
UNIT 18 PERFORMANCE APPRAISAL

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18.0 OBJECTIVES

After studying this unit, you should be able to:

- explain the need and importance of Performance Appraisal;
- describe the meaning, objectives and methods of Performance Appraisal;
- describe the various factors which influence the Performance Appraisal; and
- explain and assess the Performance Appraisal system followed by the Government in India.

18.1 INTRODUCTION

In the government, promotions are given to the civil servants on the basis of seniority or merit. The most important question is how to fairly judge the merit of a candidate who is already in the service? For being fair and impartial, it is necessary to assess the performance of the individual in the organisation. This is now systematically done in all the countries of the world. The assessment of an individual's performance in the organisation is called Performance Appraisal.

With the rise and development of modern management science, the system of performance appraisal, has gained additional significance in the study of personnel management. Since the concept of 'accountability' of the government has become more important in recent times, the need for performance appraisal of civil servants is more and more felt in all governments.

The system of performance appraisal draws upon the talent from within, based on the experience gained by the employees in the organisation. It compels the management to have a promotion policy based on the system of performance appraisal. It also gives justice to those employees who are efficient and capable. It serves the short-term purpose of assessing the capabilities and usefulness of an employee to the organisation and in the long-term it determines his potentials for elevation to the higher post and position.

18.2 NEED AND IMPORTANCE OF PERFORMANCE APPRAISAL

In every organisation all employees work to achieve the common aims and objectives of the organisation. But all employees do not have same capacities and qualities. The individuals' qualities differ from person to person. All are not equally efficient and able. But all have to work together. In order to keep their morale high, it is necessary to inform them, from time to time, about their own level of performance in the organisation. This can be done by adopting a fair system of Performance Appraisal. Performance Appraisal helps to improve the organisational health, viability and

growth through optimal utilisation of the human resources in the interest of the organisation. Individual employee gets feed back which enables him to develop himself to meet the objectives of the organisation. Performance Appraisal is, thus, a means and not an end by itself. Performance Appraisal system is necessary not only for individual's work improvement but also for the overall improvement of the organisation. It is necessary for the adoption of a fair and impartial promotion policy, which can only keep the employee's morale high. Performance Appraisal is also necessary to assess the usefulness and capabilities of a person in terms of his contribution towards the achievement of the goals of the organisation. It is also needed to develop the potentials of an employee to prepare him to accept more responsibilities of the higher post, which he aspires through promotion. It helps not only in improving the viability and health of the organisation but also pinpoints the shortcomings of an employee. By informing the shortcomings to the concerned persons, the superior officer can secure better utilisation of services either through correction or position-change. Performance Appraisal is, thus, a very important activity of modern personnel management.

18.3 MEANING OF PERFORMANCE APPRAISAL

Performance appraisal system has been defined in many ways. The simplest way to understand the meaning of performance appraisal is as follows:

“A regular and continuous evaluation of the quality, quantity and style of the performance along with the assessment of the factors influencing the performance and behaviour of an individual is called as performance appraisal.”

Performance appraisal also means an appraisal of the growth potential of an employee, with a view to providing information to the organisation leading to positive action and enabling feed-back to the individual aimed at his performance improvement, personal growth and job-satisfaction. In short, we can say that performance appraisal is expected to result in an assessment of:

- a) growth potential of the employees;
- b) corresponding training needs for the employees;
- c) capabilities for their placement in higher posts,
- d) conduct and discipline of the employees; and
- e) the need of the organisation to evolve a control mechanism.

18.4 OBJECTIVES OF PERFORMANCE APPRAISAL

The main objective of the system of performance appraisal is to reward those who are working efficiently and honestly in the organisation. At the same time, it also aims at eliminating those who are inefficient and unfit to carry out their responsibilities. It has to be done almost continuously, so that no injustice is done to a deserving individual. It is, therefore, necessary to clearly define the organisational objectives, targets and priorities. It is further necessary to define clearly the role and responsibilities of the persons involved in the functioning of the organisation.

Performance appraisal also aims at helping the management in carrying out their tasks more effectively. A sound system of performance appraisal results in framing:

- a) a sound selection policy;
- b) an effective promotion and placement policy;
- c) an improved system of career and manpower planning;
- d) a realistic training programme;
- e) a good reward and punishment system; and
- f) an effective system of control and discipline in the organisation.

These elements are essential for any modern personnel management system. No country can neglect them for long.

We can thus say that the main objectives of performance appraisal are as follows:

- i) To carry out a fair and impartial assessment of the quality, quantity and style of the work performance of the individuals working in the organisation.

