CHAPTER 1

INTRODUCTION

Today's world of heavy technological advancement, introduction of highly sophisticated automation in industrial operation, has not forgotten the importance of man. The modern industrial growth, essentially demands, expansion of the enterprise, increasing work, and, cost efficiency for which they need to develop human capabilities and skills to perform the tasks. Looking at this, development of human resources has become increasingly crucial in the present context. The organisation should meet the day to day requirements and the individual's needs as well as interest in order to have effective human resource development.

An organisation comprises of various resources like machine, money, energy and human asset. All coordinate to help achieve the organisation's goals. To achieve the goals through, all work together. However, it is the human aspect or the human resource which has the major role to play. It is the human resources which are responsible for differentiating and fabricating different products, different tasks, etc. The human resources become important resources, when trained and developed systematically. Now, the question arises as to who is responsible for this development ? The answer is the "Management" who has to make an effort for the development of these resources. Management should also motivate the people to make use of the material resources in the organisation.

Human resource development (HRD) is the outgrowth of personnel management. This

opinion about HRD is true, but still it is different from the traditional functions of Personnel Management. Personnel Management implements and supports bureaucracy and bureaucratic methods. It does not know how to appeal to new workers' values. And, it often tends to be insensitive to new non-bureaucratic methods for improving human performance and productivity and the quality of work life. With the change in the traditional view about the concept of Personnel Management that human beings are primarily motivated by comforts and salary, it is now realized that people working in organisations are human beings. They have their own needs, motivations, expectations. Understanding that every human being has potential to do remarkable things, develop and utilize his or her potentials, gradually lead to the realization that human beings form an important asset to the organisation. Their contributions to the organisations are much more than that of any other resource of production and / or services.

HRD aims to -

1. Create a climate of openness and trust.
2. Build a collaborative culture whereby everyone is an important member of an effective team.
3. Promote human capabilities and competencies in the organisation
4. Bring out integration of the individual and organizational goals
5. Improve the quality of life.

HRD aims at helping people in acquiring competencies required to perform their functions well and make their organisation perform better. Though having universal objectives of human resource development, it does not have a universally accepted job-de-

scription for HRD managers. However, some understanding of the concept, components and functions of HRD is likely to help the organisations and others that deal with activities. In India, the term HRD has a somewhat distinct meaning. And that it has evolved independently in at least some organisations. It may have some similarity with the way it is being interpreted in USA, but it has more differences. In fact, HRD functions in some organisations in India has taken a lead over their counterparts in USA a fact acknowledged by some of the Americans themselves. In India, Larsen and Toubro was the first organisation to formally introduce the HRD system as far back in 1975. The main objective was to facilitate the growth and development of managers in the organisation in a planned way.

Human Resource Development as defined by Daftuar (1985) is a "...system and a process involving a series of activities designed to produce behavioural changes in the available human resources for maximizing and proper utilization of their competence level as well as their potentialities for a present or future role to optimize the organizational performance." The definition emphasizes existing abilities, known as capabilities and future potentialities.

In the definition, HRD has been viewed as a process and system and not as a concept. It is a system which has definite goal of achieving organisational effectiveness through maximizing human potentialities.

Since HRD has been regarded as a system, it will have certain implications such as :

(a) It is more lively and will correspond more closely to organic systems in Nature than to the machine systems in industries. It will have its own unique style of functioning.

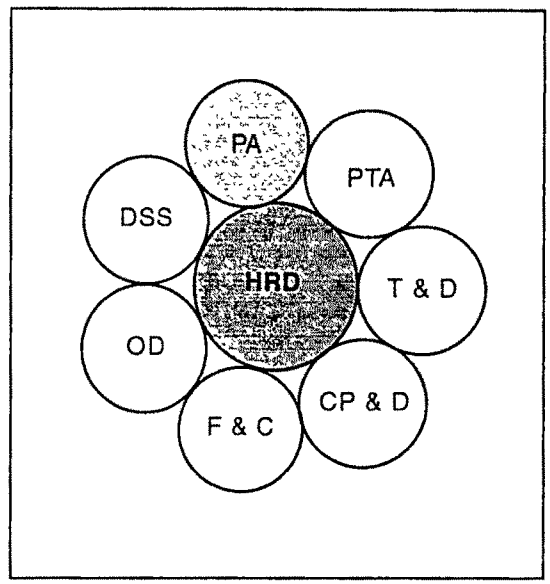
(b) Being organic in nature, it will essentially be an open system. People will have to be trained to be open, trusting, listening, communicating, receiving and giving honest feedbacks. People should be trained to interact, not with people within their own functions / systems but also with those residing in other functions / systems.

(c) The very meaning of the term system presumes interrelationship and interdependency of different subsystems with and on each other. Though each components of the system and the subsystems may be unique they remain interrelated and interdependent.

(d) Through a sound system of linkages, the different subsystems are supposed to get strengthened. This can be accomplished by sound feedback process with the system.

The above definition as postulated by its author also assumes that HRD system aims at creating mechanisms and processes in the organisation in order to continuously and systematically, develop the competencies of the organisation members so that they can perform their present roles effectively. The development of organisational member's competencies is a continuous process and is unlimited. However, the development of competencies need not be limited to their organisational roles.

FIGURE - 1



INTEGRATED SUBSYSTEMS OF HRD

These subsystems can be enumerated as follows :

1. Performance Appraisal System
2. Potential Appraisal System
3. Training and Development System
4. Career Planning and Development System
5. Feedback and Counselling System
6. Organizational Development System
7. Data Storage System

Performance Appraisal System :

An HRD oriented performance appraisal system is used as a mechanism for supervisors to :

- Understand the difficulties of their subordinates and try to remove them.

- Understand the strengths and weakness of their subordinates and help the subordinates to realize them.
- Help the subordinate to become aware of their positive contributions.
- Encourage subordinates to accept responsibilities and challenges.
- Help subordinates to acquire new capabilities.
- Plan for effective utilization of the talents of the subordinates.

HRD Philosophy envisages that every superior in an organisation has the responsibility to ensure the development of his subordinates in relation to the capabilities required to perform their jobs effectively.

Potential Appraisal :

In the organisations that subscribe to HRD philosophy, the potential (career enhancement possibilities) of every employee is assessed periodically. This focuses on finding out the extent to which a given individual possesses the critical attributes required to handle higher level responsibilities. Such assessment is used for developmental and placement planning. A dynamic and growing organisation needs to continually review its structure and systems, creating new roles and assigning new responsibilities, and develop capabilities to perform new roles and responsibilities continually among employees. The identification of employee potential to ensure the availability of people to do different jobs help to motivate employees, in addition to, serving organizational needs.

Training System :

Training is linked with performance appraisal and career development. Employees gen-

erally are trained on the job or through special in-house training programmes. For some employees outside training may be utilized to enhance, update, or develop specific skills. The outside training is valuable if it can provide expertise, equipment, or sharing of experiences that are not available within the organisation. The importance of training is very obvious. However, training should be based on assessment of the needs of different groups and individuals. The needs may flow from performances as well as potential appraisal system. Continuous evaluation of training would also be necessary.

Career Planning :

The HRD philosophy is that people perform better when they feel they are doing it. In the HRD system, corporate growth plans are not kept a secret. Long range plans for the organisation are made known to the employee. Employees are helped to prepare for change whenever such change is planned. Major changes are discussed at all levels to increase employee understanding and commitment.

Most people want to know the possibilities for their own growth and career opportunities. As because managers and supervisors have information about the growth plans of the company, it is their responsibility to transmit information to their subordinates and to assist them in planning their careers within the organisation.

