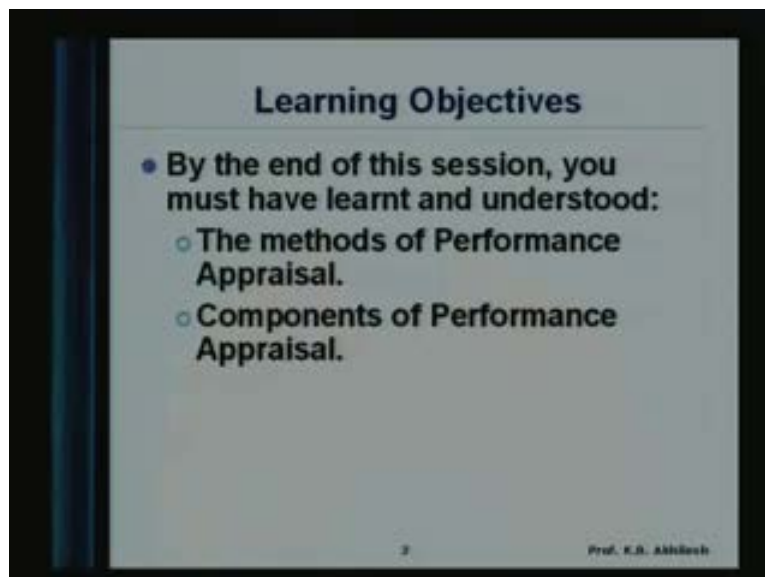


Concept of Management and Evolution of Management Thought
Prof. K. B. Akhilesh
Department of Management Studies
Indian Institute of Science, Bangalore

Lecture - 23
Performance Appraisal - II

Hello, we will continue our discussion on performance appraisal. In the last lecture of performance appraisal I was giving you some of the details of what are the purposes and what are the various issues with respect to the performance appraisal we have seen performance appraisal in the overall context of human resource management and how human resource management has to deliver a value to the organization and performance appraisal is an important tool in the hands of the managers to understand the needs of the individual on the one hand and meet the organizational expectations on the other and that is how performance appraisal is considered as a matching process, matching between the individual and the organization.

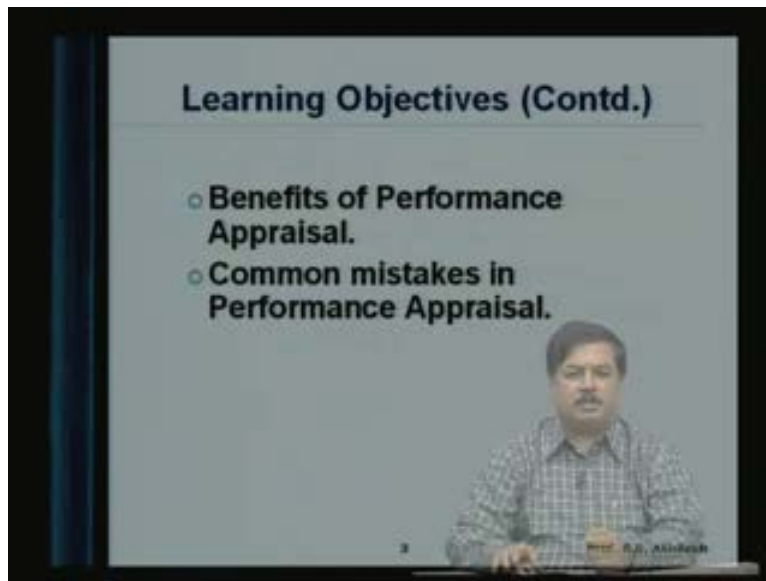
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Today, we will continue to look into the other dimensions of a performance appraisal and at the end of this session I want you to see various methods of a performance appraisal,

various components of a performance appraisals and also the what are this benefits of performance appraisal at the to the individual to the group and to the organization. We will also recognize some of the common mistakes the errors which will keep into the performance appraisal system.

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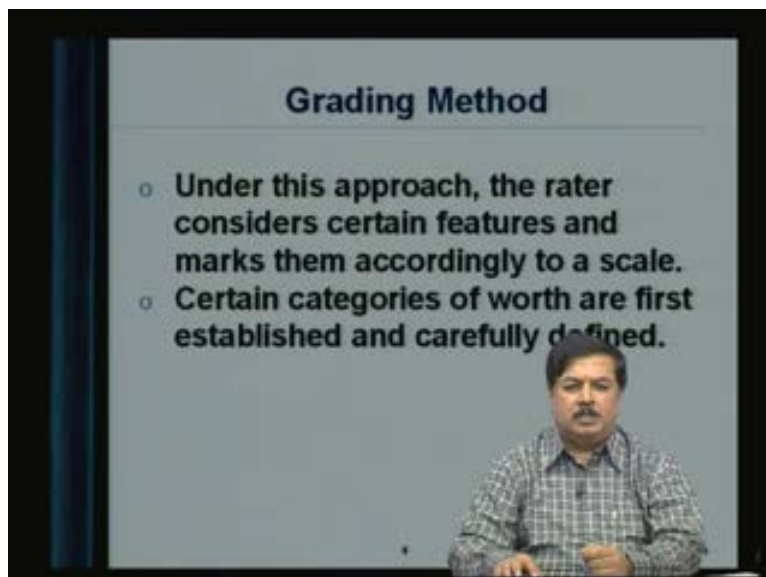


Learning Objectives (Contd.)

- **Benefits of Performance Appraisal.**
- **Common mistakes in Performance Appraisal.**

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Grading Method

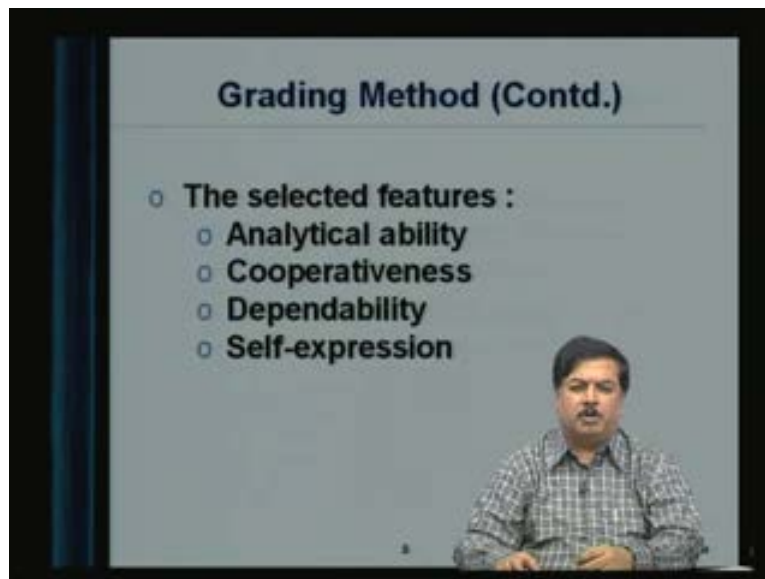
- **Under this approach, the rater considers certain features and marks them accordingly to a scale.**
- **Certain categories of worth are first established and carefully defined.**

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When we are thinking of various methods as we have already covered the basic objectives and various methodologies, if you see the grading method, the basic approach in grading method is to consider all the features, all the aspects of the individual and grade them means arrange them, rank them from one level to the other. So that means given for employees given 5 employees working under you, how would you place them who is a best, who is the next best, who you can do, who would be at the lowest level.

So what is important is that the manager here considers the aspects like attendance, appearance, the overall co-operative attitude exhibited by the employee, the concern for quality, the responsiveness to the others and colleagues in the organization. So most of the dimensions are taken together and then in the grading method, the appraiser, the boss would rank the or they put them into different slots. So in terms of they see if you see the certain categories are of criteria need to be established at the beginning and also must be well defined, so that others can also respond to this grading method.

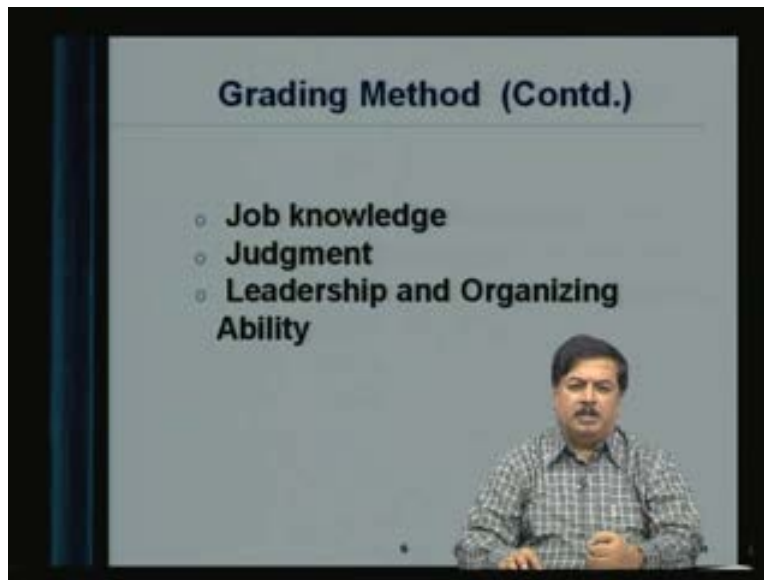
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So the features one can see one can assess could vary from one organization to the other from one superior to the other but it is desirable to list out some of the common things.

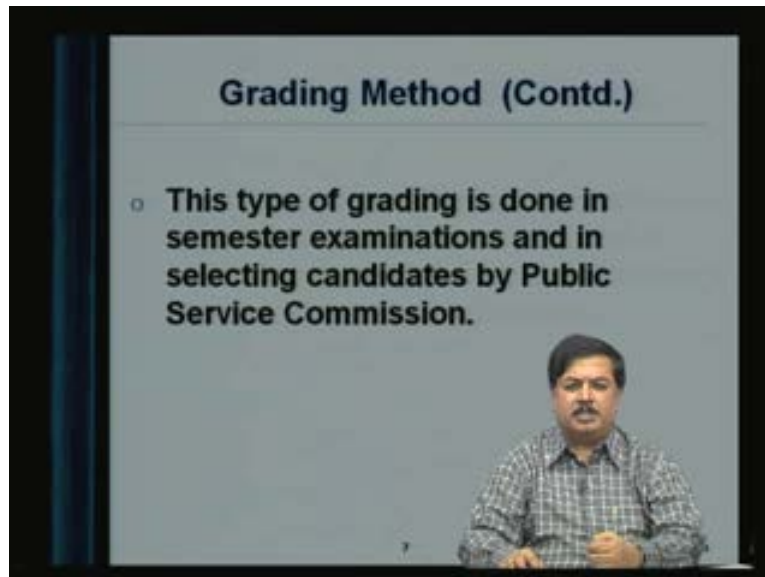
It could be the analytical ability, the ability to analyze, understand problems, generating alternatives, choosing some of the best of the alternatives things like that the cooperativeness, the dependability, when you give the saw if give a some give some task to the individuals then whether they are in a position to deliver with or without supervision. So without supervision indicates more dependability then the self-expression, the individual is able to express and convey his or her ideas to the others, the job knowledge and the judgment what one would bring to the table, leadership and organizing ability?

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So one can consider various dimensions of this and then it is, it could be written in the.. know any if you see this kind of a grading is useful at the end of the exam, people are given A grade, B grade or C grade and things like that. It is also possible that you do not see them in kind of a percentage of marks but you group them into set of categories some are excellent, some are good, are very good poor and things like that.

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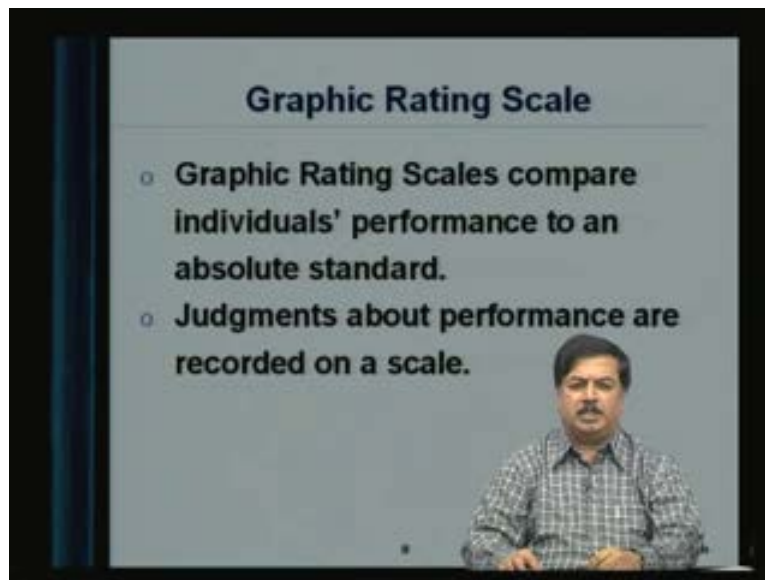


So a qualitative or a letter kind of a grade or a descriptive kind of a grade can be identified a priori and the individuals are assigned based on this set of criteria based on the observation based on the inputs based on the kind of performance they can be classified, they can be put into one or the other grades. The other thing is in terms of the graphic rating scale, rating scale would involve identifying the various shades of the kinds of thing what we considered earlier whether the job knowledge or the ability to do the perform you know the ability to do the task, responsibility for things, responsibility for people and things like that. But they are recorded on a scale scale of a, b, c, d, e, f could be or it could be 1, 2, 3, 4, 5, one meaning could be very low and 5 meaning could be very high.

So rating scale is provided for each of the items and it is seen as higher the rating you can see on various dimensions like what I mention job knowledge responsibility, punctuality things like that the individual can be rated and the based on the ratings you can see somebody as very good or otherwise but this is one of the oldest and widely used technique and it is deployed in most of the organizations in different ways and different

formats. So it could be the self-rating or it could be the rating by the bosses or it could be the rating by the immediate boss or by the colleague's things like that.

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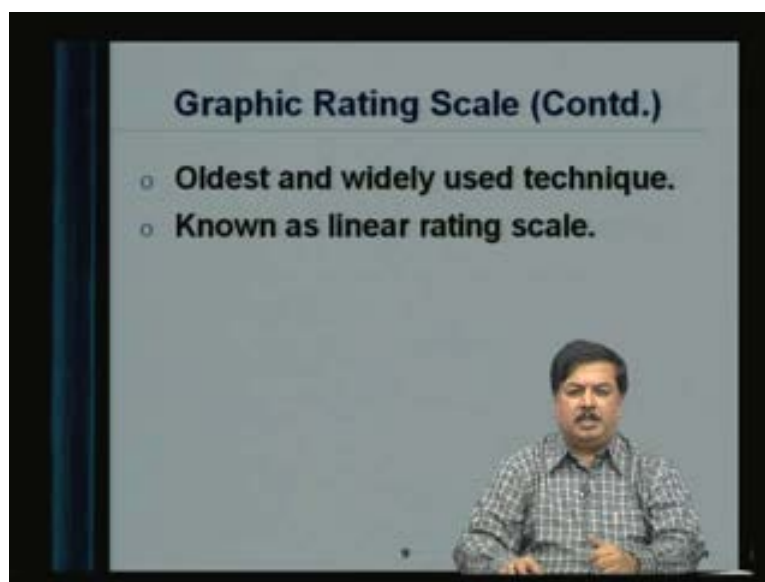


Graphic Rating Scale

- **Graphic Rating Scales compare individuals' performance to an absolute standard.**
- **Judgments about performance are recorded on a scale.**

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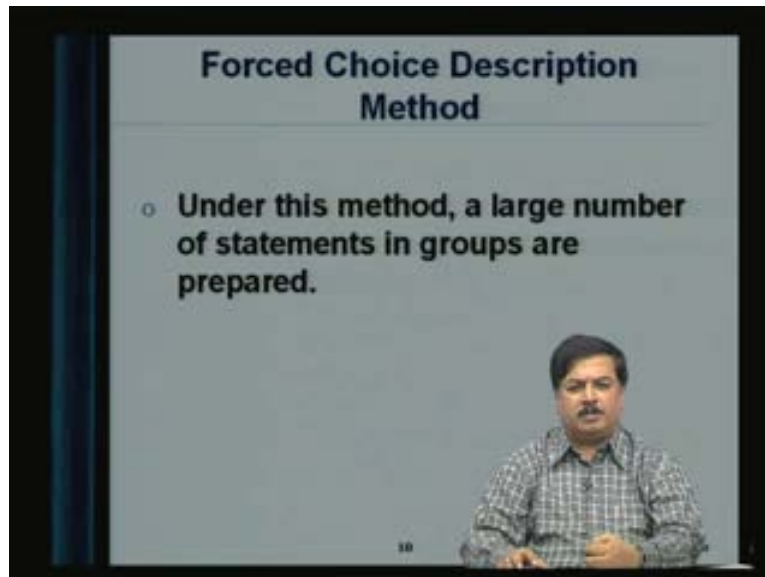


Graphic Rating Scale (Contd.)

