

### UNIT-III

Subject Name	Sub Code	Semester	Prepared by
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#### **DEFINITIONS OF PERFORMANCE APPRAISAL: -**

“Performance appraisal is a comparison of actual performance with the expected performance to assess an employee’s contributions to the organization – Nelson 2002.

#### **FACTORS AFFECTING PERFORMANCE APPRAISAL:**

According to Prof. S.K. Chakraborty performance appraisal should done with caution. It is always advisable to make a preliminary survey of the following constraints within which the employees of an organization are working.

- 1. Environmental constraints.** There are several environmental constrains which may be outside the control of a worker and to ignore this fact in judging his performance would be unjust. For example, the quality of raw material in an organization may deteriorate over a period or the machinery may break down unexpectedly. As a result both productivity and quality may suffer. But if selection of materials and maintenance of machinery are done at higher levels in the organisation the performance appraisal of the worker should not be affected.
- 2. Organisational leadership.** The style of the top leadership of an organisation should also be looked into. It is the nature of leadership at the top which determines to a large extent the loyalty and commitment of employees to the goals of an organisation. Effective top leadership orients and motivates the entire organisation for better performance.
- 3. Interdependence of sub-systems.** Since every organisation is a big system composed of a number of interdependent sub-systems, the success or failure of any one sub-system has got to be interpreted in the context of all other sub-systems to which it is related. For example, the sub-standard output of the production department may be due to the poor quality of purchases made by the Purchase Department or the trouble may be at some higher level sub-system where planning for the production and purchase departments has been done.
- 4. Organisational structure.** Organisational structure plays a major role in the determining performance appraisal. Certain organization may be flexible and liberal, whereas certain organization focuses on output based.

#### **JOB EVALUATION**

##### **Definition of job evaluation:-**

Definition of Kimball and Kimball. According to Kimball and Kimball “Job evaluation represents an effort to determine the relative value of every job in a plan to determine what the fair wage for such a job should be”.

### **CHARACTERISTICS OF JOB EVALUATION:**

- It seeks to evaluate jobs not people.
- The standards of job evaluation are relative and not absolute
- All vital information necessary for job evaluation is obtained from job analysis. .
- It is the process of evaluation of each job to ascertain the worth of each job.
- It takes into account the demands of the job and not individual efforts and capabilities required for the job.
- It does not recommend pay scales, but provides a basis evaluation of a rational wage structure.
- Job evaluation is done by a group of people. Hence some amount of objectivity is sure to enter the evaluation process.

### **OBJECTIVES OF JOB EVALUATION:**

The objectives of job evaluation are as follows:

- Ascertaining the worth of each job in the organization.
- Determining the equitable wage structure in the organization.
- Ensuring utmost satisfaction to employee thanks to equitable wages.
- Providing a sound base for determining the wage structure.
- Furnishing information for devising good method of recruitment, selection and training.
- Introducing standardization in wage differentials.
- Evaluating and contributing wage cost.
- Minimising wage discrimination in terms of age, gender, religion, etc.
- Providing a framework for periodical wage
- Establishing a rational basis for bonus or incentive schemes.
- Developing a consistent wage policy.

