Chapter 6

Performance Appraisal
"Human performance is the key to total quality and total customer's satisfaction. Many companies have tried to obtain significant gains in quality or customer service through investments in technology or other non-human means. All have failed. The fact is people make it happen". These lines by Boyet and Conn\(^{95}\) illustrate the importance of employee's performance to an organisation.

To evaluate the performance of its employees, an organisation initiates performance appraisal which is a formal and systematic process of comparing a worker's job performance with established standards or criteria of performance.

According to Schuler\(^{96}\), performance appraisal "is a formal, structured system of measuring and evaluating an employee's job, related behaviours and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organisation, and society all benefit.

The most comprehensive definition of performance appraisal is provided by Kavanagh\(^{97}\) when he describes performance appraisal as "a formal, structured system, of measuring, evaluating and influencing an employee's job related attributes, behaviours and outcomes, as well as level of absenteeism, to discover how productive the employee is, and whether he or she can perform as or more effectively in the future, so that the employee, the organisation and the society all benefit".

On the basis of the definition we can say that:

- Firstly, performance appraisal does not take place in an ad hoc manner; it is a structured approach.
- Secondly, it demonstrates that effective measurements measure issues related to the job rather than personal traits.
- Thirdly, the scope of performance appraisal should exceed the measurement of current performance to judge the potentiality of the employee to perform in the future and occupy advanced post within the organisation. This indicates that performance appraisal should be linked with other human resource development activities, for instance, human resource planning and training and development.
- Finally, the benefit of performance appraisal is not restricted to the organization and its employees, but it also spreads to society as well.

6.1 Need of Performance Appraisal

Organisations usually conduct performance appraisal for administrative and developmental purposes. According to Gomez-Mejia et al\(^98\), performance appraisals “are used administratively whenever they are the basis for a decision about the employee’s work conditions, including promotions, termination, and rewards. Developmental uses of appraisal, which are geared toward improving employees’ performance and strengthening their job skills, include counselling employees on effective work behaviours and sending them for training”.

Perhaps the most significant benefit of appraisal is that, in the rush and bustle of daily working life, it offers a rare chance for a supervisor and subordinate to have time out for a one-on-one discussion of important work issues that might not otherwise be

addressed. Almost universally, where performance appraisal is conducted properly, both supervisors and subordinates have reported the experience as beneficial and positive.

Appraisal offers a valuable opportunity to focus on work activities and goals, to identify and correct existing problems, and to encourage better future performance. Thus the performance of the whole organization is enhanced.

Performance appraisal can have a profound effect on levels of employee motivation and satisfaction, for better as well as for worse. Performance appraisal provides employees with recognition for their work efforts. The power of social recognition as an incentive has been long noted. In fact, there is evidence that human beings will even prefer negative recognition in preference to no recognition at all.

If nothing else, the existence of an appraisal program indicates to an employee that the organization is genuinely interested in their individual performance and development. This alone can have a positive influence on the individual’s sense of worth, commitment and belonging. The strength and prevalence of this natural human desire for individual recognition should not be overlooked. Absenteeism and turnover rates in some organizations might be greatly reduced if more attention were paid to it. Regular performance appraisal, at least, is a good start.

Performance appraisal offers an excellent opportunity for a supervisor and subordinate to recognize and agree upon individual training and development needs. During the discussion of an employee’s work performance, the presence or absence of work skills can become very obvious. Performance appraisal can make the need for training more pressing and relevant by linking it clearly to performance outcomes and future career aspirations. From the point of view of the organization as a whole, consolidated appraisal data
can form a picture of the overall demand for training. This data may be analysed by variables such as sex, department, etc. In this respect, performance appraisal can provide a regular and efficient training needs audit for the entire organisation.

Appraisal data can be used to monitor the success of the organization’s recruitment and induction practices. Appraisal data can also be used to monitor the effectiveness of changes in recruitment strategies. By following the yearly data related to new hires (and given sufficient numbers on which to base the analysis) it is possible to assess whether the general quality of the workforce is improving, staying steady, or declining.

Though often understated or even denied, evaluation is a legitimate and major objective of performance appraisal. But the need to evaluate is also an ongoing source of tension, since evaluative and developmental priorities appear to frequently clash. Yet at its most basic level, performance appraisal is the process of examining and evaluating the performance of an individual.

6.2 Methods of Performance Appraisal

Numerous methods of performance appraisal have been developed over the years. Today managers have a wide variety of appraisal formats from which to choose. Different authors have suggested different basis of categorisation for the appraisal methods. However, the most widely used categorisation is that given by Strauss and Sayles99. They have classified performance appraisal methods as traditional and modern methods based on their focus of the measure (personality traits and outcomes). The traditional methods lay emphasis on the rating of the individual’s personality traits and behaviour. On the other hand, modern methods place

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more emphasis on the evaluation of performance outcomes than on personality traits.

*Traditional Methods:* The following are traditional methods of performance appraisal:

*Rating Scales Method:* Formal appraisal systems are necessary in order to introduce objectivity into the evaluation process. Rating scales provide appraisers a fairly high degree of structure. Using rating scales, employee traits and characteristics are rated on a scale that usually has several points ranging from “poor” to “excellent”. For example, characteristics assessed might include cooperation, communications ability, initiative, punctuality and technical competence. It is, of course, important that the traits being evaluated be job-related. In designing the scale, the human resource specialist must make reference to the appropriate job descriptions. Use of inappropriate traits could result in legal action on the grounds of discrimination.

Advantages of Rating Scales: The greatest advantage of rating scales is that they are structured and standardized. Thus, ratings can be easily compared and contrasted. Using rating scales, each employee is rated according to the same basic appraisal process. The process encourages equality in treatment for all employees. Further, rating scales are easy to construct, to use and to understand.

Disadvantages of Rating Scales: Even though rating scales ought to be constructed with reference to the relevant job descriptions, questions must be asked about whether or not the selected traits are relevant to the jobs of all the appraisees? Often, when efforts are made to standardize an appraisal form across the entire organization, certain traits that are included will have a greater relevance for some jobs than others. In such cases, a low appraisal
rating for initiative may not mean that an employee lacks initiative. Rather, it may reflect that fact that an employee has few opportunities to use and display that particular trait.

In efforts to standardize the rating instrument, it is possible that factors that an employee’s performance may depend on, have not been included in the selected list of relevant traits. Thus, some employees may end up with ratings that do not fairly reflect their effort or value to the organization.

Selective perception is the human tendency. Although rating scales are designed to lend objectivity and empiricism to the evaluation process, it is difficult to eliminate problems of selective perception (biases and rater inconsistencies). Similarly, the reliability of rating instruments may be questioned if different appraisers would interpret the rating traits differently.

Some errors are errors of perception. Other errors may in fact be deliberate. A very common rating error is that of central tendency. An appraiser, wary of confrontations or repercussions, may be tempted to give too many passive, middle-of-the-road ratings. Thus the spread of ratings for all employees tends to be clumped around the middle of the scale.

*Forced Choice Method:* Forced Choice The forced-choice technique was developed by the U.S. Army during World War II. Although there are many variations of it, this procedure is generally administered as follows. First, the human resource specialists develop a number of groups of statements about individuals, such: avoids responsibility, inspires pride in operations, lacks sense of humor, etc.

The statements are then given to the supervisors so that they picks from the groups of statements the one that is most descriptive of a
subordinate and the one that is least descriptive. After the supervisor has finished choosing statements for each subordinate, the forms are sent to human resource department for evaluation.

The major advantage of this method is the absence of personal bias in rating. There are several disadvantages of this approach. First, it is time consuming and expensive, since statements have to be gathered, culled, scaled for their degree of attractiveness, and analyzed as to their discrimination among good and poor performers. Second, even though it is behavior-oriented rather than trait-oriented, managers cannot use this tool for feedback.

*Forced Description method:* One of the errors in rating is leniency, clustering a large number of employees around a high point on a rating scale. The forced distribution method seeks to overcome the problem by compelling the rater to distribute the ratees on all points on the rating scale.

The method operates under an assumption that the employee performance level conforms to a normal statistical distribution. Generally, it is assumed that employee performance levels conform to a bell-shaped curve. For example, the following distribution might be assumed to exist: excellent 10%, good 20%, average 40%, below average 20%, and unsatisfactory 10%.

The major weakness of the forced distribution method lies in the assumption that employee performance levels always conform to a normal (or some other) distribution. In organisations that have done a good job of selecting and retaining only the good performers, the use of forced distribution approach would be unrealistic, as well as possibly destructive to the employee morale.

The error of central tendency may also occur, as the rater resists
from placing an employee in the lowest or in the highest group. Difficulties also arise for the rater to explain to the ratee why he or she has been placed a particular group. One merit of this approach is that it seeks to eliminate the error of leniency. However, the forced choice method is not acceptable to raters and ratees, especially, in small groups or when group members are all of high ability.

