UNIT-3 Performance Management

Learning Outcomes

By the end of this unit the learner will be able to:

- ✓ Discuss goals and objectives of Performance Appraisal
- ✓ Explain the Performance Appraisal Process
- ✓ Identify different Performance Appraisal Methods

Unit 3

Performance Management

What does the term performance actually mean? Employees are performing well when they are productive. Productivity implies both concern for effectiveness and efficiency, effectiveness refers to goal accomplishment. However it does not speak of the costs incurred in reaching the goal. That is where efficiency comes in. Efficiency evaluates the ratio of inputs consumed to outputs achieved; the greater the output for a given input, the greater the efficiency. It is not desirable to have objective measures of productivity such as hard data on effectiveness, number of units produced, or percent of crimes solved etc and hard data on efficiency (average cost per unit or ratio of sales volume to number of calls made etc.).In addition to productivity as measured in terms of effectiveness and efficiency, performance also includes personnel data such as measures of accidents, turnover, absences, and tardiness. That is; a good employee is one who not only performs well in terms of productivity but also minimizes problems for the organisation by being to work on time, by not missing days, and by minimizing the number of work-related accidents.

What is Appraisal?

Appraisals are judgments of the characteristics, traits and performance of others. On the basis of these judgments we assess the worth or value of others and identify what is good or bad. In industry performance appraisal is a systematic evaluation of employees by supervisors. Employees also wish to know their position in the organization. Appraisals are essential for making many administrative decisions: selection, training, promotion, transfer, wage and salary administration etc. Besides they aid in personnel research. Performance Appraisal thus is a systematic and objective way of judging the relative worth of ability of an employee in performing his task. Performance appraisal helps to identify those who are performing their assigned tasks well and those who are not and the reasons for such performance.

Goals of Performance Appraisal

Conducting performance appraisals on employee’s performance should be more than a simple checklist of Do’s and Don’ts. Performance evaluation should serve as a vital component, one that is of interest to both the organization and the employee. From the organizational perspective, sound performance appraisals can ensure that correct work is being done, work that assists in meeting department goals simply put. Each employee’s work should support the activities needed to action his or her supervisor’s performance objectives. This should ultimately continue up the hierarchy, with all efforts supporting corporate strategic goals. From the employee perspective, properly operating performance appraisal systems provide a clear communication of work expectations. Knowing what is expected is a first step in helping one to cope better with the stress usually associated with a lack of clear direction. Secondly, properly designed performance appraisals should also serve as a means of assisting an employee's personal development. To make effective performance appraisals a reality, four criteria need to be present. These are:

a) Employees should be actively involved in the evaluation and development process.
b) Supervisors need to enter performance appraisals with a constructive and helpful
c) attitude.
d) Realistic goals must be mutually set.
e) Supervisors must be aware, and have knowledge of the employee's job and performance.

Objectives Of Performance Appraisal

Performance appraisal has a number of specific objectives. These are given below:

a) To review past performance;
b) To assess training needs;
c) To help develop individuals;
d) To audit the skills within an organizations;
e) To set targets for future performance;
f) To identify potential for promotion.

Some employees may believe that performance appraisal is simply used by the organization to apportion blame and to provide a basis for disciplinary action. Under such situations a well thought out performance appraisal is doomed to failure. Even if the more positive objectives are built into the system, problems may still arise because they may not all be achievable and they may cause conflict. For Example, an appraise is less likely to be open about any shortcomings in past performance during a process that affects pay or promotion prospects, or which might be perceived as leading to disciplinary action. It is therefore important that performance appraisal should have specific objective. Not only should the objectives be clear but also they should form part of the organization's whole strategy. Thus incorporating objectives into the appraisal system may highlight areas for improvement, new directions and opportunities.

The Performance Appraisal Process

Following steps are involved in appraisal process:

1) The appraisal process begins with the establishment of performance standards. These should have evolved out of job analysis and the job description. These performance standards should also be clear and objective enough to be understood and measured. Too often, these standards are

articulated in some such phrase as “a full day’s work” or “a good job.” Vague phrases tell us nothing. The expectations a manager has in term of work performance by the subordinates must be clear enough in their minds so that the managers would be able to at some later date, to communicate these expectations to their subordinates and appraise their performance against these previously established standards.

2) Once performance standards are established, it is necessary to communicate these expectations. It should not be part of the employees’ job to guess what is expected of them. Unfortunately, too many jobs have vague performance standards. The problem is compounded when these standards are not communicated to the employees. It is important to note that communication is a two-way street. Mere transference of information from the manager to the subordinate regarding expectations is not communication. Communication only takes place when the transference of information has taken place and has been received and understood by subordinate. Therefore feedback is necessary. Hence the information communicated by the manager has been received and understood in the way it was intended.

