EVALUATION OF PERFORMANCE APPRAISAL SYSTEM: A STUDY OF BSNL

Arpit Khurana

Research Scholar, Chandigarh University

Abstract

The present study investigates that the Performance Appraisal and Reward influencing Job Satisfaction with special reference to BSNL, Trichy SSA. Organizations use these processes to increase the likelihood of hiring individuals who possess the right skills and abilities to be successful at their jobs. To examine the level of Performance Appraisal and Reward associated with Job Satisfaction using by Job Descriptive Index (JDI) Scale among BSNL employees. The JDI scale included Work, Supervision, Pay, Promotions, and Co-worker. Job satisfaction may be defined as a pleasurable positive emotional state resulting from the appraisal of one's job or job experiences. It is therefore important to have a good understanding of an individual's total personality and value system in order to understand and describe his job satisfaction. Some important implications for future research are also derived from the study

Keywords: Human Resource Management, Performance Evaluation of Employees, Employees Satisfaction, Descriptive Research Design

Introduction

Managing human resources in today's dynamic environment is becoming more and more complex as well as important. Recognition of people as a valuable resource in the organization has led to increases trends in employee maintenance, job security, etc

"People are our most valuable asset" is a cliché, which no member of any senior management team would disagree with. Yet, the reality for many organizations are that their people remain under valued, under trained and under utilized.

Human Resource (or personnel) management, in the sense of getting things done through people, is an essential part of every manager's responsibility, but many organizations find it advantageous to establish a specialist division to provide an expert service dedicated to ensuring that the human resource function is performed efficiently.

Performance Appraisal is the process of assessing the performance and progress of an employee or a group of employees on a given job and his / their potential for future development. It consists of all formal procedures used in the working organizations to evaluate personalities, contributions and potentials of employees.

Rationale of the Study

Performance Appraisal is the important aspect in the organization to evaluate the employees performance. It helps in understanding the employees work culture, involvement, and satisfaction. It helps the organization in deciding employees promotion, transfer, incentives, pay increase.

Performance Appraisal

Performance Appraisal is defined as the process of assessing the performance and progress of an employee or a group of employees on a given job and his / their potential for future development. It consists of all formal procedures used in working organizations and potential of employees. According to Flippo, "Performance Appraisal is the systematic, periodic and an important rating of an employee's excellence in matters pertaining to his present job and his potential for a better job."

Characteristics of Performance Appraisal

The Characteristics of performance appraisal are as under:

- It is an ongoing and continuous process wherein the evaluations are arranged periodically according to a definite plan.
- It is scientific and objective study. Formal procedures are used in the study.
- It is the systematic examination of the strengths and weakness of an employee in terms of his job.
- Performance Appraisal is a process.
- The main purpose of Performance Appraisal is to secure information necessary for making objective and correct decision an employee.

Process of Performance Appraisal

The process of performance appraisal is as under:

- Establishing performance standards
- Communicating the Standards
- Measuring Performance
- Comparing the actual with the standards
- Discussing the appraisal
- Taking Corrective Action

Limitations of Performance Appraisal

The Limitations of performance appraisal is as under:

- Errors in Rating

- Lack of knowledge
- Lack of reliability
- Multiple objectives
- Negative approach

Methods and Techniques of Performance Appraisal

The foregoing list of major program pitfalls represents a formidable challenge, even considering the available battery of appraisal techniques. But attempting to avoid these pitfalls by doing away with appraisals themselves is like trying to solve the problems of life by committing suicide. The more logical task is to identify those appraisal practices that are (a) most likely to achieve a particular objective and (b) least vulnerable to the obstacles already discussed. Before relating the specific techniques to the goals of performance appraisal stated at the outset of the article, I shall briefly review each, taking them more or less in an order of increasing complexity. The best-known techniques will be treated most briefly:

- **Essay Appraisal:** In its simplest form, this technique asks the rater to write a paragraph or more covering an individual's strengths, weaknesses, potential, and so on. In most selection situations, particularly those involving professional, sales, or managerial positions, essay appraisals from former employers, teachers, or associates carry significant weight.

- **Graphic Rating Scale:** This technique may not yield the depth of an essay appraisal, but it is more consistent and reliable. Typically, a graphic scale assesses a person on the quality and quantity of his work (is he outstanding, above average, average, or unsatisfactory?) and on a variety of other factors that vary with the job but usually include personal traits like reliability and cooperation. It may also include specific performance items like oral and written communication.