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### **DISTINCTION BETWEEN MERIT RATING AND JOB EVALUTION:-**

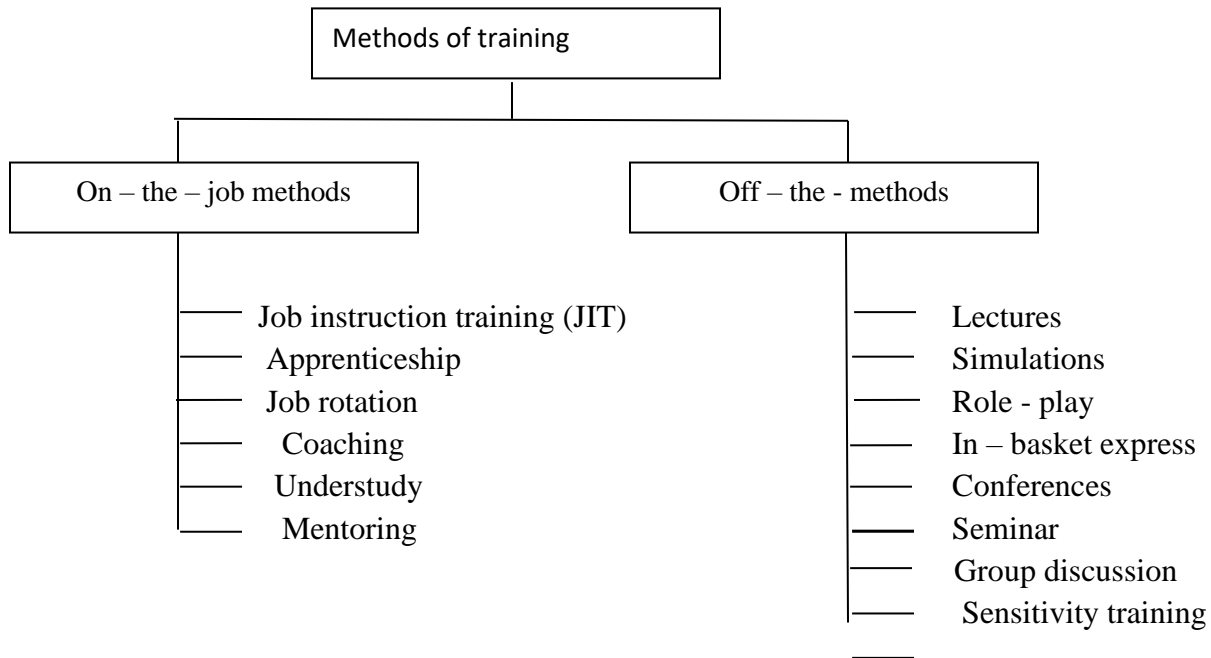
	<b>Job evaluation</b>	<b>Merit rating</b>
1.	It rates the occupation to determine job differentials.	It gauges employees' performance to determine his relative contribution to the job.
2.	The object of it is to fix a fair base wage rate.	Its object is to decide on any differential pay over and above the base wage.
3.	It is not concerned with the promotion and transfer of employees.	It forms the basis for promotion and transfer of employees.

**TRAINING -DEFINITIONS:-**

Training is a process of acquiring skills necessary to do the job- Robert, N.Lussier, 2002.

<b>Training</b>	<b>Development</b>
Process designed to bring about relatively permanent change in employees skills knowledge attitude or behaviour in order to improve their performance in the currently held job.	Process designed to impart learning experiences in order to help managerial employees acquire skills and competences for future responsibilities.
Imparts technical skills	Impart managerial skills.
Focus on technical skills specific to the current job.	Focuses on broad range of skills or managing challenging situations.
Directed towards non-managerial personnel.	Directed towards managerial personnel.
Present focused and short – run.	Future focused and long-run.
Designed to performance existing activity better	Designed to be continuous process.

**METHODS OF TRAINING**



**On- the- job methods**

- Job instruction training:** Under this training process trainees are given instructions systematically one by one.
- Apprenticeship:** It follows the principle of “**earning while learning**”. In this method, an expert and experienced person gives his knowledge and skills to the trainee who desires to learn that skill.
- Job rotation;** It is that process in which the employees are given the opportunity to perform the functions of other departments in the organisation.

4. **Coaching:** The guidance given by the superiors of the organisation to their subordinates is called coaching.
5. **Understudy** It is the method preparing the trainees to perform the responsibilities of his trainer or to occupy the position of his senior in future.
6. **Mentoring:** In this method, training is given by a specialised and experienced person.