- **Oldest and widely used technique.**
- **Known as linear rating scale.**

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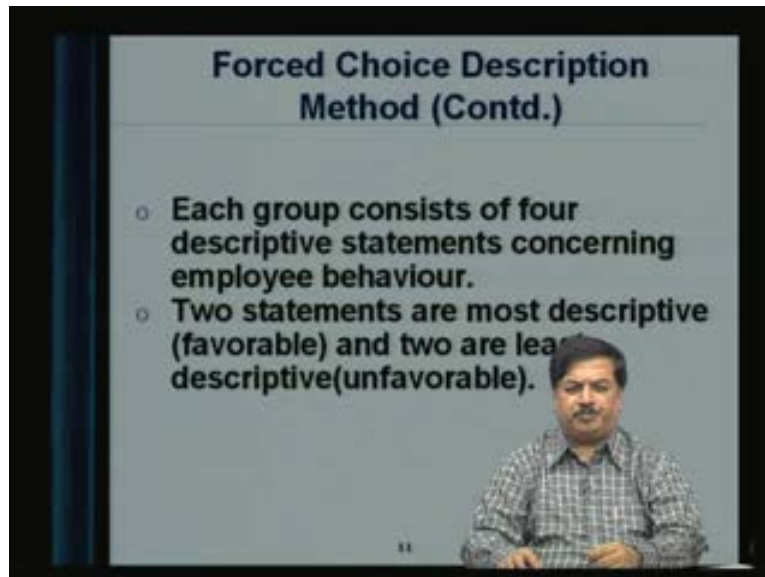
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The other important thing could be a forced choice kind of a description method, in this you describe all the qualities but then you have to describe who is more this or who is less of that, for example, if you take in a group okay who is much more articulate. So given the two individuals who is more articulate, given the two individuals who is more emotional, given the two who is more committed so in other words what you are trying to do is take set of qualities and then in a forced choice you try and push into the one or the other categories.

So normally there is no third choice there a fourth choice within the given choice, one has to one has to push the subordinates into the appropriate positions. So the first choice is each group consists of 4 descriptive statements, concerning employer's behavior. So the two statements could be most descriptive in terms of the favorable and two are least descriptive or could be then favorable, so within the group group of people then you would see who would fit into which of the which of the groups.

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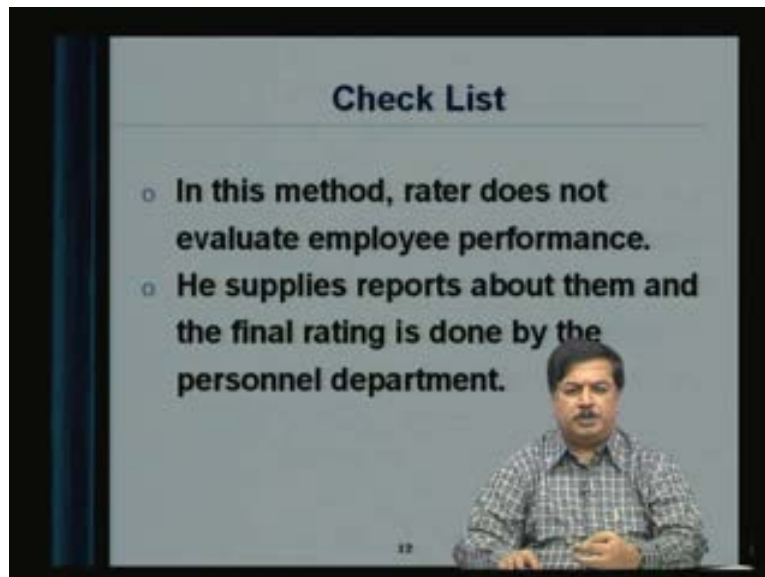
Forced Choice Description Method (Contd.)

- o Each group consists of four descriptive statements concerning employee behaviour.
- o Two statements are most descriptive (favorable) and two are least descriptive (unfavorable).

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Check List

- o In this method, rater does not evaluate employee performance.
- o He supplies reports about them and the final rating is done by the personnel department.

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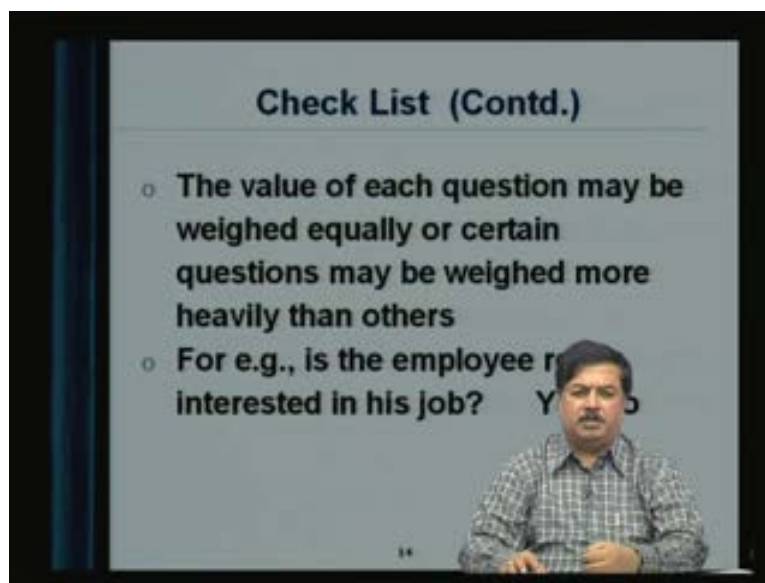
It could also be there a kind of a checklist when you try and do this in a where the rate evaluates the overall things does not you know evaluate employees performance but then you have a details you have the details about what that person, does a person may not do on the task, for example, does he keep all his work area clean and proper does he keep all

the tools well organized before leaving the work does he clean up keep everything as it was before.

So many of these things can be put as a kind of a checklist and then as long as the person is you are able to take they can if you can assume that the performance is satisfactory or excellent. It could be seen for some of the routine task it may be about the cleaning of a particular floor maintenance of many of the machines and areas what is required is a checklist is put there, so that the individual does that kind of a task assigns and goals.

I think when wherever you can see routine task standardized task periodic things could if it is to be done then the checklist could be one of the one of the best methods and as long as everything has been done and signed and then it you can see the the performance is at the correct level or good level or somebody has not done.

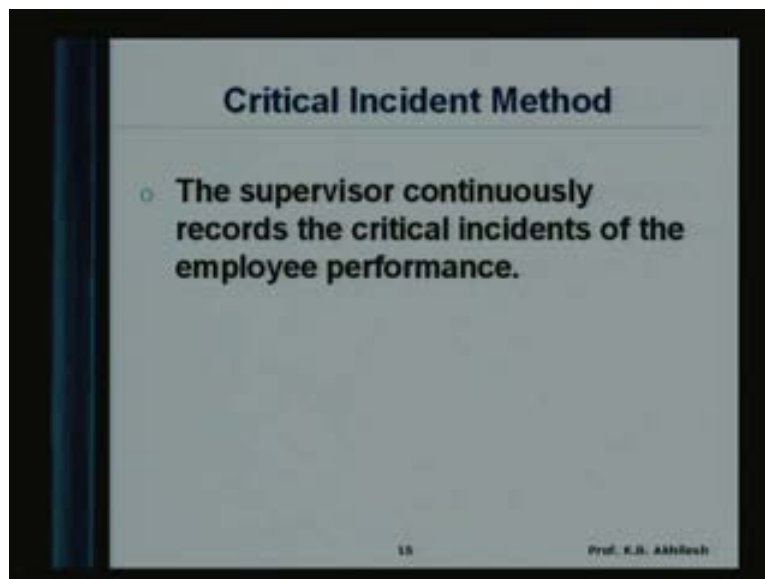
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So series of questions regarding the employees and his behavior, so then you know the rater can also do that kind of a checks indicating if the answer to a question about an employee is positive or negative, if the rating has to be done by the bosses. So it could be a good thing for a self if you know the where the individual himself or herself is doing the

checking as well as it could be from the bosses where they can run through all the questions and then they can say yes or no or do some degree whether the individual is performing or not. But the question is that the each of this items, each of the aspects must be weighed equally or certain questions may be given more weight come depending on the task but most of the time there are not much of a weightage or the weights are given between the questions and the so it could, it could be very clearly some of the desirable aspects of the question does the employee enjoys his job or not interested in his job or not.

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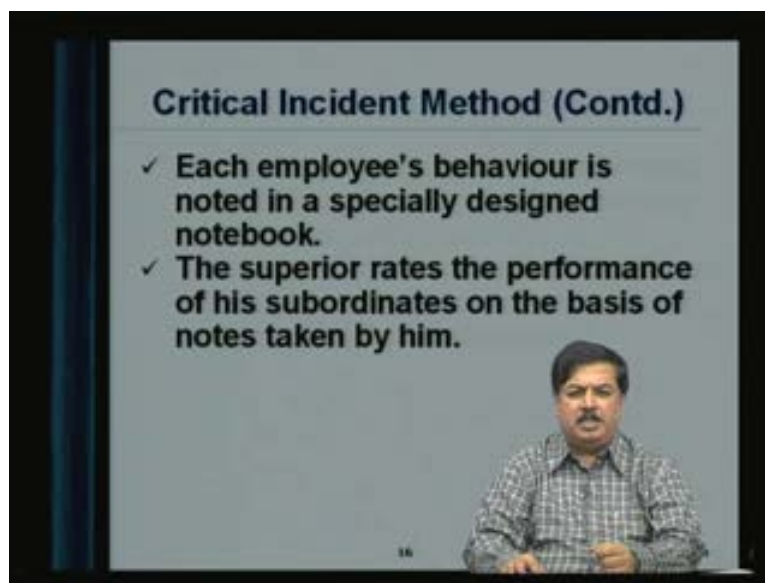


So such questions can be can be a part of this kind of a checklist and then you know the other important thing is about about a methodology many people have founded very useful is a critical incident method. The critical incident method the supervisor continuously records the various important events of the employee both positive and negative a systematically, in a book may be a left side all you know not so good things and on the right side all the good things, for example, around 5:30 or a very urgent work to be completed.

So I asked this employee but he said no, no, no he has to do some work he has he has something else and he worked out another situation could be that on a very very urgent work to be done but these employees seeing my concern and seeing my pressure he came and he took initiative and he read all the things he ensured that I completed all my task and supported fully even though I am not requested him to do anything and he went out of the way to meet my requirements.

So you like this there could be many things could be happening in the job you know on the job in the organization, something very positive, something very negative or not so appropriate or very appropriate kind of a behavior, some are very proactive, some are very reactive, what is the idea of the supervisor is to record some of these incidents, write down as it happens.

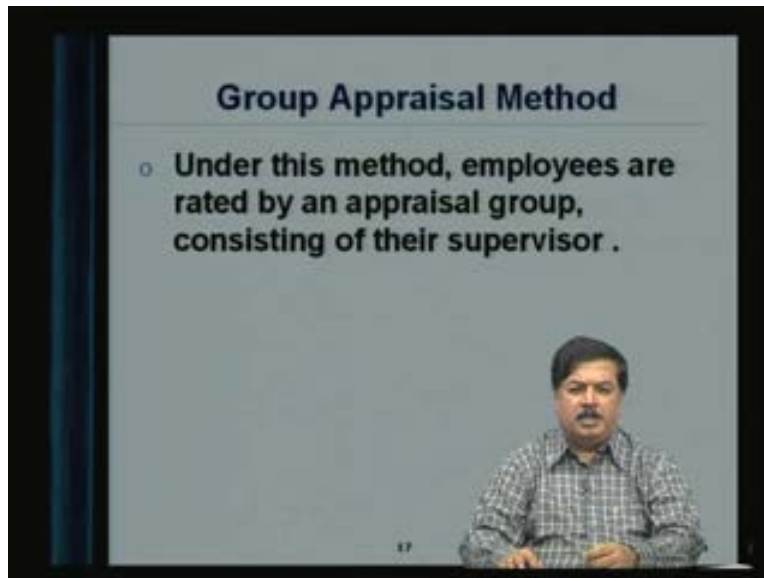
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So that when you sits for a discussion with his or a subordinate then you, you know it becomes very easy, it becomes data based, it becomes mutually verifiable and both can discuss and agree upon yes, certain positive things have been done or something more could have been done and clearly see what that in you know the person should do. So the

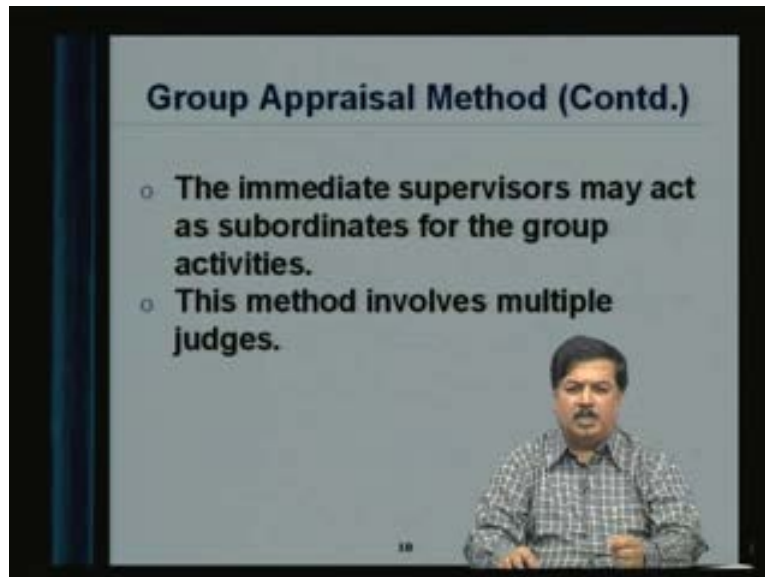
each employee behaviour is noted and then these notes would help and the superior rates the performance based on this kind of notes taken. So the notes will guide the kind of judgment.

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So that the individual is taking overall picture of the subordinates performance and the behaviour and an agreement or disagreement should be possible because then the subordinate can say I think sir you are over interpreting my reaction on that day do not you know I had such and such a pressure or do not you know that I have a nailing parents at home or do not you know that my wife is in the hospital. So many of these things they can ask and verify. The other important method one can think of is the group appraisal method, so under this method employees are rated by a set of appraisers. So that means in a set of people would consisting of the not only the immediate boss but several of them and then together they come to a judgment sometimes it is the immediate boss, the HR and the heads of some the other departments.

