

UNIT V PERFORMANCE EVALUATION AND CONTROL

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

DEFINITION:

A performance appraisal, also referred to as a **performance review**, performance evaluation, (career) development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated.

Advantages of Performance Appraisal

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

1. Promotion: Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.

2. Compensation:

- Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal.
- Performance Appraisal tries to give worth to a performance. Compensation packages which include bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal.

3. Employees Development:

- The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes.
- It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.

4. Selection Validation:

- Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure.

- The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure.

5. Communication:

For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:

- a. Through performance appraisal, the employers can understand and accept skills of subordinates.
- b. The subordinates can also understand and create a trust and confidence in superiors.
- c. It also helps in maintaining cordial and congenial labour management relationship.
- d. It develops the spirit of work and boosts the morale of employees.

All the above factors ensure effective communication.

6. Motivation:

- Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved.
- This very well motivates a person for better job and helps him to improve his performance in the future.

Traditional Methods of Employee Performance Appraisal

Here is a list of different traditional methods which can be used for employee performance appraisal:

1. Rating Scales:

- In this scale the factors such as attitude, initiative, dependability etc is quantified.
- A range of excellent to poor is provided to the ratter and based on the rating the performance of the employee is calculated.

2. Checklist:

- A checklist form of performance appraisal consists of column of 'Yes' and 'No' for different employee traits.

- The rater has to put a tick mark based on if the traits exist or does not exist in the employee.

3. Forced Choice Method:

- In this method different statements about the performance of the employee is provided to the rater and he/she is forced to answer the ready-made statements as true or false.
- Further evaluation of performance is carried on by HR department based on the answers of the rater.

4. Forced Distribution Method:

- In this method it is assumed that performance of an employee conforms a bell shaped curve.
- Thus, rater has to put employees on provided point on the scale.

5. Critical Incidents Method:

Here the critical behaviour of the employee is considered by the supervisor while evaluation of the performance.

6. Behaviorally Anchored Rating Scale:

- Different statements which are descriptive in nature are prepared about behaviour of the employee.
- These behaviours are put on the scale points and rater has to indicate the points which explain the employee behaviour in more exact way.

7. Field Review Method:

- In this method the reviewer of the performance is generally someone outside the department.
- The people from HR department or corporate office do the performance evaluation of the employee based on the records and interviews.

8. Performance Tests and Observations:

- This is kind of an oral test which is conducted to test the skills and knowledge of the employees in their respective field.
- The employees sometimes receive a situation and asked to demonstrate their skills and then their performance is evaluated based on that presentation.

9. Confidential Reports:

- Often the government departments follow this method of performance evaluation.
- The employees are evaluated based on the parameters such as leadership quality, team work, integrity, technical ability, attendance etc.

10. Essay Method:

- Under this method, the detailed description of the employee

performance is written by the rater.

- The performance of an employee, his relations with other Co- workers, requirements of training and development programs, strengths and weaknesses of the employee, etc. are some of the points that are included in the essay.

11. Cost Accounting Method:

- It is a simple method in which the performance of the employee is linked with the monetary benefits of the organization.
- The rater checks about the cost to the company to keep the employee and the contribution of the employee in terms of monetary business.

12. Comparative Evaluation Approaches:

- This approach includes comparison of the performance of co- workers with each other. It is of two types namely ranking method and paired comparison method.
- It is a quite popular method of employee performance appraisal in the corporate world.

Modern Methods of Employee Performance Appraisal

Here is a list of different modern methods which can be used for employee performance appraisal:

1. Management by Objectives:

- In this method the performance of the employee is assessed based on the targets achieved by him/her.
- The management at the beginning of the financial year conveys the set goals to the employees, at the end of the year the performance of the employee is compared with the set goals and evaluated for the appraisal.

2. Psychological Appraisals:

- Psychologists are invited to the companies for the performance appraisal of the employees. Here the performance is in the context of the potential future performance.
- Psychological tests, in-depth interviews, reviews and discussions with the managers are the methods used for the evaluation of the performance.

