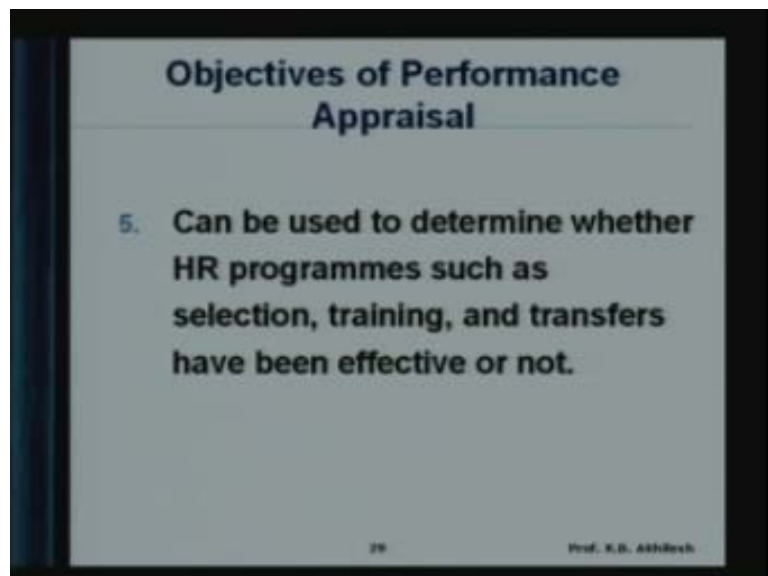


So the first one was clearly the personal action, the second one was for the development, third one is very specific to confirm the services of probationary employees upon their completion of the probationary period. So that means to give the first level of contract to the employee, so that means at the end of 6 months or at the end of an year of the employee in the company.

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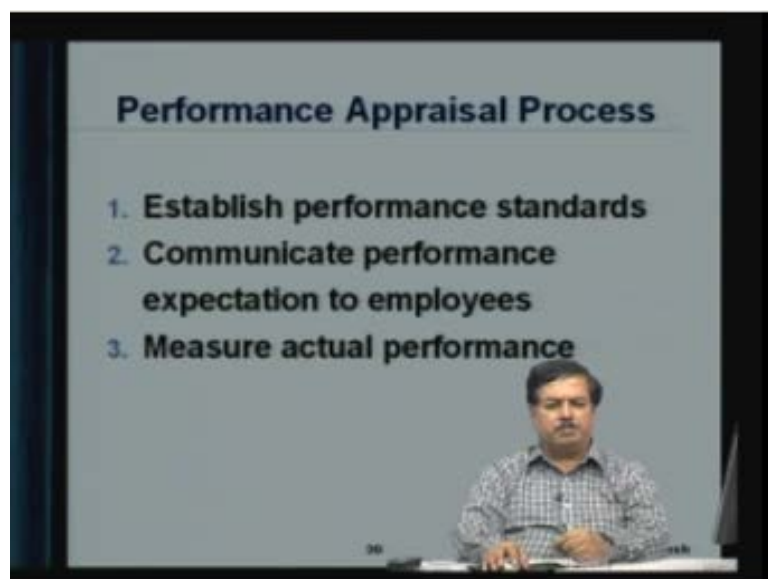


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So you initiated a process to review what the attitudes are what the contributions are and to take a decision to have them in the organization or otherwise one can also look at the {dip} ((00:28:49 min)) the it is not only the promotion but also to decide upon a pay raise where regular pay scales have not been fixed or within the pay scales to decide about how much extra to be provided. So and also it is the can be used to determine whether HR programs such as selection, training and transfers have been effective or not or not resulting in the actual performance.

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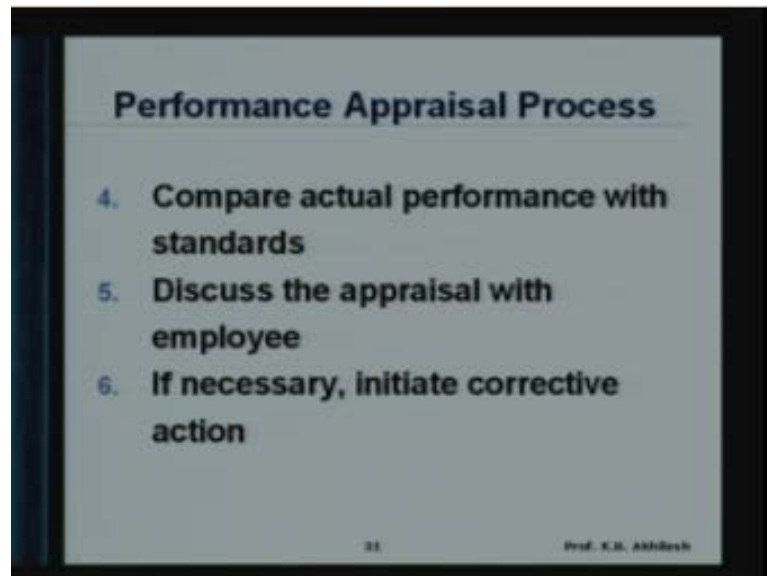


If you look at various processes involved in the appraisal, the following can be listed one or the first step is establishing the performance standards. So the individual must know what is that one can do in terms of the hourly basis or in terms of the per day basis and what are all the activities to be to be done and what are the end results of this activities in terms of value edition or the contribution.

So good understanding of the performance standards difficulty levels is a must second is the communication or the performance expectation to employees. So these a many of the times people do not know what is being expected by the bosses by the organization. So that is the time where they do what is convenient to them or they do what is that they consider as best. So they may spend lot of time in terms of quality sometimes they may think only quantity without getting into the finer aspects of the quality performance. The other important thing is

the measuring the actual performance, so what is it, what is that individual has contributed must be isolated in comparison particularly to the others in a team kind of a situation. So the actual performance, actual deliver, deliverables with respect to one's potential and the expectation.

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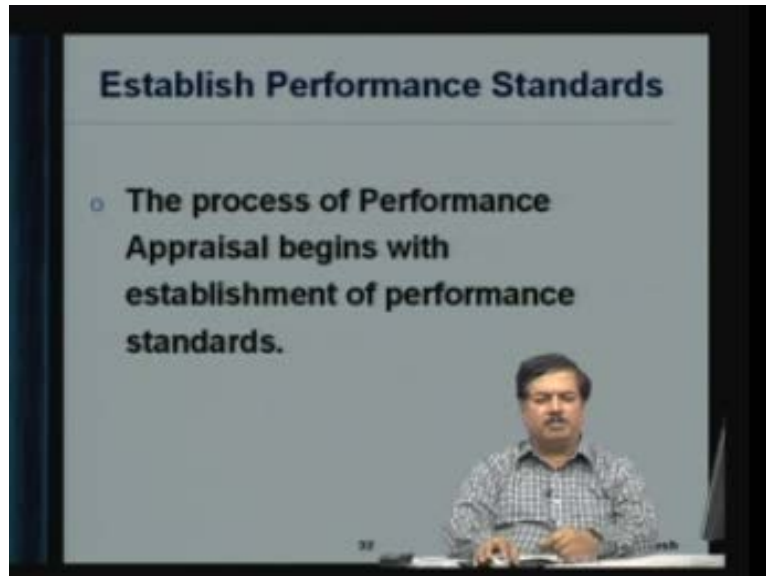


So another important thing is the appraisal process is comparing actual performance with standards, the standards at the local level sometimes, the standards also at the global level. The next important dimension is to discuss the appraisal results with the employee an open honest free and frank discussion enables the development process it builds trust but when it is not discussed openly when set of information is concealed and the complete picture is not given to the employee, it distorts, it inhibits, it kills initiative and the next important thing is the how to do the follow up and look for corrective action in terms of the development in terms of the improvement, the if you get into the details of each of these things going through quickly.

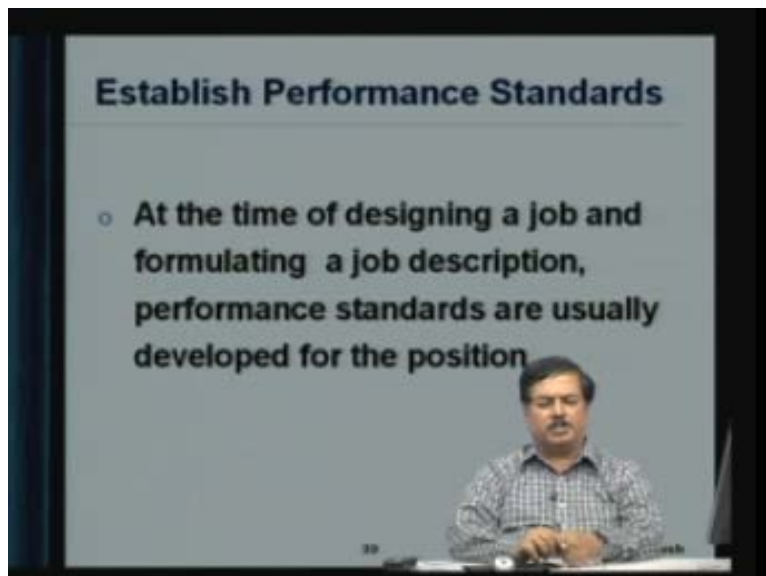
So the first thing is the process of performance appraisal always begins with establishment of the performance standards and the important thing is at the time of designing a job and formulating a job description performance standards are usually developed for the position. So each position should be described in terms of the expected levels of maturity and

performance and then these standards would be clear and objective enough to be understood and measured.