*Checklists:* Under this method, a checklist of statements on the traits of the employee and his or her job is prepared in two columns—via a ‘Yes’ column and a ‘No’ column. All that the rater (immediate superior) should do is tick the ‘Yes’ column if the answer to the statement is positive and in column ‘No’ if the answer is negative. After ticking off against each item, the rater forwards the list to the human resource department where the actual assessment of the employee takes place. In other words, the rater only does the reporting, while actual evaluation is done by the human resource department. The human resource department assigns certain points to each ‘Yes’ ticked. Depending on the number of ‘Yes’, the total score is arrived at. When points are allotted to the checklist, the technique becomes a weighed checklist.

The advantages of a checklist are economy, ease of administration, limited training of raters, and standardisation. The disadvantages include susceptibility to rater’s biases (especially the halo effect), use of personality criteria instead of performance criteria, misinterpretation of checklist items, and the use of improper weights by the human resource department. Another disadvantage of this approach is that it does not allow the rater to give up relative ratings.

*Essay Method:* The essay method of performance appraisal requires the appraiser to prepare a written statement about employees being appraised. The essay describes specific strengths and
weaknesses in job performance. Further, the essay may suggest actions the employee might take in order to remedy problem areas identified in the appraisal.

The essay may be written by the appraiser alone, or it is prepared with input from the employee. While the rating scale is structured and confining, the narrative essay allows the appraiser to examine any relevant issue, attribute, or performance. Thus, appraisers are able to place emphasis on whatever issues or attributes they feel are appropriate. In this sense, the narrative essay is open-ended and flexible.

For example, the narrative essay may indicate that the incumbent's job description needs revision. Further, additional comments in the essay may pertain to the conditions and circumstances of effective/ineffective employee behaviour. The narrative essay is also flexible enough to permit comments from the employee.

On the other hand, the essay method is time-consuming and more difficult to administer. Generally, appraisers find the narrative essay more demanding than methods such as rating scales. Furthermore, the greatest advantage; freedom of expression is also a disadvantage. For example, different writing skills of appraisers can distort the process. Since the process is subjective (and, in general, we're striving for objectivity in evaluation), it is difficult to compare the results of different employees.

Critical Incidents Method: The critical incident method of performance appraisal involved identifying and describing specific events (or incidents) where the employee did something really well or something that needs improvement. It's a technique based on the description of the event, and does not rely on the assignment of ratings or rankings, although it is occasionally coupled with a ratings type system.
The use of critical incidents is more demanding of the manager since it requires more than ticking off things on a form. The manager must actually write things out. On the other hand critical incidents can be exceedingly useful in helping employees improve since the information in them is more detailed and specific than in methods that involve rating employees.

Some managers encourage employees to record their own critical incidents (where the employee excelled, situations that did not go well). That’s an interesting variation that places more responsibility with the employee, and also does not require the manager to have been present when the incident occurred.

Generally, it’s important that incidents be recorded as they occur, and not written at or around the annual performance review. Delaying the recording of critical incident reports (either good incidents or not so good) means a loss of detail and accuracy.

Field Review Method: This is an appraisal by someone outside the assessee’s own department, usually someone from the corporate office or the human resource department. The outsider reviews employee records and holds interviews with the ratee and his or her superior. The method is primarily used for making promotional decision at the managerial level. Field reviews are also useful when comparable information is needed from employees in different units or locations. Two disadvantages of this method are:

1. An “outsider” is usually not familiar with conditions in an employee’s work environment which may affect the employee’s ability or motivation to perform.

2. An ‘outsider’ reviewer does not have the opportunity to observe employee behaviour or performance over a period of time and in a variety of situations, but only in an artificially structured interview situation which extends over a very short period of time.
Raters making field reviews normally receive training on how to conduct the interview and develop their writing skills. Being independent of the work scene, they normally have less bias for or against the ratee than does the immediate supervisor. Even when a supervisor or others concerned supply biased information, the rater may be able to pinpoint areas requiring training and development assistance.

*Behaviourally Anchored Rating Scales:* Behaviourally anchored scales, sometimes called behavioural expectation scales, are rating scales whose scale points are determined by statements of effective and ineffective behaviours. They are said to be behaviourally anchored in that the scales represent a range of descriptive statements of behaviour varying from the least to the most effective. A rater must indicate which behaviour on each scale best describes an employee’s performance. Behaviourally anchored rating scales (BARS) have the following features:

1. Areas of performance to be evaluated are identified and defined by the people who will use the scales.

2. The scales are anchored by descriptions of actual job behaviour that, supervisors agree, represent specific levels of performance. The result is a set of rating scales in which both dimensions and anchors are precisely defined.

3. All dimensions of performance to be evaluated are based on observable behaviours and are relevant to the job being evaluated since BARS are tailor-made for the job.

4. Since the raters who will actually use the scales are actively involved in the development process, they are more likely to be committed to the final product.

BARS were developed to provide results which subordinates could use to improve performance. Superiors would feel comfortable to give feedback to the ratees. Further, BARS help overcome rating errors. Unfortunately, this method too suffers from distortions
inherent in most rating techniques.

**Ranking Method:** In this, the superior ranks his or her subordinates in the order of their merit, starting from the best to the worst. All that the human resource department knows is that A is better than B. The ‘how’ and ‘why’ are not questioned, nor answered. No attempt is made to fractionalise what is being appraised into component elements. This method is subject to the halo and recency effects, although rankings by two or more raters can be averaged to help reduce biases. Its advantages include ease of administration and explanation.

**Paired-comparison Method:** This is a variation of the ranking method that involves comparing the performance of each employee with every other employee in the group. For example, there are five employees named A, B, C, D and E. The performance of A is first compared with the performance of B and a decision is made about whose performance is better. Then A is compared with C, D and E in that order. The same procedure is repeated for other employees. The number of comparisons may be calculated with the help of a formula:

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\text{Number of comparisons} = \frac{N(N-1)}{2}
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where N stands for the number of employees to be compared. If there are 10 employees, the number of comparisons will be \( \frac{10(10-1)}{2} = 45 \).

After the completion of comparison, the results can be tabulated, and a rank is created from the number of times each person is considered to be superior

**Modern Methods:** The following are modern methods of performance appraisal:
Management by Objectives (MBO): The use of management by objectives was first advocated by management theorist Drucker\(^{100}\). However, it was Mcgregor\(^{101}\), who suggested the new approach to performance appraisal based on Drucker’s concept of management by objectives. MBO as a method of performance appraisal, is results oriented. This appraisal method seeks to measure the extent to which predetermined work objectives have been met by the employee.

The first step in this process is to have each employee arrive at a clear statement of major features of his or her job. This statement defines broad areas of the employee’s responsibility. The manager and the employee then discuss the draft jointly, and modify it as may be necessary. This occurs until both agree that it is adequate. Working from this statement of responsibilities (broad goals), the employee then establishes objectives or ‘targets’ for a specified period (say, twelve months). These targets are specific actions which the employee proposes to take: for example: setting up regular staff meetings to improve communication, reorganizing the office, completing or undertaking a certain study, etc.

The objectives are explicitly stated and accompanied by a detailed account of actions the employee proposes to take to achieve them. This document is, in turn, discussed with the manager or supervisor and modified until both are satisfied with it.

At the conclusion of the specified period, the employee appraises what she or he has accomplished relative to the objectives set earlier. Next the employee substantiates the achievement of the set objectives with factual data wherever possible. An interview between the manager and the employee is then scheduled. This interview

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includes an examination by the manager and the employee of the employee's self-appraisal. The interview culminates in a resetting of targets for the next time period. Throughout the process, the manager has veto power. In practice a manager rarely needs to exercise it.

An advantage to this MBO process is that it is based on the assumption that the individual (employee) knows more than anyone else about her or his own capabilities, needs, strengths, weaknesses and goals. The proper role for the Manager is to help the employee relate his or her career planning to the goals of the company. The manager can help, associate, test and validate soundness of the employee's goals and the plans for achieving them. If the manager accepts this role, the performance appraisal process moves from judging an employee's personal worth to advising, guiding and encouraging.

As an appraisal method, the MBO approach overcomes problems that result from assuming that all traits necessary for job success can be identified and measured. Instead of rating performance on the basis of pre-established traits, MBO concentrates on actual job outcomes. Clearly, if an employee meets or exceeds a set of objectives, then he or she has demonstrated an acceptable level of job performance. Using MBO, employees are not judged on someone's subjective opinion of their abilities. Direct results can be observed, whereas the traits and attributes must be guessed at or inferred. A further advantage of MBO is that the emphasis is on the future rather than on the past. Appraisal thus becomes a means to a constructive end.

On the downside, using MBO can lead to unrealistic expectations about what can and cannot be accomplished. Also, while one of the strengths of MBO is the clarity of direction that comes from well-articulated objectives, this can be a source of weakness. Whereas
modern organizations need to be flexible, objectives, by their very nature, impose certain rigidity. A solution might be to make the objectives less specific. However, less specificity implies less clarity, and less clarity may lead to either employee confusion over what is to be achieved, or attempts to hide failure in fuzzy objectives.

