

**Model, and Method
for
Process Oriented Employee Performance Appraisal**

SunRise Model



By:

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Foreword

I have been associated with different organizations as management consultant for over a decade and have handled many different assignments. It was sometime about three years back, one of my clients expressed his unhappiness with the Employee Appraisal System in one of his organizations and asked me to suggest something new. After studying information on different systems available in the academic books and few more available through HR consultants, I decided to design a different system.

A new system was designed and implemented in the client's organization. After initial resistance and some teething problems, the system paid rich dividends.

Recently I received many enquiries specifically for development of Employee Appraisal systems indicating it to be a widespread need of the business organizations. This prompted me to write and publish this book.

The model for employee appraisal system presented in this book is quite objective and supports the business process. I call it SEAM (SunRise Employee Appraisal Model). I hope the readers will find the model helpful for their organizations.

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Introduction

Employee performance appraisal is one of the most important HR interventions in any organization. It strongly broadcasts what is valued and what is not valued in the organization. This strong message has many long term consequences for the organization, its culture and its operations; and hence the performance appraisal system needs to be designed very carefully.

Every employee working in an organization has different qualities, attitude, motives, personality traits, skills, knowledge etc. which affects their performance at work. Organizations, in order to facilitate excellence in the performance of the people in the organization, are required to identify the right person for every job, and ensure their productive contribution to the company objectives. Giving performance feedback and providing remuneration and reward based on contribution are two methods for facilitating better performance of the employees. Employee performance appraisal provides a basis for providing feedback and also for deciding remuneration and reward for contribution and performance.

There are many different performance appraisal systems in use the world over, and each system has its own advantages and disadvantages.

The appraisal systems can be categorized on the following parameters:

A. Purpose of the system: Whether for Training & Development, OR Deployment OR Reward i.e. Salary Raise & Promotions.

B. Appraisal Measurement factors: Which factors are measured and considered? Results and achievements OR Potential and competencies OR Working Process OR Working Style

C. Appraisal Participants: Who are involved in appraisal?

Self Appraisal AND / OR Customers AND / OR Colleagues AND / OR Seniors
AND / OR Subordinates AND / OR External experts AND / OR HR department

D. Process: How the appraisal is carried out?

Formal / Informal; Structured / Unstructured; Subjective/ objective

E. Timing and Frequency

Yearly / Half Yearly/ Quarterly; on mile stones like completion of project or project phase or assignment;

Every organization chooses a suitable methodology for employee appraisal based on the business requirements and availability of expertise. The most often used appraisal methods are:

1. Appraisal of performance against business objectives OR Key Result Areas (KRAs)
2. Performance appraisal against desired style and working parameters

Some organizations use methods like psychometric tools or competency mapping and assessment methodology for potential appraisal of the employees.

We shall discuss these aspects of the appraisal in the following pages.

Importance of Staff appraisal system

Generally organizations use performance appraisal as a tool to decide salary increments, promotions and functional shifts for the employees. All these decisions have direct and deep impact on lives and future prospects of the employees. Hence the appraisal is taken quite seriously by most of them. With declaration of performance appraisal program anxiety levels of most of employees go up!

Also, what ever is measured, recorded, discussed, communicated and acted upon in the organization is considered important. Design of performance appraisal scheme tells employees as what is important for the organization and shall affect their future. This affects the way employees think and respond to their duties and responsibilities. This directly affects the organization culture and hence organizations desirous of establishing professional culture should carefully design and establish professional employee appraisal system.

Also, the executives with the responsibility of conducting the performance appraisals are considered powerful in the organization and they wield tremendous influence on the employees.

All these factors require serious consideration and conscious decision regarding different aspects of employee performance appraisal.

Understanding Business and Organization

Any business organization exists to serve identified needs of the society. Employees working in the organization are responsible for effectively serving those needs as per the assigned responsibilities. The established relationships between employees and the responsibilities assigned to them are broadly called an organization. Organizations have their own dynamics created by variety of internal as well as external factors.

Organizations make use of internal strengths to survive and grow in the prevailing external business and social environment. Thus “survival & growth” of organization and its business in dynamic and competitive environment, is the main goal of any business organization.