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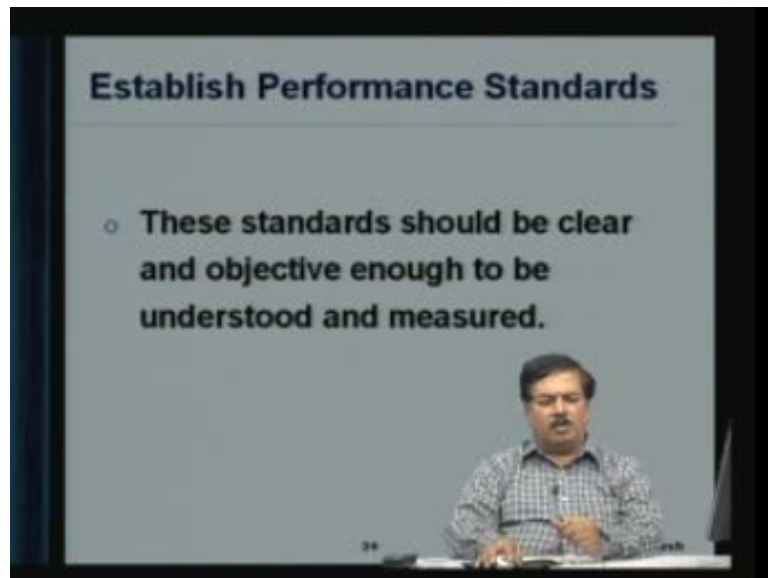
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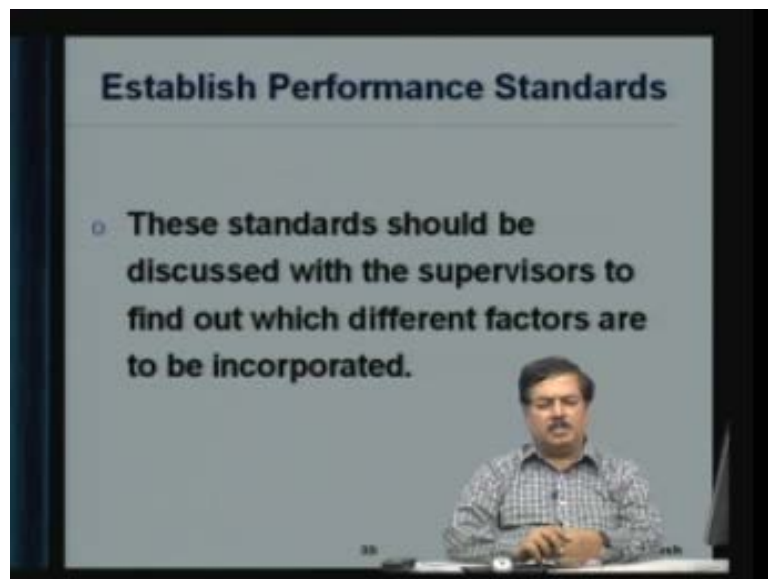
So the activities resulting in terms of specific useful, measurable kind of a result must be identified and then it must be discussed. So that both the parties understand and also they understand the kind of measurement indications. So the question is what is delivery, so how

the delivery of anything is measured in many a times in the machine shop is they may think delivery as completing a task putting it into the finish goods section but the for the management that may not be the delivery, the when the machine moves out of the company premises then only it could be seen as delivery but for someone note that is not the delivery.

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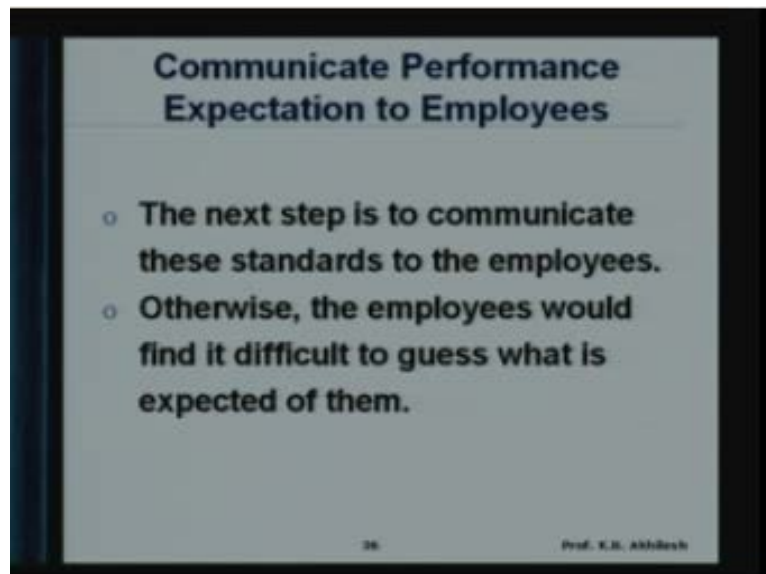
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Delivery is when the machine is installed and it works at the customer side that could be the delivery but for someone else when the customer pays for it, customer sends the cheque and the cheque gets realized and the cash is there in the bank that could be the delivery. So the question is always the performance standards are not understood and there are always differences in perception.

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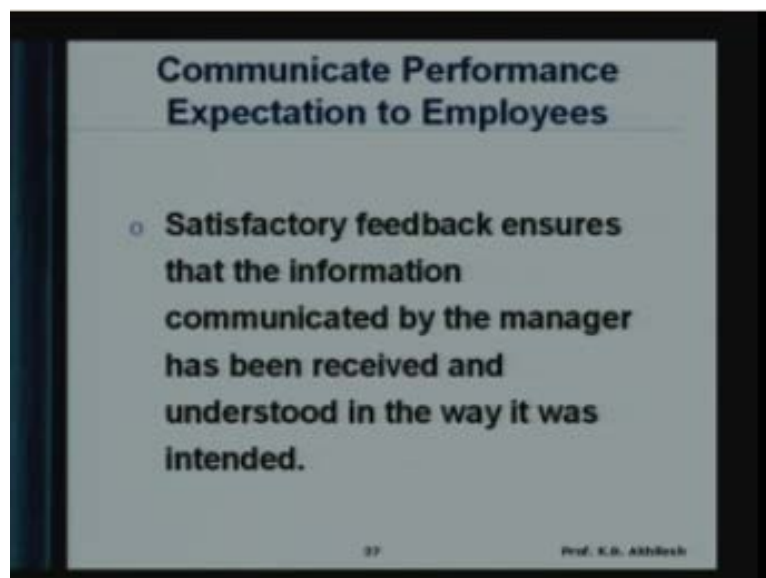


**Communicate Performance Expectation to Employees**

- **The next step is to communicate these standards to the employees.**
- **Otherwise, the employees would find it difficult to guess what is expected of them.**

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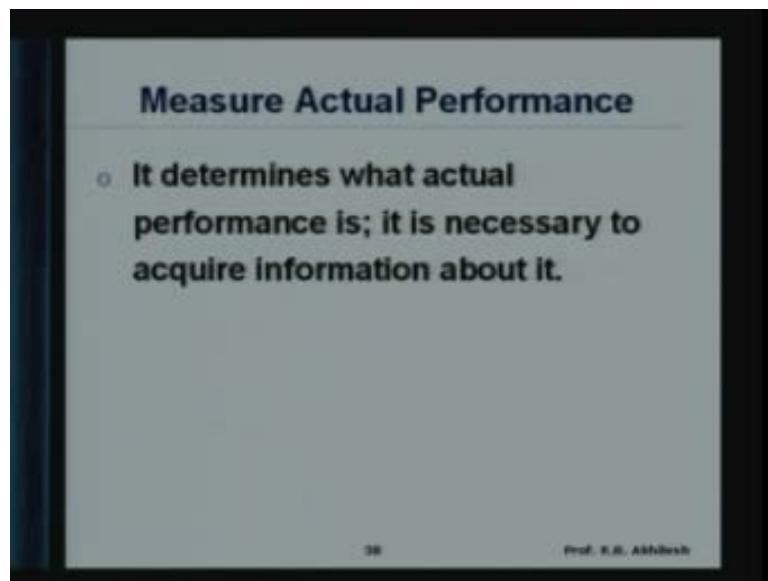
**Communicate Performance Expectation to Employees**

- **Satisfactory feedback ensures that the information communicated by the manager has been received and understood in the way it was intended.**

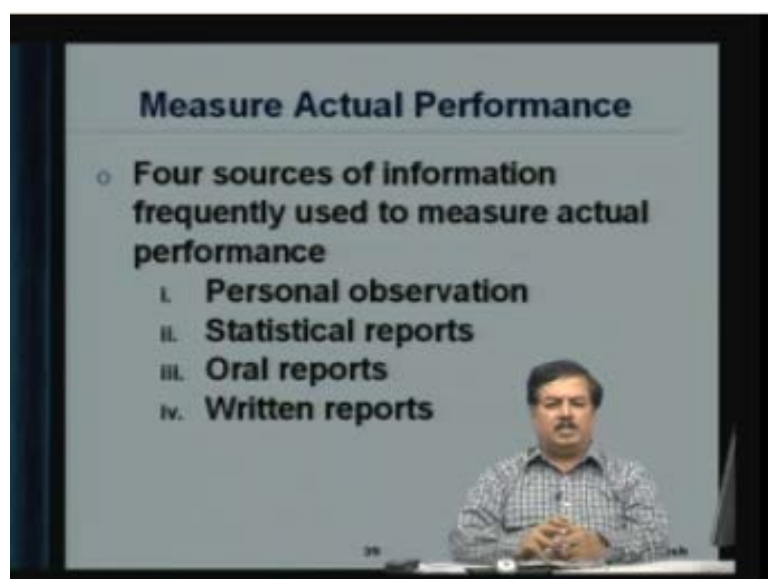
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So it should be in the interest of the organization these are discussed and the supervisors try to find out which different factors need to be incorporated and then what needs to be done another aspect we have talked about is the communicating the performance expectation to the employees. So they communicate the standards and then otherwise employees would find it difficult to guess what is expected of that.