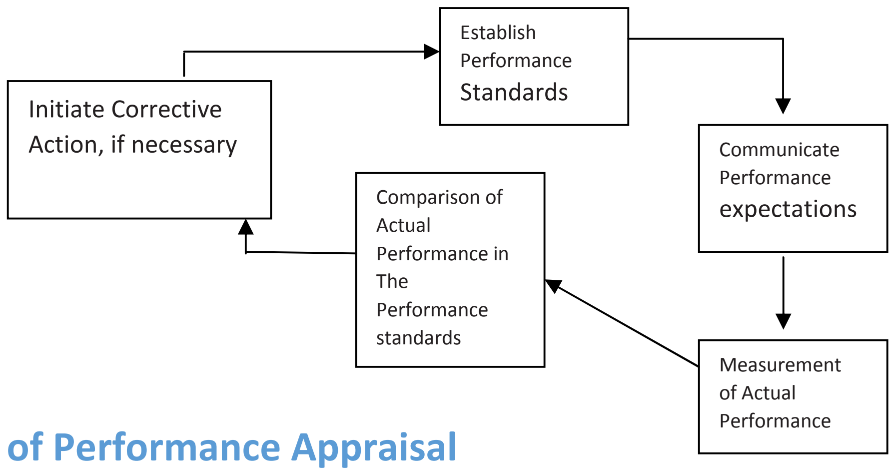
3) The Third step in a appraisal process is measurement of performance. To determine what actual performance is, it is necessary to acquire information about it. We should be concerned with how we measure and what we measure. Four common sources of information are frequently used by mangers to measure actual performance: personal observation, statistical reports, oral reports, and written reports. Each has its strengths and weaknesses; however, a combination of them increases both the number of input sources and the probability of receiving reliable information. What we measure is probably more critical to the evaluation process than how we measure. The selection of the wrong criteria can result in serious dysfunctional consequences. What we measure determines, to a great extent, what people in a organization will attempt to excel at. The criteria we choose to measure must represent performance as stated in the first two steps of the appraisal process.

4) The fourth step in the appraisal process is the comparison of actual performance with standards. The attempt in this step is to note deviations between standard performance and actual performance. One of the most challenging tasks facing managers is to present an accurate appraisal to the subordinate and then have the subordinate accept the appraisal in a constructive manner. The impression that subordinates receive about their assessment has a strong impact on their self esteem and, very important, on their subsequent performance. Of course, conveying good news is considerably less difficult than conveying the bad news that performance has been below expectations. Thus, the discussion of the appraisal can have negative as well as positive motivational consequences.

5) The final step in the appraisal is the initiation of corrective action when necessary. Corrective action can be of two types; one is immediate and deals predominantly with symptoms. The other is basic and delves into causes. Immediate corrective action is often described as “putting out fires”, where as basic corrective action gets to the source of deviation and seeks to adjust the differences permanently. Immediate action corrects something right now and gets things back on track. Basic

action asks how and why performance deviated. In some instances, managers may rationalize that they do not have the time to take basic corrective action and therefore must be content to "perpetually put out fires." Figure shows the performance process in summary.

Figure 3.1: The Performance Appraisal Process



Benefits of Performance Appraisal

The benefits of an effective appraisal scheme can be summed up under three categories. These are for the organization, for appraiser and for appraise.

1. ***For the Organizations***: Following benefits would accrue to the organization.
   - Improved performance throughout the organization due to more effective communication of the organization's objectives and values, increased sense of cohesiveness and loyalty and improved relationships between managers and staff.
   - Improvement in the tasks performed by each member of the staff.
   - Identification of ideas for improvement.
   - Expectations and long-term plans can be developed.
   - Training and development needs can be identified more clearly.
   - A culture of continuous improvement and success can be created and maintained.
   - People with potential can be identified and career development plans can be formulated for future staff requirements.

2. ***For the appraiser:*** The following benefits would accrue to the appraiser:
   - The opportunity to develop an overview of individual jobs and departments.
   - Identification of ideas for improvements.
   - The opportunity to link team and individual objectives and targets with departmental and organizational objectives.

- The opportunity to clarify expectations of the contribution the manager expects from teams and individuals.
- The opportunity to re-prioritize targets.
- A means of forming a more productive relationship with staff based on mutual trust and understanding.

3. ***For the appraisee:*** For the appraisee the following benefits would accrue:
- Increased motivation.
- Increased job satisfaction.
- Increased sense of personal value.

Performance Appraisal Methods

This section looks at how management can actually establish performance standards and devise instruments that can be used to measure and appraise an employee's performance. A number of methods are now available to assess the performance of the employees.

1) **Critical Incident Method**

Critical incident appraisal focuses the rater's attention on those critical or key behaviours that make the difference between doing a job effectively and doing it ineffectively. What the appraiser does is write down little anecdotes that describe what the employee did that was especially effective or ineffective. In this approach to appraisal, specific behaviours are cited, not vaguely defined personality traits. A behaviourally based appraisal such as this should be more valid than trait-based appraisals because it is clearly more job related. It is one thing to say that an employee is "aggressive" or "imaginative or "relaxed," but that does not tell anything about how well the job is being done. Critical incidents, with their focus on behaviours, judge performance rather than personalities. Additionally, a list of critical incidents on a given employees provides a rich set of examples from which the employee can be shown which of his or her behaviours are desirable and which ones call for improvement. This method suffers the following two drawbacks:

- Supervisors are reluctant to write these reports on a daily or even weekly basis for all of their subordinates as it is time consuming and burdensome for them.
- Critical incidents do not lend themselves to quantification. Therefore the comparison and ranking of subordinates is difficult.

2) Checklist

In the checklist, the evaluator uses a bit of behavioural descriptions and checks of those behaviours that apply to the employee. The evaluator merely goes down the list and gives “yes” or “no” responses. Once the checklist is complete, it is usually evaluated by the staff of personnel department, not the rater himself. Therefore the rater does no actually evaluate the employee’s performance; he/she merely records it. An analyst in the personnel department then scores the checklist, often weighting the factors in relationship to their importance. The final evaluation can then be returned to the rating manager for discussion with the subordinate, or someone from the personnel department can provide the feedback to the subordinate.