Feedback and Counselling :

Feedback and Counselling subsystem of HRD occurs as a part of performance feedback, potential feedback, career opportunities feedback and several other systems of feedback and counselling to help the employee continuously discover his capabilities and areas of

improvement.

Organizational Development :

Organizational development is the effort made to improve organizational health through various means in order to maintain a psychological climate that is conducive to productivity. The organizational development or systems experts also help any department or unit in the organisation that is having problems such as absenteeism, low production, interpersonal conflict, or resistance to change. These experts also refine and develop various systems within the organisation to improve their functioning. Organizational development is progressively seen as more and more important in helping the diagnosis of problem of human resources in the organisation, taking steps for team building at various levels, improving general morale and motivation of people, developing healthy values and trying out various ways of solving problems that are continuously faced by the organisation.

Data Storage System :

All appropriate information about employees should be stored in a central human resources data bank usually by means of computer. This includes various information about individual employees, their biographical informations, critical attributes, performance record, potential record, special rewards given, promotions given, and special events. This data may be utilized whenever there is a need to identify employees for special projects, additional training or higher-level jobs. With large size organisations it may be necessary to computerize such information and develop a system for its easy and quick retrieval and continued updating.

All the above subsystems are linked to one another in certain ways. For instance, performance appraisal gives inputs for training research and data storage, feedback and counselling etc. Feedback and counselling is linked to performance appraisal, potential appraisal, as well as, research and organisational development. These subsystems are designed to work together in an integrated system, although any of them may exist in an organization that does not have an overall HRD plan. We also see that all these subsystems include these components i.e. clarity of the functions in detail, setting challenging goals, periodically reviewing these and identifying capabilities present and the capabilities required through performance analysis, on the job coaching and training in formal settings. At the same time the subsystem Research and Organizational Development aims at developing process competencies and establishing a positive emotional climate that facilitates the development of employees. This type of attitude will help managers in the changing scenario of modern organizations, as one of the important goals of human resource planning is to enhance and ensure the congruence between the employees and their jobs.

Beliefs underlying the HRD subsystems :

The HRD subsystems are designed on the basis of the following beliefs -

(i) Human Resources are the most important assets in the organisation.

(ii) Unlike other resources, human resources can be developed and increased to an unlimited extent.

(iii) A healthy climate, characterized by the values of openness, enthusiasm, trust, mutuality, and collaboration, is essential for developing human resources;

(iv) HRD can be planned and monitored by ways that are beneficial both to the indi-

vidual and to the organisation,

(v) Employees feel committed to their work and the Organisation, if the organisation perpetuates a feeling of "belongingness".

(vi) Employee commitment is increased with the opportunity to discover and use one's capabilities and potential in one's work;

(vii) It is every manager's responsibility to ensure the development and utilization of the capabilities of subordinates, to create a healthy and motivating work climate, and to set examples for subordinates to follow;

(ix) The higher the level of the manager, the more attention should be paid to the HRD function in order to ensure its effectiveness.

(x) The maintenance of a healthy working climate and the development of its human resources are the responsibilities of every organisation.

Thus, we see introduction of HRD system is of vital importance to any organisation which aspires to be dynamic and growth oriented. For this an organisation needs an "enabling culture" where its employees use their initiative, take risks, experiment, innovate and make things happen. Here, values of openness, trust, mutuality, collaboration and enthusiasm within the system should be recognized by every member of the organisation.

PERFORMANCE APPRAISAL :

Assessment as evaluation has been part of life through the ages. Assessment can be in the form of tests, exams, reviews, etc. Similar type of assessment is also done in the organisations, may it be big, small, public, or private. This procedure of evaluation or assessment is called "performance appraisal". It is a process in which the senior, may it

be a Guru in a Gurukula, Mother if it is a family, Coach on the ground, plays a major role in evaluating the juniors or the subordinates. This is where they try to check the ability of their subjects. It is the test of the seniors, as well as the level of performance of the subjects give, to assess as to what and how the subject matter has been penetrated.

Formal appraisal of an individual performance began in the Wei Dynasty (A.D. 221 - 265) in China; where an imperial rater appraised the performance of members of the official family. In 1883, the New York City Civil Service in USA introduced a formal appraisal programme shortly before World War I.

Performance appraisal in an organization refers to assessing an individual for his level of performance. Most organisations are rightfully quite interested in determining the quality and quantity of performance of their members.

Performance appraisal as defined by Yoder is "all formal procedures used in working organisations to evaluate personalities and contributions and potential of group members.

"A procedure which helps in collecting, checking, sharing, giving and using of information collected from and about people at work for the purpose of adding to their performance of work."

Hasley defines, performance appraisals as "an orderly, systematic and carefully considered analysis and evaluation of person's services based both on an observation over a

considerable period of time and on a study of available objective records of performance or behaviour."

Bellows defined it as, performance appraisal as "a systematic, periodic evaluation of the worth of an individual to an organization, usually made by a superior or some one in a position to observe his performance."

Beach defined it as a "systematic evaluation of the individual with respect to his performance on the job and his potential for development."

Thus, we see that performance appraisal is the systematic evaluation of the individual with the respect to his performance on the job and his potential for development.

For decades, performance appraisal has been a much discussed and studied field. There has been a lot of controversy with performance appraisal. There are people who find this as an interesting field, where as there are managers, who are rarely happy with the appraisal system, Performance Appraisal would be one of the most important sources of stress in organisation. Being evaluated by their superiors is a highly stressful experience for many persons. The stakes are high and the possibility of negative evaluation is real. Normally it is one way communication between a boss and his subordinate. For a long time, it has been taken as a near perfect tool of administration for measuring performance. The process of appraising the performance of organisation members, however, is made difficult by the fact that the criteria of effective and ineffective performance are frequently difficult to define. At the same time the fact remains that the case of perform-

formance appraisal system is like any other managerial decision, where the decision is being based on human judgments, and these judgments could be subjective. The element of subjectivity can be eliminated to a great extent, provided enough care is taken.

Performance appraisal has traditionally been used as a mechanism of controlling employees through salary administration, reward administration, promotion and disciplinary action. Many organisations use performance appraisal, confidential reports or employee service records in a confidential form. Each employee is rated confidentially by one or more senior officers annually for his performance on some dimensions and the confidential ratings are handled by the personnel department or establishment officers. In most cases, the employee does not know how his performance has been rated by his supervisors. The objectives of such performance appraisal systems are :

- To control employee behaviour by using it as an instrument for rewards, punishment and threats.
- To make decisions regarding salary increases and promotions.
- To place people to do the right kind of jobs.
- To identify the training and developmental needs of the employees.

(Flippo, 1980; Kellog, 1955)

All these objectives assumed a very traditional view of the performance appraisal system; in the sense, they were formed from the employers' point of view or looked very close to theory 'X' of McGregor. As a result of such one sided and narrow appraisal, managerial resources in organisations do not grow, and start stagnating instead of multiplying.

Thus, we see that the traditional approach tends to appraise people on personality rather than on performance. Hence the scope was limited only to the extent of traits and personality in the traditional appraisal system. Later, it was felt that the man's performance on his present job must be the important factor in judging him. As a result, the scope was widened from "man-centred approach" to "job-centred approach".

FIGURE - 2

MODEL OF THE FORCES ACTING ON APPRAISALS IN AN ORGANISATION

In the modernization process, the scope was further extended to "objective centred approach to performance appraisal" under which specific objectives are established for each position and they are appraised over a specific period of time. Besides this the competitive market has its own pressures. These pressures counter-effect the appraisals in the organisations as depicted in Fig. 2.