3. Assessment Centres:

- A series of exercises are conducted at the assessment centre of the company to actually evaluate the performance of the employee.
- The employees are evaluated in terms of communication skills, mental alertness, emotional intelligence, confidence and administrative abilities.

- The rater observes the event and evaluates the performance of the employee at the end.

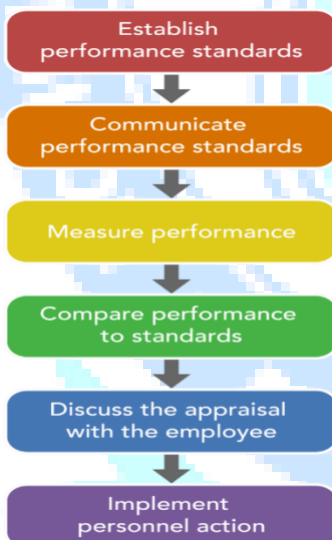
4.360-Degree Feedback:

- It is particularly a **360-degree Feedback** method in which the information about the performance of the employee is collected from supervisors, peers, group members and self-assessment.
- All the remarks are considered to evaluate the overall work performance of the employee.

5.720-Degree Feedback:

- In line with the 360-Degree feedback system, here the feedback is collected from the stakeholders within the company as well as the people linked from outside the organization.
- The customers, suppliers, investors and other financial groups provide feedback about the performance of the employee.

PROCESS OF PERFORMANCE APPRAISAL



FEEDBACK

DEFINITION:

Feedback is **way of assessment of work done or processes** and is an integral part of the HR department. Feedback is a way to understand the needs, requirements, performances etc of employees in an organization

Types of feedback

1. Formal feedback

This type of feedback is the most obvious and can take the form of something like an annual performance review. Formal feedback is typically arranged and can be pre-planned.

These sessions give both the employer and the employee to openly discuss problem areas, things that are going well, open questions, and much more.

A formal feedback session at work may look at statistics and demonstrate actionable insights. The employee should know what the topics of conversation are going to be so that they can prepare.

2. Informal feedback

This will be the most common type of feedback that occurs in the workplace. It can happen at any time, between anyone, and can be as effective and useful as unproductive and hurtful.

This kind of feedback is usually very spontaneous and is often unprompted.

Informal feedback can help to build a supportive working environment when it is shared in the right way.

This kind of feedback can vary greatly from a simple 'good job on that report' to something more substantive like showing someone a new way to do something.

For example: An employer praising an employee for the work they are doing. They could comment on speed, accuracy, amount, or any number of things.

INDUSTRY PRACTICES IN HRM

These best practices are:

2. Providing security to employees.
3. Selective hiring: Hiring the right people.
4. Self-managed and effective teams.
5. Fair and performance-based compensation.
6. Training in relevant skills.
7. Creating a flat and egalitarian organization.
8. Making information easily accessible to those who need it.

PROMOTION

Edwin B. Flippo, “A promotion involves a change from one job to another that is better in terms of status and responsibilities.”

OBJECTIVE OF PROMOTION

1. Uniformity:

- ☐ Promotion policy must provide for a uniform distribution of promotional opportunities throughout the organization.
- ☐ As far as possible, the ratio of internal promotions to external recruitment must be the same in all the departments.

2. Consistency:

- ☐ Promotion should have consistency, that is, it must be applied to all personnel concerned.
- ☐ Consistency demands that promotion is linked with career planning of all individuals and promotion is not a sudden spurt and ad hoc to benefit a few individuals.

3. Fair and Impartial:

Promotion policy should be fair and impartial. Fairness and impartiality in promotion ensure that only right personnel are promoted.

4. Planned Activity:

Promotion policy should ensure that promotion is undertaken as a planned activity and as a regular process, rather than ad hoc process.

5. Sound Basis of Promotion:

There should be sound basis of promotion and it must be made known to the employees. In the light of this, the employees develop their promotability.

6. Sanction:

All promotions should be finally sanctioned by the concerned authority. The staff authority of HR department does not intrude upon the authority of the department served.