Thus the objectives of any organization in the order are:

1. Serving Customer's needs
2. Survival and growth of business
3. Earning Profits on transactions

Business Operations

If we look at the way business organizations are set up and operated, the sequence of activities is as below:

1. Business is set up to satisfy a market need.
2. Organizations select technology to provide service or products to satisfy the need
3. Organizations set up plant and machinery with the aid of technology to establish mode and means to satisfy the need
4. Organizations buy materials and services and produce items or provide services to the clients for money.
5. *Organizations setup “process” or devise order for productive, effective and efficient utilization of facilities and equipment*
6. *To operate established processes efficiently:*
 - i. *Define & establish working relationships among the employees*
 - ii. *Provide necessary infrastructure and facilities*
 - iii. *Provide necessary training and instructions*
 - iv. *Provide means to gauge the performance*
 - v. *Provide facilities & arrangements to improve performance*

Looking at the organizational activities listed above; there are three types of responsibilities in any organization:

1. *To understand customer's requirements and market situation*
2. *To design, establish and improve the organizational processes to serve the customer's requirements effectively, efficiently and competitively*
3. *To operate the established organizational processes efficiently*

Every employee in any organization is working for one or more of these three objectives directly or indirectly. The Performance of organization greatly depends on how well the above objectives are achieved.

The performance appraisal needs to be designed to gauge the performance against the above three objectives.

Aspects of Employee Performance Appraisal

As we have seen earlier, performance appraisal system communicates a message to the employees and hence every aspect of it must be carefully considered before finalization. Main aspects of the employee performance appraisal system that should be considered are:

1. Objective of the Performance Appraisal
2. Appraisal Elements/ factors
3. Process of appraisal
4. Post Appraisal Actions

Let us look into each of the above in details.

Objectives of Performance Appraisal

Performance appraisal works as an important component of performance management system. In professional appraisal practice expectations from the employees, their performance against expectations and method to gauge the performance is established and communicated.

There is a widespread belief that the purpose of employee appraisal is deciding salary increments and promotions, as most of the organizations employ it only for that purpose. However performance appraisal can serve variety of organizational needs very effectively, like:

1. Employee training need identification
2. Employee knowledge and experience capture
3. Identification of opportunities for improvement
4. Motivating the employees
5. Developing professional culture

The performance appraisal should take into consideration requirements of the employees which include:

- ◆ The performance appraisal should be objective
- ◆ It should be conducted in fair and transparent manner
- ◆ It should be rational
- ◆ It should guide the Employees to improve the performance

Appraisal Elements/ factors

Appraisal elements or factors are the base of any appraisal system. As we have seen earlier most of the organizations make use of KRAs or Key Result Areas or assigned operating targets for appraisals.

Another set of elements which is generally used are the working style or characteristics like Proactive, Leadership, Communication, Delegation etc.

Both these systems have disadvantage that they are not objective as achievement of targets in KRAs depends on several factors many of which are beyond the control of the employee. Also assessment of personality attributes or working style is greatly influenced by individual relationships and perceptions.

Some organizations are using competency based assessments for annual appraisal, which in our opinion is not the right one for the purpose. Competency assessment is best suited for the recruitment decisions, promotion decisions, development need identification, and performance diagnostics.

For further information on “Competency mapping and assessment”, readers are requested to refer to our book on the subject.

Method of appraisal

As seen earlier the method of appraisal affects the organization culture and hence it should have following characteristics:

- ◆ *The Performance Appraisal Should Be Objective*
- ◆ *It Should Be Conducted In Fair And Transparent Manner*
- ◆ *It Should Be Rational*
- ◆ *It Should Guide The Employees To Improve their Performance*

The above characteristics can be achieved if the following elements are built in the system:

- ◆ *The employees should be communicated of appraisal process in advance, before starting of the appraisal period*
- ◆ *The system should be data and evidence based*
- ◆ *Appraisal factors should be under the control of the employees.*
- ◆ *The appraisal outcome should be discussed with the concerned employees before finalization*
- ◆ *There should be periodic appraisals preferably based on mile stones*
- ◆ *The appraisal records should be available for all to see*

We shall discuss the proposed model in the following pages...

Our Model

The model presented here is developed by Mr. Milind Kotwal, of SunRise Management Consulting Services Thane and shall be known by the name SunRise model of Employee performance appraisal.

The model is protected from unauthorized copying by copyright law.

Model Objectives

The model structure and methodology is developed with the following objectives:

- ◆ **The appraisal should motivate the employees for achieving organization objectives.**
- ◆ **It should guide employees to improve their performance**
- ◆ **It should help organizations to identify development needs of the employees for better performance.**
- ◆ **It should promote development of professional culture in the organization**
- ◆ **It should provide objective criteria for decision on remuneration and promotions**
- ◆ **It should help to Identify opportunities for improvements in the organization and work practices**
- ◆ **It should help to capture knowledge and experience gained by the employees**

Scope and limitations of the model

The model can be used in any industry segment and functional area.

The model is useful for the appraisal of employees in managerial and executive positions.

This model is also suitable for appraisal of employees in leadership positions like CEO, COO, CFO, and CTO.

This model is not suitable for staff and workmen who are executing the assigned tasks. We have attached herewith an Annexure which provides a format for appraisal of workmen and non executive staff.