#### **Off-the-job methods:**

- 1) **Lectures:** when there is a requirement of imparting technical knowledge to the new employees, lecture method proves to be the best way to clear the notion ideas and hypothesis to the trainee.
- 2) **Case study:** Under this method the real business cases are framed and they are provided to trainees. Trainees have to discuss it and give their ideas on how they would have tackled that situation.
- 3) **Role – play:** In this method the trainees are provided with an imaginary or real problem which is generally concerned with the organisation. They are asked to assume identity of a particular person and behave as if they are in that particular situation.
- 4) **Conferences:** a structured method of communicating thoughts to a large number of audiences who are attending the event is called as a conference. Experts from specific fields come together to share their views on a common topic and also obtain answers to their questions, if they have any.
- 5) **Group discussion:** under this method, a topic is given to the group of trainees and they are asked to actively participate in it and give their outlook towards the issue. The discussion topic is given on the spot and thus, no time is given to the trainees to prepare the topic.
- 6) **Sensitivity training:** as by name, sensitivity training it is very clear that this training is related to emotions and sentiments. It is also called as **T- group training** or **laboratory training**. The assessment is based on the behaviour of one for the other. This training is carried out to make employees get aware of and respect the feelings and emotions of other co-trainees.

#### **PURPOSE/ NEED OF TRAINING /OBJECTIVES/BENEFITS.**

- To enable the existing and new employees to acquire the required job knowledge.
- To enhance employee skills to work with new technology.
- To help employees equip themselves to cater to the changing needs of the organisation.
- To improve employee work efficiency and performance
- To achieve higher productivity
- To meet the challenges posed by competition
- To enable the employees to acquire better / higher job/ position
- To develop healthy attitude to achieve both personal and common goals.

#### **PROMOTION.**

Promotion is defined as the advancement of an employee to a higher job carrying higher responsibilities and higher status. It usually results in higher earnings.

## **Types of promotion:-**

### **1. Lateral promotion:-**

Employees are moved to the same category within the department, department to department or plant to plant.

### **2. Vertical promotion:-**

It is an upward movement in the organizational hierarchy salary responsibility power and authority.

### **3. Multiple chain promotion:-**

Promotions may be multiple chain promotions which provide for a systematic linking of each position to several others.

### **4. Up or out promotion:-**

In an up or out promotion a person must either earn a promotion or seek employment elsewhere.

### **5. Permanent promotion.**

This promotion result on account of separation. The employee remains in the same higher position permanently till superannuation.

### **6. Temporary promotion:-**

These promotions are temporary because the employee has more opportunity to climb up in the organizational hierarchy.

### **7. Dry promotion:-**

A dry promotion is also an upward movement to higher positions but without any increase in monetary benefits.

### **Basis of promotion:-**

There are basically two bases for promotion.

- Seniority based promotion: Here, the promotion is given based on the length of service put in by an employee in the organisation.
- Merit based promotion: Here, the merit of the employee is taken as the basis for promotion. Merit means an individual employee's skill, knowledge, ability, efficiency and aptitude as measured from educational, training and past employment record.

## **TRANSFER**

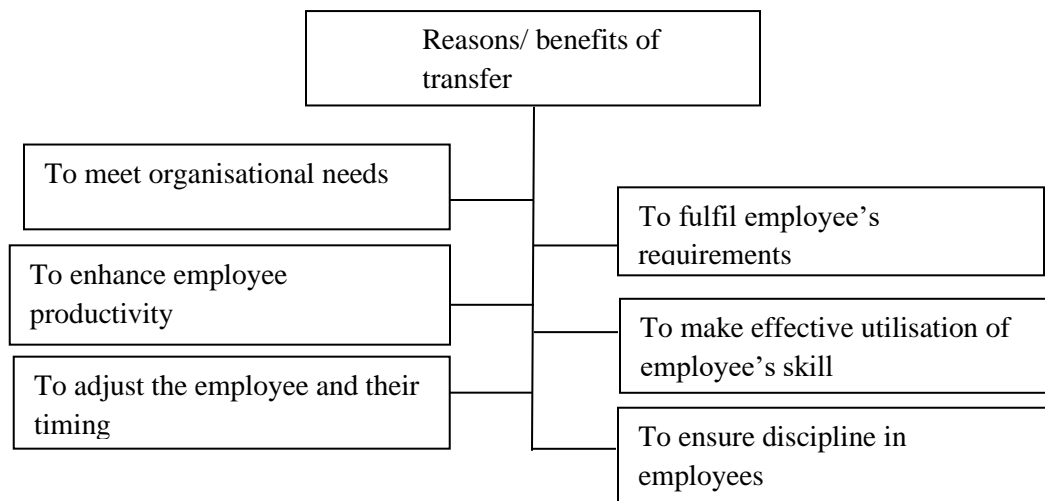
### **Meaning and Definition of Transfer:**

According to Edwin B. Flippo, "Transfer is a change in job where the new job is substantially equal to the old in terms of pay, status and responsibilities'.