7. Follow-Up:

There should be a suitable system of follow-up to assess the how the promoted employee is working in his new position.

Main Purposes Of Promotion Are:

- (a) To recognize and reward the efficiency of an employee.
- (b) To attract and retain the services of qualified and competent people.
- (c) To increase the effectiveness of the employee and of the organisation.
- (d) To motivate employees to higher productivity.
- (e) To fill up higher vacancies from within the organisation.
- (f) To impress upon those concerned that opportunities are available to them also in the organisation if they perform well.
- (g) To build, loyalty, morale and sense of belongings in the employees.

Promotion may be classified into the following types:

1. Horizontal Promotion:

When an employee is shifted in the same category with increase in pay, responsibilities and change in designation, it is called horizontal promotion. For example Second Division Assistant is promoted as First Division Assistant. This type of promotion may take place within the same department or from one department to another or from one plant to another plant.

2. Vertical Promotion:

When an employee is shifted from a lower category to higher category with increase in pay, status and responsibility it is called vertical promotion. For example a sales Manager is promoted as General Manager in the company.

3. Dry Promotion:

When promotion is made without increase in salary or remuneration, it is called “dry promotion”. For example a college professor promoted as Head of the Department without increase in salary. In dry promotion there will be a change in designation and responsibility without corresponding change in remuneration.

DEMOTION

“Demotion is a shift to a position in which responsibilities are decreased. Promotion is, in a sense, an increase in rank and demotion is decrease in rank.”

Types of Demotion

- 1. Voluntary Demotion.
- 2. Involuntary Demotion.

Voluntary Demotion

A permanent employee may request a voluntary demotion to a vacant position in a class with a lower salary rate, provided that the employee has previously achieved permanent status in that class or, the request for demotion is to a related class in the same job series as defined by the Personnel Commission.

Involuntary Demotion

An involuntary demotion is a disciplinary action and, as such, is subject to the disciplinary procedures in these Rules and Regulations.

EMPLOYEE TRANSFER

transfer is a process of placing employees in positions where they are likely to be more effective or where they are to get more job satisfaction.

Objectives of Transfer of Employees in a Company:

1. To meet the exigencies of the company's business.
2. To meet the request of an employee.
3. To correct incompatibilities of employee relations.
4. To suit the age and health of an employee.
5. To provide creative opportunities to deserving employees.
6. To train the employee for later advancement and promotion. This involves actually job rotation.
7. To deal with fluctuations in work requirements or exigencies at work, such as situations when there is slackness in the work in one department and an overload of work in another, an employee from the first department may be temporarily transferred to the other department as found necessary.
8. To correct erroneous placement.
9. To place the employee in another department where he/she would be more suitable.

Principles of Transfer Policy:

Every organization should have a clear, unambiguous and sound transfer policy.

It must be based on the following principles:

- (i) It should clearly indicate the types and circumstances under which a transfer will be made.
- (ii) It should state the frequency of transfers and minimum time period between the transfers.
- (iii) It should tell who will be responsible for initiating and approving the

transfers.

(iv) It should indicate the criteria or the basis of transfer and follow it strictly.

(v) It should point out the effect of transfer on the pay and seniority of the transferred employee.

(vi) It should indicate whether this transfer is temporary or permanent.

(vii) It should make a provision for timely communicating the transfer decision.

(viii) It should specify the area of the organization over which the transfers can be made.

EMPLOYEE SEPARATION/TERMINATION

“Employee separation” or “separation of employment” refers to the process of managing the end of the employment cycle. There are many different types of separations which include both voluntary and involuntary.

JOB CHANGE OR EMPLOYEE MOBILITY DEFINITION:

- Mobility of employees from one job to another through transfer, promotion and demotion is internal mobility and some employees leave the organization due to resignation, retirement and termination is called external mobility.
- **Taking internal and external together makes job change.**

Types of Mobility of Labour:

Mobility of labour is of the following types:

1. Geographical Mobility:

- When a worker moves from one place to another within a country or from one country to another, it is called geographical mobility of labour.
- For example, the movement of labour from Delhi to Chennai or from India to England is geographical mobility.