Assessment Centers: In organisations, assessment centres were usually used for the purpose of hiring managerial staff. Recently, however this method is also being used to assess the potential of staff. Assessment centres are used today by a number of companies and are staffed by trained assessors, usually psychologists, who use a variety of group and individual psychometric tests and job related exercises in assessing employees' potential.

At an assessment centre, assesses usually managerial staff members come together to participate in psychometric tests and job related exercises and are evaluated by trained observers. The principal idea is to evaluate assesses over a short period of time, by observing and evaluating their behaviour across a series of selected exercises or work samples.

Assesses are requested to participate in several psychometric tests, in-basket exercises, work groups, computer simulations, role playing, and other similar activities to judge their performance. After recording their observations, the assessors discuss their observations with assesses and finally award judgement on their potential. Self-appraisal and peer evaluation are also considered by the assessors while making judgement.

The characteristics usually assessed in a typical assessment centre include assertiveness, persuasive ability, communicating ability, planning and organisational ability, self-confidence, resistance to stress, energy level, decision making capacity, sensitivity to the feelings of others, administrative ability, creativity, and mental alertness.
The problem with the assessment centres is their cost. Not only are the employees away from their jobs while the company pays for their travel and lodging, but most of the evaluators are often company managers who are assigned to the assessment centre for supplementing the psychologist and HR specialist in evaluating employees for a short period of time. Hence this approach is only suitable for large organisations as significant costs are involved.

At Assessment-centre, the performance of candidates is judged for a short period of time. Hence the assessment made may not be suggestive of the individual’s true potentiality. The evaluation is also often influenced by subjective factors like the personality of the candidate, communication skill, etc. which are usually not the correct indicators of an individual’s ability.

But a well-conducted assessment centre can and does achieve better forecasts of future performance and progress than other methods of appraisal. Also, reliability, content validity, and predictive validity are said to be high in the assessment centres. The test also makes sure that the wrong people are not hired or promoted. Finally, the assessment-centre test clearly defines the criteria for selection and promotion.

6.3 Problems in Performance Appraisal

There are many significant challenges which deter or impede the purpose of performance appraisal in an organisation. According to Gomez-Mejia et al\textsuperscript{102}, the problems in conducting effective performance appraisal are:

*Rater Errors and Bias*: A rater error is an error in performance

appraisal that reflects consistent biases on the part of rater. One of the most prominent rater errors is halo error, the tendency to rate similarly across dimensions. Raters commit halo errors in Performance measurement when they allow the rating they give on one performance dimension to influence the ratings they give on other dimensions. Despite the word's angelic connotation "halo" can cause uniformly negative ratings as well as uniformly positive ones.

According to Cooper\textsuperscript{103} there are at least two causes of halo error: (1) A supervisor may make an overall judgement about a worker and then confirm all dimensional ratings to that judgment. (2) A supervisor may make all ratings consistent with the worker's performance level on a dimension that is important to the supervisor.

Another type of rater error is restriction of range error, which occurs when a manager restricts all of his or her ratings to a small portion of the rating scale. A supervisor who restricts ranges tends to rate all workers similarly. Three different forms of range restriction are common: leniency errors, or restricting ratings to the high portion of the scale; central tendency errors, or using only the middle points of the scale; and severity errors, or using only the low portion of the rating scale.

Personal bias may also cause errors in evaluation. Consciously or unconsciously, a supervisor may systematically rate certain workers lower or higher than others on the basis of race, national origin, sex, age, or other factors. Conscious bias is extremely difficult, if not impossible, to eliminate.

Another major difficulty in performance measurement is ensuring comparability in rating across raters. Comparability refers to the

\textsuperscript{103} Cooper, W. H. (1981), Ubiquitous Halo, Psychological bulletin, New York (U.S.A.), p. 218-244.
degree to which the performance ratings given by various supervisors in an organisation are similar. In essence, the comparability issue is concerned with whether or not supervisors use the same measurement yardstick. What one supervisor considers excellent performance, another may view as only average.

The Influence of Liking: Liking can cause errors in performance appraisals when raters allow their like or dislike of an individual to influence their assessment of that person’s performance. Liking plays a potent role in performance measurement because both liking and ratings are person-focused. The two may be at odds, however. Liking is emotional and often unconscious, whereas formal ratings are or should be non-emotional and conscious. According to Zajonc\textsuperscript{104} because liking is unconscious, it seems to be established very quickly, which may allow it to influence (bias) more conscious evaluations that occur later.

Recent work in this area has found that correlation between liking and performance rating exists; no matter who the rater is, but liking according to Antonioni and Park\textsuperscript{105}, appears to have a stronger influence on the ratings made by peers and subordinates than it dose on those made by the supervisors.

The fundamental question is whether the relationship between liking and performance ratings is appropriate or biased? It is appropriate if supervisors like good performers better than poor performers. It is biased if supervisors like or dislike employees for reasons other than performance and allow their feelings to contaminate their ratings. The perception of bias can cause communication problems between workers and supervisors and lower supervisor's effectiveness in managing performance.

Organisational Politics: The performance of a worker in an organisation is believed to be assessed on the basis of a rational approach which assumes that the value of each worker's performance can be estimated. However, apart from the rational approach, according to Murphy and Cleveland¹⁰⁶, there is a political perspective on performance appraisal that assumes that the value of a worker's performance depends on the agenda, or goals, of the supervisor. In other words, the political approach to appraisal holds that performance measurement is a goal-oriented activity and that the goal is seldom accuracy.

The distinction between the rational and political approaches to appraisal according to Gomez-Mejia et al.¹⁰⁷, can best be understood by examining how they differ on various facets of the performance appraisal process. The goal of appraisal from a rational perspective is accuracy. The goal of appraisal from a political perspective is utility, the maximisation of benefits over costs given the context and agenda. The value of performance is relative to the political context and the supervisor's goals.

The roles played by supervisors and workers also differ in the rational and political approaches. The rational approach sees supervisors and workers largely as passive agents in the rating process: Supervisors simply notice and evaluate workers' performance. Thus, the accuracy of supervisors is critical to the attainment of accurate evaluations. In contrast, the political approach views both supervisors and workers as motivated participants in the measurement process. Workers actively try to influence their evaluations, either directly or indirectly.

From a rational perspective, the focus of appraisal is

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Supervisors are flesh and blood instruments who must be carefully trained to measure performance meaningfully. The evaluations are used in decisions about pay raises, promotions, training, and termination. The political perspective sees the focus of appraisal as management, not accurate measurement. Appraisal is not so much a test that should be fair and accurate as a management tool with which to reward or discipline workers.

Assessment criteria, the standards used to judge worker performance, also differ between the rational and political approaches. The rational approach holds that a worker’s performance should be defined as clearly as possible. Without a clear definition of what is being assessed and clear standards for its assessment, accurate assessment is impossible. In the political approach, the definition of what is being assessed is left ambiguous so that it can be bent to the current agenda. Thus, ambiguity ensures the necessary flexibility in the appraisal system.

Finally, the decision process involved in performance assessment differs between the rational and political approaches. In the rational approach, supervisors make dimensional and overall assessments based on specific behaviours they have observed. In the political approach, it is the other way around: Appropriate assessment of specifics follows the overall assessment.

Appraisal in most organizations seems to be as a tool for serving various and changing agendas; accurate assessment is seldom the real goal. Accurate assessment is necessary if feedback, development, and human resource decisions are to be based on employees actual performance levels. Basing feedback and development on managerial agendas is an unjust treatment of human resources. Careers have been ruined, self-esteem lost, and productivity degraded because of political use of appraisal.
Individual or Group Focus: In organisations, teamwork and cooperation are necessary for the achievement of common goals. According to Reilly and McGourty\textsuperscript{108}, if the organisation has a team structure, managers need to consider team performance appraisal at two levels: (1) individual contribution to team performance and (2) the performance of the team as a unit.

To properly assess individual contributions to team performance, managers and employees must have clear performance criteria relating to traits, behaviours, or outcomes. Behavioural measures are typically most appropriate for assessing individual contributions to team performance because they are more easily observed and understood by team members and others who interact with the team. The development of individual contribution measures is a difficult task as input of team members is required.

Assessing the performance of a team as a unit means that managers must measure performance at the team, not individual, level. Unfortunately, performance of team, as a unit, dose not always go along rationally or smoothly. There is no consensus as to what type of appraisal instrument should be used for team evaluations. Both behavioural and outcome criteria may be used for making evaluations. One more point that should be kept in mind concerning the development of team performance measures is that the measures must reflect criteria that the teams can influence. It will do no good to develop measures of performance over which teams have no control.

As in BHEL, the workers are classified into three different categories i.e. executive, supervisor and artisan cadres; the manner in which performance appraisal is administered is also different for each category.

**Performance Appraisal for Executives**

The performance of employees in executive cadre (From E1 to E7) in BHEL, Jhansi is appraised through a performance management system, exclusively designed for the executives in BHEL, known as ‘Moving Ahead through Performance’ (MAP). The features and the tools of MAP have been designed to reduce subjectivity and individual biases that may impact the effectiveness of a performance management system.

