is inappropriately focused or rewards inefficiency, or if they are uncomfortable with accountability.

Ans to Q No 5: In budgetary control system, actual results are compared with the budget and for any significant variations immediate corrective steps are taken. The performance review is regularly undertaken under this system.



5.12 MODEL QUESTIONS

Q 1: Define control. Explain the main characteristics of control.

Q 2: Access the importance of managerial control.

Q 3: Discuss the main steps in the control process.

Q 4: What are the behavioural implications of control ?

Q 5: Explain the principle of Management by Exception.

Q 6: What are the various techniques of control ?

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UNIT 6: APPRAISING HUMAN RESOURCE

UNIT STRUCTURE

6.1 Learning Objectives

6.2 Introduction

6.3 Meaning of Performance Appraisal

6.4 Objectives of Performance Appraisal

6.5 Features and Advantages of Performance Appraisal

6.6 Methods of Performance Appraisal

- 6.6.1 Traditional Methods
- 6.6.2 Modern Methods

6.7 Planning and Career Development

6.8 Features and Benefits of Career Planning

6.9 Phases in the Career of an Employee

6.10 Let us Sum Up

6.11 Further Reading

6.12 Answers to Check Your Progress

6.13 Model Questions

6.1 LEARNING OBJECTIVES

After going through this unit you will be able to :

- explain the concept of performance appraisal
- know the objectives of performance appraisal
- highlight the features of an effective performance appraisal
- discuss the traditional and modern methods of performance appraisal
- explain the advantages of performance appraisal
- discuss the concept of career planning and career development
- define the features of career planning
- highlight the benefits of career planning
- discuss the different phases in the career of an employee

6.2 INTRODUCTION

In this unit we are going to discuss about performance appraisal. Performance appraisal is the process of evaluation of the performance of employees. The process of performance appraisal varies from organisation to organisation. There are different methods of performance appraisal, which we will be discussing in this unit.

6.3 MEANING OF PERFORMANCE APPRAISAL

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development. Performance appraisal is generally done in systematic ways which are as follows:

- The supervisors measure the pay of employees and compare it with targets and plans.
- The supervisor analyses the factors behind work performances of employees.
- The employers are in position to guide the employees for a better performance.

6.4 OBJECTIVES OF PERFORMANCE APPRAISAL

Performance Appraisal can be done with following objectives in mind:

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. It serves as a basis for influencing working habits of the employees.
6. To review and retain the promotional and other training programmes.

6.5 FEATURES AND ADVANTAGES OF PERFORMANCE APPRAISAL

- **Objectives should be clear:** The objectives of appraisal should be clear and specific. An effective performance system will always have specific appraisal attributes to match the employee's job description.
- **Data should be valid and reliable:** An effective performance appraisal system provides data that is consistent, reliable and valid. It supplies data according the objective that serves the purpose of performance appraisal and succession planning.
- **Performance criteria should be well defined:** Effective performance appraisal has standard appraisal forms, rules and appraisal procedures. It will have well defined performance criteria and standards.
- **Economical and less time consuming:** Effective performance appraisal systems are designed to be economical and less time consuming to bring maximum benefits.
- **Should initiate follow up:** A post appraisal talk should be arranged for employees to get feedback from their managers. It also helps the organization to learn about the problems and difficulties the employees might be facing and discover suitable training.

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 includes bonus, high salary rates, extra benefits, allowances and perquisites are dependent on performance appraisal. The criteria should be merit rather than seniority.

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. Future changes in selection methods can be made in this regard.
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.

6.6 METHODS OF PERFORMANCE APPRAISAL

6.6.1 Traditional Methods:

- **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. In doing this the employee who is the highest on the characteristic being measured and also the one who is lowest, are indicated. Then, the next highest and the next

lowest between next highest and lowest until all the employees to be rated have been ranked. Thus, if there are ten employees to be appraised, there will be ten ranks from 1 to 10.

- **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 considers 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 perfor-mance. Such type of grading is done is Semester pattern of examinations and in the selection of a candidate in the public service sector. One of the major drawbacks of this method is that the rater may rate most of the employees on the higher side of their 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 suffer from the drawback that improve similarly, no single grade would rise in a ratings.
- **Forced-Choice Method:** The forced-choice method is developed by J. P. Guilford. It contains a series of groups of statements, and rater rates how effectively a statement describes each individual being evaluated. Common method of