When to carry out the Appraisal

In most of the organizations, appraisal is carried out once in a year and that too only for the purpose of promotions and increments. However the formal appraisal has to be a continuous process and the consolidation of all appraisals should be carried out at the end of the year for the purpose of increments decisions.

The professional executives in any organization review and maintain continuous follow up of all important matters. Employee performance being one of the most important concerns of any business organization, employee appraisal and feedback should be carried out as often as possible.

Performance appraisal and feedback should be used for culture building initiatives. Formal appraisal should be carried out at every mile stone, critical achievement or failure, completion of assignment, or end of month/ quarter. End of the month appraisal for all new entrants in the organization pays rich dividends.

Every organization should decide their own schedule, based on their requirement and targets; however there has to be minimum one appraisal in every quarter. For project or job based organizations there has to be one appraisal at the completion of the project milestones or project.

Frequent appraisal provides great performance improvements when carried out objectively.

Who should carry out the appraisal

The responsibility of carrying out the appraisal should always be with the executives in leadership role. The views and opinion of executives in managerial role should be considered for appraisal but executive in leadership role shall have final responsibility.

In any organization there are basically three types of roles as defined below. Actual responsibilities for any job position may be combination of these roles.

1. Leader

Leader is responsible for devising organization response to external as well as internal requirements, threats, developments and opportunities. Leader has no preplanned process to follow nor has to meet targets set by others. Leaders set their own targets and decide their own processes.

2. Manager

Manager is responsible for planning and coordination for implementation of the response devised or facilitated by the leader. Manager devises, selects and controls the programs, plans and processes.

3. Executive

Executive is responsible for implementing the organizational programs and activities as planned by manager.

Appraisal Factors

The model uses two categories of factors for employee appraisal. These are:

- 1. Hygiene Performance Factors (HPF)**
- 2. Differentiating Contribution Factors.(DCF)**

Hygiene performance is achieving assigned business process goals, like production targets, sales targets which are within the established capacity of installed or assigned infrastructure and resources.

Differentiating contribution is the contribution to the organization which more or different than the established capacity of the organizational processes.

1. The hygiene performance factors are the ones which are elements in achieving business process goals. These are further categorized into:

- a. The Achievement Process Factors**
- b. The Differentiating Performance Factors**

The achievement process factors are the basic steps that an employee follows for executing an assigned task successfully.

The differentiating performance factors are the qualitative aspect of the process of execution.

2. The differentiating contribution factors cover the employee contributions that help the organizations to excel.

The differentiating contribution factors gain importance only when the employee is able to deliver results in hygiene factors. An employee delivering excellent performance in differentiating contribution factors without delivering results in hygiene factors is not likely to be a desirable employee for the job.

The proportion of HPF to DCF for a job position varies with industry, function, role & responsibilities and business processes.

The Achievement Process Factors

These factors are the logical steps that lead to successful operation of business processes. These are:

1. Initiative:

Initiative is taking the first step on the path to achieve the assigned objective. An executive needs to take initiative to start the activities to achieve the assigned objectives.

2. Planning and communication

There are always many tasks to be completed which demand time and resources. Also every task affects several other employees, involves many resources, critical inputs, and expenditure. Procurement of inputs, sharing of resources, scheduling of expenditure requires careful planning and communication of the planned activities to ensure success. Planning to necessary details and selection of right people, right equipment and facilities with conscious efforts for efficient and effective achievement is necessary.

3. Resources mobilization:

Issuing instruction with necessary details to all concerned for release of inputs, tools and equipments, people, and various necessary services for the planned action and resolving any issues with the concerned is an important step for successful accomplishment of the task.

5. Execution:

To execute the planned tasks for the desired results is the ultimate objective of any endeavor. This requires necessary technical knowledge and skills for execution. This factor is concerned with qualitative and quantitative aspects of the execution. This factor has more weightage for junior level positions.

6. Coordination & Follow up:

For successful execution of any project continuous coordination with all involved is necessary to resolve emerging issues, resource requirements, and conflicts. A successful executive always maintains precise coordination with all involved. However follow up does not mean pressurizing the responsible executives to comply. It is restricted to bringing the requirement, its important and criticality to the notice of the concerned executive. It also means timely notification to the seniors of the likely noncompliance and its effects.

7. Results:

If the process steps detailed above are followed, positive results are sure to show up. The results need to be analyzed for achievement of desired quality, cost and delivery requirements.

Each of the seven factors can be gauged based on operating evidence and formal communications with the concerned.

The differentiating performance factors

Apart from the factors that are described above, there are other factors that differentiate a super achiever from others. Presence of these factors or lack of these factors shows up in **failures, conflicts and resolution of conflicts**. These are:

1. Clarity of Objectives

Developing clarity of objectives is the first step to success. Without clarity of the objectives no meaningful progress is possible.