Key cornerstones of objectivity, transparency and consistency across BHEL have been directly addressed in MAP. While the various designs features of MAP such as definition of performance, cascade of aligned measures, joint planning and review with appraiser, active role of reviewer, defined and articulated rating scales, communication of ratings, e-enabled MAP, URR tamplates, stretch tool, definition of competencies and automated normalisation process, address all the cornerstones with the emphasis on each feature.

**Concepts in MAP**

A. **Definition of Performance**

Definition of Performance in MAP is based upon Key Result Areas or KRAs and Routine Responsibilities.

- KRAs are critical outcomes towards which effort is directed to achieve desired business results.
MAP in BHEL

Appraisee  Feedback & Coaching  Appraiser

KRAs  Routine  Responsibilities  Competencies

Performance & Development Planning

Mid Year Review

Final Review

Final Score

Final Performance Rating

Tools of MAP
- Normalisation
- Stretch Tool
- URR Template

Reviewer

Figure 6(a)
- Routine Responsibilities are significant on-going tasks or outcomes that are undertaken or delivered on a day-to-day basis.

![Diagram](image)

Unique Role and Responsibility (URR) templates provide the KRAs, relative weight of KRAs and Routine Responsibilities, the Competencies and their required proficiency levels for a role. The URR Template in MAP helps deliver consistency and clarity on expected performance measures to Appraisees and Appraisers alike.

MAP allows the Appraisee to define the performance measures applicable to the Appraisee's situation using a combination of KRAs and Routine Responsibilities. The achievement against targets set for each of these together constitute the Appraisee’s Performance plan in the performance cycle or period.

**B. Cascade of Performance Measures**

Cascade refers to the process of aligning organisational goals to individual goals in a series of steps. This is done by translating the goals that are identified at the organizational level into business sectors, units, functional and departmental level scorecards; and onwards in the form of KRAs to individuals who form a part of these units. Cascade of unit I department level goals to individual KRAs ensures alignment and that the individual and group objectives and results contribute directly to achievement of organisational results.
Cascading of goals ensures that all efforts within the organisation are focused towards a common goal or purpose at the top. The process also ensures that interdependencies - the set of outputs and factors internal to BHEL that impact achievement of a KRA by a team or individual are taken care of in a holistic manner.

In MAP, the process of cascade has been used to:

- Breakdown targets from the organisational level to business sector or unit to department and individual level.
- Identify the Key Result Areas or KRAs applicable to unique roles described in the URR templates.
- Ensure uniformity in Stretch so that the degree of difficulty in individual targets follows a cascade of at least the same degree as that of the business sector or unit or organisation

C. Feedback and Coaching

The process of continuous Feedback and Coaching is an inherent and critical part of MAP. The Mid Year and Final Reviews are specifically focused on Feedback and Coaching and hence require the Appraisee and the Appraiser to have a formal feedback session.

For Feedback and Coaching to be truly effective, it is provided and received on an on-going basis. When used effectively, feedback and coaching is a powerful means of positively impacting performance. Feedback and coaching helps an Appraiser in both obtaining information and providing inputs on how an Appraisee is performing and whether or not he is headed in the right direction. It is also an opportunity for the Appraisee to solicit resources and help that may be required for enhancing his own performance.

Most people are comfortable in providing positive feedback. However, they are hesitant to initiate a conversation that involves sharing of negative or unpleasant performance-related information.
Such hesitation needs to be overcome, considering the importance of feedback in correcting the performance level of the Appraisee, and the consequent benefit to the Appraisee’s career.

Feedback is of various types:

- Positive feedback
- Corrective Feedback
- Feedback focused on identifying obstacles to performance.
- Feedback for the purpose of sharing information.

D. Obtaining Agreement

While implementing MAP, occasions may arise when there are different points of view between the Appraiser and the Appraisee. In such situations, the Appraiser and the Appraisee achieve a consensus through a process of discussion. In most cases, the Appraiser is expected to arrive at an outcome that satisfies both the Appraisee and the Appraiser.

In case, if need is felt, the Appraiser can approach the Reviewer for appropriate inputs. The Reviewer and Appraiser would arrive at a solution through a process of discussion that would align the points of view of the Appraiser and Appraisee. The Appraiser would
discuss the same with the Appraisee to close the issue. In the unlikely event of the need for further escalation, the issue can be taken to the Reviewer for a three-party discussion on a case to case basis. The Reviewer conducts a joint discussion with the Appraisee and the Appraiser where the decision taken by the Reviewer and is treated as final.

The section on Roles and Responsibilities, which clearly delineates the roles of the Appraisee, Appraiser and Reviewer, in order to recognize that using MAP effectively will depend upon these roles meshing together seamlessly. Therefore, each decision to involve the Reviewer must be taken by the Appraiser and the Appraisee after rigorously following the above process.

A. Performance Cycle in BHEL

A Performance Cycle refers to the year for which performance is being evaluated. The Performance Cycle of MAP is one year coinciding with BHEL's financial year. MAP follows an April to March cycle and consists of three key phases:

1. Performance and Development Planning.

2. Mid Year Review.

3. Final Review.
The figure below provides an overview of the Performance Cycle with key dates for each phase.

In certain cases, such as those involving a mid-cycle change in role due to transfers etc, an Appraisee may have more than one Performance Plan in a Performance Cycle. The period that each Performance Plan covers is referred to as the Performance Period for that Performance Plan.

B. Performance and Development Planning

The Performance and Development Planning phase of MAP is initiated in March, upon the finalization of the draft budget for BHEL. Unit business objectives and development initiatives will be derived from this and cascaded to your respective business sector, unit,
department, product groups and sections. The targets finalised for your department will serve as the starting point for you to do your Performance Planning.

The Appraisee will be assigned a URR based on the role that he or she performs. This template will provide the Appraisee the relevant KRAs and Routine Responsibilities. The Appraisee will use the built-in flexibility to develop the Performance Plan suited to his or her situation. The process of performance planning is shown in figure 6(e).

Creating Performance Plan

1. Select KRAs

Based on the URR assigned, the Appraisee will have a set of Essential KRAs and in addition, can select other relevant ones from the list of Flexible KRAs.

- Essential KRAs are predetermined and compulsory for performance of the role.
- Flexible KRAs are suggested as relevant for a role but are not compulsory. The Appraisee selects the appropriate KRAs.

The total number of Essential and Flexible KRAs put together cannot exceed 12. In case the required number of KRAs in the flexible list cannot be accommodated within the flexible section, the Appraisee will use the optional section to add the same in his Performance and Development Plan.

Optional KRA section comprises of KRAs that can be added by the Appraisee if they have not been captured in either of the above two categories and may be required in a specific location or performance period. As stated above, they also include KRAs that cannot be accommodated because of the limit of 12 essential plus flexible KRAs. These must be included in the Appraisee’s plan. A maximum of 3 such KRAs can be added.
Appraiser will assign relevant URR to appraisee.

Appraisee will identify flexible KRAs and write optional KRAs if required.

Appraisee will set targets and develop action plan for each KRA.

Appraisee will draw up Development Plan.

Appraisee will assign percentage weightages to each KRAs & Routine Responsibility out of a total of 100% for each section.

Appraisee will define routine responsibilities and develop action plans.

Appraisee will submit performance and development plan to appraiser.

Appraiser will discuss targets using stretch and finalise performance and development plan.

Final performance & Development Plan for the Appraisee

Appraiser will send finalised plan to reviewer for sign off.

Figure 6(e)
2. Set Targets and Action Plans for KRAs.
For each KRA
1. A specific Target must be defined by the Appraisee that quantifies or verifies the extent of achievement in a given time frame.
2. The Target thus defined should correspond to ‘Rating 3 - Meets Expectations’ on the 5-point Rating Scale.
3. The required level of achievement for each of the remaining four ratings on the scale (1, 2, 4 & 5) must also be defined, using the Target against the ‘Rating 3’ as the central point. This will prevent subjectivity while evaluating the Appraisee’s performance at the end of the year.

<table>
<thead>
<tr>
<th>Level on Scale</th>
<th>Description of Scale</th>
<th>Target Set</th>
</tr>
</thead>
<tbody>
<tr>
<td>Level 1</td>
<td>Significantly Below Expectations</td>
<td>120 Crores</td>
</tr>
<tr>
<td>Level 2</td>
<td>Moderately Below Expectations</td>
<td>130 Crores</td>
</tr>
<tr>
<td>Level 3</td>
<td>Meets Expectations</td>
<td>145 Crores</td>
</tr>
<tr>
<td>Level 4</td>
<td>Moderately Above Expectations</td>
<td>155 Crores</td>
</tr>
<tr>
<td>Level 5</td>
<td>Significantly Above Expectations</td>
<td>170 Crores</td>
</tr>
</tbody>
</table>

Targets must be defined using the Stretch Tool, by applying all six dimensions that determine Stretch. Along with Targets, the Appraisee will develop an Action Plan consisting of specific steps required to achieve the Target for each KRA.