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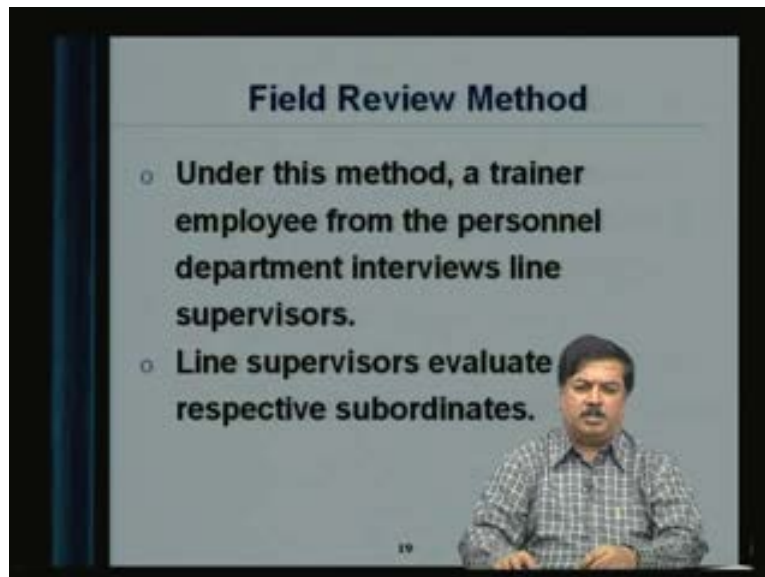
Group Appraisal Method (Contd.)

- The immediate supervisors may act as subordinates for the group activities.
- This method involves multiple judges.

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Field Review Method

- Under this method, a trainer employee from the personnel department interviews line supervisors.
- Line supervisors evaluate respective subordinates.

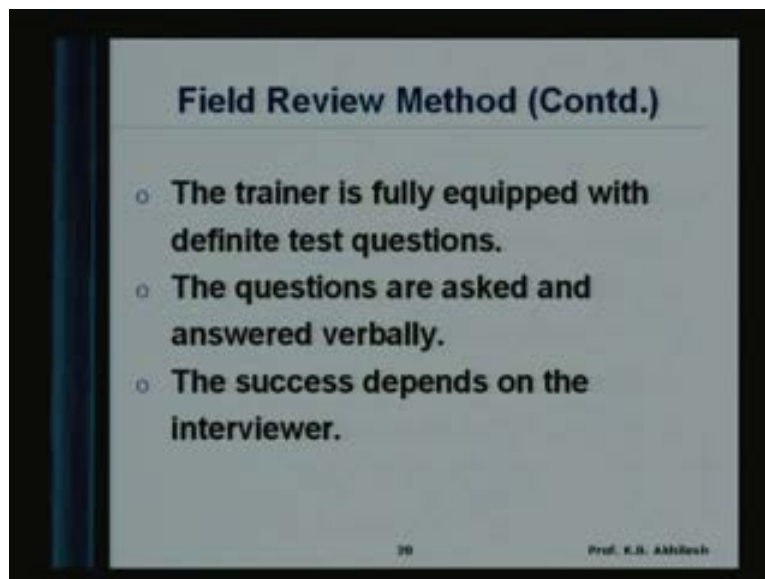
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So in other words what could happen is these people the particularly, the subordinate may be doing the kind of task where several people receive the services it could be the cash section or it could be the materials department and it would be its always nice where a set of people take a notice of this particular department and also the person in charge of such

department and then so multiple judges discuss and come to some conclusions. It is also possible that some of the methodologies is called as a field review method, under this method a trainer employees but from the personal department and they you know but interview is the line supervisors and the line supervisors evaluate the respective subordinates. So that means you know they together they work and then explore different things, so the trainer is fully equipped with the definite test questions, so the questions are asked and answered verbally and then you know the final thing is based on your ones performance.

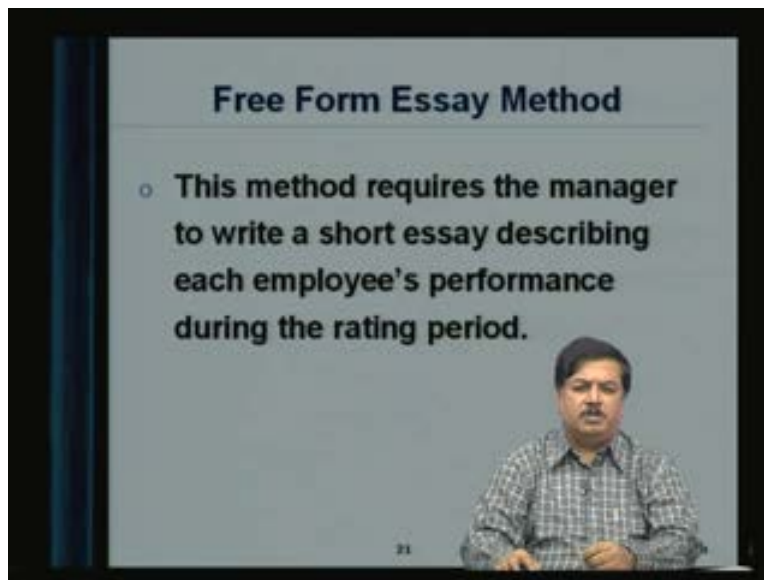
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So the success depends upon that kind of an interview, this method is adopted where appraisal or the appraisee provides all the details to the appraisal process or the set of people who are involved first they go through the reports but then the questions, answers and the dialogues would decide whether the individual notes and what individual has done in the past few years. Another method very widely used and historically very well established is a kind of a free form essay method in this method the manager writes a short essay describing each employee's performance during the rating period and the, he analyzes the important goals a set for the employees, employee or the subordinate and

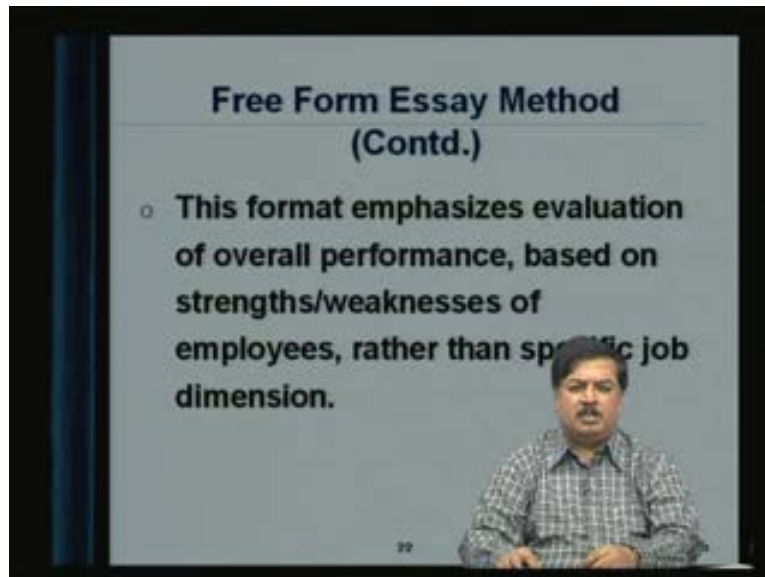
what that employee has done or has not done in terms of the giving the best of their efforts and whether the individual has perceived the task very clearly or not and then how are he, how he or she went about looking into the task and the exact deliverables and what is that person has achieved and what is that he or she should have achieved taking into consideration all the details of the circumstances.

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I think that that gives a kind of a picture not only for the boss also to the subordinate but free form essay method is one such things where the where the overall performance is measured based on the strengths weaknesses of the employees and also the specific activities of the individual but do not if the emphasize is not on various aspects of the job dimension. So in this kind of a situation it is possible that the rater may rate the employee at a higher or at the lower end because one can give lot of reasons, explanations and things like that whereas in the scale there is not much of a scope to do or give any of those explanations but compared to this forced distribution method would be a better because then the rater has not much of a choice, he has to push the individuals.

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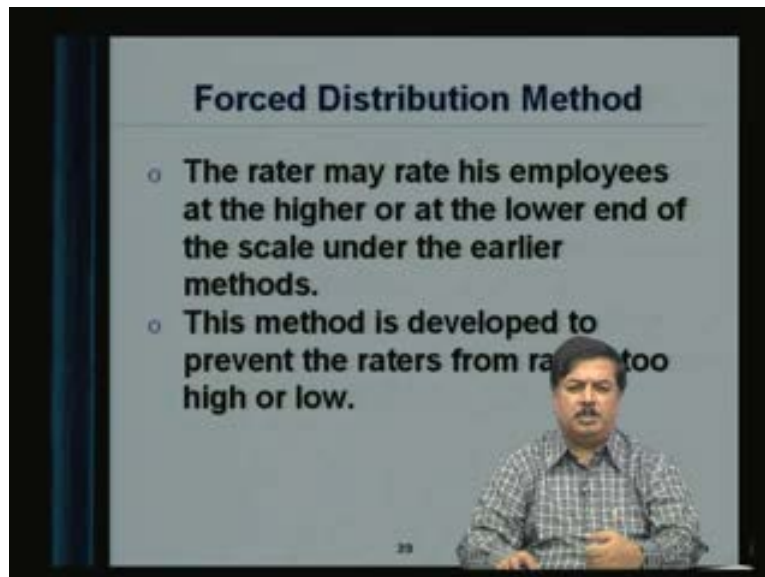
**Free Form Essay Method
(Contd.)**

- This format emphasizes evaluation of overall performance, based on strengths/weaknesses of employees, rather than specific job dimension.

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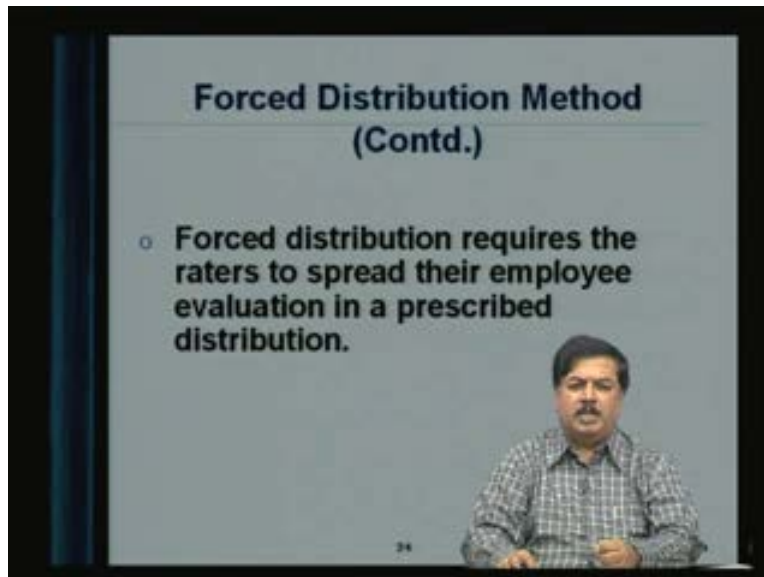
Forced Distribution Method

- The rater may rate his employees at the higher or at the lower end of the scale under the earlier methods.
- This method is developed to prevent the raters from rating too high or low.

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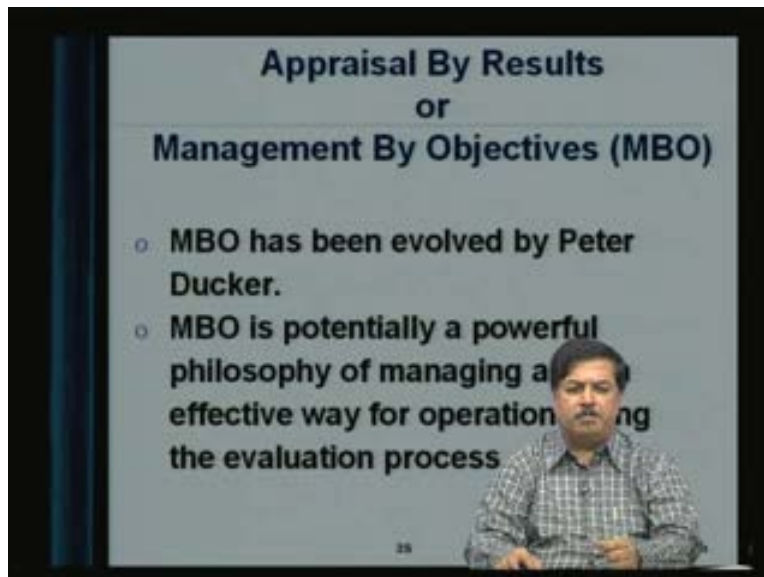
**Forced Distribution Method
(Contd.)**

- **Forced distribution requires the raters to spread their employee evaluation in a prescribed distribution.**

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**Appraisal By Results
or
Management By Objectives (MBO)**

- **MBO has been evolved by Peter Ducker.**
- **MBO is potentially a powerful philosophy of managing an effective way for operation during the evaluation process**

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So some organizations believe forced distribution method is better particularly, employ you know identifying who are the top performers and who are the bottom level performers, forced distribution requires very clearly to spread their employee evaluation and in a prescribed distribution possibly it is called the 10, 70, 20 or it could be 20, 70

and 10 in a depending on but typically it is the 10 percent top performers, 70 percent in the middle and 20 percent at the bottom.

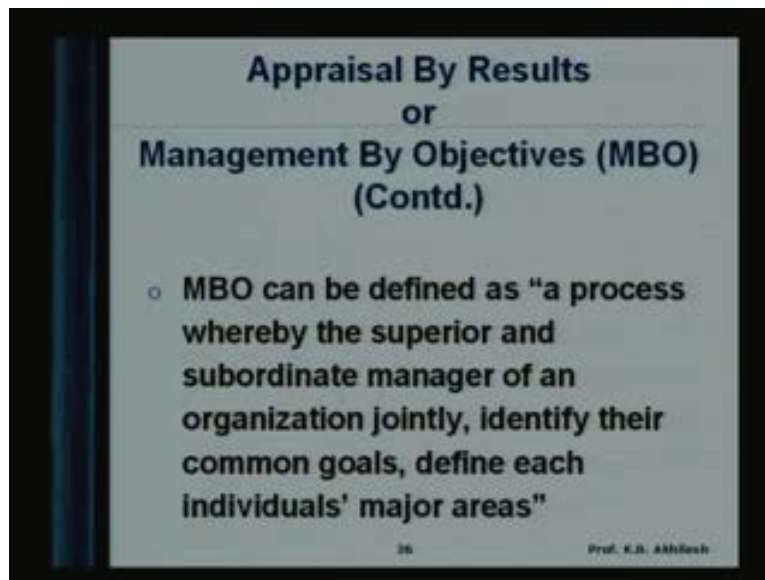
However, one cannot you know the remove the role of the appraisers in this whole process and so that is how the criticisms about the appraisal process as well where it was described as very subjective and not so data based not much where you can really verify the do the contributions of the employees. So the paradigm shifted towards about the delivery about the results of what one has done rather than what one is so arguments were put forth people talked about that you must give less emphasize to the personality you should give less emphasize to the behavior but really focus on the results and what the individual has done towards achieving the goals of the organization.

I think that is the time where people started talking about the appraisal by results or by management by objectives. This really took off in late 80's and 90's several organizations work through this process of management by objectives in shorted is called as MBO has been evolved by Peter Ducker and many interventions were planned in different sectors both public sector or private sector, medium size organization and all of them felt that the MBO is a very very powerful philosophy of managing and an making sure that the end results are achieved.

So that means it is a best way of operationalizing the set goals and then through a proper discussion through a dialogue both boss and subordinate agree and then that could be the basis of assessment and that is how MBO can be defined as a process whereby the superior and subordinate manager of an organization jointly I think this word is important identify their common goals that means the subordinate perceives what are the task before the boss and then they define each individuals major areas and what are what are the areas in which one should be doing and contributing and putting set of measures. Assessment center method is another way of doing the appraisals, I am mentioning here at this as we are discussing the performance appraisal the assessment center method is used both at the selection stage as well as a method for the development of the individuals.

It is coated basically it was applied in German army in 1930's but it the system of or an organization where assessment of several individuals is done by various experts but basically psychologist using various techniques.