- **Field Review:** The field review is one of several techniques for doing this. A member of the personnel or central administrative staff meets with small groups of raters from each supervisory unit and goes over each employee's rating with them to (a) identify areas of inter-rater disagreement, (b) help the group arrive at a consensus, and (c) determine that each rater conceives the standards similarly.

- **Forced-Choice Rating:** Like the field review, this technique was developed to reduce bias and establish objective standards of comparison between individuals, but it does not involve the intervention of a third party.

- **Management by Objectives:** To avoid, or to deal with, the feeling that they are being judged by unfairly high standards, employees in some organizations are being asked to set - or help set - their own performance goals. Within the past five or six years, MBO has become something of a fad and is so familiar to most managers that I will not dwell on it here.

- **Ranking Methods :** For comparative purposes, particularly when it is necessary to compare people who work for different supervisors, individual statements, ratings, or appraisal forms are not particularly useful. Instead, it is necessary to recognize that comparisons involve an overall subjective judgment to which a host of additional facts and impressions must somehow be added. There is no single form or way to do this. The best approach appears to be a ranking technique involving pooled judgment. The two most effective methods are alternation ranking and paired comparison ranking:

  - **"Alternation ranking":** Ranking of employees from best to worst on a trait or traits is another method for evaluating employees. Since it is usually easier to distinguish between the worst and the best employees than to rank them, an alternation ranking method is most popular. Here subordinates to be rated are listed and the names of those not well enough to rank are crossed. Then on a form as shown below, the employee who is highest on the characteristic being measured and the one who is the lowest are indicated. Then chose the next highest and the next lowest, alternating between highest and lowest until all the employees to be rated have been ranked.

  - *"Paired-comparison ranking":* This technique is probably just as accurate as alternation ranking and might be more so. But with large numbers of employees it becomes extremely time consuming and cumbersome.

    Both ranking techniques, particularly when combined with multiple rankings (i.e., when two or more people are asked to make independent rankings of the same work group and their lists are averaged), are among the best available for generating valid order-of-merit rankings for salary administration purposes.

- **Assessment Centers:** So far, we have been talking about assessing past performance. What about the assessment of future performance or potential? In any placement decision and even more so in promotion decisions, some prediction of future

performance is necessary. How can this kind of prediction be made most validly and most fairly?

- **360 Degree Feedback:** Many firms have expanded the idea of upward feedback into what the call 360-degree feedback. The feedback is generally used for training and development, rather than for pay increases. Most 360 Degree Feedback system contains several common features. Appropriate parties – peers, supervisors, subordinates and customers, for instance – complete survey, questionnaires on an individual. 360 degree feedback is also known as the multi-rater feedback, whereby ratings are not given just by the next manager up in the organizational hierarchy, but also by peers and subordinates. Appropriates customer ratings are also included, along with the element of self appraisal. Once gathered in, the assessment from the various quarters are compared with one another and the results communicated to the manager concerned. Another technique that is useful for coaching purposes is, of course, MBO. Like the critical incident method, it focuses on actual behavior and actual results, which can be discussed objectively and constructively, with little or no need for a supervisor to "play God."

- **Advantages:** Instead of assuming traits, the MBO method concentrates on actual outcomes. If the employee meets or exceeds the set objectives, then he or she has demonstrated an acceptable level of job performance. Employees are judged according to real outcomes, and not on their potential for success, or on someone's subjective opinion of their abilities. The guiding principle of the MBO approach is that direct results can be observed easily. The MBO method recognizes the fact that it is difficult to neatly dissect all the complex and varied elements that go to make up employee performance. MBO advocates claim that the performance of employees cannot be broken up into so many constituent parts, but to put all the parts together and the performance may be directly observed and measured.

- **Disadvantages:** This approach can lead to unrealistic expectations about what can and cannot be reasonably accomplished. Supervisors and subordinates must have very good "reality checking" skills to use MBO appraisal methods. They will need these skills during the initial stage of objective setting, and for the purposes of self-auditing and self-monitoring. Variable objectives may cause employee confusion. It is also possible that fluid objectives may be distorted to disguise or justify failures in performance.

Rating Errors in Performance Appraisals

Performance appraisals are subject to a wide variety of inaccuracies and biases referred to as 'rating errors'. These errors can seriously affect assessment results. Some of the most common rating errors are: -

- **Leniency or severity: -** Leniency or severity on the part of the rater makes the assessment subjective. Subjective assessment defeats the very purpose of performance appraisal. Ratings are lenient for the following reasons**:**
    - The rater may feel that anyone under his or her jurisdiction who is rated unfavorably will reflect poorly on his or her own worthiness.
    - He/She may feel that a derogatory rating will be revealed to the rate to detriment the relations between the rater and the ratee.
    - He/She may rate leniently in order to win promotions for the subordinates and therefore, indirectly increase his/her hold over him.