3) Graphic Rating Scale

One of the oldest and most popular methods of appraisal is the graphic rating scale. They are used to assess factors such as quantity and quality of work, job knowledge, cooperation, loyalty, dependability, attendance, honesty, integrity, attitudes, and initiative etc. However, this method is most valid when abstract traits like loyalty or integrity are avoided unless they can be defined in more specific behavioural terms. The assessor goes down the list of factors and notes that point along the scale or continuum that list of factors and notes that point along the scale or continuum that best describes the employee. There are typically five to ten points on the continuum. In the design of the graphic scale, the challenge is to ensure that both the factors evaluated and the scale pints are clearly understood and unambiguous to the rater. Should ambiguity occur, bias is introduced. Following are some of the advantages of this method:

- **a)** They are less time-consuming to develop and administer.
- **b)** They permit quantitative analysis.
- **c)** There is greater standardization of items so comparability with other individuals in diverse job categories is possible.

4) Forced Choice Method

The forced choice appraisal is a special type of checklist, but the rater has to choose between two or more statements, all of which may be favourable or unfavourable. The appraiser’s job is to identify which statement is most (or in some cases least) descriptive of the individual being evaluated. To reduce bias, the right answers are not known to the rater. Someone in the personnel department scores the answers based on the key. This key should be validated so management is in a position to say that individuals with higher scores are better-performing employees. The major advantages of the forced choice method are:

- **a)** Since the appraiser does not know the "right" answers, it reduces bias.
- **b)** It looks at overall performance.
- **c)** It is based on the behaviour of the employees.

5) Behaviourally Anchored Rating Scales

These scales combine major elements from the critical incident and graphic rating scale approaches. The appraiser rates the employees based on items along continuum, but the points are examples of actual behaviour on the given job rather than general descriptions or traits. Behaviourally anchored rating scales specify definite, observable, and measurable job behaviour. Examples of job-related behaviour and performance dimensions are generated by asking participants to give specific illustrations on effective and ineffective behaviour regarding each performance dimension. These behavioural examples are then retranslated into appropriate performance dimensions. Those that are sorted into the dimension for which they were generated are retained. The final group of behaviour incidents are then numerically scaled to a level of performance that each is perceived to represent. The incidents that are retranslated and have high rater agreement on performance effectiveness are retained for use as anchors on the performance dimension. The results of the above processes are behavioural descriptions, such as anticipates, plans, executes, solves immediate problems, carries out orders, and handles emergency situations. This method has following advantages:

- **a)** It does tend to reduce rating errors.
- **b)** It assesses behaviour over traits.
- **c)** It clarifies to both the employee and rater which behaviours connote good performance and which connote bad.

6) Group Order Ranking

The group order ranking requires the evaluator to place employees into a particular classification, such as "top one-fifth" or "second one-fifth." Evaluators are asked to rank the employees in the top 5 per cent, the next 5 per cent, the next 15 per cent. So if a rater has twenty subordinates, only four can be in the top fifth and, of course, four must also be relegated to the bottom fifth. The advantage of this method is that it prevent raters from inflating their evaluations so everyone looks good or from homogenizing the evaluations for everyone is rated near the average outcome that are usual with the graphic rating scale. It has following disadvantages:

- **a)** It is not good if the number of employee being compared is small. At the extreme, if the evaluator is looking at only four employees, it is very possible that they may all be excellent, yet the evaluator may be forced to rank them into top quarter, second quarter, third quarter, and low quarter!

b) Another disadvantage, which plagues all relative measures, is the "zero-sum game": consideration. This means, any change must add up to zero. For example, if there are twelve employees in a department performing at different levels of effectiveness, by definition, three are in the top quarter, three in the second quarter, and so forth. The sixth-best employee, for instance, would be in the second quartile. Ironically, if two of the workers in the third or fourth quartiles leave the department and are not replaced, then our sixth best employee now fit into the third quarter.

c) Because comparisons are relative, an employee who is mediocre may score high only because he or she is the "best of the worst" Similarly, an excellent performer who is matched against "stiff" competition may be evaluated poorly, when in absolute terms his or her performance is outstanding.

7) Individual Ranking

The individual ranking method requires the evaluator merely to list all the employees in an order from highest to lowest. Only one can be the "best." If the evaluator is required to appraise thirty individuals ranking method carries the same pluses and minuses as group order ranking.

8) Paired Comparison

The paired comparison method is calculated by taking the total of [n (n-1)]/2comparisons. A score is obtained for each employee by simply counting the number of pairs in which the individual is the preferred member. It ranks each individual in relationship to all others on a one-on-one basis. If ten people are being evaluated, the first person is compared, with each of the other nine, and the number of items this person is preferred in any of the nine pairs is tabulated. Each of the remaining nine persons, in turn, is compared in the same way, and a ranking is evolved by the greatest number of preferred "victories". This method ensures that each employee is compared against every other, but the method can become unwieldy when large numbers of employees are being compared.