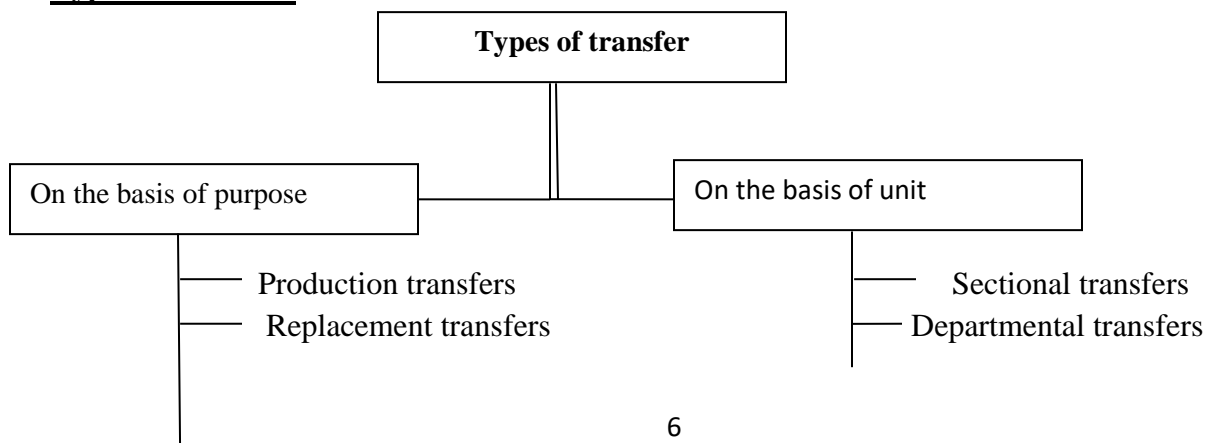
### **Reasons/ benefits of transfer**

1. **To meet organisational needs.** An organisation undergoes several changes in the path of growth and achievement of its goal successfully. These changes may include work inconsistencies, changes in the structure of the organisation, changes in the economic status, changes in the quantity of production, etc.
2. **To fulfil employee's requirements:** Transfer are also made when the employee is not able to adapt himself in the company's working environment.

3. **To enhance employee productivity:** When an employee works in the same job over a long period of time, the enthusiasm as well as the productivity of the employee starts declining. Thus to break this boredom and make the job more interesting, transfers are made.
4. **To make effective utilisation of employee's skill:** sometimes employees are not properly utilised. Therefore the management transfers such employees to that job where their capabilities and skills can be utilised in a much better way.
5. **To adjust the employee and their timing:** Transfer takes place to adjust the employees in different departments particularly when there are certain changes in the organization.
6. **To ensure discipline in employees:** There are some officers or employees of the organisation who violate the rules and regulations and work for their personal benefit. Therefore to penalise, such employees are transferred to a distant branch or office where they do not get a chance to carry-out their unlawful activities



### Types of Transfer



—— Shift transfers

—— Remedial transfers

—— Versatility transfers

—— Inter- plant transfers

**I On the basis of purpose:** it includes the following.

1. **Production transfers:** Production transfers are based on the changing requirement of the organisation. When the employees are moved from the place where they are available in excessive such a transfer is called production transfers.
2. **Replacement transfers:** Replacement means to substitute a new employee in place of the old employee who has been working in the organisation since a long time.
3. **Shift transfers:** Shift transfers means transfer from one shift to another as per the convenience of the employee as well as the organisation.
4. **Remedial transfers:** As the name indicates, remedial transfers are made to remedy the situation of faults happened during the placement.
5. **Versatility transfers:** These transfers are made to make the employees more versatile.

