

PERFORMANCE APPRAISAL

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

1. The supervisors measure the pay of employees and compare it with targets and plans.
2. The supervisor analyses the factors behind work performances of employees.
3. The employers are in position to guide the employees for a better performance.

Objectives of Performance Appraisal

Performance Appraisal can be done with following objectives in mind:

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. To provide a feedback to employees regarding their performance and related status.
6. It serves as a basis for influencing working habits of the employees.
7. To review and retain the promotional and other training programmes.

Advantages of Performance Appraisal

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

1. **Promotion:** Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.
2. **Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The

criteria should be merit rather than seniority.

3. **Employees Development:** The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.
4. **Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.
5. **Communication:** For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:
 1. Through performance appraisal, the employers can understand and accept skills of subordinates.
 2. The subordinates can also understand and create a trust and confidence in superiors.
 3. It also helps in maintaining cordial and congenial labour management relationship.
 4. It develops the spirit of work and boosts the morale of employees.
 - 5.
6. All the above factors ensure effective communication.
7. **Motivation:** Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

Performance Appraisal Tools and Techniques

1. Ranking Method

The ranking system requires the rater to rank his subordinates on overall performance. This consists in simply putting a man in a rank order. Under this method, the ranking of an employee in a work group is done against that of another employee. The relative position of each employee is tested in terms of his numerical rank. It may also be done by ranking a person on his job performance against another member of the competitive group.

Advantages of Ranking Method

1. Employees are ranked according to their performance levels.

2. It is easier to rank the best and the worst employee.

2. Limitations of Ranking Method

1. The “whole man” is compared with another “whole man” in this method. In practice, it is very difficult to compare individuals possessing various individual traits.
2. This method speaks only of the position where an employee stands in his group. It does not test anything about how much better or how much worse an employee is when compared to another employee.
3. When a large number of employees are working, ranking of individuals become a difficult issue.
4. There is no systematic procedure for ranking individuals in the organization. The ranking system does not eliminate the possibility of snap judgements.

3. Forced Distribution method

This is a ranking technique where raters are required to allocate a certain percentage of rates to certain categories (eg: superior, above average, average) or percentiles (eg: top 10 percent, bottom 20 percent etc). Both the number of categories and percentage of employees to be allotted to each category are a function of performance appraisal design and format. The workers of outstanding merit may be placed at top 10 percent of the scale, the rest may be placed as 20 % good, 40 % outstanding, 20 % fair and 10 % fair.

Advantages of Forced Distribution

1. This method tends to eliminate raters bias
2. By forcing the distribution according to pre-determined percentages, the problem of making use of different raters with different scales is avoided.

4. Limitations of Forced Distribution

1. The limitation of using this method in salary administration, however, is that it may lead low morale, low productivity and high absenteeism.

Employees who feel that they are productive, but find themselves in lower grade (than expected) feel frustrated and exhibit over a period of time reluctance to work.

5. Critical Incident techniques

Under this method, the manager prepares lists of statements of very effective and ineffective behaviour of an employee. These critical incidents or events represent the outstanding or poor behaviour of employees or the job. The manager maintains logs of each employee, whereby he periodically records critical incidents of the workers behaviour. At the end of the rating period, these recorded critical incidents are used in the evaluation of the worker's performance. Example of a good critical incident of a Customer Relations Officer is : March 12 - The Officer patiently attended to a customers complaint. He was very polite and prompt in attending the customers problem.

Advantages of Critical Incident techniques

1. This method provides an objective basis for conducting a thorough discussion of an employees performance.
 2. This method avoids recency bias (most recent incidents are too much emphasized)
6. **Limitations of Critical Incident techniques**
1. Negative incidents may be more noticeable than positive incidents.
 2. The supervisors have a tendency to unload a series of complaints about the incidents during an annual performance review sessions.
 3. It results in very close supervision which may not be liked by an employee.
 4. The recording of incidents may be a chore for the manager concerned, who may be too busy or may forget to do it.