3. Define Routine Responsibilities
In addition to the KRAs, the Appraisee will identify the relevant Routine Responsibilities and incorporate these into the Performance Plan. While defining the Routine Responsibilities, care should be taken to ensure that the Appraisee’s performance on Routine Responsibilities is verifiable objectively, which would prevent subjectivity while evaluating performance later. A maximum of 10 Routine Responsibilities can be selected.
4. Assign Weights

The overall weightages between KRAs and Routine Responsibilities for a particular URR have been predefined. The Appraisee will propose weightages for each KRA and Routine Responsibility. The weightages for each of the sections on KRAs and Routine Responsibilities should total up to 100% respectively.

Weightages should be allocated keeping in mind the criticality of the measure and the effort required to accomplish the same. The Performance Plan concludes with the above four steps.

Creating Development Plan

Development Planning in MAP focuses on building individual capability using competencies. Competencies relevant to a role are pre-defined in its URR along with the desired Proficiency Level. From the list of competencies identified for the role, the Appraiser and Appraisee will identify a maximum of three competencies as ‘Developmental’ that form the basis of the Appraisee’s Development Plan. The Development Plan will be drawn-up by the Appraisee in discussion with the Appraiser and will consist of learning initiatives such as training, cross-functional exposure, short-term assignments etc. The Appraiser will facilitate adherence to the Development Plan drawn up for the Appraisee. The Development Plan concludes with the above steps.

Obtain Appraiser’s and Reviewer’s Sign-off on Performance and Development Plan

At this stage, the Appraisee will discuss and finalize the Performance and Development Plan with the Appraiser. Upon finalisation, the Appraiser would forward the Performance and Development Plan to the Reviewerfor final sign-off.
Extraneous circumstances that significantly impact the Performance and Development Plan of an Appraisee may arise during the Performance Cycle. In such situations, the Appraisee requires the Reviewer’s approval to edit the plan. The edited plan will be finalised with the Appraiser and Reviewer’s sign-off.

C.  *Mid Year Review*

Mid Year Review is an interactive feedback session between the Appraisee and Appraiser, conducted during the month of October for the half-year ended September 30. It is a mid-cycle process for reviewing and tracking achievements thus reducing the scope for year-end surprises. The Mid Year Review does not result in a performance score and will be treated as a course correction mechanism wherein the Appraiser guides the Appraisee on whether the Appraisee is on track to achieve the Performance and Development Plan finalised in April. The Appraisee is able to incorporate these inputs to ensure achievement.

**Mid Year Review Process**

- Appraisee will complete Self-Appraisal on Performance and Development Plan.
- Appraisee will submit Self-Appraisal to Appraiser.
- Appraiser will provide feedback on performance and guide Appraisee.
- Mid Year feedback document completed.
- Mid Year feedback will be documented.

Figure 6(f)
Mid Year Review begins with the Appraisee’s self-appraisal. In the self-appraisal, the Appraisee will comment on his current level of achievement on KRAs, Routine Responsibilities and Competencies, which will then be discussed with the Appraiser for his feedback and inputs. The Appraiser and the Appraisee will refer to documented and objective facts regarding performance-related events for a meaningful performance discussion. Documentation of the performance discussion concludes the Mid Year Review phase of MAP. In case of extraneous circumstances, the Mid Year Review provides for a revision in the Appraisee’s Performance and Development Plan. After obtaining the Reviewer’s specific approval to change the plan, the Appraisee in discussion with the Appraiser would modify the plan and send the plan to the Reviewer for sign-off. The plan will be considered final only after the sign-off has been obtained. The Reviewer steps into the Mid Year Review phase only if a change is required in the Performance Plan of the Appraisee.

D. Final Review

During the Final Review phase, the Appraiser will assess the Appraisee’s level of achievement on KRAs, Routine Responsibilities and the demonstration of Competencies. The Final Review will be concluded in the month of April.

The Final Review phase will begin with the Appraisee’s self-appraisal wherein he gives a self-rating on performance parameters - KRAs and Routine Responsibilities defined in the Performance Plan and the Competencies defined in the Development Plan. The Appraiser will review the outcomes and self-appraisal and will evaluate the Appraisee on the Performance Plan. The Appraiser will assign a Rating for each KRA, Routine Responsibility and Competency using the appropriate Rating Scale.

After the Appraisee and the Appraiser have discussed each Rating,
Final Review Process

Appraisee will complete Self-Appraisal & submit to the Appraiser.

Appraiser will Review Self-Appraisal and performance outcomes of the Appraisee for the performance cycle.

Appraiser will provide feedback on each area of performance and development to Appraisee.

Appraiser will determine rating on each KRA, Routine Responsibility and Competency

Appraiser will determine Overall Score based on KRA Score, Routine Responsibility Score and the weightages assigned to each section.

Appraiser sends Final Review documents and Overall Score to Reviewer

Concludes final review phase.

Final Score is communicated to Appraisee & Appraiser

Reviewer validates and provides final score.

Figure 6(g)
the overall score will be derived from the rating and the weightage on the corresponding KRAs and Routine Responsibilities.

The role of the Reviewer thereafter will be to validate the ratings and finalise the overall score. In case of lack of agreement on ratings on specific KRAs or Routine Responsibilities, the Reviewer will be responsible for evaluating target achievement leading to the overall score. The score validated by the Reviewer will be considered as the Final Score. Sign-off on the Overall Score by the Reviewer will conclude the final review phase of MAP.

The feedback during Mid Year Review will be taken into account to significantly add value to the Final Review. The Appraisee’s self-appraisal will not directly contribute to the performance score but will be viewed as the Appraisee’s opportunity to share his perspective on performance. Feedback and Coaching will be a key component of the Final Review as this serves as an important input into the next cycle’s Development Plan.

Calculating the overall score:
1. Performance on each KRA will be given a Rating as per the Rating Scale (1 - 5).
2. This Rating will be multiplied with the corresponding weightage on the KRA to get an individual KRA Score.
3. The individual score for each KRA will be added to get a KRA Score.
4. The above procedure will be followed to obtain the Routine Responsibility Score.
5. The KRA Score will be multiplied with the weightage assigned to the entire KRA section and the Routine Responsibility Score will be multiplied with the weightage assigned to the entire Routine Responsibility section.
6. Both these values will be added to get the Overall Score.
7. The Overall Score will be forwarded to the Reviewer for validation along with the individual components as above.
Role of People in MAP

A. Roles and Responsibilities

For MAP to be effective, it is essential that the role that are required to be performed during the MAP cycle are clear. Every executive whose performance is assessed under MAP is an Appraisee. The Appraisee has a major role in MAP as it enables the him to effectively manage performance. Every executive who Assesses the performance of one or more Appraisees that report to him is an Appraiser. Since the Appraiser is in direct contact with the Appraisee and has a good understanding of the role and the environment within which the Appraisee operates, he is in the best position to provide continuous feedback and coaching. The Reviewer is Appraiser’s Appraiser, who is responsible for reviewing the entire performance process. The reviewer has the role of validating performance plans and final ratings to ensure consistancy and objectivity across the teams reporting to his Appraisee. The Reviewer is responsible for obtaining agreement when differing points of view arise between Appraisee and Appraiser.

The roles and responsibilities of Appraisee, Appraiser and Reviewer in case of performance and development planning are as follows:

The Appraisee identifies flexible KRAs, Defines upto a maximum of 3 optional KRAs, set targets for each KRA using Stretch Tool, proposes an action plan for each Target, assign a weightage to each KRA, identify routine opportunities, propose weightage for each Routine Responsibility, discuss the development plan with Appraiser and accept the performance plan after reviewer’s comments and approval.

The Appraiser identifies appropriate URR for the Appraisee, approves targets for KRAs and routine responsibilities, approves the degree of stretch in Targets approve weightages for KRAs and routine
responsibilities, discusses action plan defined for each target by Appraisee, identifies developmental competencies along with Appraisee, drafts a development plan for Appraisee, approves Appraisee's performance and development plan and forwards the performance and development plan to Reviewer for sign off.

The Reviewer reviews Appraisee's performance and development plan, validates and ensures consistency in term Stretch in Targets, resolves any conflict and provides final sign off on performance and development plan.

The roles and responsibilities of Appraisee, Appraiser and Reviewer in case of Mid Year Review are as follows:
The Appraisee conducts a self appraisal to evaluate performance on KRSs, routine responsibilities and competencies, discusses performance with Appraiser and seek feedback on performance, if required and approved, imitate change in performance and development plan.

The Appraiser reviews the self appraisal submitted by the appraisee, discusses performance of Appraisee and provide feedback. If initiated by the appraisee, evaluates the changes on performance and development plan and forwards to Reviewer for approval. The Reviewer, if initiated by the Appraisee, validate and approve the change in performance and development plan, followed by sign-off.

The roles and responsibilities of Appraisee, Appraiser and Reviewer in case of Final Review are as follows:

The Appraisee conducts self appraisal to evaluate performance on KRAs, routine responsibilities and competencies. The performance is discussed with the Appraiser and seek feedback on performance and finalises the overall score with Appraiser.
The Appraiser reviews the Appraisee’s self-appraisal and Mid Year Review. Evaluates performance and provide rating for each KSA, Routine Responsibility and competency. After discussing the performance with Appraisee and provide feedback and coaching. At last he calculate Appraisee’s overall score and forwards it to reviewer for sign-off.