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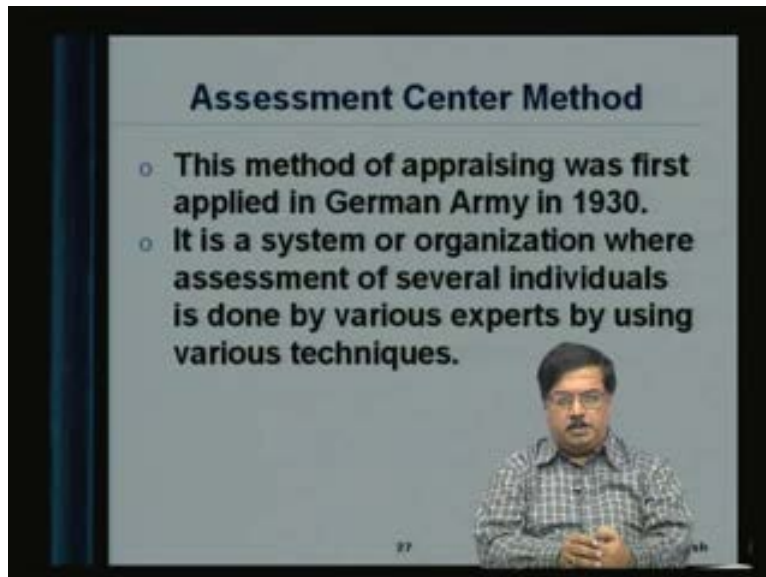


So when you see this assessment center method it is elaborate and then various departments are brought together to spend 2 or 3 days working on an individual or group assignment sometimes they are given task to work as individuals and present case studies their oral and written communication skills are assessed, sometimes two individuals are asked to work together in dyads, so or triads where the 3, 3 persons work together and also the several group activities and when group assignments are done, you absorb what the individuals or the individual is doing and how they organize, how he is he is putting all the thoughts together things like that both at the individual as well as at the group level can be explored.

So the question is that when to deploy this kind of an assessment center most of the time the assignments are deployed at the time of promotion and also reviewing a substantial work assignment around the capacities. So, both as a you know potential appraisal tool as

well as performance appraisal tool. So the kind of activities lesser under assessment center methods or call the leaderless group discussion where no agenda gets you know gets defined but the group is asked to define a task and work around that.

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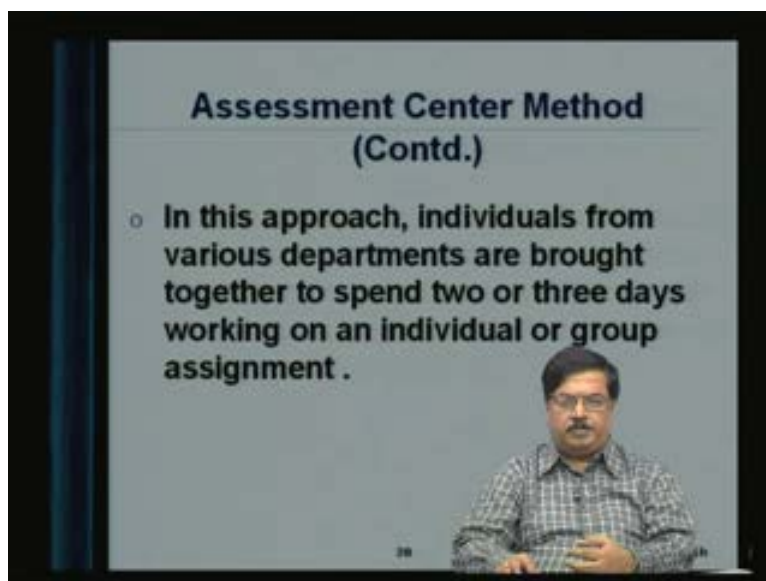
Assessment Center Method

- This method of appraising was first applied in German Army in 1930.
- It is a system or organization where assessment of several individuals is done by various experts by using various techniques.

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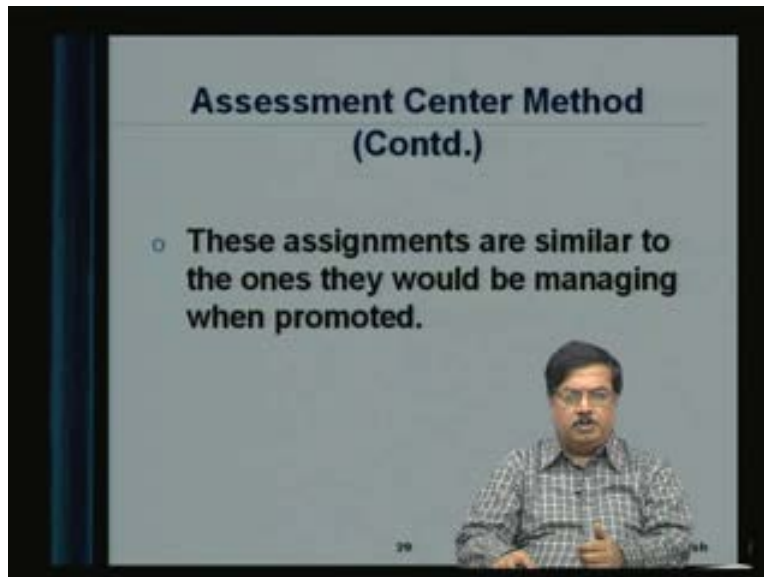
**Assessment Center Method
(Contd.)**

- In this approach, individuals from various departments are brought together to spend two or three days working on an individual or group assignment .

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Sometimes, it is also the structured group discussion in a structured group discussion the problem is come into all the individuals and the solutions and the solution methodologies are different for each of the group members and then you will see how they go through their solutions put their arguments across let may give you one example, it is called a college case in a college case all the balance sheet information when it was established the current issues many of these things are presented as a background material to the each of the participants and the assessors would watch what each one of them would do.

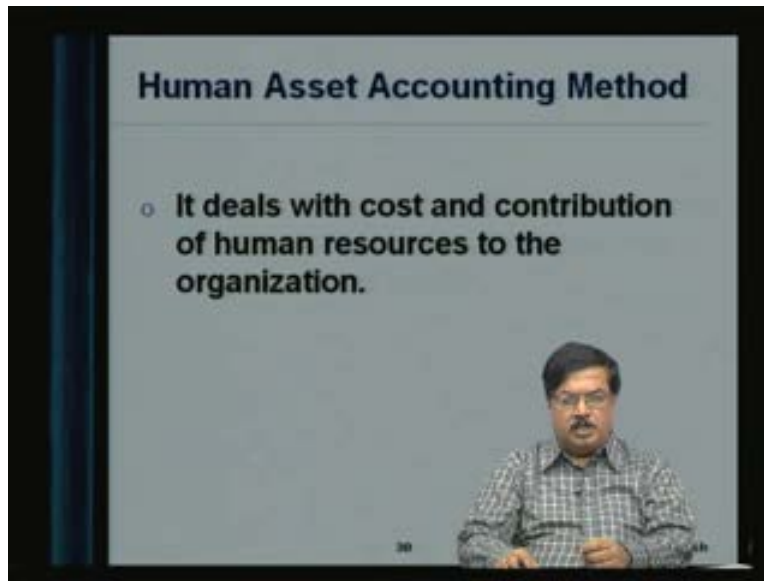
So along with the common information solutions are different from each one of them.

So typically in an assessment center about six participants are taken and two to three observers would observe their activities, their contributions in that kind of a situation the solutions could be that the college has to increase resources one solution is double the classroom strength another solution could be that work in double shift another solution could be that create more sections or more you know more in parallel classrooms and sessions or it could be that retire all senior people how more part time and young people so that the salary cost can be cut down or it could be the solution that create or more

benefit matches using the students and collect money you know get more donations from the public.

So the solutions could vary no doubt the problems of the organization is the know the as given to all of them would be to raise more resources and make it more effective. So then you will absorb how each of the participants would perceived a problem and argue with others convince others and then come up with a proper solution.

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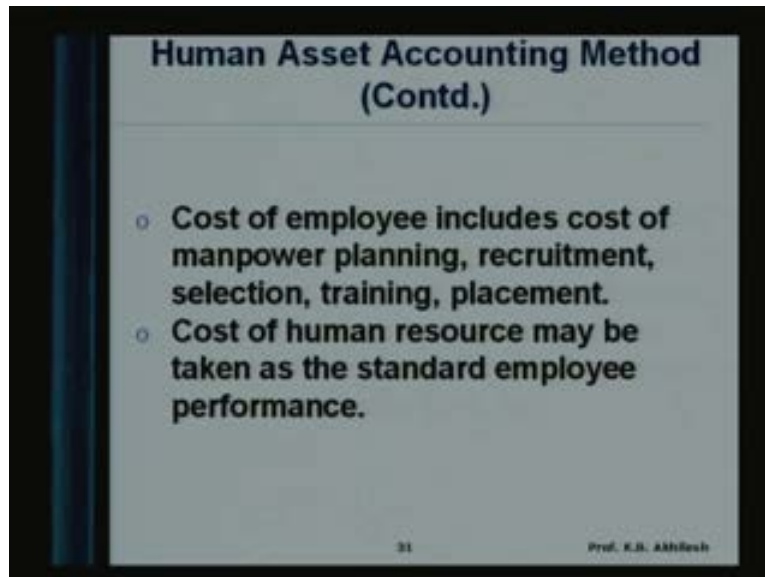


So in an assessment center typically the observers would see and may come to a judgment based on the observable behaviors. So analytical skills analysis and organizing abilities are more assessed based on the observable what one can see the behaviors in a half a day or day or two days depending upon the design of the assessment center? The other broad thing is to see the human asset accounting methodology or also called as the human resource accounting.

So deals with the cost and contribution of human resource to the organization overall and make a broad assessment of how many, how much of the contribution has come from the

existing human resource compared to whatever of the past year. So additional turnover, additional productivity improvements you partialize for the human efforts and human contribution.

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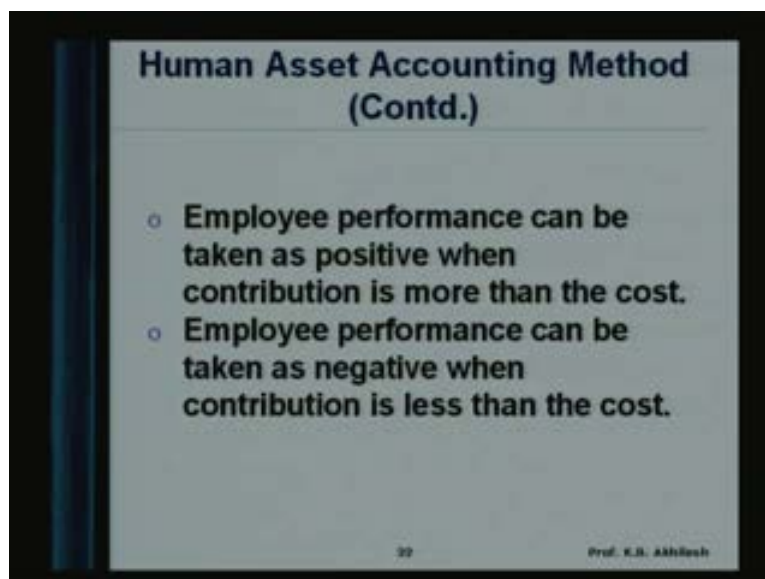


Human Asset Accounting Method (Contd.)

- **Cost of employee includes cost of manpower planning, recruitment, selection, training, placement.**
- **Cost of human resource may be taken as the standard employee performance.**

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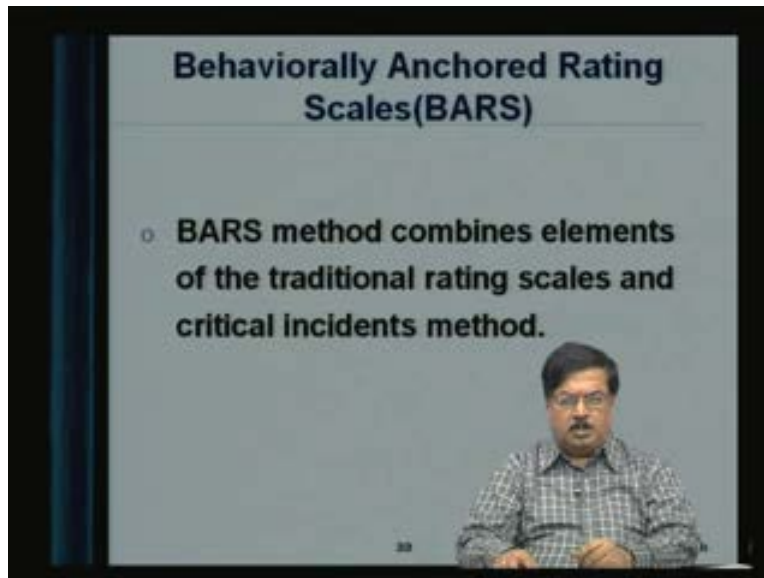
Human Asset Accounting Method (Contd.)

- **Employee performance can be taken as positive when contribution is more than the cost.**
- **Employee performance can be taken as negative when contribution is less than the cost.**

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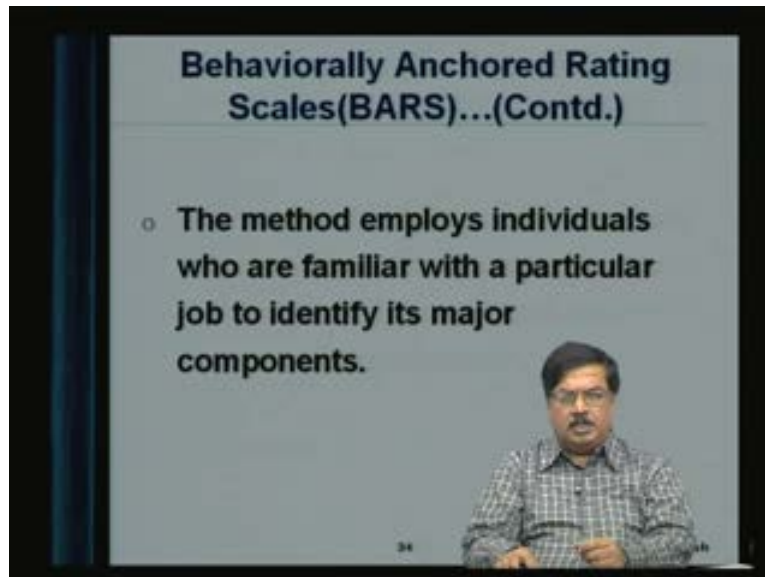
So the cost of the employee which you one can take and include manpower planning, recruitment selection training, placement everything the direct and the indirect benefits and then the cost of the human resource then is considered as a standard, the and then you know an employee performance cost and then we will compared to the number of employees.

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So if you see that per employee turnover should be about 27 lakhs that is how if you see and then for every addition employee what is happening and one can compare with this kind of a benchmark. So then if such kind of a contribution is not coming then you see that employee performance is lacking somewhere. So employee cost in relation to the total employee turnover is a kind of an accounting or kind of a methodology. The other could be the "Behaviorally Anchored Rating Scales" a very simple simple to develop simple to apply however many finite difficult to arrange the rating scales in terms of effective and ineffective behaviors but if you see the behavioral anchored rating scale method they combine elements of the traditional rating scales as well as the critical incident methods. The example could be many but what is important is first you identify major job and job components.