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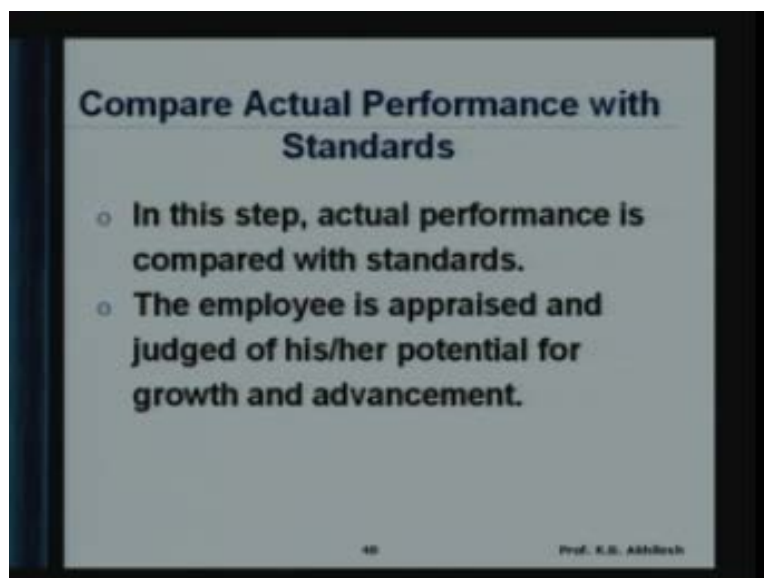
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So when they do not understand the expectations they will do what is convenient to them and it is difficult for anyone to review and question those things and when you look at the communicating satisfactory feedback always ensures that the information communicated by the manger has been received understood in the way it is intended and the one, the next important step is to measure actual performance.

So it determines what actual performance is so that means it is how you are one is going to capture and also it is to make sure that the individuals understand on what basis some of the conclusions are drawn and then it is important to see the sources of information used to come to that conclusion of the actual performance it could be the direct observation personal observation of the bosses sometimes it is in terms of the statistical reports, how many times you have deviated about the attendance records how many times you have come late by how many minutes sometimes it is also the oral reports what other people feel about you and also the written reports in terms of the appraisal feedback forms both structured and the unstructured and based on that the views are formulated.

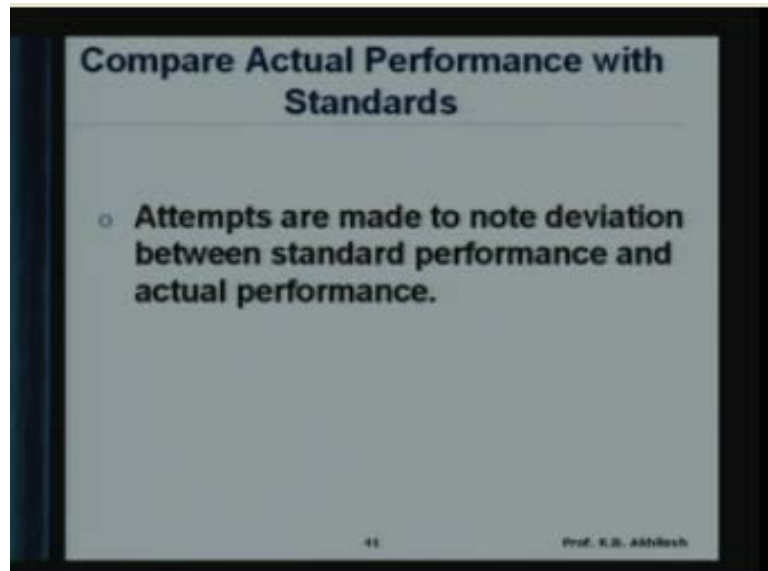
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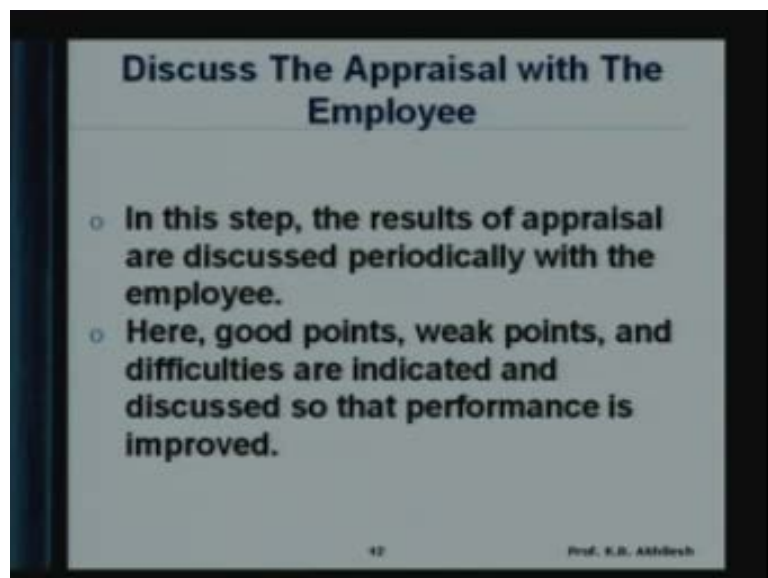
The next important thing is comparing actual performance with the standards in this step the comparisons are always with the standards and the employees appreciated and judged of his or her you know the potential for growth and advancement based on the actual performance and then when we try and do these attempts are made to note deviation between standard

performance and the actual performance. So people try to see at what level the individual is performing and then what needs to be done.

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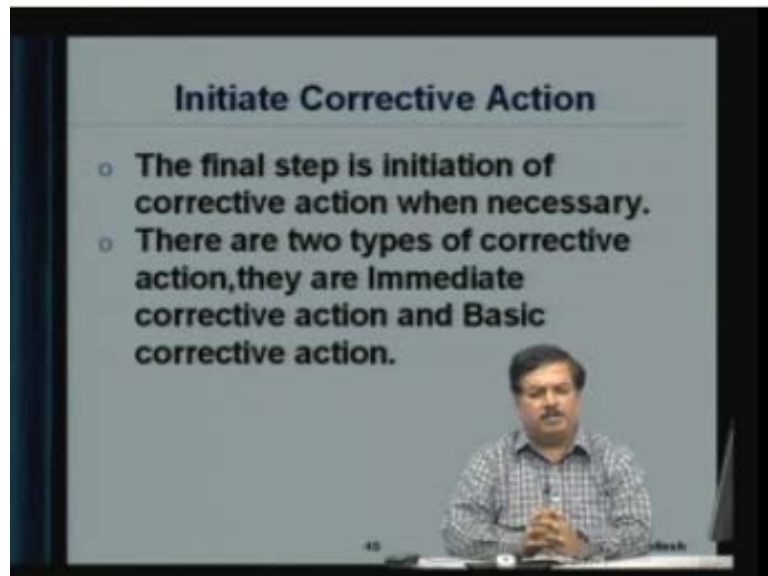
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So the analysis of that nature helps whether the individual is able as well as willing, sometimes the able people are not so willing. So you will understand whether there are some things to be done with respect to the motivation or very or anything to be done with respect to

the attitude and the skill development. So the such analysis always useful and need to be validated through the discussion.