2. Occupational Mobility:

- Occupational mobility refers to the movement of workers from one occupation to another.

- This mobility is further divided into the following two types:

(a) Horizontal Mobility:

- The movement of labour from one occupation to another in the same grade or level is called horizontal mobility.
- For example, a bank clerk joins as an accounts clerk in a company.

(b) Vertical Mobility:

- When a worker of a lower grade and status in an occupation moves to another occupation in a higher grade and status, it is vertical mobility.
- Just as a school lecturer becomes a college lecturer, a clerk becomes a manager, etc.

3. Mobility between Industries:

- The movement of labour from one industry to another in the same occupation is industrial mobility.
- For example, a fitter leaving a steel mill and joining an automobile factory.

Factors Determining Mobility of Labour:

The mobility of labour depends upon the following factors:

1. Education and Training:

- The mobility of labour depends on the extent to which labour is educated and trained.
- The more a person is educated and skilled, the greater are his chances of moving from one occupation or place to another. Geographical and vertical mobility depend on education and training.

2. Outlook or Urge:

- The outlook or urge of workers to rise in life determines their mobility. If they are optimist and broad minded, they will move to other jobs and places.
- Differences in language, habits, religion, caste, etc. will not be

hindrances in their mobility.

3. Social Set-up:

- The mobility of labour also depends upon the social set-up. A society dominated by caste system and joint family system lacks in mobility of labour. But where the joint family and caste system do not exist or have disintegrated the mobility of labour increases.

4. Means of Transport:

- Well-developed means of transport and communications encourage mobility labour.
- The worker knows that in case of emergency at home, he can easily communicate with his father phone or travel back by train within the country or by aeroplane if he is abroad.

5 Agricultural Developments:

With agricultural development, labour moves from high population to low population areas during busy seasons.

6. Industrialisation:

- ☐ The mobility of labour is determined by industrial development. Workers move from different occupations and places to work in factories.
- ☐ Industrialisation also leads to urbanisation and workers move from rural and semi-urban areas to industrial centres and big cities.

7. Trade:

- ☐ The development of business and trade leads to the spread of their offices and institutions related to them in different parts of the country.
- ☐ As a result, workers move from one place and occupation to another to work in trade and business offices, banks, insurance companies, etc.

8. Advertisement:

- ☐ Advertisements relating to jobs in newspapers also determine the mobility of labour.
- ☐ Accordingly, workers move between places and occupations.

9. State Help:

When the state starts industrial centres, and estates, employment exchanges, dams, public works, etc., they encourage mobility of labour.

10. Peace and Security:

- ☐ The mobility of labour depends to a large extent on law and order in the country.
- ☐ If the life and property of the people are not safe, they will not move from their present places and occupations to others.

CONTROLLING PROCESS IN HRM

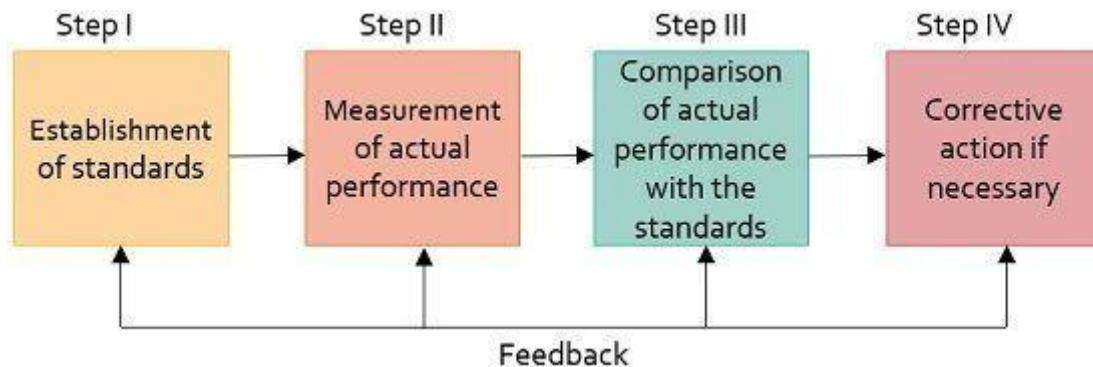
- a. Controlling is one of the most important functions of management.
- b. Its main objective is to ensure that an organization's activities are
 - Advancing as planned.
 - Control is a primary goal-oriented function