- 2) To assess the extent of the various factors which influence the performance of the individuals.
- 3) To reward the capable and efficient employees.
- 4) To provide opportunity for improvement of their potentialities to those who are less capable and efficient.
- 5) To make optimum utilisation of the available human resources for the fulfilment of the organisational goals.
- 6) To help management in evolving and framing sound policies and programmes relating to selection, placement, promotion, training, discipline, control and manpower planning, etc.

Check Your Progress 1

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the unit.

- 1) Discuss the need and importance of performance appraisal in Personnel Administration.

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- 2) What are the main objectives of performance appraisal?

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18.5 METHODS OF PERFORMANCE APPRAISAL

Different methods of performance appraisal are adopted in different countries. Usually, it is used as a control mechanism and an instrument for giving incentives or punishment. Promotions are usually based on performance appraisal system. Since 1956 the Government of India has been following a system of "grading" the performance in the following 'five' grades:

- 1) Outstanding,
- 2) Very Good,
- 3) Good,
- 4) Fair, and
- 5) Poor.

The work of 'grading' is done by a departmental promotion committee. Those who are placed in the 'outstanding' grade are given enbloc promotions, followed by 'very good' and 'good' grades.

Annual Confidential Report

Individual performance of the employee is usually assessed on the basis of an Annual Confidential Report given by the superior about the subordinate based on a form. This form contains all those entries which can determine the adequacy and quality of work done as well as the general personality and integrity of the person reported upon. The reporting officer also can comment about his fitness for promotion or otherwise. In order to avoid ambiguity and subjectivity in this system a common grading of 'outstanding', 'above average', 'fair' and 'below average' is prescribed to judge each item in the form. The A.C.R. written by a superior reporting officer is evaluated by a 'reviewing officer' and finally endorsed or countersigned by the next higher officer.

The above mentioned 'service-record rating' system based on 'Annual Confidential Report' which accounts for the individual's experience, previous contribution, personal history, personality traits, etc., has been accepted in almost all countries for performance appraisal. In recent years, there are further improvements in this system. If there is an 'adverse' remark in A.C.R. about a person, he is informed about it. The intention is that he should correct himself. He is also given an opportunity to represent to the higher authority about the 'adverse' remark. Such representation is considered by a higher reporting and reviewing authority and finally a decision about it is taken.

Service Rating Method or Efficiency Rating

For performance appraisal it is necessary to determine the efficiency with which an employee performs his several duties in the day-to-day working. This is done through service-rating or efficiency rating methods. There are several service rating/efficiency rating systems in vogue in advanced countries like, the USA and UK. Those commonly used in the USA are man to man comparison, linear scale rating, graphic scale rating, graded answer, and work report, etc. The computers are being used for the purpose of service rating in the USA. The two types of service rating systems which are most commonly used in the USA and many other countries are:

- 1) Trait Rating system, and
- 2) PROBST/Graphic System of 'Personality Inventory'.

(A) Trait Rating System

In trait rating system a person's qualities like knowledge of work, aptitude, attitude towards others, job performance, etc. are rated like satisfactory/unsatisfactory, below job requirements, normal or above job requirements, etc. The final performance appraisal is based on the result of the trait rating system.

(B) PROBST/Graphic Rating System

In the PROBST service rating system the personality factors are given more importance. Following items, for example, are taken into consideration in this system of service rating.

Number of days of absence
Reasons for remaining absent
Punctuality
Promptness
Quickness, Smartness, Lazyness
Talkativeness
Gentle/Blunt/outspoken
Accepts/shirks from taking responsibilities
Obedience/disobedience
Reliable/unreliable
Personal appearance; and
Fitness for higher position. etc.

Service rating is done in different ways. In advanced countries, like the USA, this is done in very systematic manner by computers. In India sometimes rating is done by awarding marks in different columns specified for different qualities. Different gradation systems have also been followed for this purpose. It is thus evident that different methods are followed for the purpose of performance appraisal in different countries.

18.6 FACTORS AFFECTING PERFORMANCE APPRAISAL

There are various factors which, directly or indirectly, influence the system of performance appraisal. There are some factors which introduce subjectivity whereas, some other factors hinder objective assessment. Both types of factors are discussed below.

Superior Officer's Value System

Usually the superior officers are entrusted with the work of assessment and write reports of the subordinates. They are expected to do this objectively. What usually happens is that the superior officer judges the performance of the subordinates on the basis of his own value-system. Different persons believe in different value-systems based on their own socio-cultural conditions. Often it is found that the reports are influenced by the superior officer's value-system. This subjective element has great impact on the Appraisal Report which is based on superior's final judgement.