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**Initiate Corrective Action**

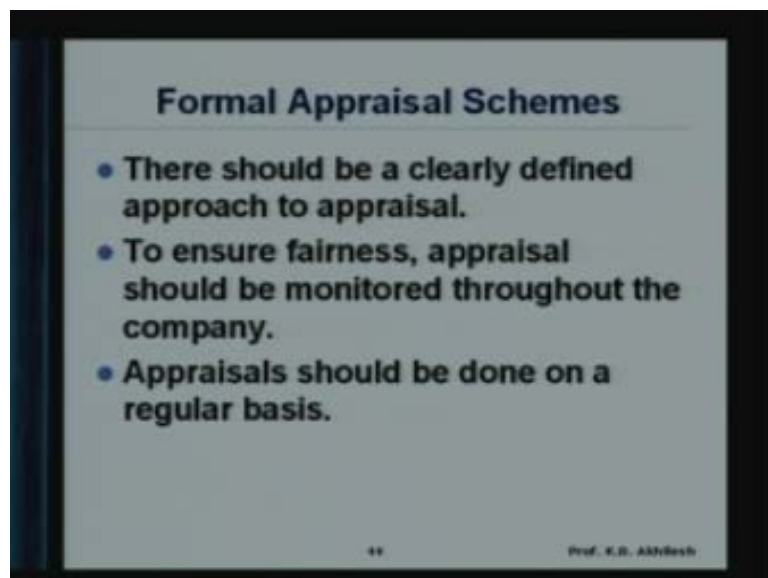
- **The final step is initiation of corrective action when necessary.**
- **There are two types of corrective action, they are Immediate corrective action and Basic corrective action.**

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Prof. K.B. Ashish

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**Formal Appraisal Schemes**

- **There should be a clearly defined approach to appraisal.**
- **To ensure fairness, appraisal should be monitored throughout the company.**
- **Appraisals should be done on a regular basis.**

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Prof. K.B. Ashish

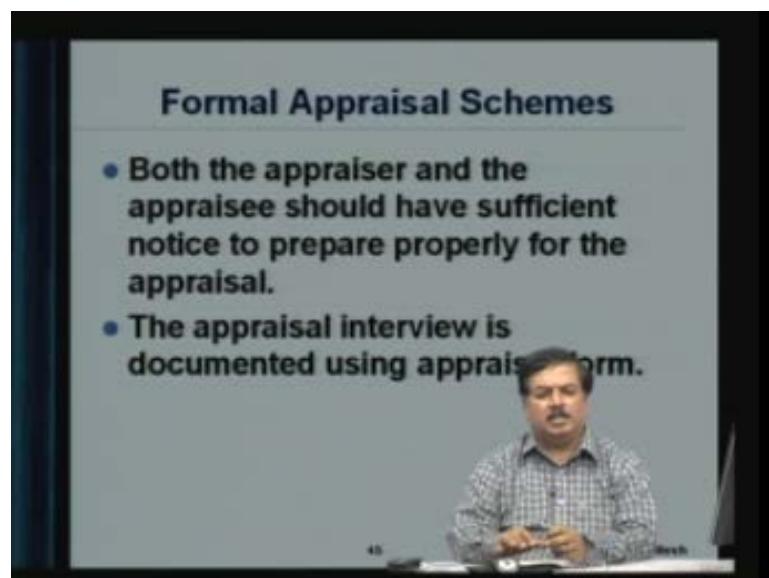
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So the next important thing is discussing the appraisal information with the employee in this step the results of appraisal are discussed periodically with the employee and the group points, weak points and difficulties are indicated and discussed, so that performance is

improved most of the time people do take it in a very personal level listing of that points is seen as an insult and good points is seen as a matter of appreciation but people do dislike listing of negative points and that too in an open area.

So that is where it is very important to structure how you talk how you state it and how you correct the individual and doing it in a systematic in a private way becomes extremely critical and the final step is the initiation of corrective action when necessary. So there are two types of corrective action, one is very immediate corrective action and also some of the what one can call it as a basic corrective action or it is also can be thought of little long term and whenever you look at any of the appraisal schemes and appraisal processes, there should be a clearly defined approach to appraisal that means appraisal by objectives are we trying to do the appraisal for the feedback and developmental goals, we are doing the appraisal for personal actions such as promotion, demotion, transfers etcetera or the appraisal is done for training and development purposes, all appraisal is done for succession planning and man power planning things like that.

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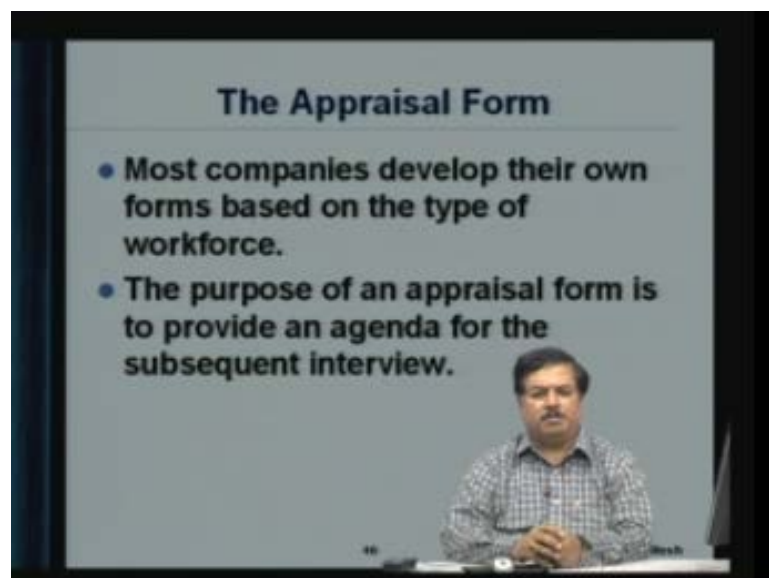
So very clearly defined approach always helps another is to ensure fairness and appraisal should be monitored throughout the company because when people are involved in a judgmental process, when they have to assess and look at the contributions of the others it should be fair open as well as transparent and the appraisal also should be done on a regular

basis, it should not be so.. or one does the appraisal of let us say about 3 years back or a 4 years back or a 5 years back and these kinds of things makes the whole thing as useless process.

I think that is how some of the people have discussed and described performance appraisal as an annual ritual annual ritual of form filling and pattern making activity in which neither the individual benefits nor the organization, I think such things should not happen with respect to the the appraisal schemes, appraisal forms, appraisal formats and appraisal practices and when you see the appraisal schemes both the appraiser and the appraisee should have a sufficient notice to prepare and prepare properly for the appraisal.

So that means when you sit and discuss you have all the data the details and it is not just based on some impressions and the appraisal interview should be documented and documented using the developed appraisal forms and such forms help in comparing the contribution of one and the other.

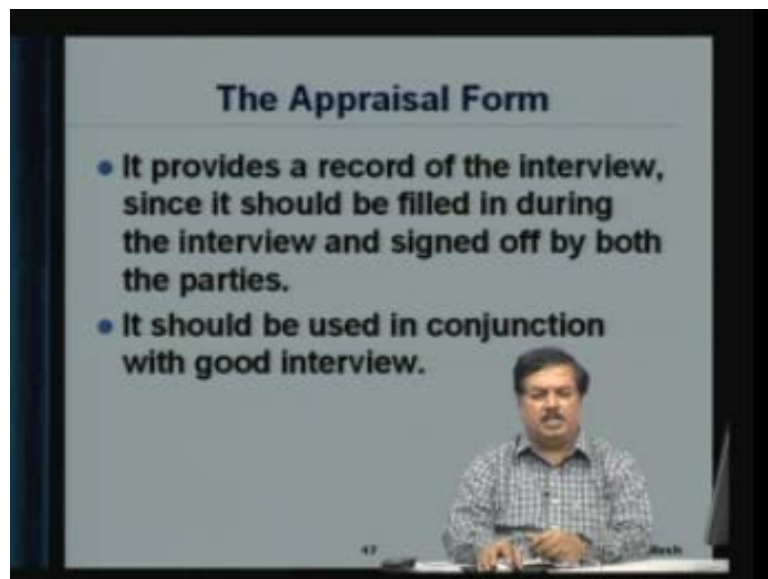
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The other important thing is to look at appraisal forms and the format itself most companies developed their own forms based on the type of work force may be for workers supervisors the managers and also people performing in different functions it is desirable to have specific forms rather than having one form across all levels and for all in the organization. The

purpose of an appraisal form is to provide an agenda for the subsequent either the appraisal interview or for taking the personal action such as transfer rewards promotion etcetera and the appraisal form also provides a record of the interview since it should be filled in during the interview and signed off by both the parties it becomes a record and then it becomes useful record to compare the contribution of the individual over a period of time or across the individuals.

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**The Appraisal Form**

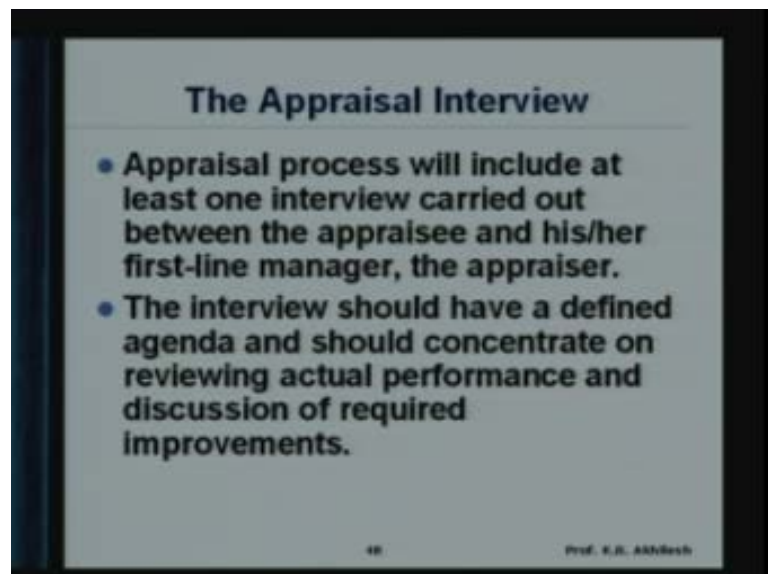
- It provides a record of the interview, since it should be filled in during the interview and signed off by both the parties.
- It should be used in conjunction with good interview.

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Prof. K.R. Anillesh

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**The Appraisal Interview**

- Appraisal process will include at least one interview carried out between the appraisee and his/her first-line manager, the appraiser.
- The interview should have a defined agenda and should concentrate on reviewing actual performance and discussion of required improvements.