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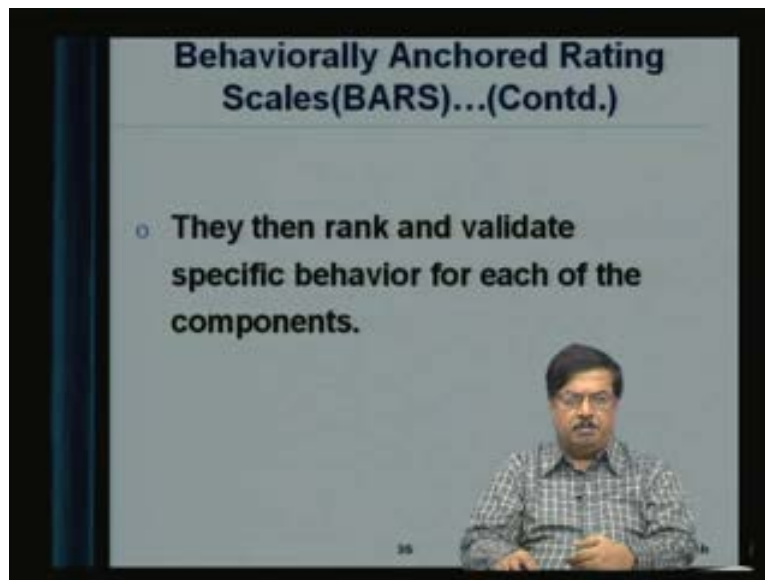


Let us say that there is a billing clerk employed in a supermarket. So then first we will see there is a how he collects organizes the articles before hands it over to the customer. So some may put everything together a smelly item there is some frozen ice cream then some hot things, vegetables and then toiletries is somebody can clubs everything and builds and packs it, I think then you know it is a very very ineffective behavior. The other side of the effective behavior is as he receives the items first he classifies into they made major classes and systematically, he does the billing and puts it into the respective packets and then hands it over to the customer. The smelly ones, the frozen ones things like that I think then it indicates an effective behavior.

The question is in behaviorally anchored rating scales identify some of those dimensions, identify this specific behaviors which can be arranged from most effective to most ineffective. I think such initiatives would help in arranging and assessing who is contributing and who is not contributing. So the what we really have to think about is the various other ways of examining the performance appraisal process. I think 5 questions are important the who of the appraisal the what of the appraisal which we have discussed

many of this when of the appraisal the where of the appraisal and the how of the appraisal.

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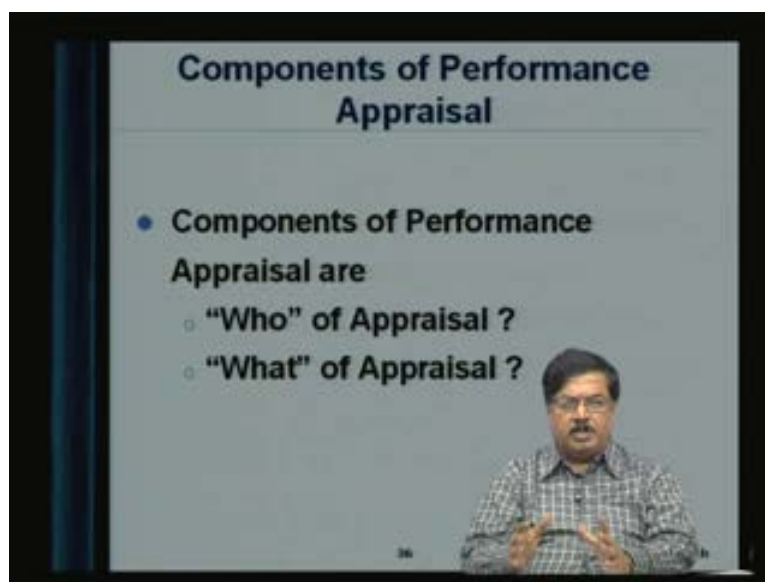


Behaviorally Anchored Rating Scales(BARS)...(Contd.)

- They then rank and validate specific behavior for each of the components.

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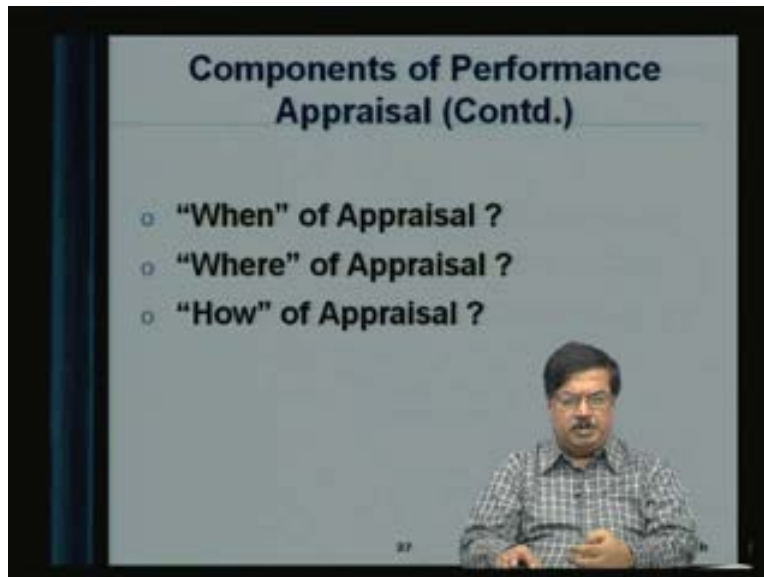


Components of Performance Appraisal

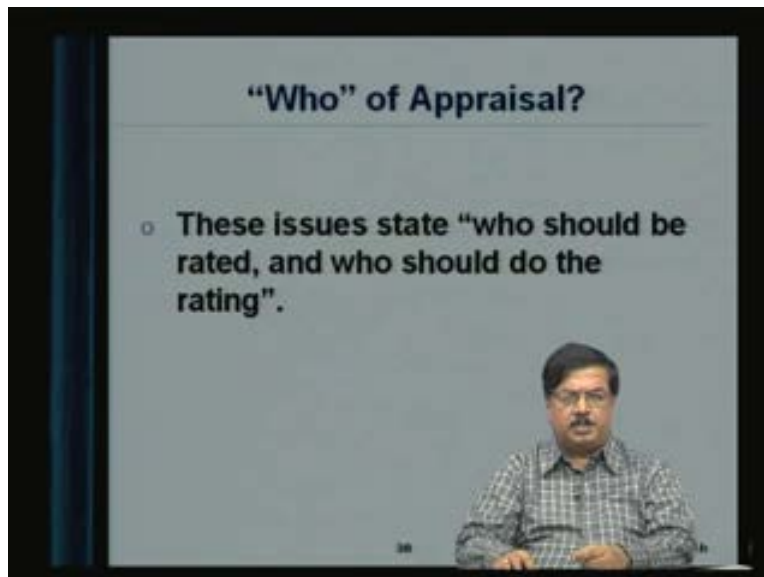
- Components of Performance Appraisal are
 - "Who" of Appraisal ?
 - "What" of Appraisal ?

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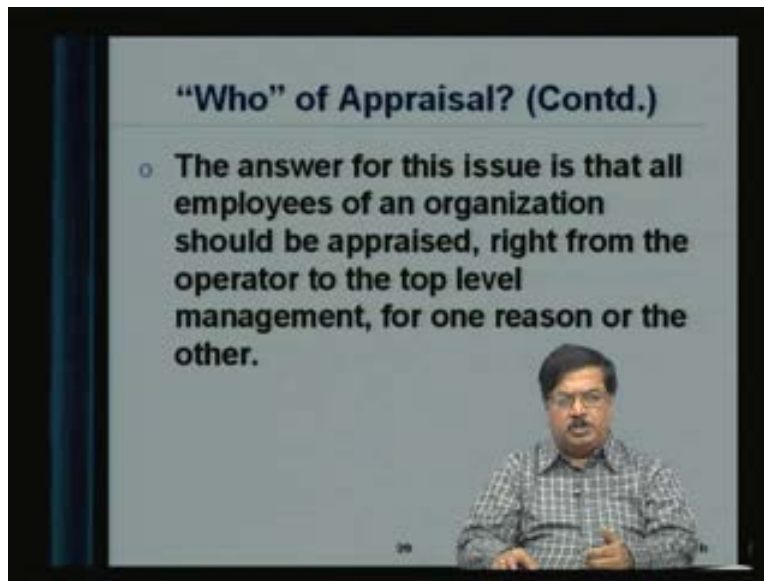
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I think if he can answer most of these questions then probably it is you know we would get an overall appreciation of this whole process the question which I have already answered in several ways but I want to bring this to the focus they who, who should be the, who should be rated and who should do the rating, I think that is what it is the who of

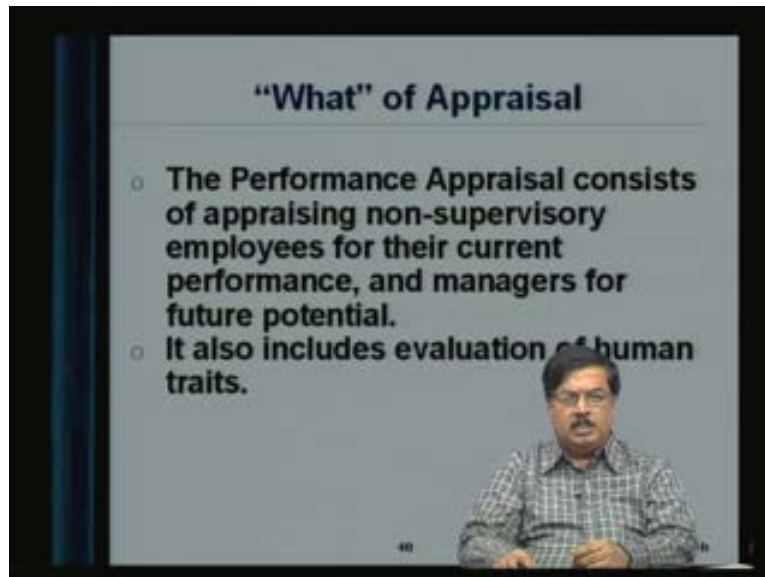
the appraisal and we have heard these terms earlier the of the what one should do in terms of the who of the appraisal is that the issue that all employees of an organization should be appraised, question is from right from the operator to the top level of the management but for one reason or the other whatever may be their contribution that must be assessed.

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So the question is who the you know in terms of the who should be appraised that all should be appraised. Now the question is on the appraiser who should do the rating kind of a thing it could be starting they are the starting point could be the self what we call as the self-appraisal, it is possible that the self and the boss would do together their appraisals, sometimes it is desirable that boss and the subordinate also use, others in the organization. So when you see the who of the appraisal we hear this term call the 360 degree appraisal. So the 360 degree appraisal is that not only the self the boss but also the colleges in the organization and also the customers and other stakeholders of the job also assess. So the best thing is the multi appraisals are fine but the self appraisal could be the starting point.

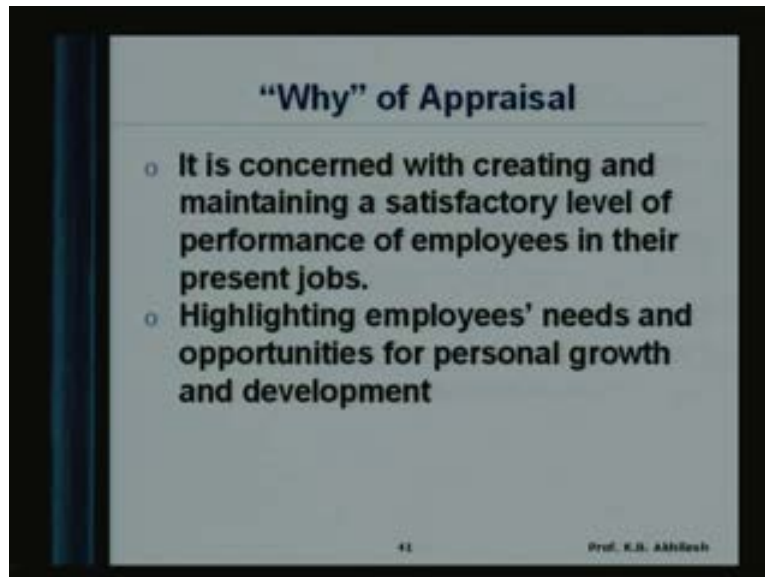
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Now the next question comes again we have reviewed this is the what of appraisal, so and what should be considered, so the performance appraisal consists of appraising you know it is non supervisory employees definitely for their current performance and as you go up in the organizational hierarchy it is the managers for their future potential. So it is not that it is 0 or 100 percent of this but it is the it is it is the matter of degree. So it starts from the current performance at the lowest level what their routines, what they are doing to as you see as you see people at the higher level, the idea is not only what they have done but what is that they will do.

So it is the question of assessing performance as well as potential and it includes evaluation of sometime the human traits. So that mean it is not only the behaviors the results as well as the kind of traits what they have bring to the table so the traits, the attitudes, the behaviors, the results all are to be examined all are to be assessed by the, in the appraisal process.

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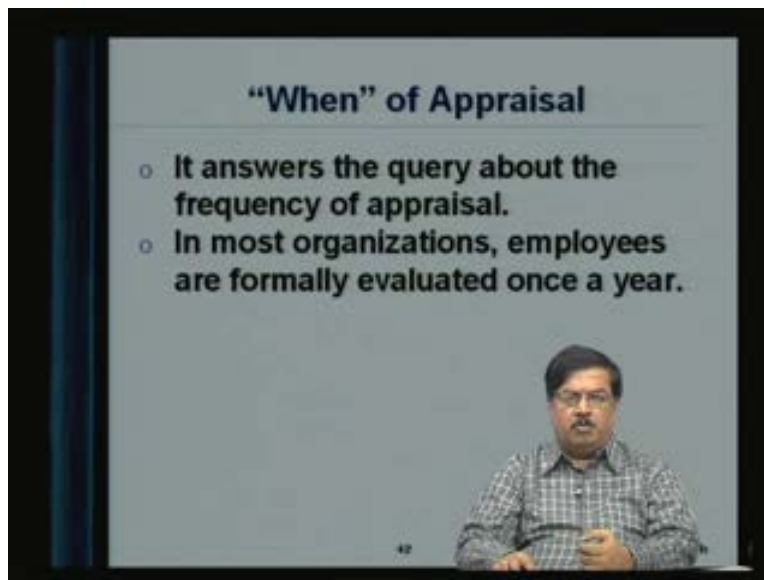


Now the next important question comes why of appraisal we have talked about performance appraisal based on the objectives or the concepts of the MBO whether boss and subordinates sit together, work on their objectives, review it together, see their contribution, learning from each other rework on their priorities all that has happened as a part of the appraisal by objectives on MBO but now when we look at the why of appraisal one need to see it define very clearly, what is that you want to achieve one of the clear things need to be seen is to understand the level of performance of the employees in their present job who is an excellent performer, who is an average performer, who is not contributing I thing one need to identify some of these things another is helping people to improve their performance and understand their needs and give them the chance to explore the opportunities within the organization and provide an agenda for personal growth and development.

So the why of appraisal, when it comes as we have mentioned in the past very clearly “a” to improve the performance “b” to initiate personal actions with respect to who is doing and who is not doing and linking that to the reward systems and giving them an opportunity to review their strengths and weaknesses and focus on what needs to be done

in the future and certainly linking these information for succession planning and development from why of appraisal The next important question one need to explore and understand and answer is when of appraisal.