9) Management by Objectives

Management by objectives (MBO) is a process that converts organizational objectives into individual objectives. It can be thought of as consisting of four steps: goal setting, action planning, self-control, and periodic reviews:-

a) In goal setting, the organization's overall objectives are used as guidelines from which departmental and individual objectives are set. At the individual level, the manager and subordinate jointly identify those goals that are critical for the subordinate to achieve in order to fulfill the requirements of the job as determined in job analysis. These goals are agreed upon and then become the standards by which the employee's results will be evaluated.

b) In action planning, the means are determined for achieving the ends established in goals setting. That is, realistic plans are developed to attain the objectives. This step includes identifying the activities necessary to accomplish the objective, establishing the critical relationships between these activities, estimating the time requirement for each activity, and determining the resources required to complete each activity.

c) Self-control refers to the systematic monitoring and measuring of performance. Ideally, by having the individual review his or her own performance. The MBO philosophy is built on the assumptions that individuals can be responsible, can exercise self-direction, and do not require external controls and threats of punishment.

d) Finally, with periodic progress reviews, corrective action is initiated when behaviour deviates from the standards established in the goal-setting phase. Again, consistent with MBO philosophy, these manager-subordinate reviews are conducted in a constructive rather than punitive manner. Reviews are not meant to degrade the individual but to aid in future performance. These reviews should take place at least two or three times a year.

Following are the advantages of MBO:

- It is result –oriented. It assists the planning and control functions and provides motivation.
- Employees know exactly what is expected of them and how they will be evaluated.
- Employees have a greater commitment to objectives that they have participated in developing than to those unilaterally set by their bosses.

10) 360 Degree Appraisal

The 360 degree feedback process involves collecting perceptions about a person's behaviour and the impact of that behaviour from the person's boss or bosses, direct reports, colleagues, fellow members of project teams, internal and external customers,
and suppliers. Other names for 360 degree feedback are multi-rater feedback, multisource feedback, full-circle appraisal, and group performance review. 360 degree feedback is a method and a tool that provides each employee the opportunity to receive performance feedback from his or her supervisor and four to eight peers, subordinates and customers. 360 degree feedback allows each individual to understand how his effectiveness as an employee, co-worker, or staff member is viewed by others. The most effective processes provide feedback that is based on behaviours that other employees can see. The feedback provides insight about the skills and behaviours desired in the organization to accomplish the mission , vision, goals and values. The feedback is firmly planted in behaviours needed to exceed customer expectations. People who

are chosen as raters are usually those that interact routinely with the person receiving feedback. The purpose of the feedback is to:

- assist each individual to understand his or her strengths and weaknesses.
- contribute insights into aspects of his or her work needing professional development.

Following are some of the major considerations in using 360 degree feedback. These are basically concerned with how to:

- select the feedback tool and process;
- select the raters;
- use the feedback
- review the feedback; and
- manage and integrate the process into a larger performance management system.

Features of 360 Degree Appraisal

Organizations that are using with the 360 degree component of their performance management systems identify following positive features of the process. These features will manifest themselves in well-managed, well-integrated 360 degree processes.

a) ***Improved Feedback from more sources***: Provides well-rounded feedback from peers, reporting staff, co-workers, and supervisors. This can be a definite improvement over feedback from a single individual. 360 feedbacks can also save managers' time in that they can spend less energy providing feedback as more people participate in the process. Co-worker perception is important and the process helps people understand how other employees view their work.
b) ***Team Development***: Helps team members learn to work more effectively together. Team members know more about how other members are performing than their supervisor. Multi rater feedback makes team members more accountable to each other as they share the knowledge that they will provide input on each member's performance. A well-planned process can improve communication and team development.
c) ***Personal and Organizational Performance Development***: 360 degree feedback is one of the best methods for understanding personal and organizational developmental needs.
d) ***Responsibility for Career Development***: For many reasons, organizations per seare no longer responsible for developing the careers of the employees. Multi rater feedback can provide excellent information to individuals about what they need to do to enhance their career. Additionally, many employees feel 360 degree feedback is more accurate, more reflective of their performance, and more validating than feedback from the supervisor along. This makes the information more useful for both career and personal development.

e) ***Reduced Discrimination Risk*:** When feedback comes from a number of individuals in various job functions, biases because of varying reasons are reduced. The judgemental errors of the supervisors are eliminated as the feedback comes from various sources.

f) ***Improved Customer Services*:** Feedback process involves the internal or external customer. Each person receives valuable feedback about the quality of his product or services. This feedback should enable the individual to improve the quality, reliability, promptness, and comprehensiveness of these products and services to his/her customers.

g) ***Training Needs Assessment*:** Multi rater feedback provides comprehensive information about organization training needs and thus helps in mounting relevant training programmes. Such programmes add value to the contribution made by the individual employee.

Benefits of 360 degree Appraisal:

Following benefits of 360 degree Appraisal accrue to the individual, team and organization:

To the individual:

- This process helps individuals to understand how others perceive them.
- It uncovers blind spots.
- It provides feedback that is essential for learning.
- Individuals can better manage their own performance and careers.
- Quantifiable data on soft skills is made available.

To the team:

- It increases communication between team members.
- It generates higher levels of trust ad better communication as individuals identify the causes of breakdowns.
- It creates better team environment as people discover how to treat others and how they want to be treated.
- It supports teamwork by involving team members in the development process
- It increased team effectiveness.

To the Organization:

- It reinforces corporate culture and openness and trust.
- It provides better opportunities for career development for employees.
- Employees get growth and promotional opportunities.
- It improves customer service by having customers contribute to evaluation.
- It facilitates the conduct of relevant training programmes.