- **Central tendency: -** This occurs when employees are incorrectly rated near the average or middle of the scale. The attitude of the rater is to play safe. This safe playing attitude stems from certain doubts and anxieties, which the raters have been assessing the rates.

- **Halo error: -** A halo error takes place when one aspect of an individual's performance influences the evaluation of the entire performance of the individual. The halo error occurs when an employee who works late constantly might be rated high on productivity and quality of output as well ax on motivation. Similarly, an attractive or popular personality might be given a high overall rating. Rating employees separately on each of the performance measures and encouraging raters to guard against the halo effect are the two ways to reduce the halo effect.

- **Rater effect**: -This includes favoritism, stereotyping, and hostility. Extensively high or low score are given only to certain individuals or groups based on the rater's attitude towards them and not on actual outcomes or behaviors; sex, age, race and friendship biases are examples of this type of error.

- **Primacy and Regency effects: -** The rater's rating is heavily influenced either by behavior exhibited by the ratee during his early stage of the review period (primacy) or by the outcomes, or behavior exhibited by the ratee near the end of the review period (regency). For example, if a salesperson captures an important contract/sale just before the completion of the appraisal, the timing of the incident may inflate his or her standing, even though the overall performance of the sales person may not have been

encouraging. One way of guarding against such an error is to ask the rater to consider the composite performance of the rate and not to be influenced by one incident or an achievement.

- **Performance dimension order: -** Two or more dimensions on a performance instrument follow each other and both describe or rotate to a similar quality. The rater rates the first dimensions accurately and then rates the second dimension to the first because of the proximity. If the dimensions had been arranged in a significantly different order, the ratings might have been different.

- **Spillover effect: -** This refers lo allowing past performance appraisal rating lo unjustifiably influence current ratings. Past ratings, good or bad, result in similar rating for current period although the demonstrated behavior docs not deserve the rating, good or bad.

Roles in the Performance Appraisal Process

- **Reporting Manager**
  - Provide feedback to the reviewer/HOD on the employees' behavioral traits indicated in the PMS Policy Manual.
  - Ensures that employee is aware of the normalization / performance appraisal process.
  - Address employee concerns / queries on performance rating, in consultation with the reviewer.

- **Reviewer (Reporting Manager's Reporting Manager)**
  - Discuss with the reporting managers on the behavioral traits of all the employees for whom he / she is the reviewer
  - Where required, independently assess employees for the said behavioral traits; such assessments might require collecting data directly from other relevant employees

- **HOD (In some cases, a reviewer may not be a HOD**)
  - Presents the proposed Performance Rating for every employee of his / her function to the Normalization committee.
  - HOD also plays the role of a normalization committee member.
  - Owns the performance rating of every employee in the department.

- **HR Head**
  - Secretary to the normalization committee.

- ▪ Assists HOD's / Reporting Managers in communicating the performance rating of all the employees.

- **Normalization Committee**
  - ▪ Decides on the final bell curve for each function in the respective Business Unit / Circle.
  - ▪ Reviews the performance ratings proposed by the HOD's, specifically on the upward / downward shift in ratings, to ensure an unbiased relative ranking of employees on overall performance, and thus finalize the performance rating of each employee.

Findings, Conclusion and Suggestions:

On the basis of analysis and interpretation of data collected from employees of organisation I had come up with some findings:

- Most of the employees of BSNL feel that their performance appraisal system is not effective enough to fulfill their motivational needs. Employees said, it is not related with incentive and is not efficient.

- Communication and presentation skill, as well leadership i.e. items (i) and (iii) of category C were rated low by BSNL employees. This skill has great significance for item (i) of category E, i.e., Acceptability to consumers and on this item the ratings by employees are not so negatively skewed. Further supportive data could only result is a conclusive finding.

- Overall results highlight the fact that employees of both BSNL opine that performance appraisal system of their organizations is effective.
  Some suggestions to improve performance appraisal system of telecom industry BSNL:

- Management must encourage training department to prepare training manual and policy should be clear & known to all in organisation. .

- Operation levels of employees are more concern regarding the performance evaluation transparency system .After performance evaluation management should discuss their decisions to the employees.

- Motivate subordinates through recognition and support.

- Development of merit and competency based recruitment system.

- Training on the appraisal system on the regular interval and to improve the attitude and to heighten the morals of employees.

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