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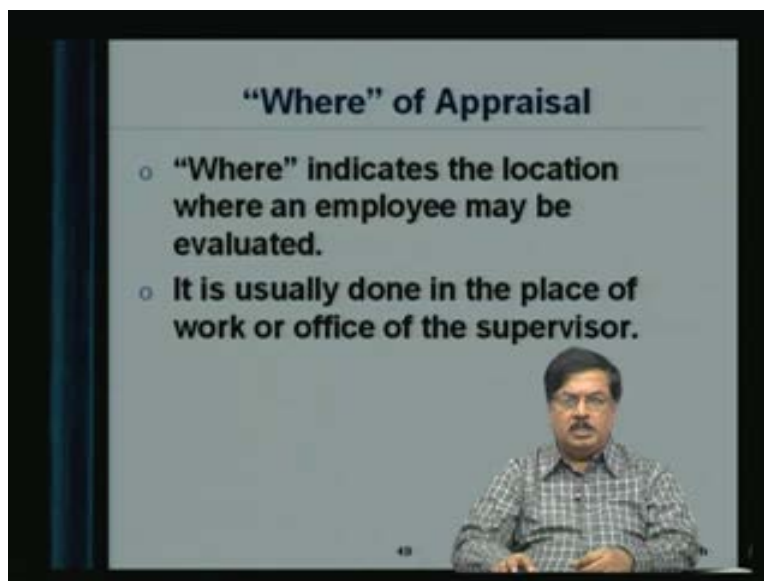
So the question is when this to be done ideally it is linked to the the kind of the objectives the what it should suppose to do we have, we have said earlier that what should be the frequency depends upon the kind of objectives if it is focusing on the improvement on the job ideally it is done on a daily basis or as and when some errors are committed as in when some extraordinary things are done by the individual, the boss should talk to the concern person give them as a kind of a feedback and through the feedback the individual gets an idea of what correct things he or she is doing and what is that should be done.

The other is the when you look at for the salary action, when you look at for the movement of people of a personal records then it could move to the once in an year and in many knowledge based it kind of an organization, it is also done once in 3 months, once in 6 months. So the question is when more and more you are looking into the improvement of the performance it should be done weekly or at least once in a month if it

is link to the review of the work it could be the end of the project situation or at least could be once in 3 months when it is linked to the salary or personal action to be done once in 6 months or once in an year. But if we are really looking into the career planning succession planning at least once in 2 years, once in 3 years for shown for so that is what we are talking about when of the appraisal.

So assessment center kind of a method fits in where you can do once in 3 years whereas the bosses should work towards the subordinates work and work behaviors, work performance through a method of critical incidence I thing that has to be done daily basis but at least once in a week or once in a forth night. Then the question is where of appraisal where of appraisal indicates the location, now where an employee may be evaluated.

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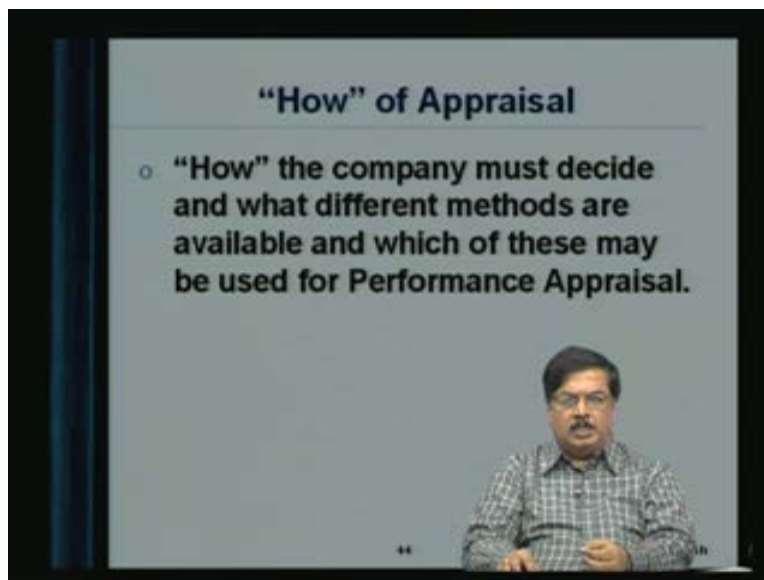


So it is usually done best in the place of work or the office of the supervisor, any other place only could create anxiety but sometimes the assessment center has to be done from away the work situation. It could be done in company premises or it could be done outside the organization in a place where there is not much of a disturbance and the

individuals are free to work and then they are not asked to do any official work as they are not taken out of the assessment procedures. So it is desirable to have such such situations away from the organization and when a committee of people have to assess for the purpose of promotion, it may be within the office premises or it could be away as well.

So but if it is for a daily basis for that is for a day to day work place improvement as well as the improving the performance of the individual, it is best done in the area where the employee works and the supervisor spends more time with the employee explaining what needs to be done how better things can be done.

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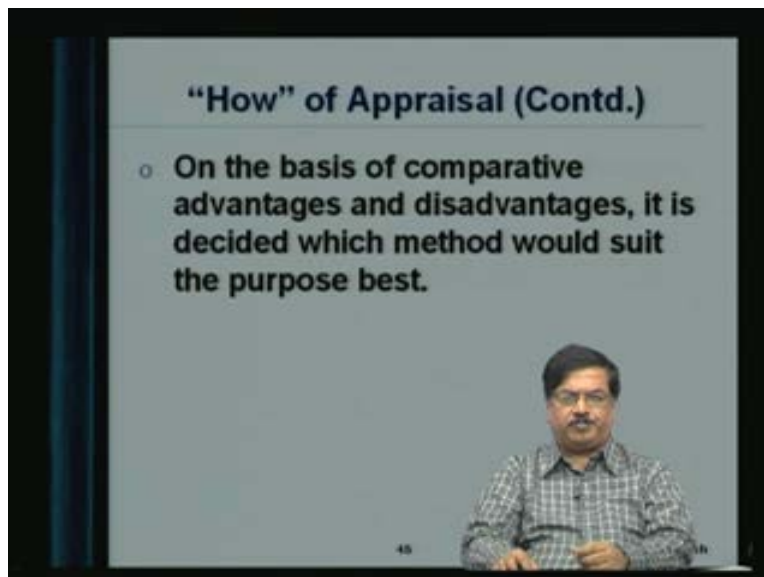


The next is in terms of the how which we have listed all through that is essentially the company must design the question of the methodologies, whether it should be based on a simple format, whether simple format are where it includes 7 to 8 or 10 identify dimensions like job knowledge, work methods, cooperation, responsibility many of these things can be put on the left side and a providing a kind of a scale, so you it could be based on the kind of a formats which people call it as performance appraisal formats of

the forms or it could be based on a simple identified time to have a dialogue with the subordinates could be every Monday morning or Monday afternoon kind of a structured approaches or it could be a combination of methods depending on what purpose it is.

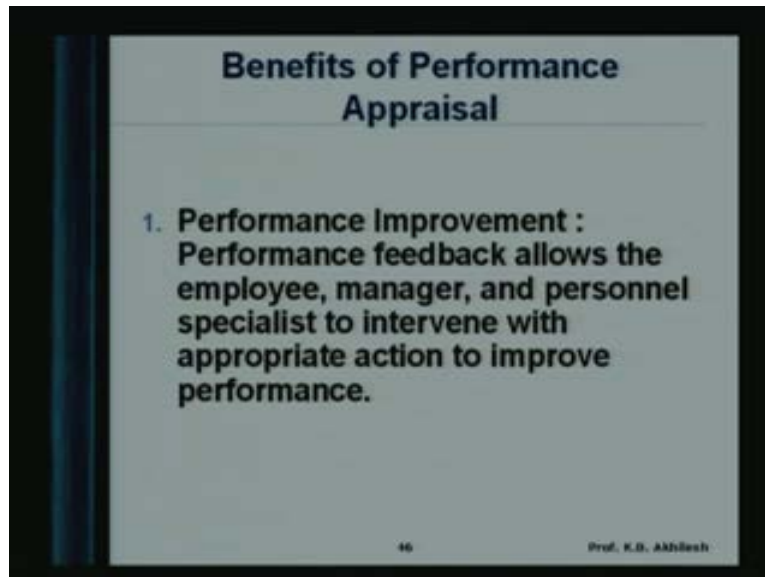
So but all the things whatever we have mentioned in the past a rating scale, a critical incidents, the dialogue and discussion between the boss and subordinates, self appraisal many of these things too mater as a part of somebody thinking about how of performance appraisal.

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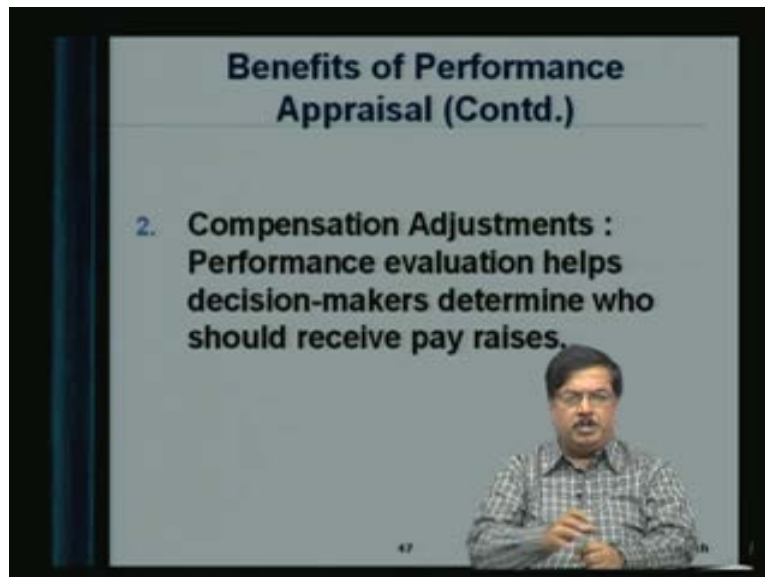


So but on the basis of this kind of an advantage and the disadvantage, what is workable and what is not workable, one need to decide which method could be the best and what is the best with respect to the stated purpose. I think in the last part we will look into the benefits of the performance appraisal if you see performance improvement I thing that is the greatest of the benefits, the performance feedback allows the employees, manager and the personal specialist to intervene with the appropriate action to improve the performance.

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The feedback need to be structured feedback has to be data based and verifiable feedback need to be much more descriptive not just judgmental and it should provide ensins to the individual about what need to be focused on and how the improvement should be brought about. Apart from improving the performance, the next important benefit of the appraisal

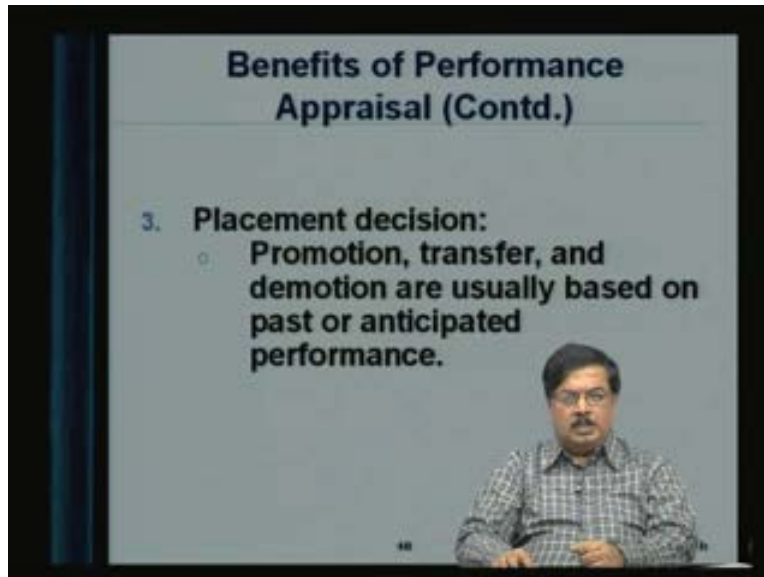
process is to do the compensation adjustments. It is always desirable that you recognize more those people who are contributing for contributing on a consistent basis, consistent basis, performance evaluation helps decision makers to determine who should receive pay raises many managers make that kind of a judgment that these are my star performers, these are my key players these are my consistent players and similarly, they also know that I do not want to have so many people in my department who are not motivated or so and so is not well motivated, so and so is not a team player, so and so is good but not good enough.

I think these are all the kind of views which day in and day out the managers express which gets recorded, which gets noted in performance appraisal you know that performance evaluation helps in making this compensation adjustments. It is desirable to give more to those people who are contributing and you also create a less or where you do not give much to those people who are not contributing. So very clearly you induce the required performance through this compensation adjustments. Well linked compensation adjustment schemes to the performance appraisal schemes will always bring better more perceivable benefits. The third kind of a benefit to the organization is in terms of placement decisions in a placement decisions are we are talking about promotions to move the individual from a lower level to the next level of responsibility. Normally the higher responsibility would also go with higher perks, higher salary things like that so the promotion brings a recognition you brings more responsibility to the individual and also the transfer.

So the individual is moved from the current task to the some other task may be in the related areas and also not so related areas and these transfers are done both for developmental purposes when you look into as a job rotation transfer can mean a routine activity as a part of the management of change or the transfer can also mean a punishment where the individual is placed in a play, you know in a position where he or she may not like to do such things and demotion is another action where somebody is failing consistently and not able to meet those anticipated performance and that is the time where you push the individual to a lesser role or lesser responsibility or in the

organizational hierarchy they are also moved from one level to the lower level, I think that is the idea of this demotion.

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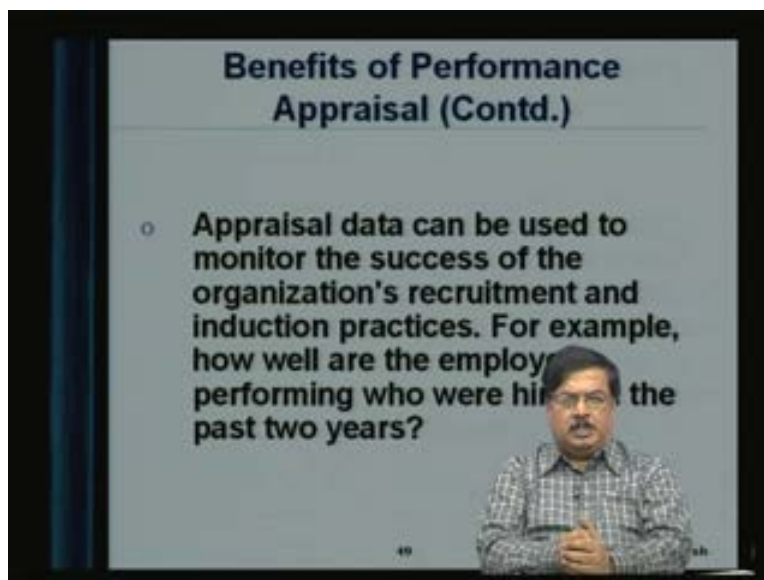


Benefits of Performance Appraisal (Contd.)

3. **Placement decision:**
 - o **Promotion, transfer, and demotion are usually based on past or anticipated performance.**

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Benefits of Performance Appraisal (Contd.)

- o **Appraisal data can be used to monitor the success of the organization's recruitment and induction practices. For example, how well are the employees performing who were hired in the past two years?**

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The benefits of performance appraisal if you see further appraisal data can be used to monitor the success of the organizational recruitment induction practices. So whenever you see the individuals are able to learn and contribute from the day one or at the earliest that means the appraisal will talk is talking about the success of the good HR practices in terms of recruitment placement and induction. If people are taking more time, if people are not able to show some extraordinary performance that means you are not able to attract some good talent, you have not or you are not to so successful in transform, you know transforming the talents to give good contribution to the organization.

So performance appraisal give some fair idea about how good the HR practices in terms of the talent attraction and as well as the initial training to ramp up the abilities and capacities to meet the organizational expectations. Appraisal data if you see is also used to monitor the effectiveness of the changes in the recruitment strategies particularly, when you have reduced some of the performance levels or you have increase their performance levels.