Features of Controlling

- An effective control system has the following features:
- It helps in achieving organizational goals.
- Facilitates optimum utilization of resources.
- It evaluates the accuracy of the standard.
- It also sets discipline and order.
- Motivates the employees and boosts employee morale.
- Ensures future planning by revising standards.
- Improves overall performance of an organization.
- It also minimises errors.

Process of Controlling

Control process involves the following steps as shown in the figure:



- **Establishing standards:** This means setting up of the target which needs to be achieved to meet organisational goals eventually. Standards indicate the criteria of performance.

Control standards are categorized as quantitative and qualitative standards. **Quantitative standards** are expressed in terms of money. **Qualitative standards**, on the other hand, includes intangible items.

- **Measurement of actual performance:** The actual performance of the employee is measured against the target. With the increasing levels of management, the measurement of performance becomes difficult.
- **Comparison of actual performance with the standard:** This compares the degree of difference between the actual performance and the standard.
- **Taking corrective actions:** It is initiated by the manager who corrects any defects in actual performance.

Types of control

There are three types of control viz.,

1. **Feedback Control:** This process involves collecting information about a finished task, assessing that information and improvising the same type of tasks in the future.
2. **Concurrent control:** It is also called real-time control. It checks any problem and examines it to take action before any loss is incurred. Example: control chart.

- 3. Predictive/ feedforward control:** This type of control helps to foresee problem ahead of occurrence. Therefore, action can be taken before such a circumstance arises.

Advantages of controlling

- Saves time and energy
- Allows managers to concentrate on important tasks. This allows better utilization of the managerial resource.
- Helps in timely corrective action to be taken by the manager.
- Managers can delegate tasks so routinely chores can be completed by subordinates.

GRIEVANCE REDRESSAL PROCEDURE AND EFFECTIVE CONTROL SYSTEM

- The International Labour Organisation (ILO) defines grievances as “a complaint of one or more workers in respect of wages, allowances, conditions of work and interpretation of service stipulations, covering such areas as overtime, leave, transfer, promotion, seniority, job assignment and termination of service.”
- Flippo defined a grievance in the words, “A complaint becomes a grievance when the employee feels that an injustice has been committed. If the supervisor ignores the complaint dissatisfaction grows within the employee, it usually assumes the status of a grievance.

An effective grievance redressal procedure ensures that:

- (i) A set procedure brings grievances into the open so that management can know them and can take necessary action to settle them.
- (ii) All the employees know about whom they have to report to whenever they have any grievance.
- (iii) Everyone in the management should be fully aware about the set procedure so that nobody should be able to misuse their power.
- (iv) It provides a check over the arbitrary use of authority by superiors and tries to keep a check on their decision making.
- (v) It ensures fair and equitable treatment for all the employees, irrespective of their position in the organisation.
- (vi) It minimises discontent and dissatisfaction amongst employees by ensuring a speedy redressal of the grievance.

- (vii) It provides the employees an opportunity to express their fears, anxieties and dissatisfaction to the management which finally helps in improving their motivation and morale.

BENEFITS OF GRIEVANCE PROVEDURE:

The following are the benefits of an adequate grievance procedure:

1. It brings grievance into the open.
2. It encourage solution of problems before they take serious turn innature.
3. It helps in preventing future problems.
4. It gives employee's emotional release for their dissatisfaction.
5. It helps in establishing and maintaining a working relationship ingroup.
6. It provides a check and balance on arbitrary management action.
7. It helps in establishing and maintaining a work culture or way oflife.