Dominant Work Orientation

Sometimes the Performance Appraisal Report of a subordinate written by his superior is found to be influenced by the dominant work orientation of the superior officer. There is over-emphasis on certain aspect of the work by the superior. This dominant work orientation introduces subjectivity in the system of performance appraisal. A superior judges the performance of the subordinate on the basis of the following dominant elements:

- a) preference for work of dynamic nature;
- b) preference for strict maintenance of routine work;
- c) emphasis on status and inter-personal relations;
- d) emphasis on qualities which do not have much functional utility; and
- e) emphasis on conformity to some ideology.

Above elements introduce subjectivity in the process of assessment, influence the judgement of the superior and create distortions in the performance appraisal of the subordinates.

Inter-Personal Relations

Many times the psychological make up of the subordinate and the superior influences their personal relationship, apart from other situational influences. The subordinates very often take those actions which are liked by their superiors. Subordinate judges his own actions on the basis of the approval and appreciation of the superior. Such action of the subordinates satisfy the superior psychologically. The adaptability or otherwise of the subordinate plays important role in the system of performance appraisal. The inter-personal relations introduce considerable amount of subjectivity in the system of appraisal.

Loyalty

On many occasions and particularly in the Indian context 'loyalty' factor has considerable influence on the performance assessment. Loyalty may be due to common values, objectives, emotional needs, interests, caste, religion, language or region. Loyalty factor usually brings the superior and the loyal subordinate closer and closer to each other. It also increases the distance and distrust between the superior and other less loyal subordinates. This brings subjectivity in the performance appraisal system as every superior judges the subordinates on the basis of the extent of loyalty to himself.

Level of Achievement

Superior officer's own level of achievement affects the appraisal of the subordinate. If the actual difference between the levels of achievement of the superior and subordinate is quite wide, it can create problems of adjustment and objective evaluation of performance.

Factors Hindering Objective Assessment

There are several factors which hinder the objective appraisal of the performance of the subordinates. These factors make it almost impossible for the superior to make objective assessment of the performance of the subordinates. These are as listed below:

- a) Superiority complex of the superior/reporting officer;
- b) Instead of assessment of overall performance, insistence of the superior to assess only specific aspect of the work;
- c) Past-record of the subordinate;
- d) Overall personality of the subordinate;
- e) Extent of work-contact between the subordinate and the reporting superior;
- f) Social status of the subordinate; and
- g) Capacity of the subordinate to exercise influence at higher level.

Check Your Progress 2

Note: i) Use the space given below for your answers.
ii) Check your answers with those given at the end of the unit.

- 1) Explain the various methods of performance appraisal.

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- 2) Discuss the factors influencing the system of performance appraisal.

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18.7 PERFORMANCE APPRAISAL IN GOVERNMENT

The existing system of performance appraisal in India consists of an annual report given by the superior about the subordinate regarding his work, achievements, ability, integrity and personality. A printed form carries different types of questions, which is filled by the superior. Different grading like "outstanding", "above average", "fair", "below average" is prescribed to judge each question in the form. There are two to three officers who write the report, review the report and finally counter sign the report. Generally if there is any adverse remark, the concerned official is informed about the same, to which he can reply, if he so desires. Such reply is considered in consultation with the reporting and reviewing officer and a final decision is taken to expunge, modify or retain the adverse remarks in his report. The communication of adverse remarks to the person concerned is based on the principle of natural justice. That is, none should be punished without being heard.

There are many drawbacks in the present system of performance appraisal. The subjective elements in writing the report have been already discussed earlier. Firstly, yardsticks of value system are not commonly accepted by all the officers. Different yardsticks are applied by different officers. Secondly, many countersigning officers do not have any direct or intimate knowledge about the work of the person about whom the report is to be made. Thirdly, there is no uniformity or consistency in the method of appraisal. The reporting officer may command the clear thinking of one person and the drive of another one. Fourthly, it has been found on many occasions that the adverse remarks are not communicated to the concerned reported officer.

18.8 RECOMMENDATIONS OF THE ADMINISTRATIVE REFORMS COMMISSION

The Administrative Reforms Commission considered the issue of performance appraisal. It made the following main recommendations:

- a) The official should submit a brief resume of his own work done and any special achievements made by him. The reporting officer should take into consideration this document before making his own comments. Reviewing officer after recording both the comments should give his own comments, if any, and also do the grading.
- b) The Commission recommended that five point grading should be discontinued and instead of that three point grading should be made. The grading proposed by the Study Team was:
 - i) Fit for promotion out of tune;
 - ii) fit for promotion;
 - iii) not yet fit for promotion;
- c) Good work done during the year should receive prompt appreciation either on a file, or in a tour or inspection note. The concerned official should be allowed to quote these in his resume;
- d) Administrative Reforms Commission also recommended that in view of our new approach to the annual reports as a document spot-lighting the performance of an official during the course of the year, we recommend that this report should be called "performance report" instead of "confidential report"; and
- e) Whenever the merit of the candidates is equal, seniority should be considered for promotion.