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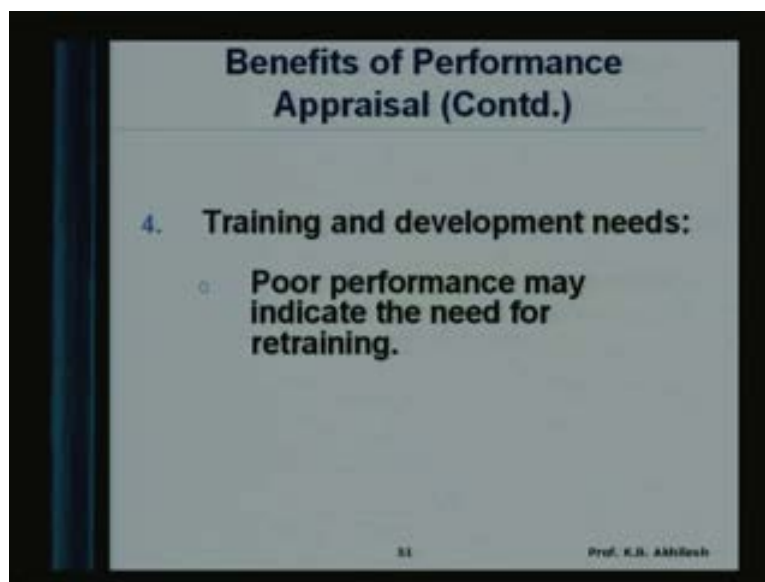
Benefits of Performance Appraisal (Contd.)

- Appraisal data can also be used to monitor the effectiveness of changes in recruitment strategies.
- By following the yearly data related to new hires (and given sufficient numbers on which to base the analysis) it is possible to assess whether the general quality of the workforce is improving, staying steady, or declining.

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So the such changes can also be mapped in terms of whether some of those practices are bringing better appraisal, better performance kind of a thing. So then you can see whether the existing performers are coming because of the higher cut of points or lower cut of points and by following the data, one can always see what should be the kind of basis or what from where you must get your people and always have appraisal data can help you to correct the work force planning and recruitment practices and also make sure that whether you are able to attract the right talents another important dimension of the performance appraisal is the training and development needs. So it is particularly when you identify the poor performers they can be identified for the retraining.

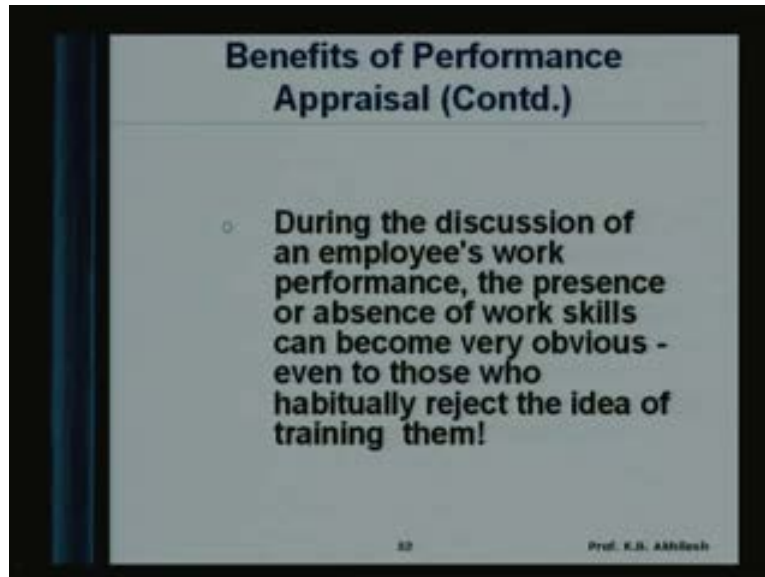
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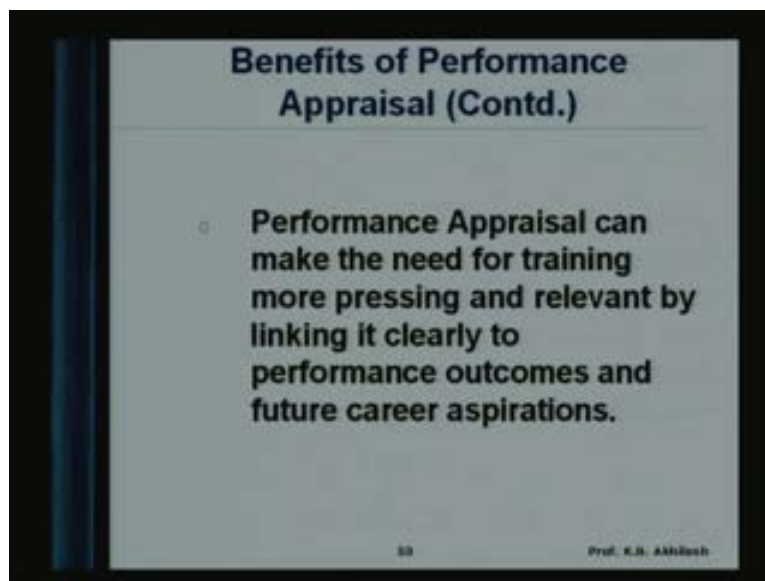
So it is on the skills or in terms of the attitudes they can also be send beyond training for counseling, coaching and good performers also can be send for the mentoring and king of a thing and as you see this the appraisal discussions, the employee with the employees and thinking about their performance but also highlight many of the you know many of the obvious things and it is important to see what is happening habitually? The idea of a training them so the question is you do not have to go for training but do other methods

of correction performance appraisal can also make the need for training more pressing and relevant and also justifies the you know the training budgets.

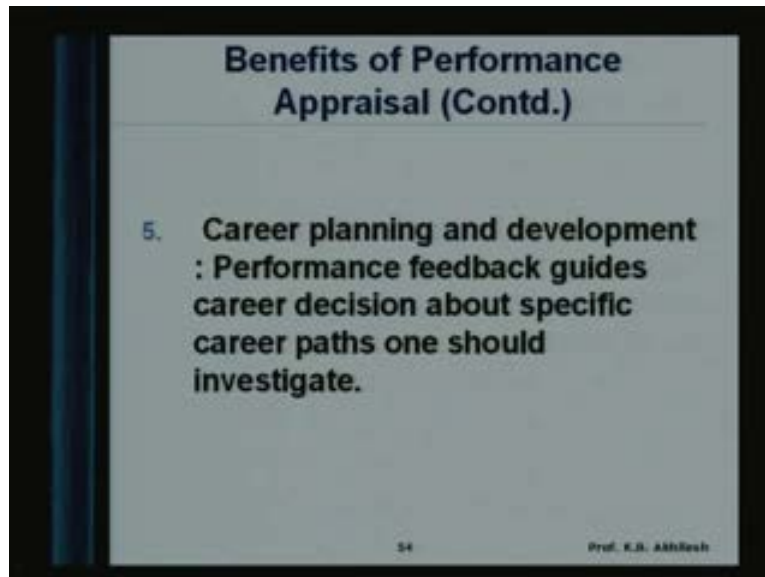
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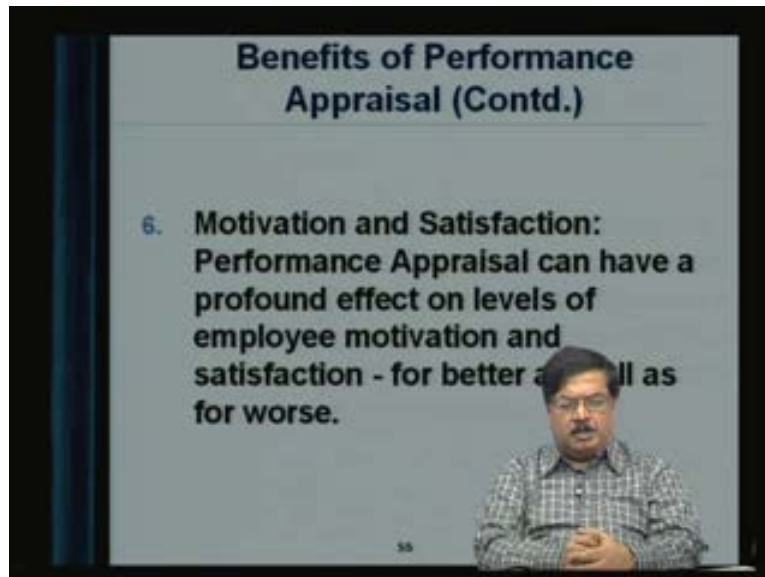


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So the performance outcome and the future career aspirations always need to be understood and that is how other benefit certainly includes the career planning and development. The performance feedback guides the career decisions of for the individual to choose appropriate career goals and work hard towards you know achieving those career goals as a part of ones career paths and the immediate managers do play a big role because they are the ones responsible for the performance, they have also analyze the performance and through performance appraisal they have come to some judgment and when they shared these things they are in a position to provide better insights to the individual to help the help them to focus on what needs to be done, another know benefit one can see is the motivation and satisfaction performance appraisal in some organizations do bring anxiety, do bring a kind of a stress but on the other side performance appraisal can also have a profound effect where it helps them to see the new realities, it helps them to refocus their effort and makes them to do things better.

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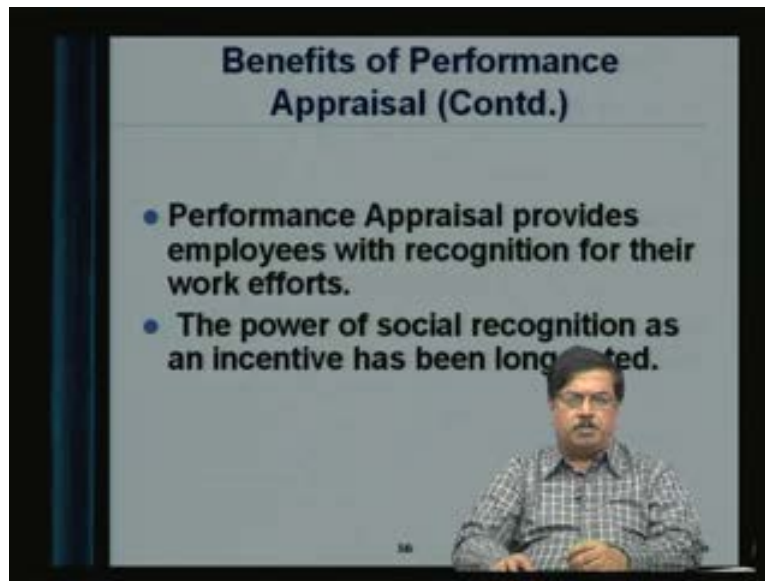


So the motivation and satisfaction is another important use of the performance appraisal process and it also provides a recognition for the kind of work efforts they put in and then the the power of social recognition you see has always been the most useful and more and people recognize that as an incentive and the, there is a clear evidence that the human beings they preferred negative recognition in preference to no recognition at all that means if somebody is coming and telling them that you have done a great job somebody is also telling that you should have done better, I think people like both of these things compared to that nobody is bothering about that. I think that means they are not recognized as a member of the organization and I think let us know look at quickly some of the common mistakes, the performance appraisal you know where it fails you know the lack of support from the top levels of the management usually sited as a major contributing reason.

So that means individual managers are not supported in doing some right things and they recommend some good talents they are not recognized or rewarded or when they say that so and so is not contributing well no action is initiated by the top or no action is allowed to be taken at the middle level or the their own levels then you run into issues. Sometimes

it is also political where people do not want to have and they have a disbelief in the effectiveness of the appraisal process, they believe that nothing could happen. So it is important that the top management create a value of the appraisal and then they must show the visible commitment to it.

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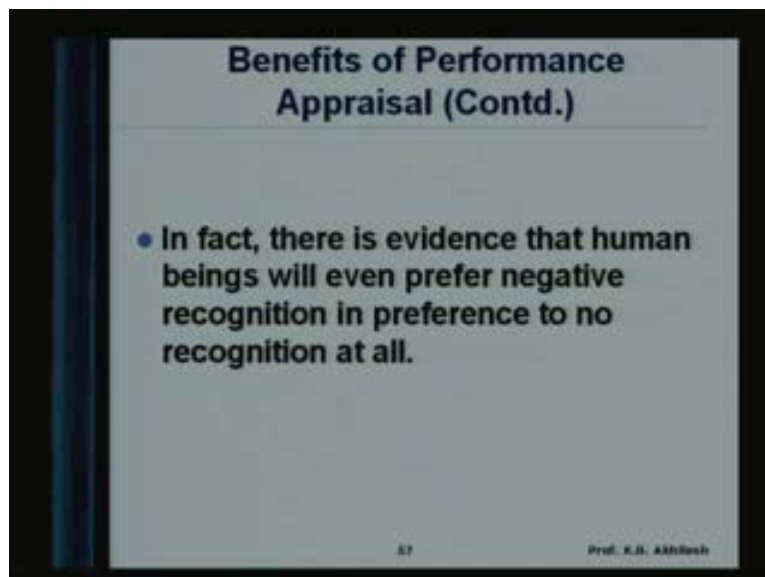
Benefits of Performance Appraisal (Contd.)

- Performance Appraisal provides employees with recognition for their work efforts.
- The power of social recognition as an incentive has been long tested.

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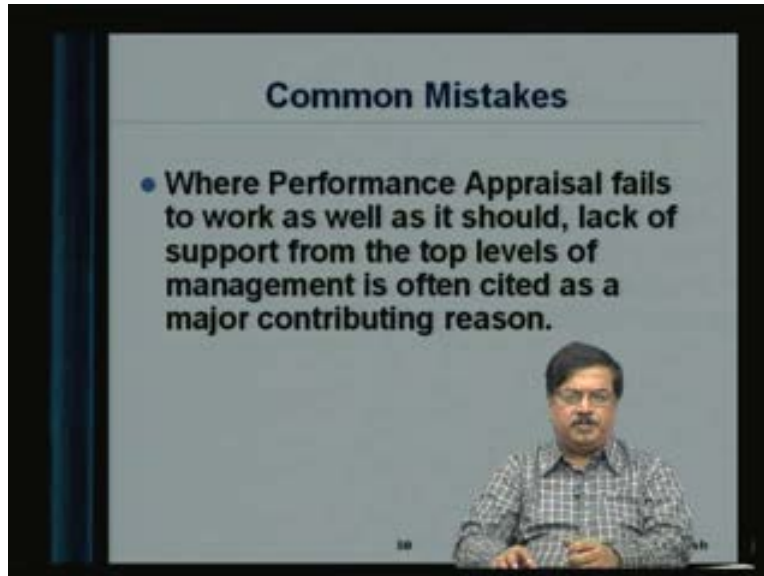


Benefits of Performance Appraisal (Contd.)

- In fact, there is evidence that human beings will even prefer negative recognition in preference to no recognition at all.

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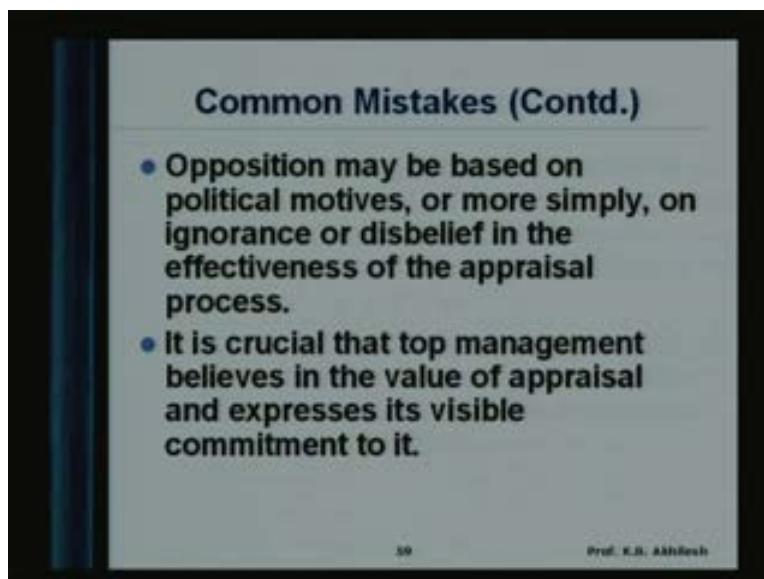
Common Mistakes

- Where Performance Appraisal fails to work as well as it should, lack of support from the top levels of management is often cited as a major contributing reason.