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Prof. K.R. Anillesh

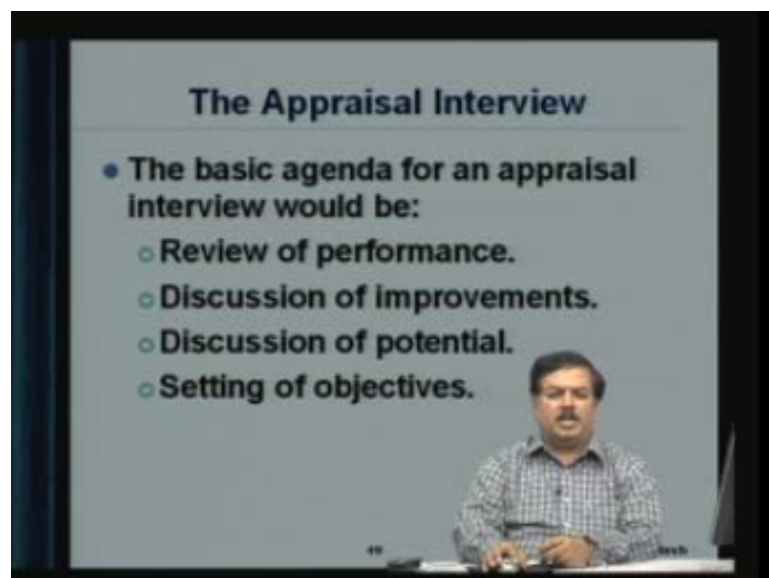
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So in always it should be used in conjunction with good interview that means you know then you will have the data details with you and that provides a meaningful prom to have a good discussion with the appraisee and the appraiser. Appraisal interview, as we have talked about earlier the selection interview is much more specific here the bosses play very critical role and the appraisal process will include at least one interview carried out between the appraisee and his or her first line manager the appraiser.

So the interview should have a defined agenda and should concentrate on reviewing actual performance and discussion of required improvements the bosses should sit together with the subordinates analyze very clearly what that what is that individual has done over last 6 month and an year. So it has to focus on specific achievements specific contributions and in relation to the kind of expectations of the organization and it must result in definite approval things.

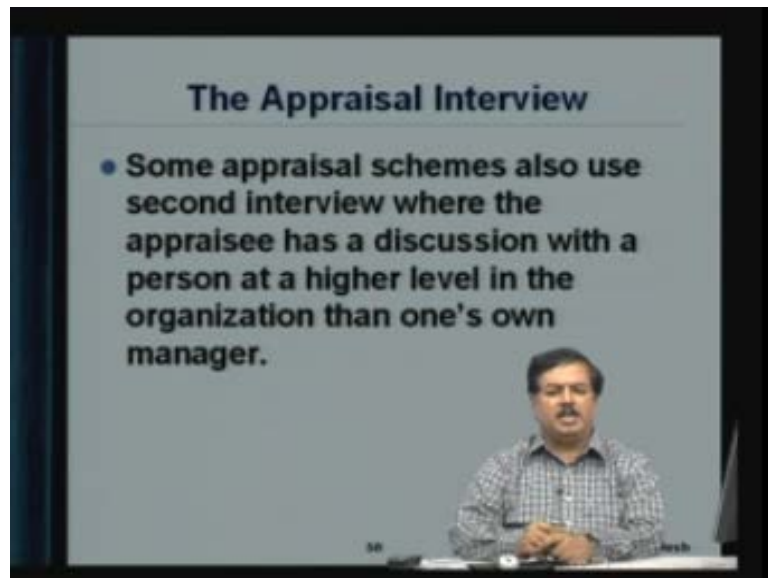
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As we are talking about the appraisal form leading to the appraisal interview then the you know the the basic agenda for an appraisal interview would be to review the performance then the discussion of improvements and also it must have a discussion about the potentials and setting newer goals, setting the future goals and always it should have an element of bringing back that challenge and correcting some kind of a demotivation at any level. The appraisal interview also see some appraisal schemes although use second interview where the

appraisee has a discussion with a person at a higher level and what we people call it as a as an escalation principle.

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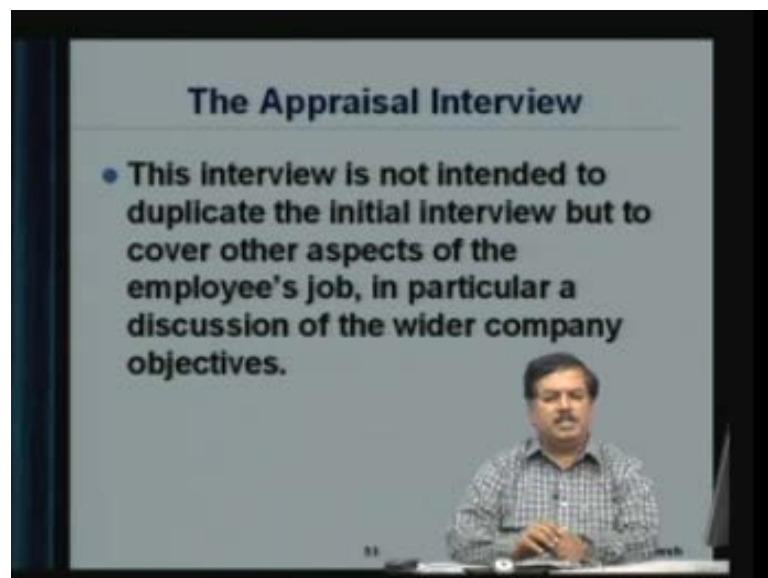
**The Appraisal Interview**

- Some appraisal schemes also use second interview where the appraisee has a discussion with a person at a higher level in the organization than one's own manager.

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**The Appraisal Interview**

- This interview is not intended to duplicate the initial interview but to cover other aspects of the employee's job, in particular a discussion of the wider company objectives.

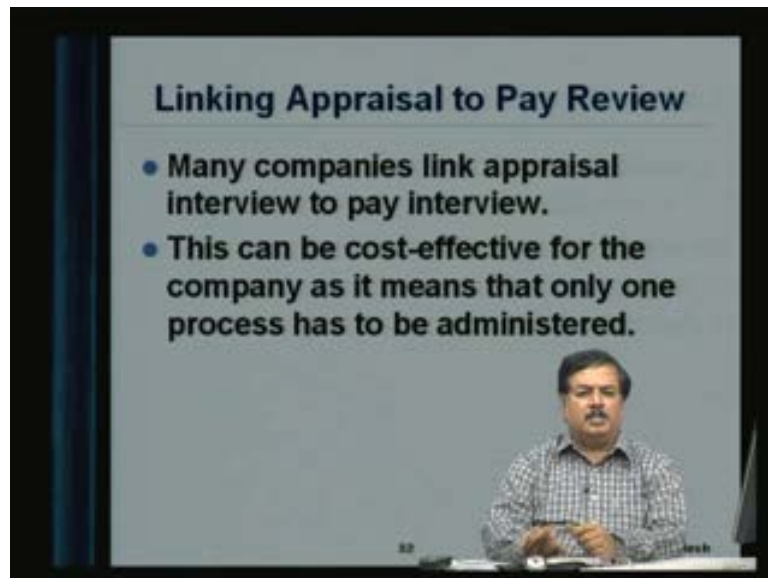
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So means the organization that they have to sit together and write and jointly agree upon. The appraisal interview is also see is not an intended to duplicate the initial interview but to cover other aspects of the employees job, in particular a discussion of the wider company objectives

give them that kind of a macro picture of the organization, the challenges and suggest what that individual should be seeing then if you see the next important thing is linking appraisal to the pay review, many companies link appraisal interview to the pay interview or the several things what we do for the pay revision.

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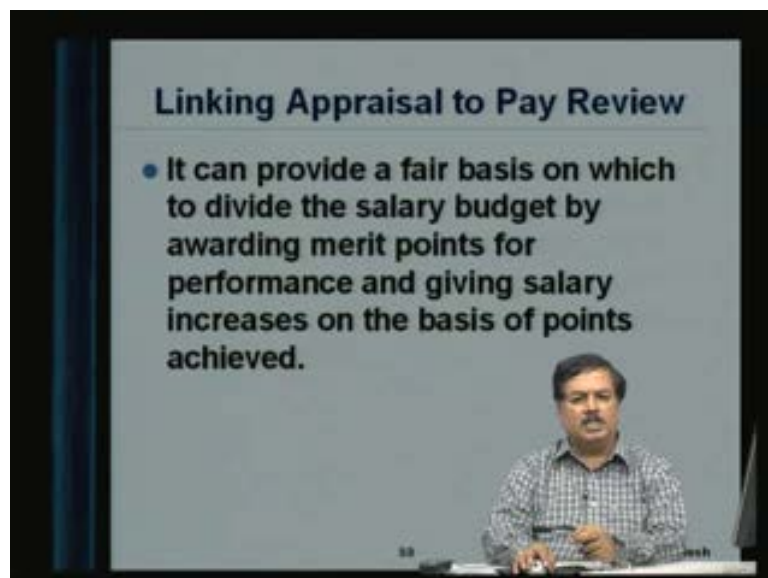


**Linking Appraisal to Pay Review**

- Many companies link appraisal interview to pay interview.
- This can be cost-effective for the company as it means that only one process has to be administered.