Performance Counselling

The main objective of performance counselling is to help the employee to overcome his/her weaknesses and to reinforce their strengths. In this sense it is a developmental process where the supervisor and the subordinate discuss the past performance with a view to help the subordinate to improve and become more effective in future. Appraisal reports serve as spring board for discussion. One of the fallout effects of this dyadic interaction is the identification of training needs. Counselling provides an opportunity to the supervisor to give feedback to the subordinate on the performance and performance related behaviour. Feedback can be an effective tool provided:

a) Both negative and positive feedbacks are communicated.
b) It is not just an opinion but is backed by data. In other words it should be descriptive and not evaluative.
c) It focuses on behaviour rather than on the individual.
d) It is timely. Delayed feedback is neither helpful nor effective. On the other hand, it might be seen as criticism which may further deteriorate the relationship. As time passes, details are forgotten and recall may be jeopardized by distortions. Several conditions for effective counselling are identified. The Following are some of the important ones:

    - A climate of openness and trust is necessary. When people are tense and hostile, attempts should be made to counsel and help rather than be critical.
    - The counsellor should be tactful and helpful rather than critical and fault finding.
    - The subordinate should feel comfortable to participate without any hesitation or inhibition.
    - The focus should be on the work-related problems and difficulties rather than personality or individuals likes, dislikes or idiosyncrasies.
    - It should be devoid of all discussions on salary, reward and punishment. Any discussion on compensation changes the focus from performance improvement to the relationship between performance and reward. Since counselling is a difficult activity, the supervisor should be specially trained in social competence to handle these aspects of his job. The skill required to do well in these situations is often referred to as the use of non-directive technique. It is a methodology of generating information and using this information to help employees. A sample of non-directive technique could be to start the interview by asking "tell me how you think you are doing". This provides an environment for the subordinate to talk about his part of the story first.

The essential feature is to provide an employee an opportunity to talk and share his experience which the supervisor should be able to listen and then process and provide feedback to him. Many supervisors are hesitant to initiate performance counselling sessions because the subordinates may raise uneasy questions for which they may not have answers. Or they may question their judgments and decisions which may lead to argument, debate and misunderstanding. That is why there is a need to train supervisors in the techniques of counselling sessions. One major outcome of performance counselling is identification of the potential of the employee's skills and abilities not known and utilized by the organization. Potential appraisal is different from performance appraisal as the latter limits evaluation to what the subordinate has done on the job (or his performance) whereas the former on the other hand, seeks to examine what the subordinate can do? The distinct advantage of a thoroughly carried out potential appraisal are given below:

a) The organizations are able to identify individuals who can take higher responsibilities.
b) It also conveys the message that people are not working in dead-end jobs in the organization.

The Potential Review/Career-Development Interview

This interview is very similar to the performance-appraisal interview in the basic framework and general approach that are appropriate to the situation. The three phases of the interview should be planned and conducted in the following way.

Pre-interview Preparation

1) As with the performance appraisal, members of staff to be interviewed need to prepare themselves by considering their personal career objectives and by analysing their own strengths and weaknesses, training and educational needs and employment preferences.
2) Those managers conducting the interviews need to study the relevant personnel records, i.e. career histories, staff reports, performance-appraisal summaries and training records. They will usually need to consult responsible line managers to ascertain whether any changes have occurred since the last report and generally to amplify information about current performance and potential.
3) Finally, they will need to determine the specific objectives to be achieved in each particular situation.

The Interview

1) The interview should be based on the following broad plan:
   - **a)** Explanation of the general purpose and scope of the interview.
   - **b)** Discussion of the individual's career to date in terms of perceived strengths and weaknesses, likes and dislikes, employment preferences (e.g. 'career anchors'). Data from 'life line' or other such exercises may be helpful.
   - **c)** Discussion of the future in terms of the potential revealed by past performance, the opportunities that the organization is able to provide and the individual's needs for training and education.

d) Summary of agreements about action required.

2) Like the performance appraisal, this is essentially a problem solving, counselling situation, and the prerequisites for its successful conduct are basically the same.

Approaches to Appraisal Interviewing

Although there are no hard and fast rules it is widely argued that appraisal interviews should take place at least every twelve months, be conducted by a person's immediate superior, and typically should take 1-2 hours. However, most guidebooks emphasize that the appraisal of an employee is a continuous, on-going process, which means that feedback on their performance should not be confined to positive feedback on good performance (to be effective), for instance, needs to be given close to the time when the good performance occurred, the formal appraisal interview should only draw together in summary form what has been conveyed less formally to employees on an on-going basis and feedback from an annual interview cannot hope to compete effectively with more regular, informal sources of feedback to employees from the larger organizational setting. Traditionally the literature has distinguished three different types of appraisal interviews which have rather different objectives and thus require different skills from the appraiser.
Recommended steps and tips in appraisal interviewing

1. Preparing for the Interview

- Provide adequate notice to the employee.
- Send self-assessment forms to the employee for completion.
- Have notes made throughout the year of an employee's performance.
- Schedule at least a one-hour interview in a setting which is informal and free of interruptions.
- Establish in advance what the purpose of the interview is - i.e. what the interviewer will do with the information obtained.
- Be properly briefed. Read over the relevant files, and obtain any missing information.
- Identify the main issues to be addressed (e.g. past objectives agreed, successes achieved, problems encountered) and the relevant questions to ask.