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A video inset shows a man with glasses and a mustache, wearing a checkered shirt, sitting at a desk.

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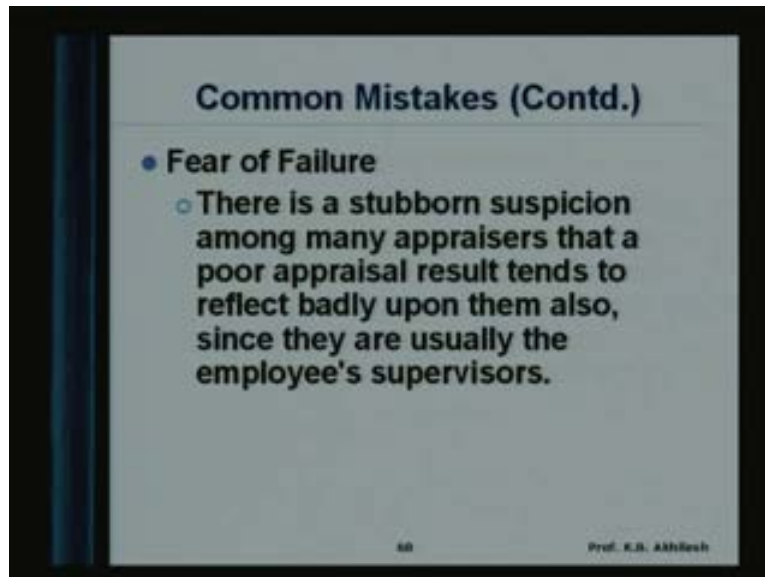


Common Mistakes (Contd.)

- Opposition may be based on political motives, or more simply, on ignorance or disbelief in the effectiveness of the appraisal process.
- It is crucial that top management believes in the value of appraisal and expresses its visible commitment to it.

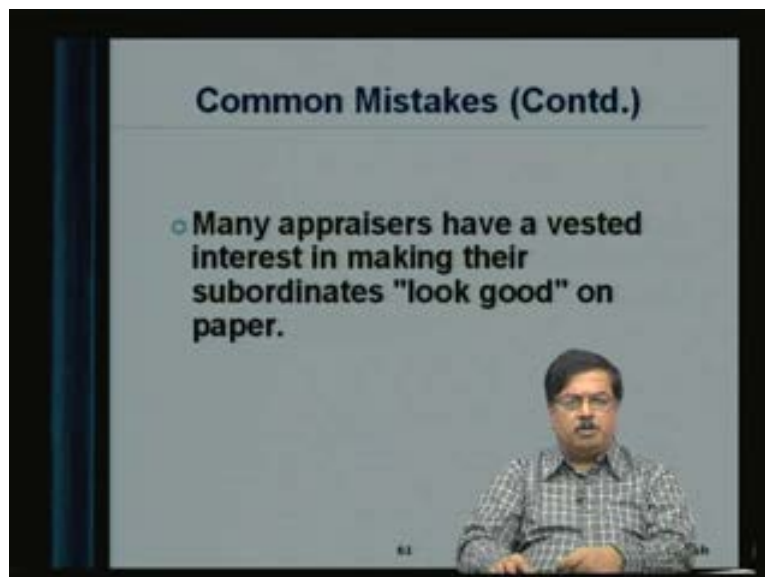
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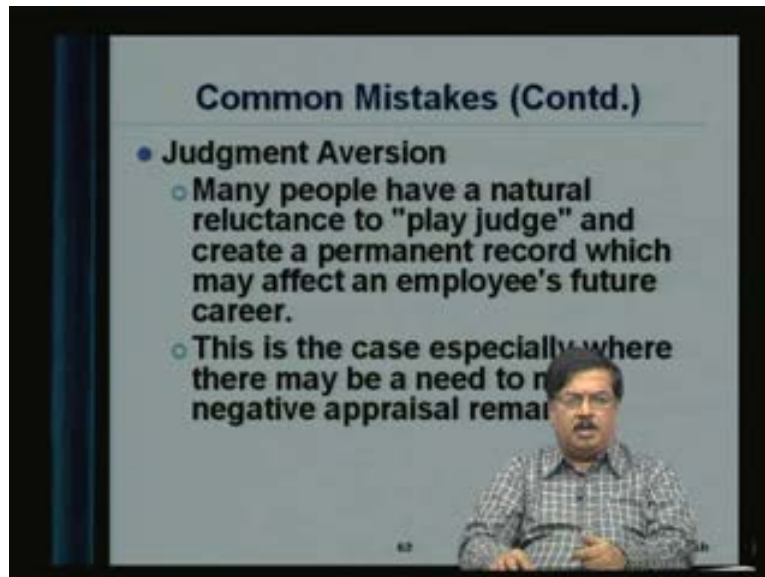


Some other problems are the fear of failure there is a suspicion amongst the appraisers that a poor appraisal would result in badly and so they would like to height, they do not want to be open and they want to be away from the supervisors and appraisers also have a vested interest in making their subordinates look good on paper.

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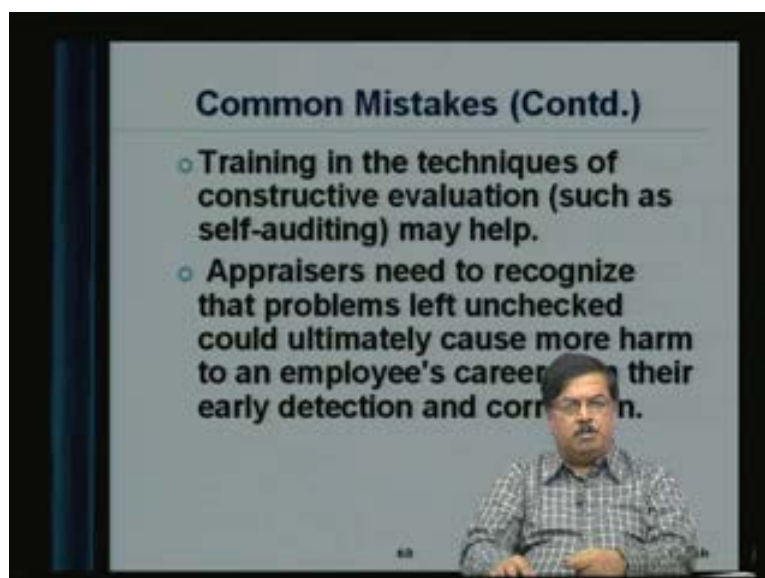


Common Mistakes (Contd.)

- **Judgment Aversion**
 - Many people have a natural reluctance to "play judge" and create a permanent record which may affect an employee's future career.
 - This is the case especially where there may be a need to keep negative appraisal remarks from remaining on record.

So no doubt they are not contributing but they go out of the way to and sometimes they are judgment aversion they are not in a position to decide who is good and who is not so good. So they want to play safe with their subordinates and they do not want to give a negative appraisals. So there is a problem of this kind of a midpoint ratings.

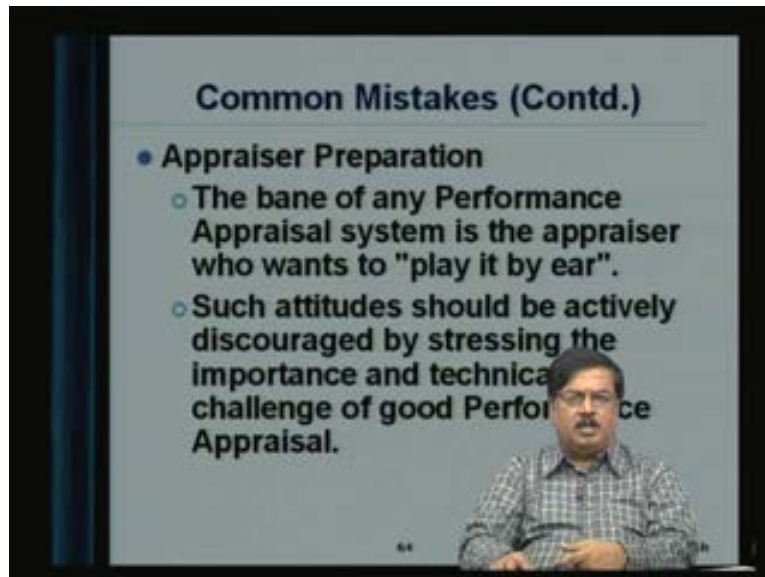
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Common Mistakes (Contd.)

- Training in the techniques of constructive evaluation (such as self-auditing) may help.
- Appraisers need to recognize that problems left unchecked could ultimately cause more harm to an employee's career than their early detection and correction.

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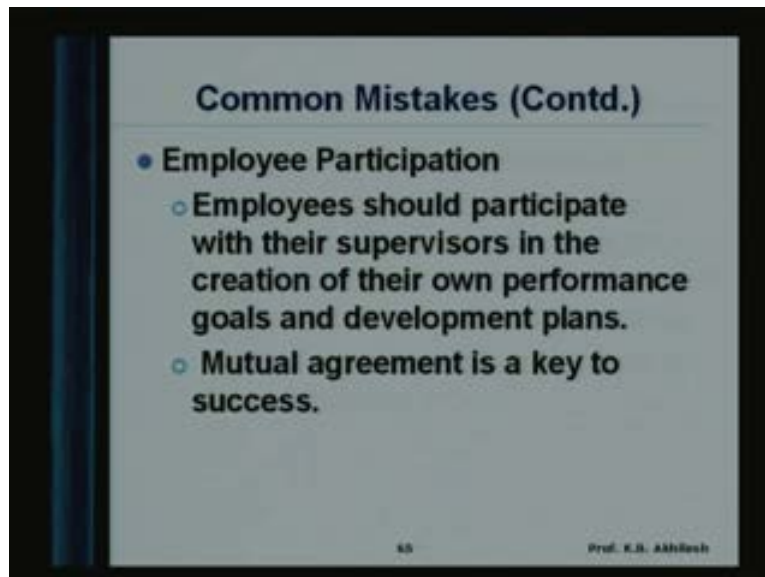
Common Mistakes (Contd.)

- **Appraiser Preparation**
 - The bane of any Performance Appraisal system is the appraiser who wants to "play it by ear".
 - Such attitudes should be actively discouraged by stressing the importance and technical challenge of good Performance Appraisal.

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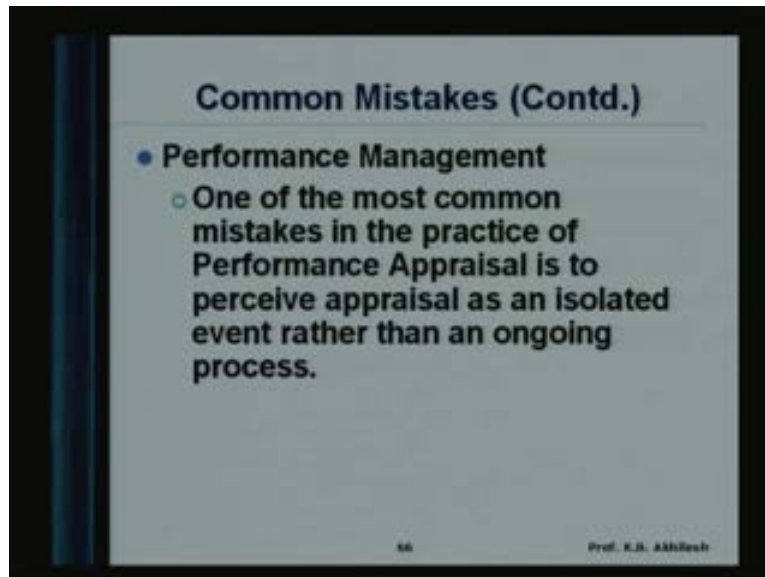
Common Mistakes (Contd.)

- **Employee Participation**
 - Employees should participate with their supervisors in the creation of their own performance goals and development plans.
 - Mutual agreement is a key to success.

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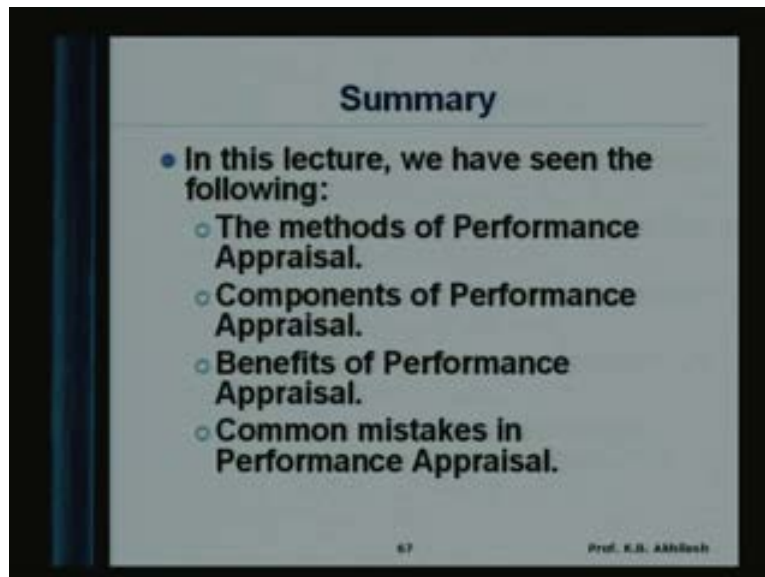


Common Mistakes (Contd.)

- **Performance Management**
 - One of the most common mistakes in the practice of Performance Appraisal is to perceive appraisal as an isolated event rather than an ongoing process.

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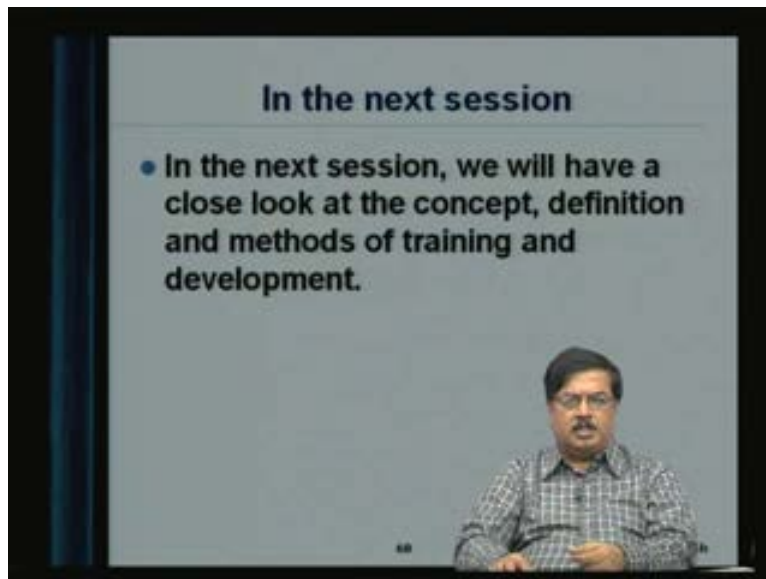
Summary

- In this lecture, we have seen the following:
 - The methods of Performance Appraisal.
 - Components of Performance Appraisal.
 - Benefits of Performance Appraisal.
 - Common mistakes in Performance Appraisal.

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So it is in the you know what we are talking about is when you are doing the self-auditing, so it is important that people recognize some of these problems otherwise it will come as come as a big, bigger issue further the appraiser's preparation is also important that they must know whom what is that they are examining and whom they are talking to these kinds of preparations also would help in doing things better, employee participation is another important dimension the where the employees do get an opportunity to express and a mutual agreement is a key to success and performance management when it is not linked to the rewards and not linked to the various other activities, if it is only an isolated practice it becomes useless and what is important is to do a think in an integrated fashion. We have seen so far the methods of the appraisal, the components of the appraisal process, the benefits and some of the common mistakes done by the appraisers.

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What we will do in the next session is to look at a the concept and definition and methods of training and development.