2. Clarity of Process to objectives

Clear understanding of steps to be taken and operations to be carried out is prerequisite to success.

3. Clarity in instructions/ information

Clarity in communication including instructions, and information given to all concerned is an important factor in good performance.

4. Persistence

Under situations when executives facing a situation that is beyond their control; not losing the sight of the objective and keeping the efforts alive is a key to success.

5. Creativity and problem solving

There are always problems encountered in executing tasks, which may be technical, managerial, or even personal. Creativity is generating multiple solutions to solve the problems.

6. Team Working

Facilitating harmonious relationship among the employees involved in a task is a must for success. A successful team worker understands needs of fellow individuals and works in a way that does not impede team activities.

7. Respect of Authority

Every executive has a role to play and responsibilities to fulfill. Organizations authorize executives according to their responsibilities and role. In order to promote professional culture and maintain harmonious relationships it is necessary to honor responsibilities and authorities of every other executive. Overstepping on the authorities of others, even to achieve an assigned objective, is not desirable in the long term interest of the organization.

Depending on the nature of processes the relative importance of the differentiating performance factors varies.

Differentiating Contribution Factors

The hygiene performance factors are important to consistently achieve the success in the tasks and responsibilities. There are also other contributions which an employee makes to the organization which are important for growth and survival of business and hence must be recognized and rewarded. These contributions are:

1. Cost Cutting / Waste reduction

The cost cutting or waste reduction can be achieved by saving of space, time, material, efforts, equipments, tools & implements, services and attention.

2. Quality Improvement

This covers the better compliance with the specified requirements in the process. And also improving the specifications in line with the customers requirements and competitors offerings (A good supplier captures the implied requirements of the customer and converts them into specifications.)

3. System Improvement

This covers improving organizational processes and procedures to achieve the desired results with savings of space, time, material, efforts, equipments, tools & implements, services and attention.

4. Subordinate Development

This covers initiatives to train and enable the subordinates to be effective in their jobs and also prepare them to take up higher responsibilities.

5. Social/ General Contribution

An organization is a part of society and initiatives and social service participation by the employees is in the interest of the organization in the long term.

Sample Appraisal Instrument

This sample is given to develop a feel for the readers; the final format may differ for every organization based on industry and process responsibilities, functions and responsibilities.

DRAFT format

For

Appraisal Instrument

Employee Performance Appraisal Form

DCI – EPA - 001

Section 1 -

Page 31 of 91

1. Management of “Company” is pleased to introduce a new employee performance appraisal system in the organization.
2. Appraisal is an opportunity for executives to discuss and understand, individual and organizational strengths & weaknesses; and plan for personal and organizational growth
3. We request all the employees to avail this opportunity to formally share your views on your expectations, performance, problems & obstacles encountered with your seniors and identify avenues for improvements.
4. The appraisal shall be conducted by
5. Wherever possible use soft copies for filling up the forms. Name the soft copy <XXX_YYY_Appraisal_YEAR> where XXX is your first name and YYY is your surname.
6. You shall fill up the Section I – Employee Information, Section III – Responsibilities and Assignments, Section V – Improvement Details, Section VI – Personal Developmental Needs, Section VII – Proposed Improvements, and Section IX – Employee Comments. in the attached format..
7. You are requested to be ready with information on the performance appraisal factors for presentation to the appraiser.
8. If you are not clear about any of the points please contact your section/ department head
9. You may include any specific suggestions for improvement

Employee Performance Appraisal Form

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Section I – Employee Information

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		Due date of submission		
		Candidate		For Appraiser
Department		Section		
Name of the Executive				
Designation:				
Reporting To:				
Appraiser				
Appraisal Date				
Appraisal Objective				
Appraiser Ratings	APF	DPF	DCF	Total
Remarks:				

Employee Performance Appraisal Form

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Section II – Appraisal Ratings

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The Achievement Process Factors

Projects/ Assignment/ Responsibility	Initiative	Planning & Communication	Resources Mobilization	Execution	Coordination	Results
Max Marks	40	80	80	40	120	40
Average						

Employee Performance Appraisal Form

DCI – EPA - 001

Section II – Appraisal Ratings

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The differentiating performance factors:

Projects/ Assignment/ Responsibility	Clarity Of Objectives	Clarity of Process to objectives	Clarity in communicatio ns/ Instructions	Persistence	Creativity	Team Working	Respect of Authority
Max Marks	50	50	50	50	50	50	50
Average							

Employee Performance Appraisal Form

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Section II – Appraisal Ratings

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Differentiating Contribution Factors

Projects/ Assignment/ Responsibility	Cost Cutting / Waste reduction	Quality Improvement	System Improvement	Subordinate Development	Social/ General Contribution
Max Marks	50	50	50	50	50
Average					

