

UNIT II PERFORMANCE EVALUATION AND CONTROL PROCESS

Method of performance evaluation – Feedback – Industry practices. Promotion, Demotion - Transfer and Separation – Implication of job change. The control process – Importance – Methods – Requirement of effective control systems grievances – Causes – Implications – Redressal methods.

Performance evaluation or Performance appraisal

Performance evaluation: A performance appraisal (PA) or performance evaluation: It is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives.

Objectives of Performance Appraisal

Performance Appraisal can be done with following objectives

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

Advantages and Application of Performance appraisal

- a) Promotion
- b) Compensation
- c) Employees development
- d) Selection validation
- e) Motivation
- f) Create healthy competition among employees
- g) Achieve better performance

Factors affecting Performance appraisal

- a) Effective documentation during appraisal
- b) Effective communication
- c) Training of the evaluators
- d) Evaluation of results
- e) Follow-up and performance improvement

Methods/ Techniques of Performance appraisal

<i>Traditional Methods</i>	<i>Modern Methods</i>
1. Ranking method	1. Management by Objectives (MBO)
2. Paired comparison	2. Behaviourally anchored rating scales
3. Grading	3. Assessment centres
4. Forced distribution method	4. 360-degree appraisal
5. Forced choice method	5. Cost accounting method
6. Checklist method	
7. Critical incidents method	
8. Graphic scale method	
9. Essay method	
10. Field review method	
11. Confidential report	

Performance appraisal process



Figure: Performance appraisal process

Source:www.whatishumanresource.com

Traditional methods of performance appraisal

1) Ranking Method: It is the oldest and simplest formal systematic method of performance appraisal in which employee is compared with all others for the purpose of placing order of worth. The employees are ranked from the highest to the lowest or from the best to the worst.

Paired Comparison:

In this method, each employee is compared with other employees on one- on one basis, usually based on one trait only. The rater is provided with a bunch of slips each coining pair of names, the rater puts a tick mark against the employee whom he insiders the better of the two. The number of times this employee is compared as better with others determines his or her final ranking.

Grading Method:

In this method, certain categories of worth are established in advance and carefully defined. There can be three categories established for employees: outstanding, satisfactory and unsatisfactory. There can be more than three grades. Employee performance is compared with grade definitions. The employee is, then, allocated to the grade that best describes his or her performance.

Forced Distribution Method:

This method was evolved by Tiffen to eliminate the central tendency of rating most of the employees at a higher end of the scale. The method assumes that employees' performance level confirms to a normal statistical distribution i.e., 10,20,40,20 and 10 per cent. This is useful for rating a large number of employees' job performance and promo ability. It tends to eliminate or reduce bias. Forced-Choice Method: Common method of forced-choice method contains two statements, both positive and negative.

Check-List Method:

The basic purpose of utilizing check-list method is to ease the evaluation burden upon the rater. In this method, a series of statements, i.e., questions with their answers in 'yes' or 'no' are prepared by the HR department . The check-list is, then, presented to the rater to tick appropriate answers relevant to the appraisee. Each question carries a weight-age in relationship to their importance.

Essay Method:

Essay method is the simplest one among various appraisal methods available. In this method, the rater writes a narrative description on an employee's strengths, weaknesses, past performance, potential and suggestions for improvement.

Critical Incidents Method:

In this method, the rater focuses his or her attention on those key or critical behaviours that make the difference between performing a job in a noteworthy manner (effectively or ineffectively).

Graphic Rating Scale Method:

The graphic rating scale is one of the most popular and simplest techniques for appraising performance. It is also known as linear rating scale. In this method, the printed appraisal form is used to appraise each employee. It is simple in use. It does not require complex formats and extensive/specific training to complete it.

Field Review Method:

When there is a reason to suspect rater's biasedness or his or her rating appears to be quite higher than others, these are neutralised with the help of a review process. The review process is usually conducted by the personnel officer in the HR department.

Confidential Report:

It is the traditional way of appraising employees mainly in the Government Departments. Evaluation is made by the immediate boss or supervisor for giving effect to promotion and transfer. Usually a structured format is devised to collect information on employee's strength weakness, intelligence, attitude, character, attendance, discipline, etc. report.

2. Feedback in HRM

Feedback is way of assessment of work done or processes and it is an integral part of the HR department. A continuous feedback helps companies evolve as they are better prepared for improvements required based on the answers received.