However, there is a general scope for the performance appraisal system to turn into a basic and scientific tool concerned with the development of people in the organisations. It is an important part of the system of developing human resources and developing a culture of mutuality and collaboration in an organisation. It also provides an input for better management of salary and reward system. Effective functioning of the performance appraisal system depends on a minimum level of trust and commitment to the development of employees in an organisation. This view has a congruence between the goals of the individual and the organizational needs.

Organizational needs :

a. To identify roles so that duplication is avoided.

b. Set goals and targets.

c. To assess the performance of the organisation and that of the individual.

Individual needs :

a. To know specific duties of the job.

b. Participate in setting work goals

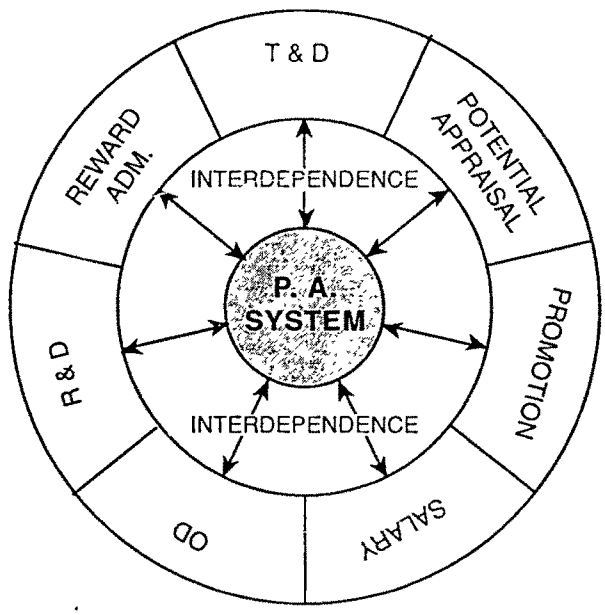
c. To know how he is doing.

d. To get the boss's help wherever required.

Performance appraisal is an effective instrument for helping people grow and develop in the organisations setting. This is the new concept of Performance Appraisal evolved out of Human Resource Development system. It can be used as an effective mechanism of continuing education and learning from one another. Through an effectively organized

appraisal system every employee can create learning places for himself in an organisation. Development oriented performance appraisal and review system when effectively practised substantially contributes to the organizational health, and facilitates multiplication of organizational responsibilities.

FIGURE - 3



RELATION OF P. A. SYSTEM TO OTHER SYSTEMS IN ORGANISATION

As mentioned earlier, we will use the term performance appraisal to mean the continuous process of feeding back to subordinate's information about how well they are doing their work for the organisation. This process occurs both informally and systematically. Informal appraisal is conducted on day-to-day basis. The manager spontaneously mentions that a particular piece of work was performed well or poorly, or the subordinate stops by the manager's office to find out how a particular piece of work was received. Because of the close connections between the behaviour and its feedback, informal ap-

praisal quickly encourages desirable performance and discourages undesirable performance before it becomes ingrained.

A good performance appraisal system would have the following objectives :

1. Help the employee to overcome his weakness and fortify over his strengths, and thus enable him to improve his performance and that of the department.
2. Generate adequate feedback and guidance from the reporting officers to the employee.
3. Contribute to the growth and development of the employee through helping him in realistic goal setting.
4. Provide inputs to ....
    a. System of rewards comprising salary increments, appreciations, additional responsibilities, promotions, etc.,
    b. salary administration
5. Help in creating a desirable culture and tradition in the organisation.
6. Help identifying employees for the purpose of motivating, training and developing them.
7. Generate significant, relevant, free and valid information about employees.

The significance of these objectives explains why evaluations may materially affect the morale and motivation of the employees. It has to be continuous and not like "dumping the news once a year" approaches. The employees want to know their strengths and weakness and it is the superior's responsibility to help them become more successful at what they do. Thus we can see how performance appraisal is closely related to other

systems like training, potential appraisal, promotions, salary and reward administration, research and organisation development and so on.

The open system of performance appraisal comprises of the following component :

FIGURE - 4

COMPONENTS OF OPEN SYSTEM OF PERFORMANCE APPRAISAL

1. **Identification of Key Performance Areas (KPA) :**

Every job has a set of functions to be performed by its holder. It is clear and specific for the jobs at lower levels. However as one goes higher up in the organizational hierarchy, activities the and functions become complex and keep on changing priority from time to time. In view of the changing priorities and complexities it is necessary to identify, review, recapitulate and reflect upon key functions periodically

The identification of KPA's is useful to set targets for the period of appraisal. These targets should dealt with the task expected to be accomplished by the appraisee under each KPA during the period that would be reviewed later. Thus, target setting helps the appraisee to be clear of the expectations, and also provides opportunity to the appraisee to ask for the assistance required from his boss in order to accomplish whatever is set for him.

2. **Identification of Managerial and Behavioural Qualities :**

It is an important aspect of employee performance as it measures the extent to which each manager exhibits the qualities desired of him. These qualities may be managerial or behavioural. They are increasingly required for performing functions associated with the higher level jobs in the organisation. Some such qualities include : creativity, initiative, contribution to team spirit, organizing ability etc. Appraising the employees periodically on these qualities will enable the employee to strive for the same.

3. **Self appraisal :**

Self appraisal is the process of appraisal by the employee to appraise his own KPA's, targets, and qualities. It is assumed that change is faster when it is self-initiated Reflection and reviews enable him to get an opportunity to be more aware of his own strengths and weaknesses. Self assessment may help people to discover their developmental needs and plan for development that also help the organisation.

4. **Performance analysis :**

Due to performance appraisal, the communication between the appraisee and ap-

praiser increases. The appraiser should know more and more about the circumstances under which his appraisee is working, the difficulties he is facing and contribution he is making. The appraisee should also understand how he himself is responsible for some achievements or non-achievements. To meet this objective, the appraisee can reflect upon the facilitating and hindering factors in his performance, which may help the appraisee to know about his own strengths and environmental constraints.

5. **Performance Discussion and Counselling :**

The performance review discussion is intended to make appraiser and appraisee understand each other better, increase mutuality and help each other so that they can jointly do better in future. People may be able to share a lot of things in mutual discussion which they may not be able to write. The purpose of discussion for the appraisee is to know more about the perceptions, expectations and assessment of his superior and to communicate his difficulties, and ask for support, if needed. For appraiser, it is an opportunity to understand his subordinate more, help him understand his strengths and weaknesses, and help him to identify mechanism for development and performance improvement.

6. **Identifying developmental needs and action plan :**

Performance analysis and review discussion lead to identification of developmental needs. Targets not accomplished or KPA's poorly performed may be indicators of inadequate understanding or lack of capability for which remedial actions like training, OD, or transfer to other jobs may be planned.

7. **The final assessment :**

The final assessment is given by the appraiser. For this, he should have a thorough understanding of his subordinate, his accomplishments, his strengths and weaknesses and his developmental needs.

The open system can be effectively used if the corporate management are committed to the development of human resources in the organisation. They are prepared to make an investment in terms of budget for training and some preparedness for job enrichment, job rotation and such other programmes, to make the organisation an enjoyable place.

OBJECTIVES OF THE OPEN SYSTEM OF P. A. :

1. Analysis and achievement of the goals. Identifying the facilitating and inhibiting factors in relation to the achievement of goals and development of action plan for overcoming inhibiting and strengthening facilitating factors.
2. Periodic review of behaviour which contributes to managerial effectiveness and working out action plans for developing such behaviour.
3. Identification of developmental needs and preparing plans for employee development through training and related activity.
4. Implementation and reviewing.

This open system of performance appraisal could be effective in an organisation only when the above mentioned objectives are framed on the following underlying **assumptions**.