2. Just before the Interview

- Ensure that phone and other interruptions are avoided.
- Ensure that the room is suitable and the furniture is appropriately arranged.
- Greet the appraisee and seek to put them at ease.

3. Structure of the Interview

- Explain the purpose, scope and form of the interview.
- Discuss the job in terms of objectives and demands.
- Encourage the employee to discuss their perceived strengths and weaknesses.

- Discuss how far agreed objectives have been met.
- Agree future objectives.
- Discuss any development needs.
- Summarize the plans agreed.
- In the event of disagreement, explain the details of any appeals procedure.

4. **During the Interview;**

The Opening

- Ask (open) questions which initially draw out employee reactions and ideas (remember the appraisee should do the majority of the talking).
- Start with the strong points/good performance of the employee.
- Establish the sequence or order of the interview, although be prepared to be flexible.
- Refrain from making hasty judgements on the basis of minimal evidence (keep any personal prejudices out of the interview).

The Middle

- Encourage the employee to suggest ways to continue good performance.
- Encourage the employee to discuss weaknesses and ways to improve.
- Keep the interview moving at an appropriate pace, balancing the need to obtain information with the planned time budget.
- Take relevant notes to aid memory, although without making this too obvious by losing eye contact.

The End

- Ask the appraisee to summarize the main points of the discussion and the agreed action steps.
- Check agreement on and commitment to the actions.
- End on a high note.

5. **Throughout the Interview**

- The appraiser's questioning skills are all-important. Start with open questions, use a judicious mixture of open, probes, closed and reflective questions. Tend to avoid hypothetical and multiple questions.
- Exhibit active listening skills.
- Ensure that any criticism is constructive in nature.

6. **After the Interview**

- Send a copy of the report to the employee.
- Follow up any necessary action steps.

- The appraiser can evaluate their own performance by usefully asking themselves certain questions, such as whether the interview produced any new knowledge for them.

Career Development

Career development is a formal approach taken by the organization to ensure the people with the proper qualifications and experiences are available when needed. Career development benefits both the organization and also the employee because properly developed employees are better prepared to add value both to themselves and to the company. Thus career development includes exposure to any and all activities that prepare a person for satisfying the present and future needs of the firm. Career development tools consist of skills, education, and experiences, as well as behavioural modification and refinement techniques that allow individuals to work better and add value. Therefore, the need for organizational development is often essential. Organizational development is important because it helps develop total units behaviour. Organizational development efforts include number interventions such as survey feedback, quality circles, sensitivity training and team building. The career development methods are: discussion with the knowledgeable individuals, company materials, performance appraisal system, workshops, and personal development plans etc.

Career Path

One of the important objectives of appraisal, particularly potential appraisal is to help employees to move upwards in the organization. People do not like to work on dead end jobs. Hence, a career ladder with clearly defined steps becomes an integral component of human resources management. Most HRM practitioners favour restructuring of a job to provide reasonably long and orderly career growth. Career path basically refers to opportunities for growth in the organization. Availability of such opportunities has tremendous motivational value. It also helps in designing salary structures, identifying training needs and developing second line in command. Career paths can be of two kinds:

a) Those where designations changes to a higher level position, job remains more or less the same. A good example of this is found in teaching institutions, where an assistant professor may grow to become associate professor and a professor, but the nature of job (teaching and research) remains the same. Career path in such situations means a change in status, better salary and benefits and perhaps less load and better working condition.
b) Those where changes in position bring about changes in job along with increased salary, status and better benefits and working conditions. In many engineering organizations, an employee may grow in the same line with increased responsibilities or may move to other projects with different job demands. One important mechanism to identify the promot ability of employees is Assessment Centre. It is a method which uses a variety of technique to evaluate employees for manpower requirements in the organization. It uses situational tests including exercises requiring

participants to prepare written reports after analyzing management problem, make oral presentations, and answer mail or memo in in-basket situation and a whole lot of situational decision making exercises. Assessors observe the behaviour and make independent reports of their evaluation of the strengths and weaknesses of the attributes being studied.

Organizational Career Planning: is the planned succession of the jobs worked out by a firm to develop its employees. With organizational career planning, the organizations identify paths and activities for the individual employees as they develop. A career path is a flexible line of movement through which an employee may move during employment with a company. Following an established career path, the employee can undertake career development with the firm's assistance. From the workers prospective, following a career path may involve weaving from the company to company and from position to positions he/she obtain greater and experience.

Individual Career Planning: The self-assessment: Through the career planning, a person continuously evaluates his/her abilities and interests, considers the alternative career opportunities, establishes the career goals and plans practical developmental activities. Individual career planning must begin with self-understanding or self-assessment. Then, the person is in a position to establish realistic goals and determine what to do to achieve these goals. This action also lets the person know whether his or her goals are realistic. Employees who understand their strengths can use them to maximum advantage. By recognizing their weaknesses, they are in a better position to overcome them.