Feedback is a way to understand the needs, requirements, performances etc of employees in an organization.

Different types of Feedback

Survey Feedback: Survey Feedback is tool which provides an organization with an honest opinion of what their present or future customers think about them and helps them in taking an informed decision.

360 Degree Feedback or Assessment: 360 degree feedback or assessment is a feedback system where an employee receives feedback from all the people around him related to business. 360 degree feedback is obtained from peers, teammates, subordinates, direct reports and even external parties like suppliers and vendors.

Organizational Feedback: Organizational feedback is essentially a process wherein the manager and the employee discuss possible ways to effectively work together to achieve organizational goals. Organizational feedback can either be informal oral communication or a formal report of performance appraisals, probation etc.

540 Degree Feedback: 540 degree feedback is an employee performance appraisal method with multiple appraisers. 540 degree feedback includes not only superiors, peers, and subordinates, self and even suppliers as well as vendors. The person receives feedback from all the persons he/she has interacted with during the course of fulfilling his/her job responsibilities.

720 degree feedback: performance **appraisal** is an integrated method of performance **appraisal** where, the performance of an employee is evaluated from 360 **degrees** (Management, Colleagues, Self and also customers) and timely **feedback** is given and performance is evaluated again based on the targets that are set.

- **Negative feedback** – corrective comments about past behaviour. ...
- **Positive feedback** – affirming comments about past behaviour. ...
- **Negative feed forward** – corrective comments about future performance. ...
- **Positive feed forward** – affirming comments about future behaviour.

Sources of feedback in work place

An employee can receive his/her feedback from the below mentioned sources

- 1) **Customers**
- 2) **Objective data or real time data:** employee service in terms of various attributes it is a statistical data which explains an employee performance.
- 3) **Supervisors:** Downward feedback
- 4) **Managers:** Downward feedback
- 5) **Team leaders:** Downward feedback
- 6) **Superior:** Downward feedback
- 7) **Sub-ordinates** (Upward feedback technique): Feedback received from sub-ordinate.
- 8) **Company's performance appraisal technique**
- 9) **Peers:** horizontal feedback

Importance of feedback for employees

- 1) Helps to rectify mistakes
- 2) Clarifies expectation
- 3) Helps employees learn from the mistake
- 4) Builds employee confidence
- 5) Changes to improve performance on work focus and good results
- 6) Creates healthy communication flow.
- 7) Influencing positive learning environment

Principles of effective feedback

Good HR always need to follows, listed of principles for effective feedback

- a) Plan feedback meeting
- b) Good communication
- c) Choose the right time
- d) Aim to make the feedback meeting win-win

3. Industry Practices in HRM

Here are the Top Ten HR Practices that can help to achieve organizational goals with the support of Human Resource Management.

Top 10 HR practices

An HR manager should ensure the below mentioned top 10 HR practices to achieve organization goals

- Safe, healthy and happy workplace.
- Open book management style. ...
- Performance linked bonuses. ...
- 360 Degree performance management feedback system. ...
- Fair evaluation system. ...
- Knowledge sharing. ...
- Highlight performers...
- Open house discussion and feedback mechanism
- Rewards
- Delight employees with unexpected

World's topmost innovative corporate Human Resource department

1) Google: From Fortune to Washable to Glass door, Google is consistently ranked as the best company to work for in the world. What truly makes Google a great place to work is the people. The company is more than just an Internet juggernaut, its Mountain View, California headquarters offer a seven-acre sports complex, three wellness centers, indoor roller hockey rinks, horseshoe pits, and over 100,000 hours of subsidized massages doled out each year. Google's philosophy is that with the right tools, you can attract the best talent, and develop happier and more productive employees. With these HR efforts, Google's leadership is recognized worldwide.

2) Cadbury: When it comes to people management, Cadbury leads the way. Not only is the company the world's second largest confectioner, but it has also earned the HR accolade by putting its people first. Since founded in 1824, Cadbury has maintained its worker village and R&D factories. The village offers its staff and their families a comfortable environment to work and live. The company is built on an altruistic belief system that makes people a priority. The Cadbury culture combines positivity and balance, among work and life.