The Reviewer conducts review of rating by the appraiser on appraisee’s performance and development plan. Resolves any conflict and gives final score by validating the overall score given by the appraiser.

B. MAP Resource Network

A strong network of resources across BHEL has been set-up to support a uniform implementation and usage of MAP. The resource network includes the following specific roles played by selected individuals at the unit. These individuals, in addition to their normal roles, provide support to executives at their respective units.

- MAP Champion - A designated resource in each unit who is the first point of contact for queries on MAP.
- Coordinator - A designated resource in each unit who is the first point of contact for queries on operating MAP on the Internet.
- Functional Coordinator - One representative from each function who will work closely with Functional Coordinators from other units for the development and refinement of URRs for the function in their unit. The MAP Champion plays the role of a Functional Coordinator if a Functional Coordinator has not been designated in a particular unit.
- Corporate HR - HR team at the Corporate Office who is responsible for coordinating the automated Normalization process in MAP.
A. Unique Role and Responsibility (URR) Templates

Unique Role and Responsibility Templates have been introduced in BHEL to standardize measurement of performance across individuals, teams, functions and units. The templates ensure consistency and uniformity in terms of the KRAs that are applicable to a role. At the same time, they also provide flexibility to incorporate differences that might exist in jobs mapped to the same unique role. The flexibility takes care of the specific emphasis or focus that a role may require in a given Performance Period.

Unique Roles are jobs that may be held by different incumbents but are essentially the same. For instance, there may be certain differences in incumbents like designation, years of experience, number of people supervised etc. But if the expectations of performance from them and their responsibilities are essentially the same, they perform the same Unique Role. A Unique Role and Responsibility Template (URR template) describes such a Unique Role and have been developed for all Unique Roles within BHEL.

The template provides unique role name, brief description of the role, KRAs, competencies and their proficiency levels and the overall weightage of the KRA section to Routine Responsibility Section.

Each Appraisee is assigned a URR by his Appraiser at the start of the Performance Cycle. This URR is used by the Appraisee for the purpose of creating the Performance and Development Plan. The URR template has two categories of KRAs that have been predetermined.

1. Essential KRAs: KRAs that are predetermined and compulsory for performance of the role. These will become
part of the Performance Plan of each Appraisee who is mapped to this URR.

2. Flexible KRAs: KRAs that are predetermined and relevant to a role, though not compulsory. These are suggested for adoption by the Appraisee as applicable. Flexible KRAs give the Appraisee the freedom to choose such KRAs from the list that he feels would be relevant for measuring performance in the Performance Cycle.

Each URR template clearly spells out the weightage between the KRA section and the Routine Responsibility section. The URR template contains a list of Competencies, maximum 7 in number, with the required proficiency levels on each.

B. The Stretch Tool

Stretch is the degree of difficulty built into the target at the time of Performance Planning. The Stretch Tool ensures that the targets set and agreed upon are based upon the performance expectations from the role, and not on the perceived capability of the individual performing the role.

The degree of difficulty in BHEL’s MOU objectives will be cascaded to the business sectors, their respective units, departments, product groups and finally to the level of individuals within the groups. BHEL, as an organisation will achieve its targets through the efforts of its people. This is possible only if the individuals and teams have targets with a degree of difficulty that meets or exceeds that of BHEL. The Stretch Tool consists of:

- Six dimensions that capture the underlying factors that cause the degree of difficulty to vary across business and individual situations
- Articulation of each dimension in terms of three levels of difficulty low, medium and high
- Stretch calculation table
<table>
<thead>
<tr>
<th>Relative to Previous Years</th>
<th>Dependence on Uncontrollables</th>
<th>Complexity</th>
<th>Skill Requirement</th>
<th>Ambiguity in Defining Outcomes</th>
<th>Need for Innovation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>Standards of timeliness (deadlines), quantity, quality and costs of outcomes can be met with normal effort. Standards have been regularly met before.</td>
<td>Limited support from others is necessary for success of the initiative.</td>
<td>Steps, milestones, and resource requirements follow a tested route.</td>
<td>Existing skills may be challenged, but new skills are not required.</td>
<td>Deliverables are clearly defined and are similar to previous deliverables.</td>
</tr>
<tr>
<td>Moderate</td>
<td>Standards of timeliness (deadlines), quantity, quality and costs of outcomes require some significant effort. Standards have been met once or twice before</td>
<td>Other’s work or support is necessary for success, but it may be late or not complete.</td>
<td>Target requires the coordination of more resources and elements than tested route.</td>
<td>Required skills can be developed from training with minimal disruption.</td>
<td>There is consensus, but not universal agreement on target outcomes.</td>
</tr>
<tr>
<td>High</td>
<td>Standards of timeliness (deadlines), quantity, quality and costs of outcomes require very significant, sustained effort. Requires standards that have never</td>
<td>Other’s work or support is necessary for success, but it may take a new direction at any point.</td>
<td>Required steps, dependencies, and time frames have not previously been planned, integrated, or executed.</td>
<td>Focused and dedicated time and resources will be necessary to gain required skills.</td>
<td>Multiple, divergent views on the target outcome must still be reconciled.</td>
</tr>
</tbody>
</table>
These six dimensions of Stretch will be used to ascertain the degree of difficulty of a target.

C. Rating Scales

Performance defined in MAP is evaluated using 5-point Rating Scales. These Rating Scales are used to assess the extent of accomplishment on KRA Targets, Routine Responsibilities and Competencies. One common scale will be used for assessing accomplishment on KRAs and Routine Responsibilities, while another scale will be used for assessing accomplishment on Competencies.

Rating KRAs and Routine Responsibilities

KRAs and Routine Responsibilities have a 5-point scale where each rating has been articulated and explained.

<table>
<thead>
<tr>
<th>Level</th>
<th>Expectations</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Significantly Below Expectations</td>
</tr>
<tr>
<td>2</td>
<td>Moderately Below Expectations</td>
</tr>
<tr>
<td>3</td>
<td>Meets Expectations</td>
</tr>
<tr>
<td>4</td>
<td>Moderately Above Expectations</td>
</tr>
<tr>
<td>5</td>
<td>Significantly Above Expectations</td>
</tr>
</tbody>
</table>

Rating Competencies

The 5-point Rating Scale for Competencies is different from the one used for KRAs and Routine Responsibilities. The Appraisee is evaluated on all Competencies in the URR using the Competency Scale. Each Rating on the scale has been articulated to describe the extent to which an Appraisee has displayed the behaviours described in the required proficiency level of the Competency. Based upon the behaviours observed, the Rating that best describes the set of displayed behaviours is chosen as the Rating on that Competency.
In MAP, Normalisation is the process of aligning the distribution of individual performance scores to the performance level of the company, unit and department in a Performance Cycle. Business sectors are treated as units for the purpose of Normalization. The URR templates and the principles of Stretch ensure that there is objectivity, transparency and consistency in the definition of performance and the Stretch in Targets.

The process of Normalization ensures that the percentage of high performers in a department that has achieved its performance objectives is greater than the percentage of high performers in a department that has not achieved its performance objectives and the number of high performers in a year in which BHEL has met its goals is greater than the number of high performers in a year in which BHEL has not met its goals.

The applicable distribution of scores for the Performance Cycle will be determined from the Table of Distribution by Performance Level” based on actual performance achievement by BHEL, units and departments. This table may change from year to year. In MAP, Normalisation Centres have been defined for all Appraisees that relate the Appraisee’s performance to the business performance of the Appraisee’s department, unit and organization.

Normalization Process

At the beginning of the financial year, performance measures and Targets are defined for BHEL, units and departments. At the beginning of the Performance Cycle, KRAs and targets are clearly defined for Appraisees in MAP. On completion of the financial year, the actual performance of BHEL, units and departments will be known in terms of performance levels as per MOU or targets. On
completion of the Performance Cycle, the actual performance of Appraisees will be known in the Final Review in terms of the Final Score.

Corporate HR will input the following into the MAP normalisation software to generate the Final Performance Rating for Appraisees:

- Performance level data for BHEL, units and departments.
- Final Score data of all Appraisees.
- Table of Distribution by Performance Level

The Final Performance Rating are communicated to each Department Head and from them all Appraisees are informed of their Final Performance Rating.

E. Competencies

Competencies are skills and abilities described in terms of behaviours that are coachable, observable, measurable and critical to individual performance. Competencies in MAP serve a development purpose and are used to identify the development needs of the Appraisee. They do not contribute to the overall score.