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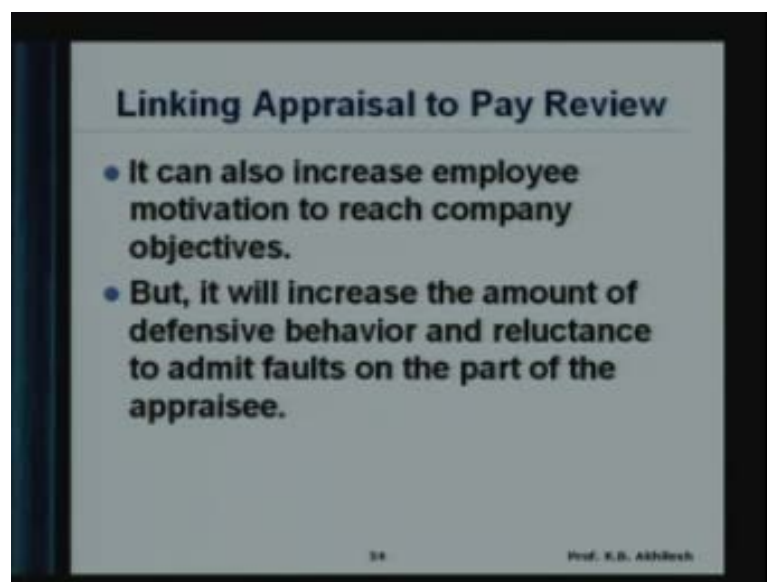
**Linking Appraisal to Pay Review**

- It can provide a fair basis on which to divide the salary budget by awarding merit points for performance and giving salary increases on the basis of points achieved.

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This can be cost-effective for the company as it means that only one process has to be administered then also one can see provides a very fair basis on which to divide the salary budget by awarding a kind of a merit points of poor performance and giving salary increase on the basis of points achieved. So that means several up several attributes several objectives several aspects need to be standardized and such standardization under scale is extremely important when appraisal need to be linked to the pay views. But once that is done employee also perceives and experiences a greater opportunity and a greater motivation to reach company objectives and it will increase the amount of the defensive you know the behavior because people are going to be question, people are made accountable and sometimes it also builds reluctance to admit faults on the part of the appraisee.

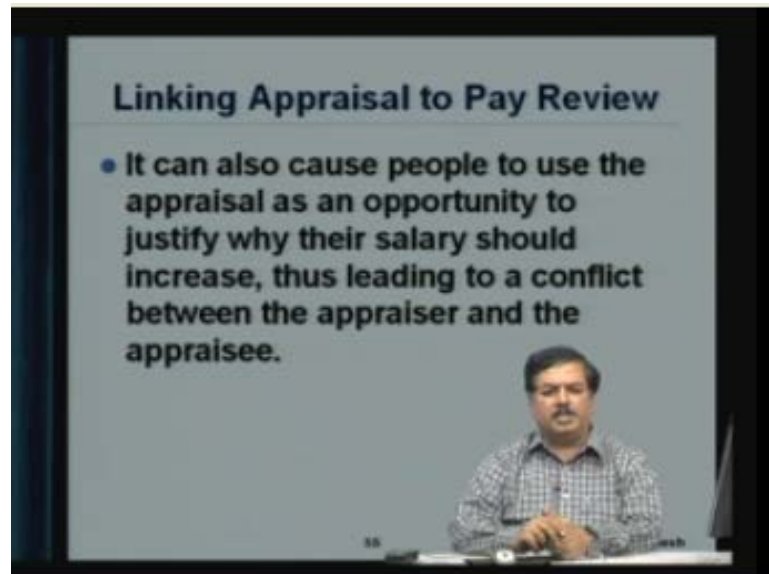
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So the employees do cover up some of their difficulties and some of the things which they do not want to talk to the others during the appraisal process because unnecessarily it may affect their reviews and the ratings and consequently they may not get the kind of salary raise. It can also cause people to use the appraisal as an opportunity to justify why their salary should increase. So that means they can also argue out, so thus leading to a very conflict between the appraiser and the appraisee. So one need to manage these conflicts for the good of the organization, as we talked about the methods of performance appraisal both they are traditional methods which have been reviewed, revised and applied in different organizations

but also there are modern methods, the modern method the emphasis is more on more on contribution more on the end results.

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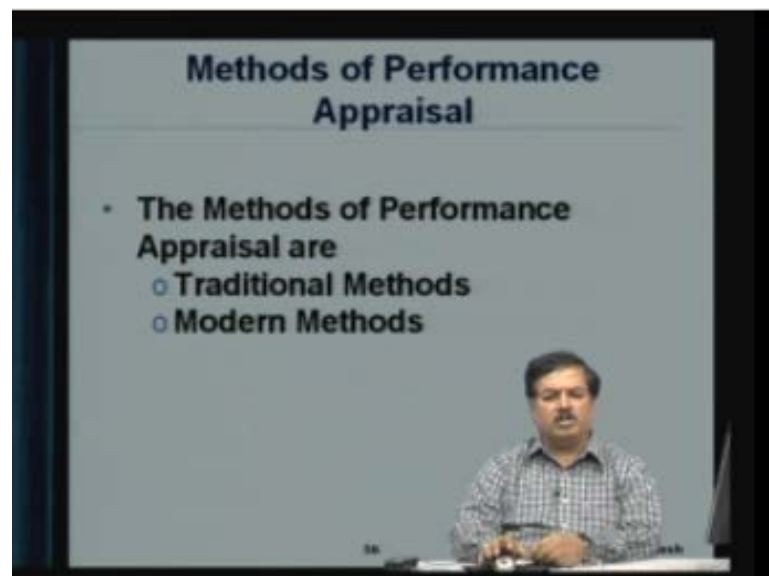
**Linking Appraisal to Pay Review**

- It can also cause people to use the appraisal as an opportunity to justify why their salary should increase, thus leading to a conflict between the appraiser and the appraisee.

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**Methods of Performance Appraisal**

- The Methods of Performance Appraisal are
  - Traditional Methods
  - Modern Methods

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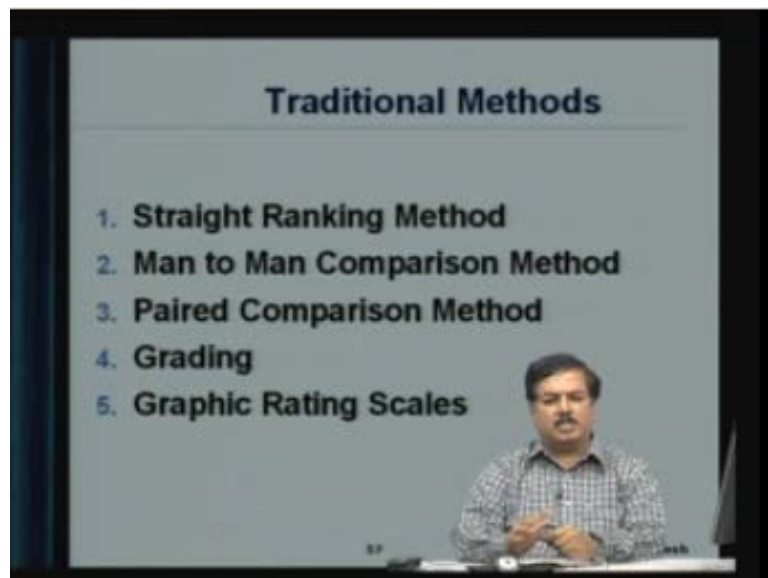
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So the traditional methods is a very simple straight line method in a straight ranking method in a straight ranking method out of 3 or out of 4 or out of 5, out of 10 who has done best who has contributed more you can compare and rank them from one to the other. It is also the next

one is a kind of a man-to-man comparison, so take two people at a time and see who is more or who is the lower and then try to arrange them in an hierarchy and similarly, the paired comparison method is also there you take two and whom.

So where is the best keep him and the other you leave and take the next one compare the two, so finally with that kind of a paid comparison you are able to keep them into a some kind of an order another is a kind of a grading method you identify basically a, b, c grades or a, b, c, d, e grades a being excellent outstanding and b means very good and c means good and d means, I think yes there is a scope for improvements, e means certainly bad.

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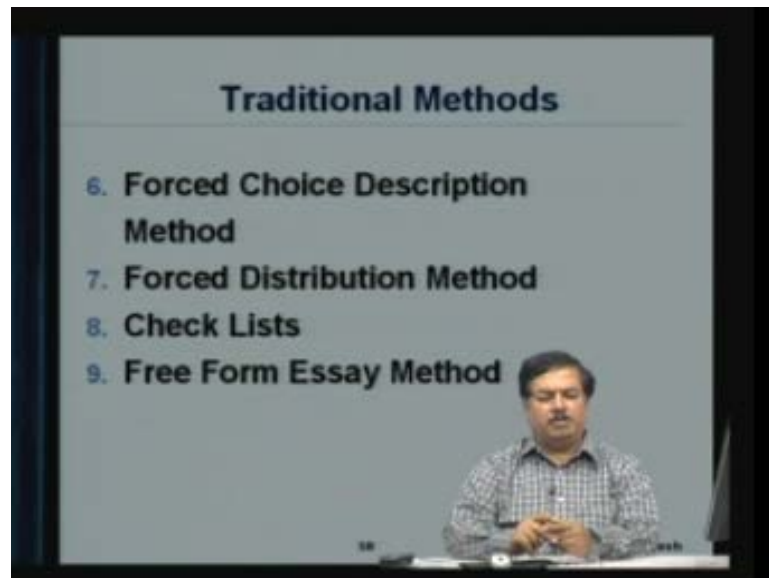


So the question is in a grading method you have these 3. 5.7. grading and the existing people can be fitted into depending on their attitude, depending on their work, depending on their contribution, what they have made push them to different grades. Another is in terms of the graphic rating scales, the rating scales you have different attributes, different attributes in terms of work standards, the concern for the organization, focus, the hard work. So many of these things can be taken and then in a rating scales, you have a rating scale of 1 to 5 or it could be it could be very descriptive scales.