Can you explain few*****

4. Promotion

Promotion is vertical movement of an employee within the organisation. In other words, **promotion refers to the upward movement of an employee from one job to another higher one, with increase in salary, status and responsibilities. Promotion may be temporary or permanent, depending upon the needs of the organisation.**

In simpler terms, promotion refers to upward movement in present job leading to greater responsibilities, higher status and better salary. **“Promotion may be temporary or permanent depending upon the organizational requirement”**. - Clothier and Spriegel,

Types of Promotion

1. Horizontal promotion:

When an employee is shifted in the same category, it is called ‘horizontal promotion’. A junior clerk promoted to senior clerk is such an example. It is important to note that such promotion may take place when an employee shifts within the same department, from one department to other or from one plant to another plant.

2. Vertical Promotion:

This is the kind of promotion when an employee is promoted from a lower category to higher category involving increase in salary, status, authority and responsibility. Generally, promotion means ‘vertical promotion’.

3. Dry Promotion: When promotion is made without increase in salary, it is called ‘dry promotion’. For example, a lower level manager is promoted to senior level manager without increase in salary or pay. Such promotion is made either there is resource/fund crunch in the organisation or some employees hanker more for status or authority than money.

4. Up gradation: Job is upgraded according to organizational hierarchy automatically an employee receives more salary, authority and responsibility.

5. Up or Out Promotion: In this case, an employee either earns a promotion or seeks employment elsewhere. Out promotion usually leads to termination of employee and joining some other organization in a better position.

6. Paper promotion: Paper promotion happens on seniority of employee in government sector having different departments. Paper promotion is an employee promotion given to the employee belonging to the parent department, but indeed working in another department on transfer, on request of employee or due to exigency of work.

Bases of Promotion

- **Seniority:** or length of service
- **Merit:** or performance
- Educational and technical qualification
- **Seniority come merit basis**

Advantages/Purpose of Promotion

- Career and succession planning
- Vacancies filled based on organizational chart
- Motivational strategies like job enlargement
- develop competitive spirit among employees
- recognize employee’s performance and commitment
- retained skilled and talented employees
- To fill up job's vacant position that is created due to retirement, resignation or demise of an employee
- Potential for better performance

Note: Employers should not show any discrimination between men and women with regard to promotion according to section 5 of Equal Remuneration Act, 1976.

No Fundamental Right to Claim Reservations in Promotion: Supreme Court of India revealed in the case no 23701 of 2019

5. Demotion

Demotion refers to the lowering down of the status, salary and responsibilities of an employee. Demotion is used as a disciplinary measure in an organization.

The habitual patterns behaviour of an employee such as violation of the rules and conduct, poor attendance record, insubordination where the individuals are demoted.

Beach (1975) defines demotion as **“the assignment of an individual to a job of lower rank and pay usually involving lower level of difficulty and responsibility”**.

Causes of Demotion

Demotion may be caused by any of these factors:

- **Adverse business conditions:** Employees may be demoted because of recession faced by company.
- **Incompetency of the employee:** It happens when an employee finds it difficult to meet the required standard.
- **Technological changes:** When employee is unable to adjust with any technological change made by the company.

Policies with regard to demotion practices

Yoder, Heneman, Turnbull and Stone (1958) have suggested a fivefold policy with regard to demotion practice.

- **A clear and reasonable list of rules** should be framed, violations of which would subject an employee to demotion;
- This information should be clearly **communicated** to employees;
- There should be a **competent investigation** of any alleged violation;
- If violations are discovered, there should be a consistent and equitable application of the **penalty, preferably by the immediate supervisor**;
- There should be a provision for review.

6. Employee Transfers

A transfer is a horizontal or lateral movement of an employee from one job, section, department, shift, plant or position to another at the same or another place where his salary, status and responsibility are the same.

Transfer is “a lateral shift causing movement of individuals from one position to another usually without involving marked change in duties, responsibilities, skills needed or compensation”. – Yoder

Transfer may be initiated either by the company or the employee. It also can be temporary or permanent.

Purpose of Transfer

1. To increase the effectiveness of the organization.
2. To increase versatility and competence of key positions.
3. To deal with fluctuations in work requirements.
4. To correct incompatibilities in employee relations.
5. To correct erroneous placement.
6. To relieve monotony.
7. To adjust workforce.
8. To punish employees. (Generally in government organisations, employees who commits mistakes or malfeasance will be treated with transfer to other place where he cannot act according to his wish or misuse his job position)

Transfer and interesting case in India

Ericsson lays off 22 executives in India,

Feb, 2012. The Indian arm of the world's largest telecoms gearmaker, Ericsson, is trimming and redeploying staff as it faces lukewarm operator spends in a fiercely competitive market.