7. **Checklists and Weighted Checklists**

In this system, a large number of statements that describe a specific job are given. Each statement has a weight or scale value attached to it. While rating an employee the supervisor checks all those statements that most closely describe the behaviour of the individual under assessment. The rating sheet is then scored by averaging the weights of all the statements checked by the rater. A checklist is constructed for each job by having persons who are quite familiar with the jobs. These statements are then categorized by the judges and weights are assigned to the statements in accordance with the value attached by the judges.

Advantages of Checklists and Weighted Checklists

1. Most frequently used method in evaluation of the employees performance.
8. **Limitations of Checklists and Weighted Checklists**

1. This method is very expensive and time consuming
2. Rater may be biased in distinguishing the positive and negative questions.
3. It becomes difficult for the manager to assemble, analyze and weigh a number of statements about the employees characteristics, contributions and behaviours.

Performance Counseling: Meaning, Constituents

Meaning of Performance Counseling:

Counseling is a dyadic relationship between two persons i.e., a counselor and a counselee. A counselor offers help to the counselee in related issues like problem solving, target achievement etc. Counseling

may be formal or informal. Formal Counseling is a planned and systematic way of helping the subordinates by experts.

Informal counseling is concerned with day-to-day relationships with the manager and the subordinate where the help is offered but is not as per a formal plan.

Performance counseling involves helping an employee to understand his own performance, find his place in relation to others and identify ways to improve upon. It focuses “on analysis of performance of the job and identification of training needs for further improvement”.

Sometimes performance counseling is misinterpreted as a process of correcting or controlling the employees behaviour by giving him negative feedback in a positive manner. People make remarks say “I called him for counseling and taught him a good lesson.” Due to misuse of this term it carries some negative connotation in the minds of employees and is called by some jargons like ‘verbal threat’, ‘criticism’, and ‘negative’ feedback.

Performance counseling is done in regular course of time. It focuses on the entire performance (tasks and behaviors) during a particular period rather than on a specific problem. However, specific problems may be discussed during counseling as a part of analyzing and

understanding performance patterns. In performance counseling a counselor initiates the discussion as a part of an appraisal system.

Counseling aims at development of the counselee. It involves following objectives:

1. It helps in reviewing the progress made by an employee in concern with his objectives.

2. It also helps to develop various plans, which are necessary or required to improve the performance.

3. It provides a congenial work climate and healthy working atmosphere.

4. It also helps to realize the actual potential of a manager.

5. It acts as a base to increase the personal and interpersonal effectiveness by giving regular feedback and judging an individual's interpersonal competence.

6. It also encourages to generate alternatives for dealing with various problems.

Constituents of Performance Counseling:

The process of counseling involves 3 main sub processes:

i) Communication,

i) Influencing, and

iii) Helping.

) Communication:

It refers to the interaction between the superior and the subordinate. It may be the conversation in setting the goals of the department or individual goals. It may also include the discussion during performance review or appraisal feedback.

While communicating to a person or an employee it should be kept in mind that an individual perceives every problem or an issue differently. So, in order to make communication complete it should be clearly understood by the recipient. People speak much more from their body gestures than words, which is a very important part of communication.

Hearing and listening are two different types of communication, which have varying degree of attentiveness. Listening to feelings and concerns is very important for effective counseling. No process is

complete without feedback. Similarly, a communication process also involves feedback to know what the other person has understood.

ii) Influencing:

It means to make impact on a person in a relationship. This plays an important role in counseling too. Flanders (1970) makes distinction between two modes of influences, one called as direct mode of influence and the other as indirect mode of influence. The direct mode of influence means restricting the freedom of others like criticism or punishment while indirect mode of influence means to give more freedom to others like praise or recognition.

Some behavioural scientists say that change in a person can be brought through positive reinforcement and not negative reinforcement. Influencing would involve providing encouragement and reinforcing success so that a person can take initiatives and experiment with his new ideas.

iii) Helping:

In order to help or support a person one should know the need of an individual. A boss who shows concern for his employees can gain their support. The main purpose of performance counseling is to feel for the subordinate and empathies with him. Without such genuine concern, counseling may only degenerate into a ritual or fruitless exercise.