Likes and Dislikes Survey: An individual should also considered Likes and Dislikes as the part of a self-assessment. Likes and Dislikes Survey assists individual in recognizing restrictions they place on themselves. A self-assessment such as this one helps a person understand his or her basic motives and sets the stage for pursuing a career. People who know themselves can more easily make the decisions necessary for successful career planning. Many people get sidetracked as they choose careers based on haphazard plans or wishes of others rather than on what they believe to be the best for them.
Management can then schedule development program that relate to employees specific needs.
Career Planning, is an ongoing process. Organizational career planning must begin with a virtual redefinition of the way work is done. Career planning programmes are expected to achieve one or more of the following objectives;

- Effective development of available talent.
- Self-appraisal opportunities for employees considering new or non-traditional career paths.
- Development of career paths that cut across divisions and geographic locations.
- A demonstration of a tangible commitment to CEO and affirmative action.
- Satisfaction of the employees' specific development needs.
- Improvement of performances.
- Increased employee loyalty and motivation, leading to decreased turnover.

- A method of determining training and development needs.

Successful career planning depends on firm's ability to satisfy those that it considers most crucial to employee development and the achievement of the organizational goals.

Succession Planning:

Career development and succession planning go hand in hand. Career development and succession planning synergy creates happier and more productive employees in a growth-oriented company. The organization experiences positive bottom-line results while preparing for future business needs based on mutual corporate and individual growth.

Internal career development, training initiatives, mentoring, coaching, evaluations, annual reviews, and orientation programmes are meaningfully connected to organizational goals. The result is a workable process that consistently addresses the corporate requirements for finding, keeping, and placing talent in key positions as needed. Internal career development programmes are proving critical in keeping valued employees while concurrently ensuring greater control over the succession planning process. Retention research indicates that individuals tend to stay longer where they are experiencing personal and professional growth.

In today's highly competitive global environment, human capital is an organization's most important asset, often differentiating highly successful businesses from those that struggle. Yet, in the ongoing effort to develop a strong and capable workforce, many organizations focus almost entirely on hiring and training. They neglect succession planning—perhaps the most essential ingredient in building an organization that is capable of achieving its strategic goals.

Today, succession planning requires more than just an organizational chart showing who holds what job within the enterprise. Best practice organizations use succession planning to develop and maintain strong leadership and to ensure that they address all the skills and competencies required for today's business environment. Succession planning can also be an extremely powerful tool in motivating and retaining top leadership.

Succession planning is an ongoing, dynamic process that helps an organization to align its business goals and its human capital needs. It also ensures that an enterprise can keep pace with changes to the business, industry, and overall marketplace. To achieve outstanding results using succession planning, an organization must develop an effective and highly focused strategy that centres on organizational excellence.

A strategic approach: Although successful organizations usually focus on training to develop leadership from within the executive circle, they also understand that it is sometimes wise to look outside for particular skills and knowledge. Of course, the more prominent a position within an organization, the tougher it is to find a suitable candidate. Thus, some turn to outside consultants to manage recruiting and, sometimes, the entire succession planning process. Consultants can provide objectivity and help develop a strategic plan that encompasses all levels of the enterprise. This approach is useful to a wide range of organizations.

Succession Planning: The Concept and Definition

Succession planning is a process whereby an organization ensures that employees are recruited and developed to fill each key role within the company. Through your succession planning process, you recruit superior employees, develop their knowledge, skills, and abilities, and prepare them for advancement or promotion into ever more challenging roles.

Through your succession planning process, you also retain superior employees because they appreciate the time, attention, and development that you are investing in them. To effectively do succession planning in your organization, you must identify the organization's long-term goals. You must hire superior staff.

You need to identify and understand the developmental needs of your employees. You must ensure that all key employees understand their career paths and the roles they are being developed to fill.

Objectives of Succession Planning: The main objectives (and advantages) of succession planning are:

- Improved job filling for key positions through broader candidate search, and faster decision making.
- Active development of longer-term successors through ensuring their careers progress, and by making sure they get the range of work experiences they need for the future.
- Encouraging a culture of "progression" through developing employees who are seen as a 'business resource' and who share key skills, experiences and values seen as important to the future of the business.

Of the above objectives, it is the active development of a strong 'talent pool' for the future which is often viewed as the most important. Increasingly, this is also seen as vital to attraction and retention of the 'best' people (particularly in service businesses like the accountancy and legal professions).

Problems in Performance Appraisal

While it is assumed that performance appraisal process and techniques present an objective system it would be naïve to assume, however, that all practicing managers impartially interpret and standardize the criteria upon which their subordinates will be appraised. In spite of our recognition that a completely error-free performance appraisal can only be idealized a number of errors that significantly impede objective evaluation. Some of these errors are discussed below:

1) **Leniency Error**

Every evaluator has his/her own value system that acts as a standard against which appraisals are made. Relative to the true or actual performance an individual exhibits, some evaluators mark high and others low. The former is referred to as positive leniency error, and the latter as negative leniency error. When evaluators are positively lenient in their appraisal, an individual's performance becomes overstated; that is rated higher than it actually should. Similarly, a negative leniency error understates performance, giving the individuals as lower appraisal.

2) **Halo Effect**

The halo effect or error is a tendency to rate high or low on all factors due to the impression of a high or low rating on some specific factor. For example, if an employee tends to be conscientious and dependable, the supervisor might become biased toward that individual to the extent that he will rate him/her high on many desirable attributes.

3) **Similarity Error**

When evaluators rate other people in the same ways that the evaluators perceive themselves they are making a similarity error. Based on the perception that evaluators have of themselves, they project those perceptions onto others. For example, the evaluator who perceives himself or herself as aggressive may evaluate others by looking for aggressiveness. Those who demonstrate this characteristic tend to benefit, while others are penalized.