1. Employees, irrespective of their age, position, experience and nature of job can continuously grow and develop behaviourally and professionally.
2. Development of people is in the interest of the organisation as well as the people working in the organisation.
3. Organisation can plan to provide opportunities and conditions for development and multiplication of their human resources contributing to organizational growth, development and effectiveness.
4. Performance appraisal, appraisal feedback and review, counselling, training, job enrichment, job rotation, potential appraisal, training for searching potential talents are some useful tools to promote employee development and organizational effectiveness.
5. Carefully administered system of appraisal which is primarily oriented to employee development could be instrumental in creating healthy climate and higher employee motivation and morale.
6. Every Manager has the responsibility of creating condition for development of his subordinate as every employee has desire and responsibility to grow and develop himself
7. Employee development can be ensured if the individual is interested in his own development and is clear about the direction in which he should develop, is willing to receive feedback on his strengths and weaknesses, make efforts to develop himself, and review his progress periodically.
8. Effective appraisal system should be based on -
   - Clarity of roles and responsibilities
   - Periodical goal settings
   - Annual or periodic assessment of performance in terms of such goals.

Such a system is not an end in itself. It is only one of the effective means for employee development and organizational effectiveness. It has also to be viewed as a part of various other employee developing strategies and should be linked with them. It should be borne in mind that it can have some distributing effect if used without commitment to employee development on the part of organisation and only for controlling employee performance.

Purpose of Open System of Performance Appraisal

Once there was an organisation where it came to light that one manager had not done appraisal on one of his subordinates for nearly ten years. When confronted he replied "Why should I do appraisal ? The job has been the same for ten years, the man has stayed the same - why exercise ?" But if you don't know where you are going, you are most likely to end up somewhere else. Performance appraisal system is a means, where the challenges of the management can be met in a planned and controlled fashion. The different purposes that appraisal serve are :

1. **Feedback to the appraisee :**

   Generally it is seen that to point out the mistakes of a person is easier. To identify the successes and improve upon the results feedback of the performance is very necessary. These performance appraisal reports give the individual more systematic feedback. People vary in their ability to work and differ in personality. Therefore, giving feedback to some people is stressful where as for some it is a criteria for improving themselves.

2. **Salary review :**

During the performance appraisal, the individual is graded on his overall ratings. While the salary section finds this rating helpful, there is a controversy prevailing in the relationship which performance appraisal and salary grading share. Some experts believe that no mention of salary should be made during performance appraisal whereas another group believes that money can fulfil - esteem incentive, motivation, reward, freedom, status etc. Finally, it is understood that performance appraisal and salary grading have a significant impact on each other.

3. **Career Counselling :**

Performance appraisal helps to discuss the further career, skills and ambitions of the individual. These can be discussed as part of the performance appraisal system. Certain types of employees do require for good career counselling.

4. **Succession planning :**

There is a need to have people ready to take over in the event of a job becoming vacant. The appraisal system encourages managers to think about the abilities of their employees and to match these abilities with the known requirements of the job or jobs. Career counselling is employee based, whereas succession planning is job based.

5. **Maintaining equity :**

It has been observed that often an unfavourable opinion of the manager for a subordinate tend to influence subordinate's progress. The element of measurement

implicit in most appraisal systems sometimes makes employees fearful that such unfairness is about to become institutionalized. Therefore, there is a provision that the manager's manager signs the appraisal form before interview or afterwards or both. Manager may also actually participate in the interview. This way, the employees feel more confident that equity is maintained.

6. **Hand-over between managers :**

Performance appraisal records help the managers with ready information. If a manager is taking over a new team or accepting a transfer from one part of the firm to another, he is greatly helped by performance appraisal records. These records, the teams objectives, their special problems, if any, or their ambitions help in planning.

7. **Avoid trouble :**

Performance appraisal systems' records have been used to handle poor performances as paper work available to show in an industrial tribunal.

Conventional Methods Used for Performance Appraisal :

The conventional techniques are designed to help the superior judge people whereas the emerging techniques are designed to improve the working relationship between the supervisor and the subordinates. At the same time, the emerging school of thought is interested in "What" appraisal does to people and "how" supervisors can help subordinates grow and develop into fully functioning and contributing individuals.

Assessing the performance of an individual involves many techniques. There have been

rudimentary methods practised in bygone years. There were techniques developed for better and objective assessment procedures. To begin with, the conventional methods of performance assessment are taken up first for discussion.

1. **Graphic rating scale :**

Rating scales are the most widely used method of appraisal. Different items consisting of traits, behaviour or results are identified to rate employees on. The rater places a check mark on the form next to the work describing the degree of merit for each of several different traits. Since traits are subjective and hard to measure, it is very difficult to communicate them to subordinates with any clarity that will help them to improve their performance. Another problem with rating scales is of 'halo' effect. Research findings indicate that supervisors have a tendency to rate people in the same category from one rating to another.

2. **Forced distribution method :**

Employees are distributed by the supervisor along one or more scales and a fixed percentage of employees are assigned to each quarter of the scale. This method corrects the inflation problem because supervisors are forced to make hard decisions about their subordinate's performance. Although this method prevents the inflation and 'halo' problems, it introduces another problem– back-stabbing. This evaluation method discourages team work and collaborative relationships between people in organisations because, for someone to move up someone else must move down.

3. **Peer rating :**

In this method, each employee rates every other employee in his or her division at that level in the organisation. This method transfers the rating functions from the superior to the team workers. The major advantage of peer rating is that it is the most valid performance rating technique because workers generally reveal their real attitudes and behaviours to their peers. Also, workers are open with colleagues more than they are with supervisors, and as such, extended observation periods tend to increase the accuracy of the ratings. However, the major disadvantage of this technique is that it can introduce undesirable behaviour in work teams. This method has the similar shortcomings as the Forced Distribution Method.

4. **Ranking order :**

In this method, the rater assigns a rank to each person such as first, second, third, and so on. Rank order rating is simple in application and is easy to understand. However, when there are large number of persons to be rated, this method becomes too difficult to be practicable. There are at least two major problems in ranking method :

(i) What is ranked - ranking that tries traits (e.g. loyalty, initiative, dependability etc) to global job performance may not be a valid determinant of more effective employees. Such dimensions may be so broadly defined and vaguely measured that their application to the persons and job is questionable and,

(ii) Ranking is a "zero sum" game, because individuals are being compared with one another. In a "zero sum" game there is a loser for every rating i.e. no one

can increase his rank without some one falling lower in rank.

5. **Forced choice :**

This method of rating presents another attempt to overcome the familiar problems of personal bias and lack of objectivity in employee evaluation. This method forces the rater to choose from a group of several short statements describing job proficiency or personal characteristics, the one statement which must accurately describes the employee being rated. At the same time, the rater also selects from the same bulk of statements the one which least accurately portrays the individual. By this method, personal bias can be eliminated and objectivity can be ensured to a great extent. Errors of leniency, 'halo' and central tendency are avoided. However, there are some limitations also. The rating results are not adaptable to employee counselling and training because the supervisor does not know how he is evaluating the individual.