Competencies form the foundation of what capabilities are required by the Appraisee for the successful execution of the role and responsibility, thereby driving his performance. A five point rating scale has been designed to specifically assess Competencies. Nineteen Competencies in MAP are used for assessing and developing individual capability. Each URR identifies the relevant Competencies and the desired Proficiency Level applicable to the role.
Competencies in MAP

<table>
<thead>
<tr>
<th>Planning &amp; Organising Initiative</th>
<th>People Capability</th>
</tr>
</thead>
<tbody>
<tr>
<td>Imitative</td>
<td>Job Knowledge</td>
</tr>
<tr>
<td>Commitment to Quality</td>
<td>Analytical Ability</td>
</tr>
<tr>
<td>Creativity and Innovation</td>
<td>Communication Skills</td>
</tr>
<tr>
<td>Interpersonal Relations</td>
<td>Teamwork</td>
</tr>
<tr>
<td>Cost Consciousness</td>
<td>Achievement Orientation</td>
</tr>
<tr>
<td>Customer Focus</td>
<td>Problem Solving</td>
</tr>
<tr>
<td>Strategic Thinking</td>
<td>Negotiation Skills</td>
</tr>
<tr>
<td>Decision Making</td>
<td>Knowledge of the Business</td>
</tr>
<tr>
<td>Risk Taking</td>
<td></td>
</tr>
</tbody>
</table>

Each Competency has an overall definition that describes the behaviours that the Competency focuses upon. Each Competency is further defined in terms of Proficiency Levels. Each Proficiency Level outlines the specific set of behaviours required to be demonstrated for that specific Competency.

*Development Plan*

One of the key elements of MAP is the focus on Appraisee development and growth. The Development Plan of an Appraisee needs to be built with careful thought as it will serve as the basis on which training resources of the organization will be allocated and the specific training and development of Action Plans of the Appraisee will be initiated.

The Development Plan will not only consider the skills required for an Appraisee to be effective in his role today but also the skills that would be required in the future. The focus of the Development Plan would be to identify the Appraisee’s learning needs in a structured manner and to put into place the Action Plan.
The Development Plan will be an outcome of the Final Review held in April and the broad career direction for the Appraisee. The previous Final Review would have clearly ascertained the strengths and weakness of the Appraisee based on the level of capability displayed on Competencies.

Areas of weakness may have been identified in the previous Performance Cycle where the Appraisee has obtained a Rating of 2 or below on certain Competencies, indicating the need for development in the specific area.

However, other Competencies on which the Appraisee has obtained a Rating of 3 or more can also be marked as 'Developmental'. A total of three Competencies can be marked as 'Developmental'. The Developmental Competencies will form the major input into the Development Plan for the current Performance Cycle.

The Development Plan can consist of learning initiatives such as classroom training, on the job training, cross-functional exposure, short-term assignments, self-learning etc.

Changes in Performance Plan

Business situations often lead to a requirement of a change in roles. These changes could be due to transfers, promotions, separations, or even a change in responsibility allocated. The situations that may necessitate a modification to the Performance Plan in the Performance Cycle are:

If the Appraisee's role changes at the beginning of the Performance Cycle up till end-May, the Appraisee will be mapped to a new URR and will follow the regular MAP cycle. In the event that an Appraisee undergoes a role change during the course of the remaining Performance Cycle, the process will be as follows:
Closing and creating performance plans:

- When an Appraisee undergoes a role change during the course of the Performance Cycle, he will close the existing Performance Plan before transitioning into the new role.

- The Appraiser will assess the Appraisee for the Performance Period that he was in the previous role. This discussion will be similar to the final review, wherein a final score will be given on KRAs, Routine Responsibilities and Competencies and signed off by the Reviewer.

- After transitioning to the new role, the Appraisee will be assigned a new URR template. The Appraisee will then create his new Performance Plan based on the new URR template for the performance period. The performance period for the Appraisee will thereafter run as per the remaining Performance Cycle of MAP.

Final scores for the entire performance cycle:

- For the purpose of calculating Final Score of an Appraisee who has been in more than one role during the Performance Cycle, a time weighted average of the Final Scores for the Performance Periods in the various roles performed respectively will be taken.

- While evaluating performance, the Appraiser will keep in mind the performance period that the Appraisee had available for demonstration of performance. Thus targets would need to be extrapolated for the time period that the Appraisee has been in the role.

- If an Appraisee has occupied a role for a period less than a month, the same will not be considered while computing the final score.
The Performance Appraisal for Supervisory staff in BHEL, Jhansi is carried out for the financial year on the basis of Appraisal Report. Absolute judgement format has been adopted in the appraisal report and the measures on which the employees in the supervisory cadre are evaluated are performance evaluation and personal traits. The measurement tool used in the format is the rating scales.

The Appraisal Report for supervisory cadre is divided into three parts. The first seeks personal information of the Assesse, the second part contains measures on which performance is evaluated and the third part contains measures for evaluation of personal traits.

The personal information sought in relation to employee whose performance is being assesses by the supervisor for submission of appraisal report is name, clock number, designation, basic salary, pay scale, present grade, entry date, qualification, EL/SL, leave without salary in days and nature of work.

The measures used for the evaluation of performance and the weightage given to each measure on the rating scale are as follows:

<table>
<thead>
<tr>
<th>Measures of Performance Evaluation</th>
<th>Weightage/Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Job Performance</td>
<td>10</td>
</tr>
<tr>
<td>- Qualitative and quantitative performance.</td>
<td></td>
</tr>
<tr>
<td>- Timely completion, accuracy and dependability.</td>
<td></td>
</tr>
<tr>
<td>- Direction, supervision and control of subordinates.</td>
<td></td>
</tr>
<tr>
<td>- Willingness to accept responsibility.</td>
<td></td>
</tr>
<tr>
<td>2. Professional Ability</td>
<td>10</td>
</tr>
<tr>
<td>- Job related technical/procedural and regulations knowledge.</td>
<td></td>
</tr>
<tr>
<td>- Soundness of opinion and decision making courage.</td>
<td></td>
</tr>
</tbody>
</table>
3. Planning Ability
   - Activities advance planning and anticipation of probable.
   - Problems to accomplish objectives.
   - Setting priorities and schedules.

4. Organising Ability
   - Proper grouping of activities and assigning responsibilities.
   - Coordination and follow up of directives to achieve targets.
   - Optimum utilisation of resources.

5. Attendance and Punctuality
   - Observance of duty timings punctually.
   - Availing leave without permission and minimum number of times.
   - Not availing leave without pay.
   - Not missing from workplace.

The measures used for evaluating personal trait and the weightage given to each measure on the rating scale are:

<table>
<thead>
<tr>
<th>Measures of Personal traits</th>
<th>Weightage/Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Leadership Qualities</td>
<td>10</td>
</tr>
<tr>
<td>- To inspire confidence and enthusiasm amongst subordinates.</td>
<td></td>
</tr>
<tr>
<td>- To develop subordinates by sharing information and delegating responsibility.</td>
<td></td>
</tr>
<tr>
<td>- To set example for subordinates in attendance and punctuality.</td>
<td></td>
</tr>
<tr>
<td>- To convince others.</td>
<td></td>
</tr>
<tr>
<td>2. Human Relations Skills</td>
<td>10</td>
</tr>
<tr>
<td>- Tactfulness and patience displayed in dealing with employees.</td>
<td></td>
</tr>
<tr>
<td>- Ability to carry people with and enforce discipline.</td>
<td></td>
</tr>
<tr>
<td>- Ability to work harmoniously in a group.</td>
<td></td>
</tr>
<tr>
<td>- Emotional stability under stress.</td>
<td></td>
</tr>
</tbody>
</table>

235
3. Initiative and Drive
   - Ability to cover new ground and make improvements.
   - Readiness to accept new ideas.
   - Resourcefulness.

4. Conduct
   - General behaviour and amenability to discipline.
   - Cooperativeness with fellow employees and supervisors.
   - Truthfulness and moral courage to admit mistakes.

5. Contribution
   - Award/Reward received.
   - Any meritorious or innovative task taken up or significant improvement made.
   - Any specific contribution during the year towards productivity, suggestion scheme and quality circle.

6. Basic Strength and aptitude

7. Knowledge of ‘Conduct, Discipline and Appeal Rules’ and ‘Certified Standing Orders

8. Integrity
   - Honesty and loyalty towards the company
   - Truthfulness, frankness and observance of secrecy.

If the integrity of employee is doubtful, the rating column in the appraisal report is left blank and a secret note is prepared, specifying doubt in integrity. Follow up action is undertaken and in case if the doubt in integrity is confirmed, a note in the appraisal report is made and is communicated to the employee subsequently. If in case, the employee is exonerated, the appraisal report is completed by recording the rating in the integrity column.

Additional information regarding any disciplinary action taken and the state of health of the employee, during the financial year is also sought for in the Appraisal report.

The ratings given by the supervisor on each measure are totalled up
in order to obtain the final score. On the basis of the final score grading is done of each employee. The following table depicts the range of overall score and the grade awarded to employees.