Nearly 22 executives across categories have been fired on performance grounds and another 100 are likely to be transferred to sister organisations like Ericsson India Global Services, Ericsson Supply Site Jaipur, R&D centres and the regional technical centres (RTCs) to boost efficiencies, a top company executive aware of the development .

Transfer Policy

- clarify the types of transfers and the conditions
- Locate the authority who initiate transfer
- Indicate the basis for transfer (seniority or merit and competence)
- Decide the rate of pay to be given to the transferee
- Communicate to transferee

Types of transfers

a) Production transfers: Such transfers are made to meet the company requirements. The surplus employees in one department/section who are efficient might be absorbed in other place where there is a requirement. Such transfers help to stabilise employment.

b) Replacement transfers: This takes place to replace a new employee who has been in the organization for a long time and thereby giving some relief to an old employee from the heavy pressure of work.

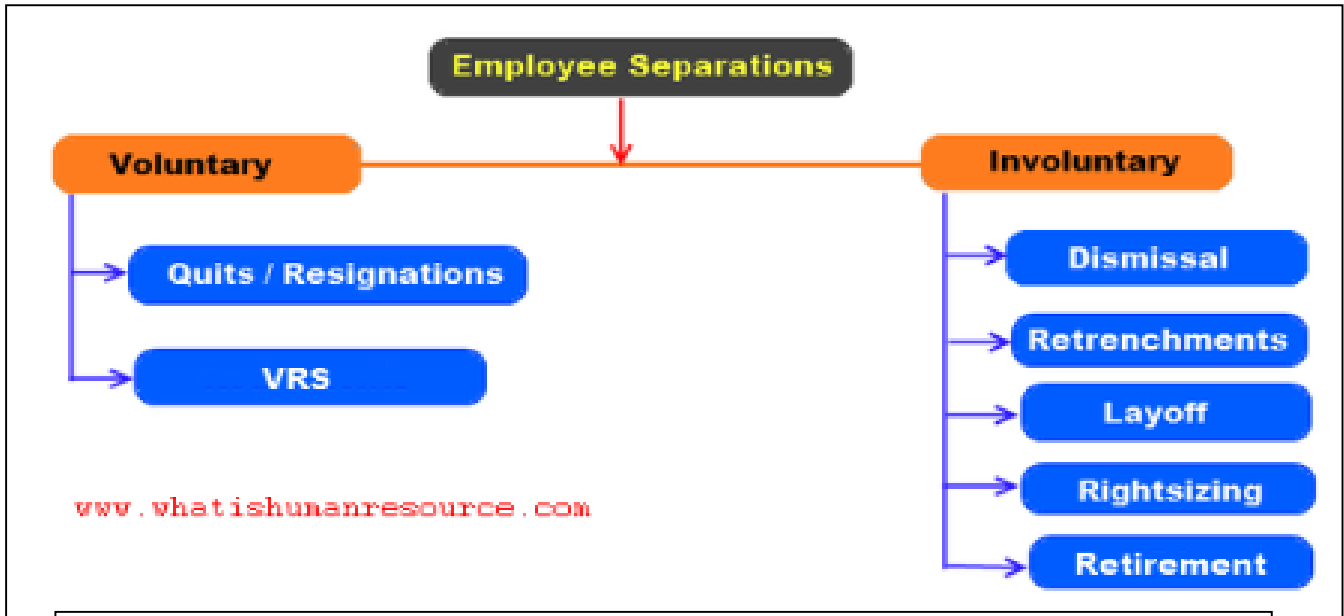
c) Versatility transfers: It is also known as rotation. It is made to develop all round employees by moving them from one job to another. It also helps to reduce boredom and monotony.

d) Personnel or remedial transfers: Such a transfer is made to rectify mistakes in selection and placement. As a follow up, the wrongly placed employee is transferred to a more suitable job.

e) Shift transfers: This is pretty common where there is more than one shift and when there is regularised rotation.

7. Employee Separation/ Termination

Employee separation: According to Yoder, “separation is a negative recruitment. It may be in the form of resignation, dismissal or discharge, suspension, retrenchment or lay-off.”