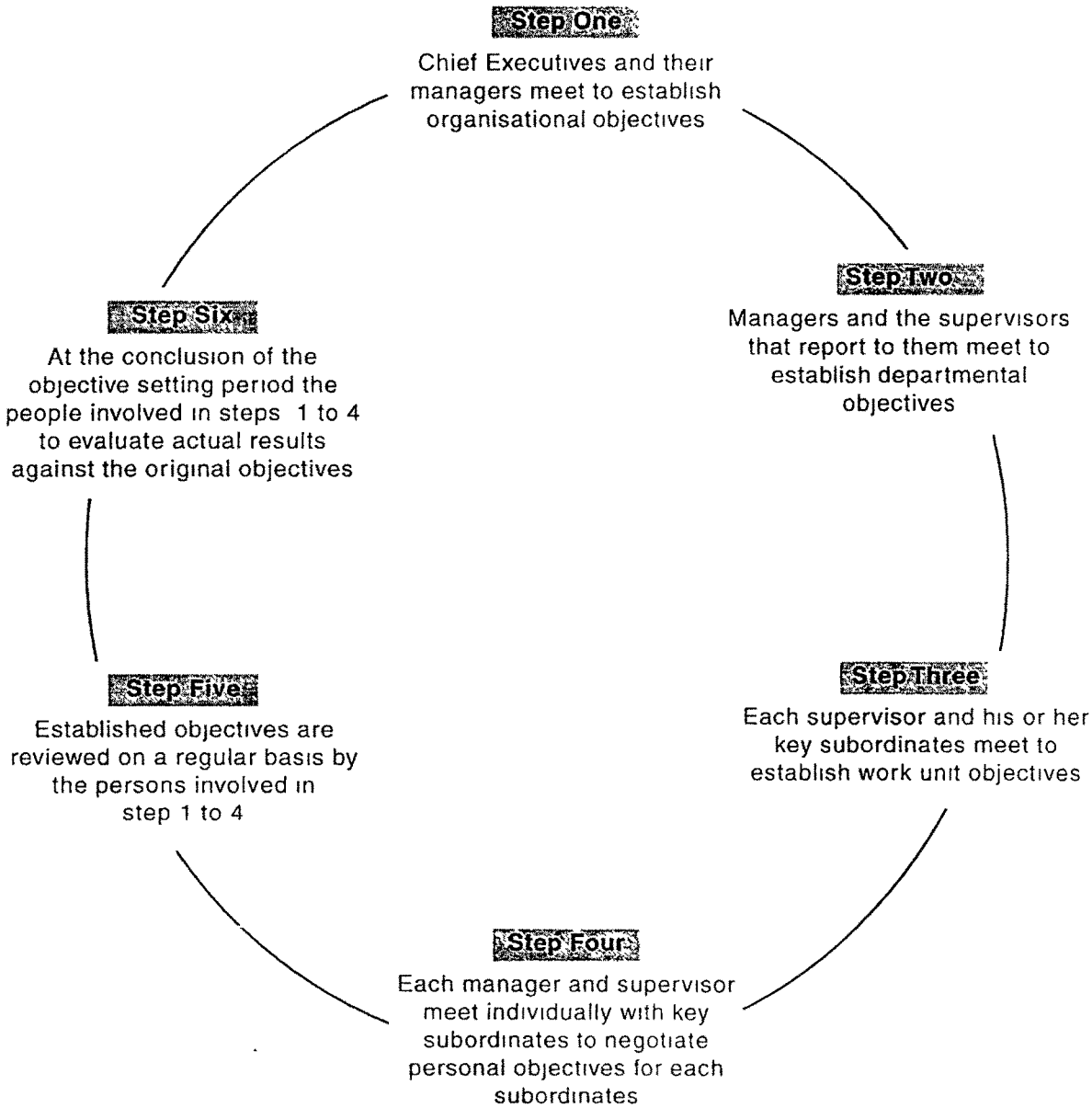
Emerging Tools :

While the conventional performance appraisal tools are judgmental in nature, the emerging tools are more collaborative in nature and, the emphasis is on creating and helping relationship. The two most common collaborative or emerging tools are discussed below :

1. **Management by objectives (MBO) :**

In 1954, Peter F. Drucker popularized the phrase "Management By Objectives "(MBO) which centred on the assessment of performance Individual goal setting between superior and subordinate with feedback of results is the cornerstone of MBO.

FIGURE - 5



MBO PROCESS

MBO is best described as goal-setting through mutual participation and agreement by Superior and Subordinate for the purpose of raising managerial and organizational goal achievement. MBO programme is based on two concepts :

(i) Managing a successful organisation or being a successful person in one's job does not have to be a matter of luck or of letting event shape one's life or organisation, and

(ii) an organisation or person with objectives has a greater chance of making things happen, and have a guiding success pattern than those who simply watch things happen, criticize what happened, wonder what happened or wait for fate to mould their organisation or their lives.

It is a continuous process which can be divided into six steps, one leading to the other.

MBO is a management method and process by means of which objectives, or goals are established for :

- the organisation,
- each department,
- each work unit within each department,
- each employee who works in an area where the establishment of objectives would be practised and valuable.

The advantage of MBO process :

a. It is future oriented i.e. it focuses on the subordinate's subsequent performance rather than on the past failure. The past is examined as it gives clues for future improvement. After all, it is the anticipated rewards that motivate rather than present rewards.

b. It is an open system. It is possible for most employees to experience positive changes when they are being compared with their own objectives rather than with their peers. There is a chance for almost everyone in the organisation to feel a sense of accomplishment, growth and progress, and that his contribution to the organisation is increasing whereas in the other system, only a small part of the members can have that feeling of improvement. The majority are led to believe that they are saying the same or declining.

c. It is flexible objective focused systems allow much more flexibility to both the supervisor and the subordinate; together they can set goals which they feel are challenging, as also, realistic. They can explore together the changes which may be necessary to achieve these goals, which may include modifications in the subordinate's behaviour; or a change in the relationship between the supervisor and the subordinate. This type of flexibility is not possible in many of the peer-comparison system.

The disadvantages :

Some of the problems with MBO are as follows :

a. Requires time and commitment by the supervisor and subordinates;

b. Requires hard work;

c. Can become a personnel department's programme without any involvement of the employee in the various departments.

d. Can become over-structured.

e. May not permit the supervisor to link rewards with objectives accomplished;

f. May fail without top-management support;

g. Requires practice and learning by participants.

2. **Behaviourally Anchored Rating Scales (BARS) :**

This is a relatively new appraisal tool of which supervisors should have a working knowledge. BARS differs from other evaluating processes because of the focus on "behaviour" rather than "traits" and because it is developed in collaboration with the employees who do each specific job. One drawback of BARS is that there must be a specific rating form for each job category in an organisation, which is an expensive and time consuming process. The steps involved in developing BARS are :

a. Critical incidents : Persons doing the job are asked to describe specific examples of effective and ineffective behaviour on the job.

b. Performance Dimensions : Incidents are then classified into 5 to 10 performance categories;

c. Re-translation : A second group of persons also familiar with the job is asked to group the critical incidents into the given dimensions;

d. Scaling incidents : Another group of people is asked to assign a numerical scale to each dimension. The average rating assigned to each dimension describes effective performance for that dimensions;

e Final Rating Form : The dimensions that are retained become the Behaviour Anchors for the member on the rating form. The final BARS instrument is a series of scales for each performance dimension.

BARS, though expensive, defines the performance domain i.e., the scales are linked to actual job requirements and reduce appraisal error.

BIASES IN APPRAISAL :

Appraisal system in any organisation is a dynamic system, and influences, as well as, gets influenced by a host of factors. These factors can contribute both positively and negatively to the appraisal process and its outcome. Among the major factors which enact as intervening variables during the implementation of the system are :

a. Interpersonal conflicts in an organizational setting.

b. Emphasis on the system.

c. Actor's skill's and involvement.

d. Philosophy of handling human resources.