Employee Performance Appraisal Form

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Section IV – Assignment/ Responsibility Performance

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Discussion on Projects: (Use separate sheet for separate Projects/ Assignment/ Responsibility)

Projects/ Assignment/ Responsibility - >		
	Appraisal Factors	Evidence
	Initiative	
	Planning & Communication	
	Resources Mobilization	
	Execution	
	Coordination	
	Results	
	Clarity Of Objectives	
	Clarity of Process to objectives	
	Clarity in communications/ Instructions	
	Persistence	
	Creativity	
	Team Working	
	Respect of Authority	
	Cost Cutting / Waste reduction	
	Quality Improvement	
	System Improvement	
	Subordinate Development	
	Social/ General Contribution	

Employee Performance Appraisal Form

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Section V – Improvement Details

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Projects/ Assignment/ Responsibility - >

	Improvement Initiated					
	Nature of Improvement	Cost Cutting / Waste reduction / Quality Improvement / System Improvement				
	Improvement Details					
	Processes Modified					
	Procedures Modified					
	Material Changes					
	Other Changes					
	Instructions Issued (Change Notices)					
	Investments					
	Cost Escalation					
	Nature of Savings					
	Estimated Savings	Process Time	Materials	Manpower	Energy	Cost Savings

Employee Performance Appraisal Form

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Section VI – Personal Developmental Needs

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	Projects/ Assignment/ Responsibility	Support Required/ Resource requirement / Training Requirement/ Other requirements

Employee Performance Appraisal Form

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Section VII – Proposed Improvements

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Projects/ Assignment/ Responsibility - >						
	Improvement Proposed by					
	Improvement proposed					
	Nature of Improvement	Cost Cutting / Waste reduction / Quality Improvement / System Improvement				
	Proposed Improvement Details					
	Processes to be affected					
	Procedures to be modified					
	Material Changes					
	Other Changes					
	Estimated Investments	Process	Materials	Manpower	Energy	Other
	Nature of Savings/ cost increase					
	Estimated Savings	Process Time	Materials	Manpower	Energy	Cost Savings

Employee Performance Appraisal Form

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Section VIII – Learning/ Knowledge Data base

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	Index Field	Description
	Process	
	Activity	
	Equipment	
	Material	
	Responsibility	
	Nature of Information	
	Information details	

Developing Appraisal Framework

As requirements for effectiveness are different for every job, the appraisal framework needs to be customized for every job position. This is done by altering percentage of marks for each of the assessment factors based on the specific requirements for the particular job position.

The appraisal framework is developed in following steps:

1. Data / Information collection
2. Data/ information Analysis
3. Preparing job descriptions
4. Factor weightage workshop
5. Finalization of appraisal instrument

Each of these steps is explained in the following pages.

Data Collection

To work out appraisal framework first step is to collect all related information about job activities and responsibilities. These details are required to workout weightages for different appraisal factors.

A DCI “Data Collection Instrument” is attached in the following pages for reference.

Employee Performance Appraisal Form

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Section VIII – Learning/ Knowledge Data base

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Data Collection Instrument For Job Description

Company Name

DCI – EPA - 001

DCI – Job Description

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Department:		Section:.	
Position Under Study:			
Prepared By :		Checked By	
Position Reporting To:			
Direct Reporting		Administrative Reporting	
Technical Reporting		Any Other	
Subordinates			
Sr. No.	Designation	Location	Responsibilities for the Position

Details Of Activities:

A.	Receives Instructions From:		
Sr. No.	Designation	Interface Mode	Nature Of Instructions

B.	Receives Advice From:		
Sr. No.	Designation	Interface Mode	Nature Of Advice

C.	Receives Information From:		
Sr. No.	Designation	Interface Mode	Nature of Information

D.	Analyses Information and data on		

E.	Takes Decision On:		
Sr. No.	Type of Decision	Document	Action Taken

F.	Issues Instructions To:		
Sr. No.	Designation	Interface Mode	Nature Of Instructions

Company Name		
DCI – EPA - 001	DCI – Job Description	Page 49 of 91

G.	Issues Advice To:		
Sr. No.	Designation	Interface Mode	Nature Of Advice

H.	Prepares Report:		
Sr. No.	Report Name	Being Sent To	Nature of Report

I.	Prepares Records:		
Sr. No.	Record Name	Mode of Recording	Purpose of Record

J.	Meeting Participation:		
Sr. No.	Meeting Name	Frequency	Role In The Meetings

K.	Audit Participation:		
Sr. No.	Nature Of Audit	Document	Nature of Decision

L.	Coordination with outside organizations:		
Sr. No.	Organization	Purpose	Nature Of Interaction

Company Name

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DCI – Job Description

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M.	Operation/ process Activities:		
Sr. No.	Activity	Frequency	Nature of Activity

N.	Other Activities:		
Sr. No.	Activity	Frequency	Nature of Activity

Sample Job Description Document

Based on the information collected, job description needs to be written in a standardized format. A format developed by SunRise is given in the following pages.