Reasons for employee Separation

Voluntary Separation: a) Professional reason b) Personal reason ; Voluntary separation, which normally begins after a request is placed in this regard by the employee, can happen due to two reasons: professional reason and personal reason. We shall now discuss these reasons in detail.

Professional reasons: Employees may seek separation when they decide to seek better positions, responsibilities and status outside the present organization to work different capacities and positions and acquire knowledge.

Personal reasons: The important personal reasons for voluntary separation are relocation for family reasons like marriage of the employees and health crisis of family members, maternity and child-rearing.

Involuntary Separation a) health problems b) behavioural problems c) organizational problems: As mentioned earlier, an involuntary separation is caused by the factors which remain beyond the purview of the employees. However, these factors may be classified broadly into health problems, behavioural problems and organizational problems.

Health problems: Major health problems crippling the employees may make them invalid or unfit to continue in the profession. For instance, accidents causing permanent disabilities and illness of the employees like brain stroke and other terminal illnesses can lead to their involuntary separation. Death of employees is another factor which results in their involuntary separation.

Behavioral problems: An employee's objectionable and unruly behaviour within the organization may also lead to his involuntary separation from the organization. When the employees' behaviour is unethical or violates the code of conduct in force, the organization may initiate disciplinary actions, which may eventually result in his termination.

Organization problems: The poor financial performance of an organization may cause it to terminate the services of some of its employees as part of cost control measure. Such terminations are also classified as involuntary separation. Similarly, automation, organizational restructuring and rationalization can also result in employee termination, discharge or layoff,

Severance Pay and Employee Separation

Severance pay is the compensation or benefit paid in the form of money by employer at the time of resignation on mutual agreement, retirement, laid off or employee leaving the company on any reason except on dismissal by misconduct. Typically, severance pay amounts to a week or two of pay for every year that the employee was with the company. Executives may receive a month's pay for each year of service and senior executives generally receive severance pay as outlined in the employment contract. In addition to pay, severance packages can include extended benefits, such as health insurance and outplacement assistance to help the employee secure a new position.

8. Job change or Employee Mobility

Mobility and flexibility in the workforce are necessary to cope with the changing requirements of an organization. Job changes or mobility provides necessary flexibility.

Various modes of job change are

- a) Promotion
- b) Demotion
- C) Transfer

Purpose or need of job change

- 1) To Improve Organizational Effectiveness
- 2) To Maximize Employee Efficiency
- 3) To Cope with Changes in Operations
- 4) To Ensure Discipline

Benefits of Employee Mobility

- 1) Decreases costs and employee turnover.
- 2) Improves employee retention and satisfaction.
- 3) Fills open positions more quickly.
- 4) Reduces new hire time to productivity.

Types of employee mobility

- 1) Internal mobility
- 2) External mobility

1) List the Effects of Promotion

2) List the effects of Demotion

3) List the effects of transfer

9) The control process in HRM

Controlling: A process of monitoring performance and taking actions to ensure desired results.

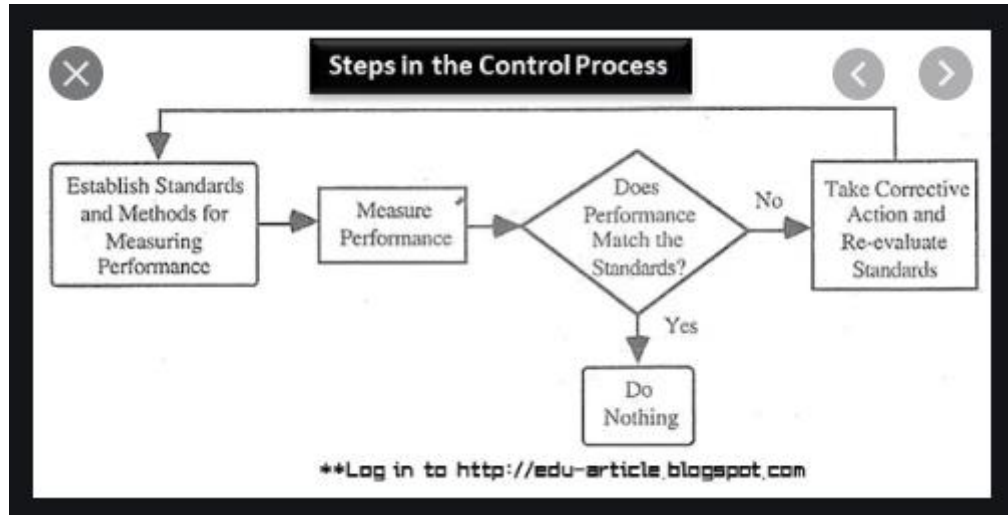


Figure: steps or process of controlling

Nature or characteristics of controlling

1. Planning and controlling are closely related
2. Controlling is forward looking
3. Controlling is goal oriented
4. Controlling should be simple
5. Controlling should be economically realistic
6. Controlling should make quick action
7. Controlling should be participative