So then you have a different scales to rate on several of these attributes and then based on that you make an assessment of the individual and the traditional methods also include the forced

choice description method. So that means you give set of attributes whether the individual is extrovert or an introvert, so then you know he is an extrovert and then with an emotional or not so many of these things where you can asking the individual to classify and put them into the scale or sometimes it is a forced distribution method.

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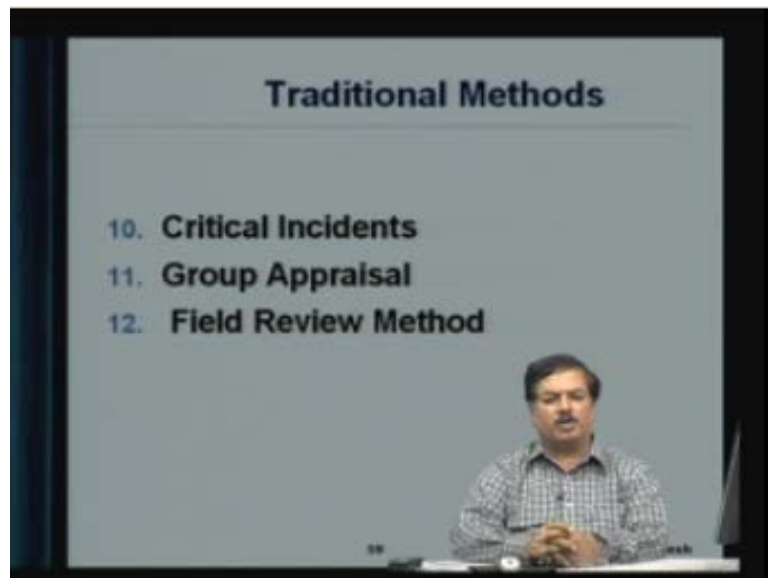
You assume that there are 10, 70 and 20 percent, 10 percent should be or to be considered as above average and seventy percent should be kept in the middle and then 20 percent at the bottom level and then you are asking them to fit this to this distribution then, you can also use of the checklist. A checklist is like this behaviorally anchored rating scales or identify those effective behaviors and the ineffective behaviors and then try to capture, what is good and what is not so good and similarly, when we talk about one can also write about the free from of an essay method, in a free from of essay method the boss would sit and write very clearly the what kind of responsibilities, what kind of authority was provided to the individual and what is the normal style of working what is extraordinary contribution the individual has made, how does he work with others in the organization.

So it could be a kind of a free form notings or a freeform essay method, in other words the many of these methods have been used in the past in singularly or in combination. The traditional methods also include the critical incidents the critical incidents where the individual has done something very good, those things are noticed on the left and that is for



example you know the around 5 o'clock then it is very urgent work, I told this individual that to be completed but he said yes, I will sit and continue and then he stayed beyond the normal working hours not only their additional hours and completed the task.

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So that means you think it is an extra ordinary good behavior all the good behaviors are noted on the one side and also on the other side, you can also note that you worked in and you told him there is some urgent work but immediately he started shouting, argued and walked out.

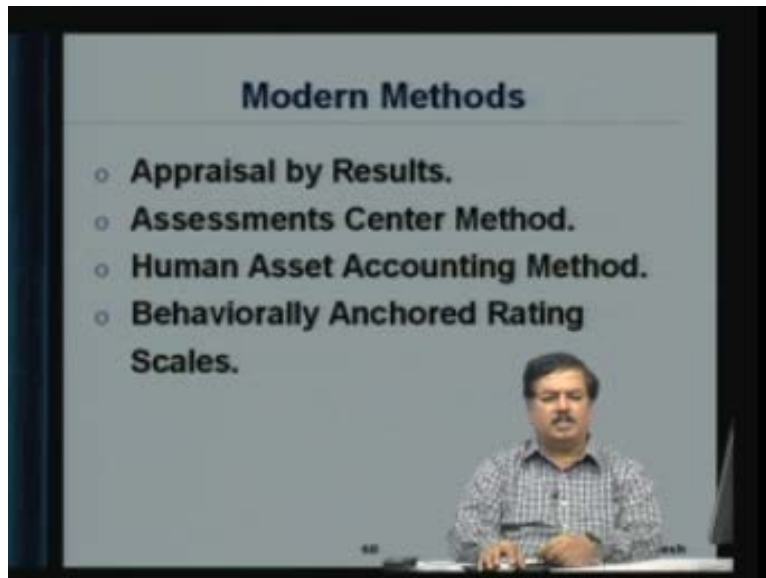
So which is a particular behavior which we will see as negative, so critical incidents captures set of positive and negative experiences of the or negative behaviors of the individual and when you use this critical incidents, it becomes data based, mutually verifiable specific information and many managers find this as most useful and also the group appraisal is the method where set of people can discuss and analyze who could be the group for next few years.

So the group appraisal is a kind of a voting is a kind of a discussion based on some kind of a consensus about who should be the leader now such practices are very common where the leadership positions are based on rotations and one can also do the field review methods where actually when somebody is doing the work some of the experts can judge can see what is that one should do or what is that one can do more. So these are all some of the set of the you know known methods but one can also see this modern methods in terms of focusing on



the results which can be called as appraisal by results and also you have the assessment center method where many people would that is experts would sit and then judge based on the observable behaviors then you also be the human asset accounting method where you try and see how many people have acquired additional skill sets and also what I have mentioned about the behaviorally anchored rating scales.

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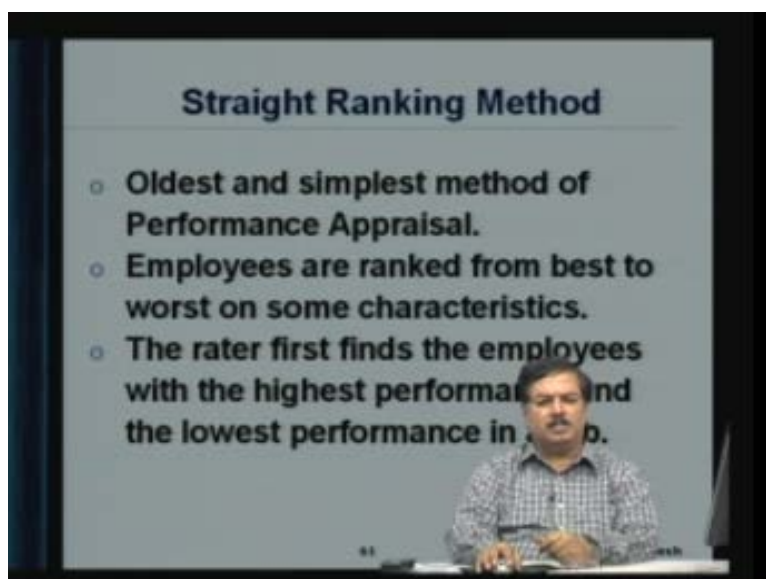


**Modern Methods**

- **Appraisal by Results.**
- **Assessments Center Method.**
- **Human Asset Accounting Method.**
- **Behaviorally Anchored Rating Scales.**

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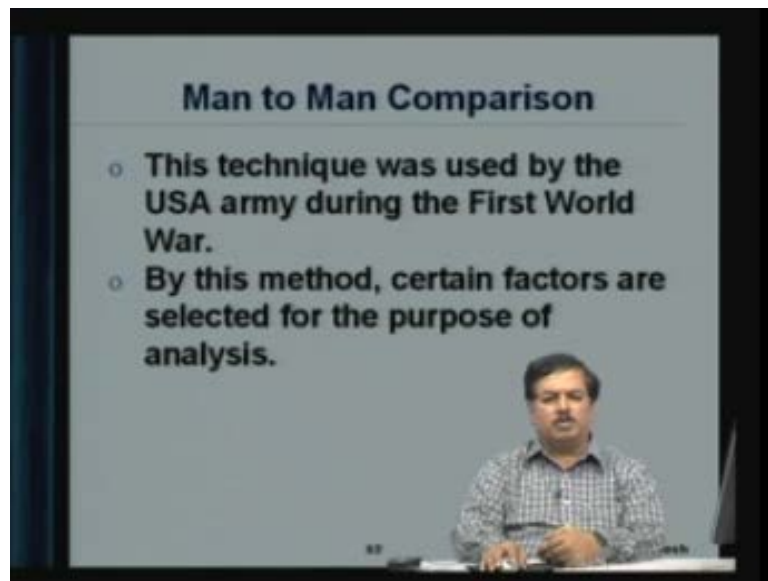


**Straight Ranking Method**

- **Oldest and simplest method of Performance Appraisal.**
- **Employees are ranked from best to worst on some characteristics.**
- **The rater first finds the employees with the highest performance and the lowest performance in the group.**