Company Name	Job Description And Analysis Report
	Annexure - A
	Section - General

Sample Job Description

Company Name	Job Description And Analysis Report	
	Annexure - A	
	Section – Responsibilities, Duties & Discipline	

Department	Manufacturing Engineering	Section	Industrial Engineering
Position:	ME Executive/ officer:		
Management Level	Executive		
Reporting To:	M. E. In charge		
Subordinates	CAD operators		
Role Definition	To carry out assigned manufacturing engineering tasks, with attention to quality, delivery and costs.		

Required. Qualifications	Please Refer Annexure with department document	
Required skills	Please Refer Annexure with department document	
Required Training	Please Refer Annexure with department document	
Required Experience	Please Refer Annexure with department document	

Job Responsibilities:

A) Process Responsibilities:	
	The ME Executive/ officer: shall be responsible for delivery of the process detail specification documents with process efficiency and cost and other pertinent analysis as per the requirements of the production or Engineering departments and under the instructions from the manager M.E.
b) Manpower Responsibility	
	He/ She shall understand the requirements of his / her subordinates to carry out their assigned activities and organize for it.
	He/ She shall understand the skill requirements of his / her subordinates to carry out their assigned activities effectively and help them to acquire such skills.
	He/ She shall understand work, professional and personal conditions of each individual reporting to him / her and shall plan the work activities for the best performance.
c) Material Responsibility	
	He/ She shall receive, handle, transport, store, package and deliver all the materials including raw materials, consumables, WIP, tools, finished goods in the appropriate manner for the best utilization and minimum wastages.
d) Cost Control	
	He/ She shall analyze the costs of all materials under his / her custody, all activities in the shop, cost of every service that is being used, cost of manpower that is being used and cost of operations in the shop and shall manage the activities in a way to minimize the cost of the operations.
e) Shop and facilities maintenance	
	He/ She shall understand working and maintenance requirements of facilities including building, plant and machinery, equipments, tools, jigs and fixtures, that are being used in the activities and shall plan the work and maintenance for maximizing the utilization

e) System planning and maintenance	
	He/ She shall ensure that system prepared for activities under his / her control are meticulously followed and any deviation from it immediately recorded and informed to the concerned executives.
	He/ She shall ensure that the activities required to be carried out are identified, documented and programmed.
	He/ She shall record and report the continuous performance on the above activities to the concerned executives in the organization.
	He/ She shall record and report all the instances that can affect company performance on quality, cost and delivery including quality non compliances, process noncompliance, material defects, m/c and equipment functional problems, product defects etc. and shall initiate corrective and preventive action.
	He/ She shall record and report all instances of extraordinary performance and contribution from his / her subordinates and shall initiate actions for rewarding such performance and contribution
	He/ She shall record and report all instances of indiscipline, misbehavior and lack of acceptable performance of his / her subordinates to the concerned authorities for necessary corrective and preventive actions.
	He/ She shall organize, participate and contribute in the meetings for effective discharge of his / her responsibilities.

Key Result Areas	Quality, Cost and delivery performance	Facilities development
	Subordinate development	System improvement
Key Performance Indicators	Cost of Poor Quality	Staff Multi skill-ing
	Cost of Production/ process cost	MTBF and MTR
	Avg. Testing time/ Inspection time	Avg. Development time
	Process time	Productivity improvements
	Productive Utilization	Floor space utilization
	Procurement lead time improvements	Turnover/ Inventory ratio
	Cost of overheads	

S NO	Job Factors	Description	Rating (on scale of 10)		
			Spread	Depth	Variation
1	Envisioning	The executive has no responsibility for envisioning for the section or department.	2	2	2
2	Direction	He/ she has no responsibility to decide the policies	2	2	2
3	Organizing and planning	He/ she requires to plan only the assigned jobs in consultation with Manager	4	4	2
4	Resources Mobilization	He/ she is required to mobilize the manpower assigned to him/ her, and the assigned machines and equipment	4	3	2
5	Coordination	He/ she has responsibility to coordinate with concerned production executives, R & D executives and seniors.	2	2	5
6	Execution	He/ she has the responsibility to prepare the process documents, works instructions, drawings and specifications for the assigned jobs.	6	8	8
7	Human Interaction	He/ she is require to interact with production shop supervisors, production executives, machine suppliers, junior executives and senior executives from within the organization.	4	4	3
8	Technology	He/ she is required to have complete command over production technology, product specification and allowances	5	5	5
9	Creativity	He/ she should be creative to work out to find out different routes for the production of different items.	5	4	4
10	Costs	Under preparation			
11	Value addition	Under preparation			

Analysis

The job description and information collected is required to be analyzed for developing the appraisal framework.