The above recommendations have been accepted since 1977 by the Government.

Check Your Progress 3

Note: i) Use the space given below for your answers.

ii) Check your answers with those given at the end of the unit.

- 1) Explain the performance appraisal method followed by the Government of India.

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- 2) Discuss the main recommendations of the Administrative Reforms Commission to improve the performance appraisal system.

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18.9 LET US SUM UP

In the personnel policy of any country, promotion of the servants plays a very significant role. It is, therefore, necessary that right type of persons must get promotions. The system of performance appraisal plays a key role in selecting persons of high quality and integrity to shoulder the responsibilities of higher positions. Performance appraisal has, therefore, become an integral and important aspect of personnel administration in almost all countries. It not only helps in improvement of the efficiency of the individual civil servant but also improves the overall efficiency of the organisation. Individual also gets feed-back which enables him to develop himself to meet the objectives of the organisation. In the Government, the performance appraisal system is used as a control mechanism and a tool to give incentives to those who are competent and efficient.

Several methods of performance appraisal are in vogue in different countries. In India the performance appraisal is primarily based on Annual Confidential Report written about each and every civil servant. Service-rating grading system and service-record rating system have also been recently introduced. There are several factors which affect performance appraisal system in India. The Administrative Reforms Commission made several important recommendations to improve our system of performance appraisal. Many of those recommendations have been accepted by the government. The unit has discussed all these aspects. Yet we cannot say that performance appraisal has become perfect and objective. Many reforms are still necessary to improve the performance appraisal system in India.

18.10 KEY WORDS

Performance: Refers to both the quantity (volume of output) and quality (excellence of accomplishment) of work by the performer.

Appraisal: An objective assessment, balanced judgement and unbiased evaluation of performance of the job by any performer.

18.11 SOME USEFUL BOOKS

Avasthi, A. and S.R. Maheshwari, 1982. *Public Administration*; Laxmi Narayan: Agra.

Maheshwari, S.R., 1972. *The Administrative Reforms Commission*, Laxmi Narayan: Agra.

Mathur, B.C., K. Diesh, C. Chandrasekharan (eds.), 1979. *Management in Government*; Publication Division, Govt. of India: New Delhi.

Sharan, P., 1981. *Public Administration*; Meenakshi Prakashan: New Delhi.

18.12 ANSWERS TO CHECK YOUR PROGRESS EXERCISES

Check Your Progress 1

1) Your answer should include the following points:

- through fair system of performance appraisal, the employees can be informed from time to time about their own level of performance;
- it helps to improve the organisational health, viability and growth through optimal utilisation of human resources;
- performance appraisal is needed to prepare an employee to accept more responsibilities of the higher post which he aspires through promotion; and
- it also pinpoints the shortcomings of an employee thus giving him a chance to improve.

2) Your answer should include the following points:

The main objectives are:

- to carry out a fair and impartial assessment of the individuals working in the organisation

- to assess the extent of the various factors influencing the individuals' performance
- to reward the capable and efficient employees
- to make optimum utilisation of the human resources
- to help the management in evolving and framing sound policies and programmes relating to selection, placement, promotion, discipline, control and manpower planning.

Check Your Progress 2

- 1) Your answer should include the following points:
 - Annual Confidential Report
 - Service Rating Method or Efficiency Rating
 - Trait Rating System and PROBST/Graphic Rating System
- 2) Your answer should include the following points:
 - Superior Officer's value system
 - Dominant work orientation
 - Inter-personal relations
 - Loyalty
 - Level of achievement
 - Factors hindering objective assessment

Check Your Progress 3

- 1) Your answer should include the following points:
 - the performance of an employee regarding work, achievement, ability, integrity and personality is judged by his superior through Annual Report on a prescribed form.
 - different grading is prescribed to judge each variable in the form.
 - in the process of report writing two to three officers are involved. One writes the report, the other/s review/s it and finally countersigns the report.
 - the employee is informed about any adverse remark/s made in his report so that he could reply to it, if so desires.
- 2) Your answer should include the following points:
 - the officer concerned should submit a brief resume of his own work done.
 - instead of 5-Point Grading, 3-Point Grading should be made.
 - prompt appreciation for the good work done.
 - seniority to be considered for promotion in case the merit of candidates are equal.