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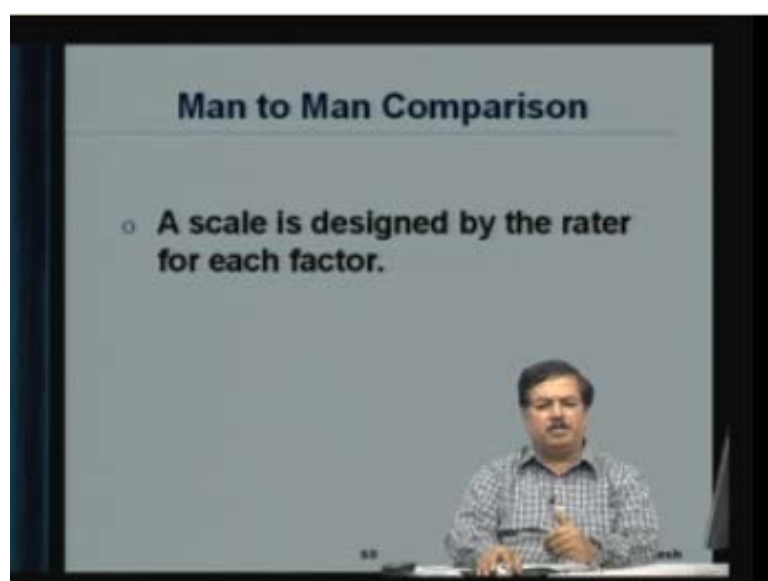
**Man to Man Comparison**

- **This technique was used by the USA army during the First World War.**
- **By this method, certain factors are selected for the purpose of analysis.**

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So the simplest ranking method of arranging the contributions performance of one individual to the other of a simple straight ranking method to the man to man comparison which was used by the army during the first world war and then allowing several of this, the inputs to compare that who could be the better person in the organization, to a kind of a man to man comparison.

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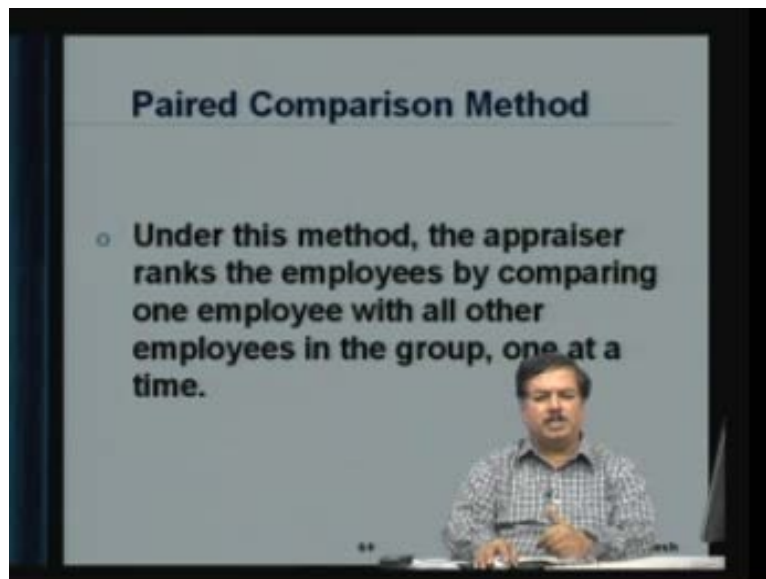


**Man to Man Comparison**

- **A scale is designed by the rater for each factor.**

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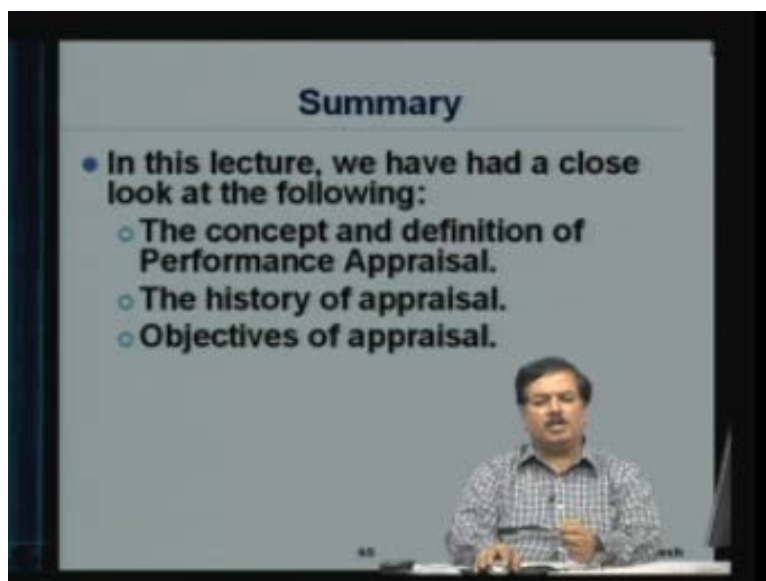
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**Paired Comparison Method**

- Under this method, the appraiser ranks the employees by comparing one employee with all other employees in the group, one at a time.

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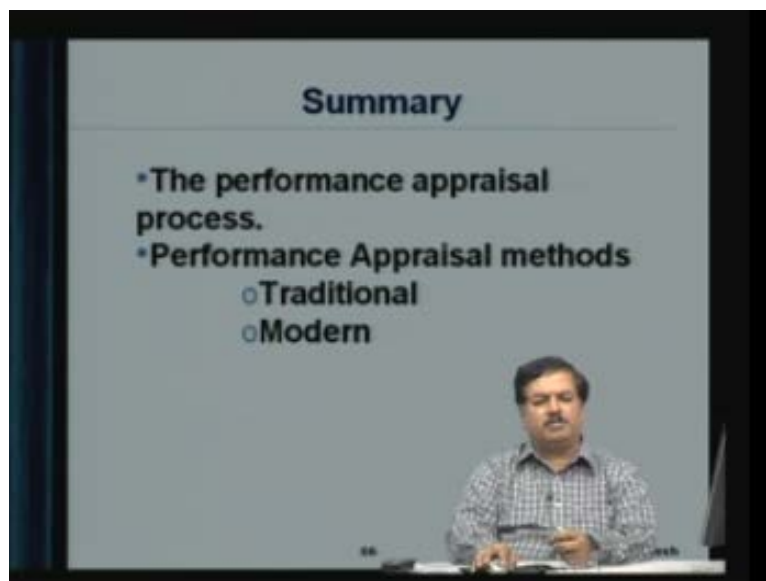
**Summary**

- In this lecture, we have had a close look at the following:
  - The concept and definition of Performance Appraisal.
  - The history of appraisal.
  - Objectives of appraisal.

So that each rater is comparing the others on different factors from one to the other to a kind of a paired comparison method and to different aspects of the contribution what one has made. In other words, the performance appraisal has been evolved as a tool of management over the years to analyze, understand the contribution of the individual in relation to the requirement of the organization and that is how we will see that the concept is something not new and the definitions have evolved over a period of time.

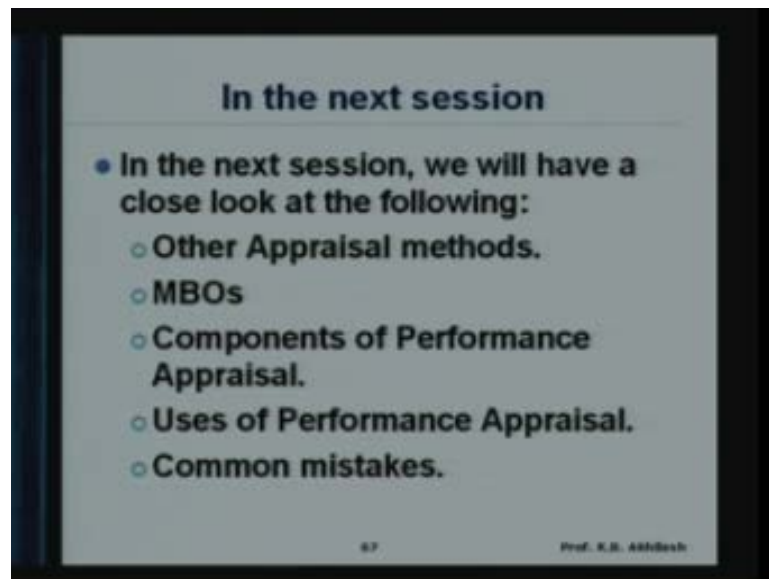
However, the focus is on the individual, the focus is on the contribution and the idea is to capture of what the individual has done while working to meet the goals of the system. So that we also examine the history of this appraisal which started as extremely a very generic essay based, merit rating based till today, we are focusing more and more on the behavior, specific behaviors which are directly linked to the results then we have also seen objectives of the appraisal, we have also seen the performance appraisal process and the performance appraisal methods both traditional as well as modern.

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In the next session, of the you know when we are trying to discuss further on this appraisal we will examine the appraisal methods, we will also look at the details of the MBO's and how MBO different formats have been introduced in several organizations. We will also look at specific components of the appraisal, appraisal methods, use of the appraisal and also we look at some of the common mistakes done by the rater and the some of the issues which will come in the appraisal process itself and in the you know together what we need to do is to see how individual can be integrated into the organization through systematically analyzing one's contribution and one's potential and defining an agenda and a scope for action.

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So that necessary investments can be made, so that individual careers can be strengthened, contributions can be captured and the organizational performance can be ensured.