The method described here is perception based comparative analysis. We recommend this analysis be conducted in workshop mode.

The workshop helps to factor in different views in the organizations.

In the workshop, executives from different functions are invited to share their views on job descriptions and nature of responsibilities for each of the job and rate the relative importance of Hygiene Performance Factors (HPF) and Differentiating Contribution Factors (DCF).

Proportion HCF/ DCF

Relative importance of these factors varies with function, role and type of organization. Following three types of organizations are defined for the purpose of differentiation:

Process Oriented Organization is the one where same or similar products are produced/ services provided, through the same, predetermined, standardized and sequenced activities without major variation.

Job Oriented Organization is the one where similar products are produced/ services provided through the similar activities with varying sequence.

Research & development oriented Organization is the one where every product or service is delivered through different and customized activities.

We propose following HPF/ DCF proportion:

S N.	Organization Type	Leader	Manager	Executive
1	Process Oriented Organization	50 / 50	60 / 40	70 / 30
2	Job Oriented Organization	50 / 50	65 / 45	60 / 40
3	Research Oriented Organization	50 / 50	50 / 50	50 / 50

Main considerations:

1. In matured process environment, there is less scope for process improvement; hence proportion of DCF to HCF should be less as operating the established processes efficiently is more important. Hence Process oriented organizations have lesser proportion of DCF than job oriented or research oriented organization in that order.
2. Executives, managers and leaders have successively more freedom to influence processes and hence proportion of DCF should go up with change in role from executive to leader.
3. Proportion of DCF / HCF should be decided based on the organizational requirements. i.e. if organization wants to improve processes and work on quality improvements or cost reduction, proportion of DCF should be increased.

To finalize HCF to DCF proportion executives participating in the workshop should be asked to decide HCF / DCF proportion for each of the job position and justify their decision. Moderator should help them to relate their decision with other jobs positions and put the proportion in perspective.

At the end of discussion average of HCF/ DCF proportion from all the participating executives should be taken averaged and adopted.

Proportion of different appraisal factors within HCF and DCF

After the proportion of HCF/ DCF is worked out for a job position, the relative importance of individual factors needs to be worked out for every position. This is necessary to take into account the scope available for each of the factors in the assigned job responsibility.

Hygiene Performance Factors

Hygiene performance factors are grouped under two separate headings.

1. The achievement process factors
2. The differentiating performance factors

As we have seen earlier achievement process factors are the steps that an executives follow to successfully discharge their assigned responsibilities. While differentiating performance factors are the qualitative aspect of their work style. The differentiating performance factors have to be accessed based on inadequacies in performance, disputes, and problems at work place.

The proportion of achievement process factors to differentiating performance factors is equal.

The achievement process factors are:

1. Initiative
2. Planning & Communication
3. Resources Mobilization
4. Execution
5. Coordination & Follow up
6. Results

In the workshop, each job position is discussed with respect to above factors to decide their proportion. The procedure to be followed is the same as that followed for deciding the proportion of HCF to DCF.

Ask the participants to write the factors in sequence of their importance. Ask every person to give justification for their sequence. Help all the participants to discuss merits of their decision. After the discussion ask each of the participants to allot 100 points to the most demanding factor. And subsequently allot points to other factors in relation to the most demanding factor. Add all points allotted to all the factors and then convert the points allotted to individual factors as the percentage of the sum.

This procedure needs to be repeated for each job position

Following points should be considered while working out the weightage.

Factor "Result" shall have max 10% points, as result shall come naturally if the execution steps are followed meticulously.

Factor that has very little scope should still be allotted min 6% of points.

The differentiating performance factors

The differentiating performance factors group shall carry equal mark for each of the factor. These factors are:

1. Clarity of Objectives
2. Clarity of Process to objectives
3. Clarity in communications/ Instructions
4. Persistence
5. Creativity
6. Team Working
7. Respect of Authority

Differentiating Contribution Factors

Repeat the process followed for achievement process factors for Differentiating Contribution factors to decide the relative weightage for each of the factor. These factors are:

1. Cost Cutting / Waste reduction
2. Quality Improvement
3. System Improvement
4. Subordinate Development
5. Social/ General Contribution

Performance Appraisal Reference Document

After the framework for appraisal is prepared it should be converted into a formal controlled document and shared with all concerned. The reference document shall also cover other details like frequency of appraisal and appraisal authority.

Employees should be encouraged to refer to the document and discuss it with their seniors; their doubts if any should be cleared. Modifications to the document can be made if found necessary after the discussions or change in job responsibilities.