Establishing standards: a) Productivity standard b) Cost standard c) Time standard

Types of Control

- 1) **Feed forward or preventive control:** Preventing before problem occur.
- 2) **Concurrent control:** Manage or correcting problem as they occur.
- 3) **Feedback control:** Manage problem after they occur.

10. Grievance redressal procedure and Effective control system

According to Michael Jucius, “ A grievance can be any discontent or dissatisfaction, whether expressed or not, whether valid or not, and arising out of anything connected with the company that an employee thinks, believes, or even feels as unfair, unjust, or inequitable.”

The National Commission on Labor Observed that grievance is **“Complaints affecting one or more individual workers in respect of their worker - Wage payments, OT, Leave, Transfer Promotion, Seniority, Work Assignment & Discharges Constitute Grievances”**.

Forms or Causes of Grievance

(1) Grievances resulting from working conditions

- Improper matching of the worker with the job.
- Changes in schedules or procedures.
- Non-availability of proper tools, machines and equipment for doing the job.
- Unreasonably high production standards.
- Poor working conditions.
- Bad employer – employee relationship, etc.

(2) Grievances resulting from management policy

- Wage payment and job rates.
- Leave.
- Overtime.
- Seniority and Promotional.
- Transfer.
- Disciplinary action.
- Lack of employee development plan.
- Lack of role clarity.

(3) Grievances resulting from personal maladjustment

- Over – ambition.
- Excessive self-esteem or what we better known as ego.
- Impractical attitude to life etc.

Effects/Implications of Grievances:

- Frustration
- Alienation
- Demotivation
- Slackness

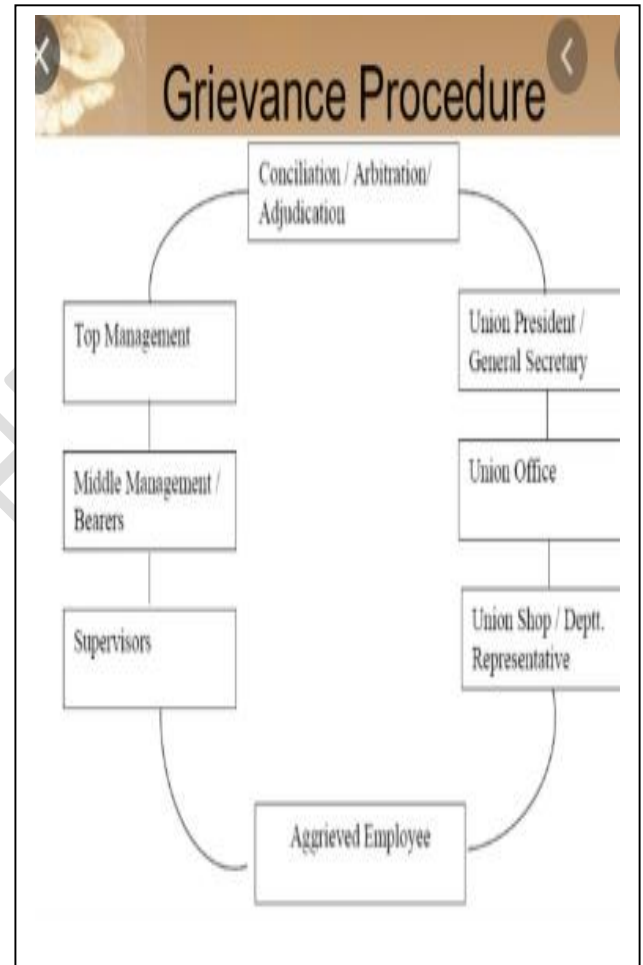


Figure: Grievance redressal procedure

An organization should follow opt Grievance redressal procedure to handle employee complaints. If the organization fails to handle grievance redressal mechanism it prelude third party interference in an organization.

APCE-MBA-HRM Notes