These are some of the very vital factors which need discussion before an appraisal system can be really designed and operated. Besides these conflicting factors, there is a lot of subjectivity involved in the appraisal process. This subjectivity in assessing is bound to be there as there are human beings involved. Some of the commonly observed phenomenon that contribute to errors and biases in appraisals, thereby increasing subjectivity, are :

a. **'Halo' effect :**

At times the appraiser's like or dislikes, one or two actions or qualities of the appraisee influence immensely and, therefore, tend to rate him positively or negatively on all dimensions.

b. **Leniency effect :**

Some appraisers tend to believe that they should be "nice" to their subordinates and therefore tend to assign them lenient ratings. Some other appraisers have an opposite philosophy and view of their subordinates, and tend to rate them too strictly,

a bias called the, "severity effect."

c. **Central Tendency :**

Some raters do not want to give too high or too low ratings to their subordinates. Due to their over-consciousness they tend to rate most of their appraisees around the average.

d. **Assimilation or differential effects :**

Some raters tend to like the ratees who are like them, and therefore assign them higher ratings than to those who are perceived by them as different from them Some other raters tend to like those who have characteristics which they do not have but would like to have.

e. **First impression errors :**

Quite a few raters make judgments about the subordinate on the basis of their first contacts and tend to carry the impressions over a long time.

f. **Recency effects :**

Sometimes, raters assign ratings on the basis of the recent behaviour they have seen in their appraises forgetting the past behaviour, over a period of time.

g. **Varying standards :**

Some appraisers tend to assess their appraises on the basis of their expectations and perceptions about how their own bosses are going to appraise them, and the above mentioned biases can be overcome if,

(i) the supervisors at all levels are given in-house training on proper performance evaluation techniques i.e., maintaining objectivity, adhering to universal standards, conducting the evaluation interview properly. This action thought rarely done, but is strongly recommended Managers should not take their performance evaluation responsibility lightly, as their judgments have a criti-

cal impact on the careers of every one under their control. Formalized, periodic training can emphasize the importance of performance evaluation in the mind of every administrator.

(ii) higher management should develop scoring standards that clearly define the circumstances under which a given rating may be assigned.

(iii) another practical possibility is to have a higher manager's review of a supervisor's rating of a subordinate. This helps to ensure that more time and justification will be applied to the evaluation process because a supervisor may be called upon to explain and support opinions to a superior.

(iv) appraisal by the committee often results in better perspective and objectivity. It is convenient when appraising higher managers and trainees. As with any committee, there is the possibility of major disagreement over the performance of an individual, and a particularly appointed committee member could hold sway over the feelings of other members.

(v) keeping a diary or a running record or diary of employee's performance helps to reduce the "halo effect" and over emphasis on recent behaviour.

(vi) lastly, one should discard the evaluations after a certain period of time Management should decide the number of years and discard the data after that For example, one leading computer manufacturer's policy is to retain evaluations for three years only. In this way a negative rating, of several years ago, will not cast a shadow on an employee's present job performance. According to them, after three years all sins are forgiven.

Limitations of P. A. System :

Looking into the objectives, the assumptions and the purpose of the open performance appraisal systems appears to be the most effective system, and one which can contribute in the development of the individual and the organisation. In actual practice, however, there are many problems with this system.

1. No matter how detailed the job description, it is essentially static. The higher the man rises in an organisation and the more varied and stable his job is, more difficult it is to identify objectives that represents more than a fraction of his efforts.
2. With preestablished goals and descriptions, little weight can be given to areas of description open to the individual, but not incorporated into his job description or objectives.
3. Most job descriptions are limited to what a man himself does in his work. They do not adequately take into account the increasing interdependence of managerial work in the organisation. The more a man's effectiveness depends on what other people do, the less he himself can be held responsible for the outcome of his efforts.
4. One of the primary concerns of performance review is to counsel the subordinates. The appraisers should consider and take into account the total situation in which the superior and subordinate are operating. They should also take into account the relationship of the subordinate's job to other jobs performed by others around him.
5. The setting up of an evaluation of the objective is done over too brief a period of time to provide for adequate interaction among the different levels in an organisation. This militates against the opportunity for peers, both in the same work unit and in complementary work units, to develop mutual objectives for ensuring maximum integration.

6. Coupled with these problems, is the difficulty superiors experience when they undertake appraisals. McGregor (1957) complained that "major reasons for which appraisals failed, was that, superiors dislike playing God by making judgments about another man's worth." Managers experience appraisals as hostile and aggressive acts that unconsciously are felt to be hurting or destroying another person. The appraisal situation, therefore, gives rise to feelings of guilt that makes it extremely difficult for most executives to be critical of subordinates.

Indian social ethos of P. A. System :

There seem to be certain characteristics of Indian employees that appear to have direct relevance to designing appraisal systems in our organizations and distinguish them from western systems of appraisal. One of the characteristics is that Indians do not evaluate their performance as individuals, but as members of identifiable group. The identification may be based on the year of joining the organisation, seniority, performing similar jobs, or other criteria. Anthropological data suggest that in India individuals are not treated as individuals but as members of the family. In the organisation identity, recognition and social status depend upon the individual's family, the position he holds in the community etc. and not an individual independently as such. It may also depend upon his job, in which, his status depends on the status of the organisation he is working with and his environment. The concept of individual punishment is accepted well in the western situation and secondly, promotion is seen as a reward for, and recognition of loyalty to their superiors as much as for achievement at work. Relationship and organizational performance are generally not separated, loyalty having more positive meaning both for superior and subordinate. If personal loyalty is not encouraged, or not rewarded in the organiza-

tional context, the officers have difficulty in adjusting to the superior and they feel uncertain in terms of behaviour. Non–recognition of these relationships makes them either dejected or hostile to the superior. Organizational tasks are performed with greater enthusiasm when they are based on person–to– person, rather than on role–to–role, relationships.

Moreover, the self appraisal and the capacity to see one's shortcomings are limited amongst Indian officers. This perhaps is because of lack of confidence in themselves, or perception of rejection, or they compensate this aggressive interpersonal relationship, by becoming isolated. Perhaps, the dependence created during childhood makes personal evolution threatening to many people, and encourages defensive behaviour such as, rationalisation, aggression and, in some cases, regression. These characteristics may be primarily responsible for the general failure of counselling programs in organisations in India. It may also be responsible for the lack of teamwork and interdependence among the peer groups at work.

Lastly, most people have a strong need to be liked universally. For most supervisors, it is difficult to give poor feedback to their subordinates. Giving poor feedback is a perceived as a kind of betrayal to the individual, and would be given only on instructions from the supervisors. This manner of communication is often seen by their superior as their inability to accept responsibility.

These patterns are typical in many organisations. Irrespective of size and nature, they suggests that the ability to face facts, objectify and accept criticism in Indian setting is

extremely rare. The distinction between role and person in general are not made by the employees.

This is aggravated by the fact that the distinction of the appraisal system and the indifference of employees may not be due to the technical weaknesses of the design or poor quality of management. The general lack of acceptance of the appraisal system may have its basis in the incongruence between cultural norms on one hand, and the unconscious expectations or assumptions underlying the appraisal or the particular administrative system followed in the organisation, on the other.

The culturally determined interaction patterns are so important in behaviour that the performance appraisal system has to be tailored within the cultural constraints. The employees' reactions to the system are rooted in his personality, and the values imbibed in the process of growing up cannot be changed by organisations merely by wishing them to be different. They could change when social changes take place in the community and family life of the people. Change in these patterns would perhaps come over time, consequent to employees being made to understand that the management policies take into account sentiments and feelings.