<table>
<thead>
<tr>
<th>Range of overall score</th>
<th>Grade</th>
</tr>
</thead>
<tbody>
<tr>
<td>81 to 100</td>
<td>Outstanding</td>
</tr>
<tr>
<td>61 to 80</td>
<td>Very Good</td>
</tr>
<tr>
<td>51 to 60</td>
<td>Good</td>
</tr>
<tr>
<td>41 to 50</td>
<td>Poor</td>
</tr>
</tbody>
</table>

In BHEL, Jhansi, the process of performance appraisal culminates with reward or punishment for the employee. The opinion of the initiating officer is ascertained regarding the eligibility of the appraised employee regarding promotion. The opinion of the initiating officer regarding the suitability of the employees for promotion to executive cadre is also sought. Finally, in order to reduce bias on the part of the initiating officer, the report is examined by another officer of senior rank and he approves the report by countersigning on it. The opinion of the approving officer is also ascertained on the adverse remarks of the initiating officer. If the approving officer considers the adverse remarks unjustified, he can disapprove them in the appraisal report.
The Performance Appraisal for non-supervisory staff or the artisan cadre in BHEL, Jhansi is carried out on the basis of Appraisal Report. Absolute judgement format has been adopted in the appraisal report and the measures on which the employees in the artisan cadre are evaluated are performance evaluation and personal traits. The measurement tool or method used in the format is the rating scales.

The Appraisal Report for artisan cadre is divided into three parts. The first seeks personal information of the Assesse, the second part contains measures on which performance is evaluated and the third part contains measures for evaluation of personal traits.

The personal information sought in relation to employee whose performance is being assesses by the supervisor for submission of appraisal report is name, clock number, designation, basic salary, pay scale, present grade, entry date, qualification, EL/SL, leave without salary in days and nature of work.

The measures used for the evaluation of performance and the weightage given to each measure on the rating scale are:

<table>
<thead>
<tr>
<th>Measures of Performance Evaluation</th>
<th>Weightage/Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Job Performance</td>
<td>20</td>
</tr>
<tr>
<td>- Qualitative and quantitative performance.</td>
<td></td>
</tr>
<tr>
<td>- Timely completion.</td>
<td></td>
</tr>
<tr>
<td>- Dependability.</td>
<td></td>
</tr>
<tr>
<td>2. Knowledge of Work</td>
<td>10</td>
</tr>
<tr>
<td>- Intelligence.</td>
<td></td>
</tr>
<tr>
<td>- General ability.</td>
<td></td>
</tr>
</tbody>
</table>

238
3. Attendance and Punctuality
   - To observe duty timings punctually.
   - Availing leave without permission and on minimum occasions.
   - Not availing leave without pay.
   - Absconding from work.

The measures used for evaluating personal trait and the weightage given to each measure on the rating scale are:

<table>
<thead>
<tr>
<th>Measures of Personal traits</th>
<th>Weightage/Marks</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Conduct</td>
<td>10</td>
</tr>
<tr>
<td>- General Behaviour and amenability to discipline.</td>
<td></td>
</tr>
<tr>
<td>- Cooperativeness with fellow employees and supervisors.</td>
<td></td>
</tr>
<tr>
<td>2. House Keeping and Safety</td>
<td>10</td>
</tr>
<tr>
<td>- Wearing of protective clothing, uniform and shoes etc.</td>
<td></td>
</tr>
<tr>
<td>- Use of safety appliances.</td>
<td></td>
</tr>
<tr>
<td>3. Willingness to Work</td>
<td>10</td>
</tr>
<tr>
<td>- Devotion to duty</td>
<td></td>
</tr>
<tr>
<td>- Preparedness to work voluntarily with zeal and aptitude and also on allied jobs.</td>
<td></td>
</tr>
<tr>
<td>4. Contribution</td>
<td>10</td>
</tr>
<tr>
<td>- Award/ Reward received.</td>
<td></td>
</tr>
<tr>
<td>- Any meritorious work done, letter of apprication issued, innovation etc.</td>
<td></td>
</tr>
<tr>
<td>- Any specific contribution during the year towards productivity, suggestion scheme and quality circle.</td>
<td></td>
</tr>
<tr>
<td>5. Basic Strength and aptitude</td>
<td>10</td>
</tr>
<tr>
<td>6. Integrity</td>
<td>10</td>
</tr>
<tr>
<td>- Honesty and loyalty towards the company</td>
<td></td>
</tr>
<tr>
<td>- Truthfulness, frankness and observance of secrecy.</td>
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</tr>
</tbody>
</table>
If the integrity of employee is doubtful, the rating column in the appraisal report is left blank and a secret note is prepared, specifying doubt in integrity. Follow up action is undertaken and in case if the doubt in integrity is confirmed, a note in the appraisal report is made and is communicated to the employee subsequently. If in case, the employee is exonerated, the appraisal report is completed by recording the rating in the integrity column.

Additional information regarding any disciplinary action taken and the state of health of the employee, during the financial year is also sought for in the Appraisal report.

The ratings given by the supervisor on each measure are totalled up in order to obtain the final score out of total of 100. On the basis of the final score grading is done of each employee. The following table depicts the range of overall score and the grade awarded to employees.

<table>
<thead>
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<td>Good</td>
</tr>
<tr>
<td>41 to 50</td>
<td>Fair</td>
</tr>
<tr>
<td>0 to 40</td>
<td>Poor</td>
</tr>
</tbody>
</table>

As in most companies, the process of performance appraisal culminates with reward or punishment for the employee, in BHEL Jhansi also, opinion of the supervisor is ascertained regarding the eligibility of the appraised employee regarding promotion. The opinion of the supervisor regarding the suitability of the employees for promotion to supervisory cadre is also sought. Finally, in order to reduce bias on the part of the supervisor, the report is examined by another officer of senior rank and he approves the report by countersigning on it. The opinion of the countersigning officer is
also ascertained on the adverse remarks of the initiating officer. If the countersigning officer considers the adverse remarks unjustified, he can disapprove them in the appraisal report.

In order to find out the perception of the employees regarding performance appraisal in BHEL Jhansi, the researcher conducted survey on the basis of questionnaire (annexure 'A'). The following are the results obtained on the basis of the survey:

- The awareness level regarding the procedure adopted by BHEL for conducting performance appraisal was quite high. Almost all the respondents were aware of the procedure for conducting performance appraisal in BHEL.

- The views of the respondents to weather the procedure adopted for conducting performance appraisal is well laid down or not, were positive. As many as 91% of the respondents were of the view that the procedure was well laid down.

- The satisfaction level regarding the manner in which performance appraisal is administered to the executive cadre in BHEL was ascertained. As many as 67% of the respondents were satisfied up to great extent, 22% to high extent where as only 11% were satisfied to some extent regarding the manner in which performance appraisal is administered.

- The views regarding the measures used in MAP to appraise performance of the executives in BHEL was ascertained. Out of the total, 73% of the respondents were of the view that the measures were excellent, 16% of the respondents were of the view that the measures were good whereas 11% thought that the measures were satisfactory.
• The opinion regarding the ways through which performance appraisal can be made more effective for the executives were that 7% suggested that that the process should be made more interactive, 18% suggested that the process should be made more pronounced through built in reward and punishment system, 10% suggested that the process should be made more authoritative and 65% thought that no change in the process is required.

• The satisfaction level regarding the manner in which performance appraisal is administered to the supervisory cadre in BHEL was ascertained. As many as 27% of the respondents were satisfied up to high extent, 66% to some extent where as only 7% were satisfied to little extent regarding the manner in which performance appraisal is administered.

• The views regarding the measures used in the appraisal report to appraise performance of the supervisors in BHEL was ascertained. Out of the total, 10% of the respondents were of the view that the measures were excellent, 72% of the respondents were of the view that the measures were good whereas 18% thought that the measures were satisfactory.

• The satisfaction level on the grading system used in the appraisal report for supervisors was ascertained. As many as 17% of the respondents were satisfied to great extent, 65% were satisfied to high extent whereas 18% were satisfied to some extent.

• The opinion regarding the ways through which performance appraisal can be made more effective for the supervisors were that 66% suggested that that the process should be made more interactive, 19% suggested that the process should be made more pronounced through built in reward and punishment system, 10% suggested that the process should be made more authoritative and 5% thought that no change in the process is required.
The satisfaction level regarding the manner in which performance appraisal is administered to the artisan cadre in BHEL was ascertained. As many as 10% of the respondents were satisfied up to great extent, 53% to high extent, 30% to some extent where as only 7% were satisfied to little extent regarding the manner in which performance appraisal is administered.

The views regarding the measures used in the appraisal report to appraise performance of the artisans in BHEL was ascertained. Out of the total, 3% of the respondents were of the view that the measures were excellent, 23% of the respondents were of the view that the measures were good whereas 73% thought that the measures were satisfactory.

The satisfaction level on the grading system used in the appraisal report for artisans was ascertained. As many as 16% of the respondents were satisfied to great extent, 71% were satisfied to high extent whereas 23% were satisfied to some extent.

The opinion regarding the ways through which performance appraisal can be made more effective for the artisans were that 68% suggested that that the process should be made more interactive, 24% suggested that the process should be made more pronounced through built in reward and punishment system and 8% suggested that the process should be made more authoritative.

The opinion regarding the main impediment in the way to effective performance appraisal is that 68% consider organisational politics as the main impediment, 21% consider influence of liking as the main impediment and 11% consider error on the part of rator as the main impediment.