**II. On the basis of unit:** it includes the following

1. **Sectional transfers:** When the transfers are made to train the employees to handle the operations and working of different sections of the same department, such transfers are called sections of the same department such transfers are called sectional transfers.
2. **Departmental transfers:** Transfers made from on department to another department within the same for the employee in both the departments.
3. **Inter- plant transfers:** If an organisation is having more than one branch or plant inter-plant transfers can be made to fulfil the various changing needs of the organisation.

<b>Basis of difference</b>	<b>Transfer</b>	<b>promotion</b>
1) Concept	It involves a change in the job without any change in position, salary and job duties.	It involves salary hike, prestige, upward movement in position and increased responsibilities.
2) Nature	Regular and frequent	Infrequent if not irregular
3) Purpose	Fulfil employee's shortage in some departments.	Recognise and reward employees for good work.
4) Movement	Lateral or horizontal movement.	Upward movement.
5) Impact on employees	It depresses employees.	Concerned with motivating employees.

### **DEMOTION:**

**Definition:** According to Beach, "Demotion is a reassignment of an individual to a job of lower rank and pay usually involving lower level of difficulty and responsibility.

**Reasons for demotion:**

**1) Lack of employee's competence:** Employees promoted on the seniority basis and past performance may prove out to be incompetent when promoted to higher positions. They are unable to take responsibility of a higher position. In such cases, employees having better knowledge regarding the respective job are not given the chance to show their talent. Thus, in order to select a better candidate for the respective position, certain employees have to be demoted.

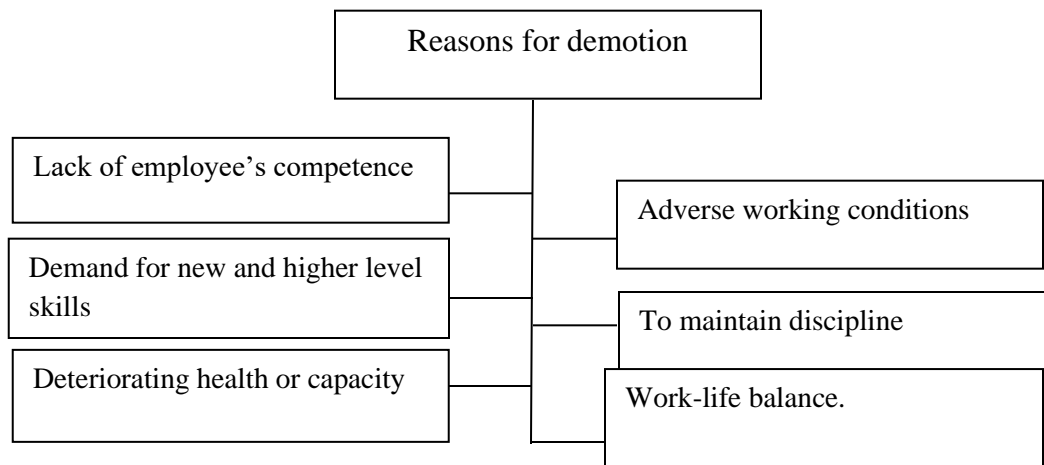
**2) Adverse working conditions:** Bad working conditions of an organisations not only results in reduced production quality but may also lead to shutting down of certain departments.

**3) Demand for new and higher level skills:** When an organisation promotes any employee the employees is expected to give new ideas and higher level skills. But when the promoted employees are unable to fulfill the requirements of newly allotted higher positions, they are demoted to that level where their skills can be used more suitably. It has to be done for the smooth functioning of the organisation.

**4) To maintain discipline:** In order to maintain discipline among the employees, the step of demotion is taken for certain employees.

**5) Deteriorating health or capacity:** sometimes demotion is given to the employees considering their poor health.

**6) Work- life balance:** Some employees need more time for family, career, studies and other community work, in such cases employees or demoted to such a level which is demanding so that they can maintain their work – life balance.



*The contents in this E- Material has been taken from the text and reference books as given in the syllabus.*