Formal systems for appraising performance are neither worthless nor evil, as some critics have implied. Nor are they panaceas, as many managements might wish. A formal appraisal system is at the very least, a commendable attempt to make visible, and hence improve, a set of essential organisation activities. Personal judgments about employees performance are inescapable, and subjective values and fallible human perception are

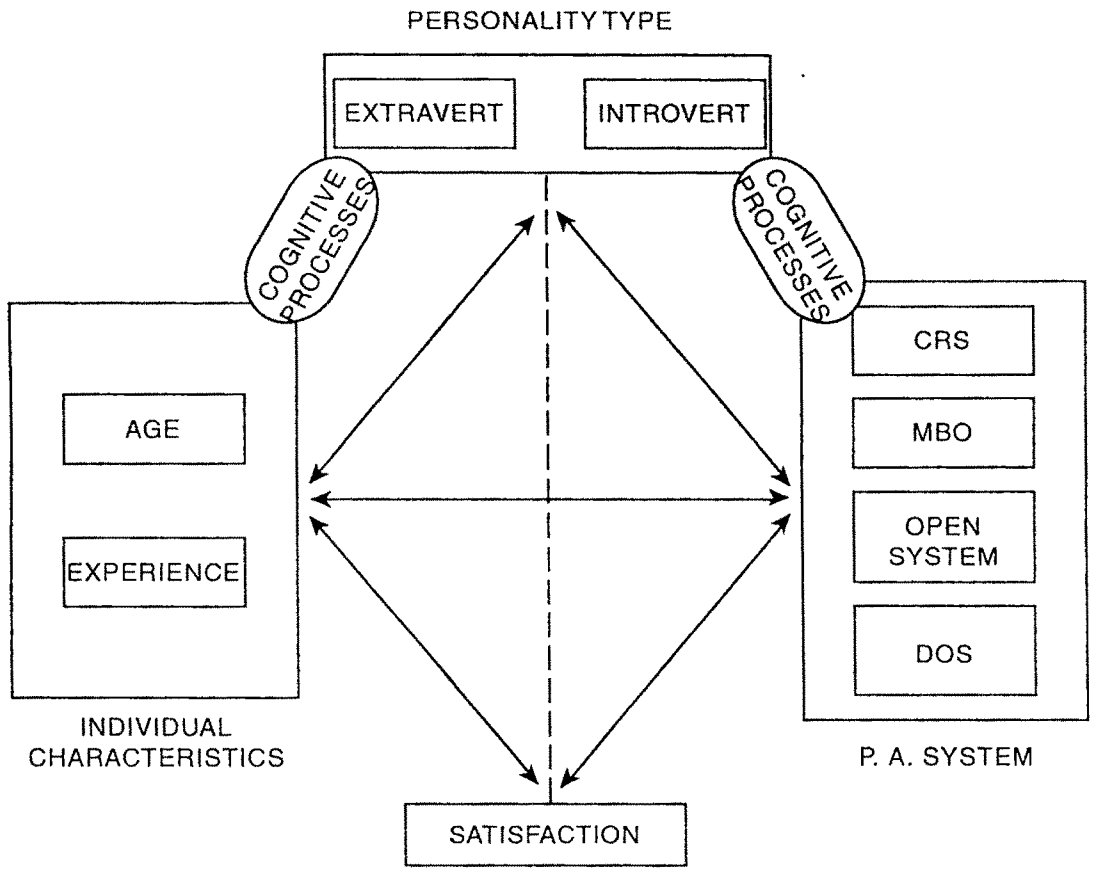
always involved. Formal appraisal systems, to the degree that they bring these perceptions and values into the open, make it possible for at least some of the biases and errors to be recognised and remedied.

By improving the probability that good performance will be recognized and rewarded, and poor performance corrected, a sound appraisal system can contribute to both organizational morale and organizational performance. Moreover, the alternative to a bad appraisal programme need not be a no appraisal programme at all. It can, and ought to be a better appraisal programme. The first step in that direction is a thoughtful matching of practice with purpose.

Personality and Appraisal :

Looking at the way we interact. it seems that we all are personality psychologists. We all develop some ideas about people in general, i.e., describing and differentiating among people, understanding and predicting the behaviour of others. Similarly we also, at times, describe people we meet in personality terms, or based on our assessment of their personality, make early judgments of whether or not we like them. Our interactions with others are governed, at least in part, by what we feel we can expect of them, based on our understanding of their personality. This is true for us in small decisions, and even more true when we are making major life decisions in relation to others, like appraising people at their work. Thinking in the same line, a conceptual relationship of individual's personality and his rating / appraising style was worked out. This is depicted in Figure 6.

FIGURE - 6



CONCEPTUAL MODEL OF RELATIONSHIP BETWEEN INDIVIDUAL CHARACTERISTICS, PERSONALITY TYPE, SATISFACTION AND P. A. SYSTEM

In psychology, the field of personality is concerned with the total individual and with individual differences. The attempt to understand the complex relationships among the different aspects of an individual's functioning , including such aspects as learning, perception and motivation. Personality research is not the study of perception, but rather, of how individuals differ in their perceptions and how these differences relate to their total functioning. So conceived, personality refers the overall impression that an individual makes on others, i.e. sum total or constellation of characteristics that are typical of the

individual and thus observable in various social settings. Unfortunately, such usage of the term neglects the possibilities that the individual may be either aggressive or shy, depending on situational circumstances. Furthermore the term personality as it is used by all personality psychologists does not imply an evaluation of a person's character or social skills e.g. when describes of an individual as having a "terrific personality", one may be referring to his pleasant disposition, his sincerity, or his willingness to help other.

The differences among theories of personality, to some extent, reflect more fundamental differences which fall within these polarities -

Freedom.....Determinism

Rationality.....Irrationality

Holism.....Elementalism

Constitutionalism.....Environmentalism

Changeability.....Unchangeability

Subjectivity.....Objectivity

Proactivity.....Reactivity

Homeostasis.....Heterostasis

Knowability.....Unknowability

These are portrayed as relatively continuous, bipolar dimensions of personality (Hjelle and Ziegler, 1983).

Generally definitions of personality are based on certain assumptions about the nature

of human beings like :

a. the human organism has characteristics distinct from those of other species that are particularly important to the study of personality.

b. human behaviour is complex.

c. behaviour is not always what it appears to be.

d. we are not always aware, or in control of the factors determining our behaviour.

These different conceptions (assumptions) clearly indicate that the meaning of personality is influenced by the views of different theorists in the field. For instance, Carl Rogers views personality in terms of self, an organised, permanent, subjectivity perceived entity which is at the very heart of all our experiences.

For Erikson, life proceeds in terms of a series of psychological crisis, and personality is a function of their outcome.

George Kelly regards personality as individual's unique way of "making sense" out of life experiences.

Sigmund Freud, described the structure of personality as composed of three elements, the id, the ego and the superego.

Allport (1937) defined personality as "the dynamic organisation within the individual of those psychological systems that determine his unique adjustment to his environment.