4) **Low Appraiser Motivation**

What are the consequences of the appraisal? If the evaluator knows that a poor appraisal could significantly hurt the employee's future particularly opportunities for promotion or a salary increase; the evaluator may be reluctant to give a realistic appraisal. There is evidence that it is more difficult to obtain accurate appraisals when important rewards depend on the results.

5) **Central Tendency**

It is possible that regardless of whom the appraiser evaluates and what traits are used, the pattern of evaluation remains the same. It is also possible that the evaluator's ability to appraise objectively and accurately has been impeded by a failure to use the extremes of the scale, that is, central tendency. Central tendency is the reluctance to make extreme ratings (in either direction); the inability to distinguish between and among ratees; a form of range restriction.

6) **Recency vs. Primacy Effect**

Recency refers to the proximity or closeness to appraisal period. Generally an employee takes it easy for the whole year and does little to get the punishment. However, when appraisal time comes, he becomes very active. Suddenly there is an aura of efficiency, files move faster, tasks are taken seriously and the bosses are constantly appraised of the progress. All this creates an illusion of high efficiency and plays a significant role in the appraisal decisions. The supervisor gets railroaded into believing that the employee is alert and hence, rates him/ her high.

The opposite of recency is primacy effect. Here the initial impression influences the decision on year end appraisal irrespective of whether the employee has been able to keep up the initial impression or not. First impression is the last impression is perhaps the most befitting description of this error.

Effective Performance Appraisal

The issues raised above essentially focus on the problems of reliability and validity of performance appraisal. In other words, how do we know whether what is appraised is what was supposed to be appraised. As long as appraisal format and procedure continues to involve subjective judgment, this question cannot be fully answered and perhaps, will not be answered completely because no matter how objective a system is designed it will continue to be subjective. Perhaps, the following steps can help improve the system.

- The supervisors should be told that performance appraisal is an integral part of their job duties and that they themselves would be evaluated on how seriously they have taken this exercise.
- To help them do this task well, they should be provided with systematic training on writing performance reports and handling performance interviews.
- Conduct job evaluation studies and prepare job descriptions/roles and develop separate forms for various positions in the organization.
- Design the system as simple as possible so that it is neither difficult to understand nor impossible to practice
- Generally after the appraisal interview the employee is left alone to improve his performance on the dimensions. The supervisor should monitor now and then whether the improvement in performance in the areas found weak is taking place or not and, if not, help the employee to achieve the required improvement.
- Finally, reviewing, the appraisal systems every now and then help updating it, and making suitable evolutionary changes in it. This is the most important factor in making performance appraisal effective. As time passes changes in technology and work environment necessitate changes in tasks, abilities and skills to perform these tasks. If changes in the format are not incorporated the reports may not generate the kind of date needed to satisfy appraisal objectives. In addition, following can also help in improving the effectiveness of an appraisal:

a) **Behaviourally Based Measures**

The evidence strongly favours behaviourally based measures over those developed around traits. Many traits often considered to be related to good performance may, in fact have little or no performance relationship. Traits like loyalty, initiative, courage, reliability, and self-expression are intuitively appealing as desirable characteristics in employees. But the relevant question is, Are individuals who are evaluated as high on those traits higher performers than those who rate low? Traits like loyalty and initiative may be prized by managers, but there is no evidence to support that certain traits will be adequate synonyms for performance in large cross-section of jobs. Behaviourally derived measures can deal with this objection. Because they deal with specific examples of performance-both good and bad, they avoid the problem of using inappropriate substitutes.

b) **Ongoing Feedback**

Employees like to know how they are doing. The annual review, where the manager shares the subordinates evaluations with them, can become a problem. In some cases, it is a problem merely because managers put off such reviews. This is particularly likely if the appraisal is negative. The solution lies in having the manager share with the subordinate both expectations and disappointments on a day-today basis. By providing the employee with frequent opportunities to discuss performance before any reward or punishment consequences occur, there will be no surprises at the time of the annual formal review. In fact, where ongoing feedback has been provided, the formal sitting down step should not be particularly traumatic for either party.

c) **Multiple Raters**

As the number of raters increase, the probability of attaining more accurate information increases. If rater error tends to follow a normal curve, an increase in the number of raters will tend to find the majority congregating about the middle. If adperson has had ten supervisors, nine having rated him or her excellent and one poor, we can discount the value of the one poor evaluation.

d) **Peer Evaluations**

Periodically managers find it difficult to evaluate their subordinates' performance because they are not working with them every day. Unfortunately, unless they have this information, they may not be making an accurate assessment. One of the easiest means is through peer evaluations. Peer evaluations are conducted by employees' co workers, people explicitly familiar with the jobs involved mainly because they too are doing the same thing, they are the ones most aware of co-workers' day to-day work behaviour and should be given the opportunity to provide the management with some feedback.

The main advantages to peer evaluation are that:

- there is tendency for co-workers to offer more constructive insight to each other so that, as a unit, each will improve; and

- their recommendations tend to be more specific regarding job behaviours-unless specificity exists, constructive measures are hard to gain.

Further Reading:

- ***Nick Wilton, (2011), An Introduction to Human Resource Management***
- ***Robert L. Cardy, Brian Leonard, (2011), Performance Management: Concepts, Skills, and Exercises***
- ***Michael Armstrong, (2009), Armstrong's Handbook of Performance Management***
- ***Corey Sandler, Janice Keefe, (2004), Performance Appraisal Phrase Book***