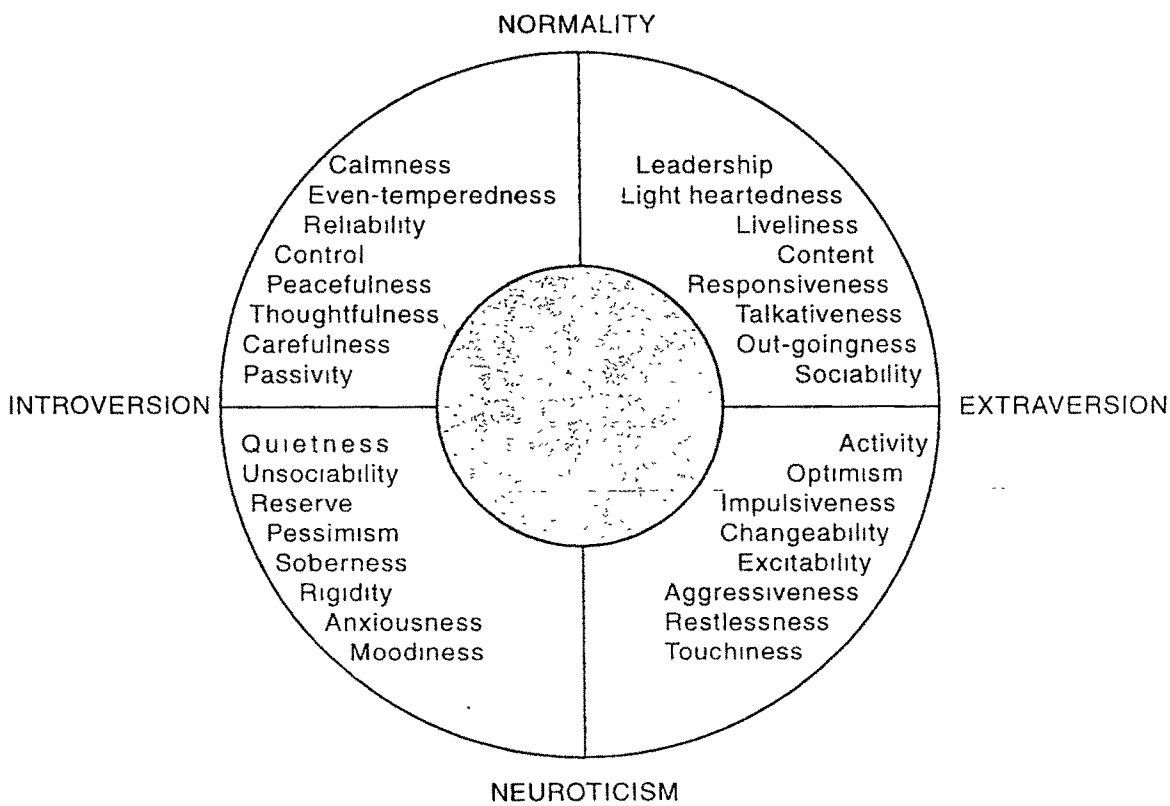
In this definition, the term **'dynamic organisation'** points that personality is constantly changing and developing. **Psychological systems,** implies that personality is not just a hypothetical construct but a real phenomenon composed of both mental and neural elements. In arriving at this definition of personality, Allport considered carefully the terms **"character"** and **"temperament."** The word **"character"** has implied some code of behaviour in terms of which people or their acts are evaluated as "good" or a "bad". **"Temperament"** ordinarily refers to those dispositions that are closely linked to biological or physiological determinants. Generally a **"trait"** is thought as an enduring characteristic of a person that distinguishes that person from another. Trait, by definition, is a characteristic that is manifested consistently throughout a range of circumstances. "A trait is a neuropsychic structure having the capacity to render many stimuli functionally equivalent and to initiate and guide equivalent forms of adaptive and expressive behaviour," (Allport, 1961).

Eysenck and Cattel focused much of their research efforts on trait theories, of personality. Eysenck's work has been influenced by methodological advances in the statistical techniques of factor analysis. He emphasized the need to develop a theory that can be tested.

According to trait theory, there are natural structures in personality, and factory analysis allows us to detect them. If certain variables are grouped together or found together, then one can infer that they have some common feature behind them, i.e. they belong to the same unity of personality functioning. Factor analysis assumes that behaviours that function with one another are related. Through some further statistical procedure Eysenck

determines the basic dimensions that underlie the factors of traits. These basic dimensions are called types e.g. the traits of sociability, impulsiveness, activity, liveliness etc. can be grouped together under the type concept of Extraversion. In his earlier research, Eysenck found two basic dimensions to personality that he labelled as introversion - extraversion and neuroticism (Stable - Unstable). Later, he added the third dimension which he calls psychoticism (normality). These personality dimensions given by Eysenck closely resemble the four major temperamental types distinguished by the Greek physicians, Hippocrates and Galen, and include a wide range of personality characteristics.

FIGURE - 7



TWO DIMENSIONAL CLASSIFICATION OF PERSONALITY (ADAPTED FROM EYSENCK, 1982)

According to Eysenck, the typical extravert is sociable, likes parties, has many friends, crave excitement, acts on the spur of the moment, and is impulsive. The two aspects of this dimension - sociability and impulsiveness, can be separated to a certain extent, but that have been found to relate sufficiently to be linked under the single concept of extroversion. In contrast to these characteristics, the introvert person tends to be quiet, introspective, reserved, reflective, distrustful of impulsive decisions, and to prefer a well-ordered life to one filled with chance and risk.

Eysenck has developed two questionnaires to measure people along the dimensions of introversion-extraversion - viz. the Maudsley Personality Inventory (M.P.I.) and the Eysenck Personality Inventory. The later also includes items relevant to neuroticism, and a lie scale to detect faking of responses.

A recent review of the dimensions, presents us with an impressive array of findings. For example introverts are more sensitive to pain than are extraverts, they become fatigued more easily than do extraverts, excitement interferes adversely with their performance, whereas it enhances performance for extraverts, and they tend to be more careful but less fast than extraverts. Some additional differences have also been found

1. Introverts do better in school than extraverts, particularly in more advanced subjects. Moreover students withdrawing from college for academic reasons tend to be extraverts, whereas those who withdraw for psychiatric reasons tend to be introverts.
2. Extraverts prefer vocations involving interactions with other people, whereas introverts tend to prefer more solitary vocations. Extraverts seek diversion from job rou-

tine whereas, introverts have a lesser need for novelty.

3. Extraverts enjoy explicit sexual and aggressive humour, whereas, introverts prefer more intellectual forms of humour, like, puns and subtle jokes.
4. Extraverts more active sexually, in terms of frequency and different partners, than introverts.
5. Extraverts are more suggestible than introverts.

Another study conducted in England (Moss and McEvedy, 1966) on girls suffering from dizziness and fainting, showed higher score on neuroticism and extraversion.

Concepts of sex / gender effects on P. A. System have had a long emphasis in the world of research. Rater age received limited research attention. However, meta- analysis results suggest that job performance and age are unrelated. (McEvoy and Cascio, 1989). A meta analysis of race–effects confirmed that rater / ratee similarity results in higher ratings (Kraiger and Ford, 1985). In studies of other personal characteristics like emotional disability was shown to inflate ratings when clear professional standards were not present (Czajka and DeNisi, 1988). Keeping in view with the same, present research was conducted to see the effect of the two extreme dimensions of personality type on the P. A. System.

Eysenck also suggests that individual variations in introversion–extraversion reflect differences in neurophysiological functioning. Keeping this in mind and Eysenck's views of extraversion and introversion, his scale was used to measure the personality type of the manager in the organisation; knowing his type of personality and the effect of that is to

be observed in the appraisal system. According to Eysenck, people on high neuroticism tend to be emotionally liable and frequently complain of worry and anxiety, as well as, bodily aches, e.g. headaches, stomach difficulties, dizzy spells etc. Here, an inherited biological difference in nervous system functioning is suggested as the basis for individual differences on this dimension. In sum, the introversion -extraversion dimensions represents an important organisation of individual differences in behavioural functioning that is rooted in inherited differences in biological functioning.

Finally it can be concluded that the major paradigm shift that is taking place in the management of Human Resources is the progressive integration of conceptual values with operational values. It is the initiative shown by HR managers that has the potential to take an organisation past its competitors. Yet for a performance appraisal to be effective, such a situation has to be diffused in favour of a trusting, collaborative relationship.