Process of Appraisal

Process of employee appraisal begins with formal communication of appraisal framework and program to the employees. Deciding operating goals for each of the employee is also a step in the process of appraisal as the appraisal is conducted with respect to set operating goals.

The process of performance appraisal described here is based on structured personal interviews.

There are six parts of the appraisal interviews and process:

1. Pre interview preparation
2. Familiarization with operating situation and environment
3. Evidence gathering
4. Evidence grading
5. Personal feedback
6. Recording and Reporting

Each of these is covered in details in the following pages.

Pre interview preparation

Appraiser should collect following information on the “APPRAISEE” in standardized format. The organizations that have procedures conforming to the requirements of ISO 9000 certifications there ready records from which the information can be collected. The other organizations may have to request for such information from the concerned executives. However it is advisable to establish procedures and systems conforming to the requirements of ISO 9001.

Following information should be collected for the appraisal period in respect of the “APPRAISEE”:

1. Assigned Job Responsibilities
2. Specific Assignments
3. Programs participated
4. Projects Handled
5. Events Organized / Participated
6. Nature of relationships established with seniors, colleagues, juniors, partners and customers.
7. Nature of interactions with seniors, colleagues, juniors, partners and customers.
8. Achievements and recognitions
9. Failures and punishments
10. Issues arisen or handled
11. Complaints received

A format for the above is attached herewith for ready reference...

Familiarization with operating situation and environment of the appraised

In the beginning of the appraisal interview the appraiser should clearly and formally state the objectives of the appraisal and explain the process. The appraiser should initiate the conversation to create confidence in the mind of the “APPRAISEE”.

Before beginning of the actual appraisal the appraiser should ask the questions to understand the working conditions and environment being encountered by the “APPRAISEE”.

Some sample questions are given here below:

- ◆ What is the most difficult operating problem you have faced?
- ◆ Which clients/ customers/ business partner/ executives you find most difficult to handle?
- ◆ Which processes, systems or practices you would like management to modify?
- ◆ Where do you think organization should concentrate for improvements?
- ◆ What facilities and support you expect from the management to improve and increase your contribution to the organization?

Answers to these and similar questions reflect the information on the working environment of the candidates. This information is useful to weigh the gathered evidence.

Evidence Gathering And Grading

After the appraiser has clear idea of the “APPRAISEE”’s operating environment, appraiser shall begin the formal appraisal. We suggest the appraiser should start the appraisal by asking questions to understand the differentiating contribution by the “APPRAISEE”.

Notes:

1. Please take detailed notes of the interview questions and answers
2. A format for interview note taking is attached in the annexure
3. Provide pages for note taking to the interviewee
4. Avoid suggestive questions, always use simple and plain language for framing the questions
5. Ensure that the interviewee has understood the question

Appraisal for differentiating contribution

Differentiating contribution as discussed earlier covers following factors:

1. Cost Cutting / Waste reduction
2. Quality Improvement
3. System Improvement
4. Subordinate Development
5. Social/ General Contribution

It is advised to record the contribution with respect to each of the responsibility, assignment, project etc. separately.

The questions should be asked to understand the activities and programs the “APPRAISEE” has actually undertaken and also he plans to take up. However the grading should be done only on the basis of efforts undertaken.

“APPRAISEE” should also be advised to use formal channels for the development efforts in the course of appraisal. The formal channels help in developing and enriching organizational knowledge base.

Guidelines for grading for differentiating contribution

For allotting marks for against differentiating performance factors following guidelines are useful:

1. Allot 100 % marks for frequent and regular follow up and review of operations with objectivity for the particular factor.
2. Allot 80 % marks for frequent but irregular follow up and review of operations with objectivity for the particular factor.
3. Allot 60 % marks for frequent follow up for achievement in the particular factor. (This is typically conscious but unsystematic effort)
4. Allot 40 % marks for achievements of results for the particular factor.
5. Allot 20 % marks for some efforts for improvement in the particular factor

Notes:

- a) Pay more weightage to development of culture and establishment of good practices and procedures than single great achievement. Big achievements needs to be recognized and rewarded which should be done separately and not in appraisal.
- b) Efforts with objectivity is more important
- c) Regular follow up and review with objectivity has more weightage than the actual results

Appraisal for Hygiene Performance

Hygiene performance is the performance demonstrated to achieve the assigned business goals. As described earlier Hygiene performance factors are grouped under two separate headings.

- A. The achievement process factors
- B. The differentiating performance factors

We suggest that the appraiser should take up appraisal against the differentiating performance factors. The differentiating performance factors have to be accessed based on inadequacies in performance, disputes, and problems at work place.

The differentiating performance factors

The most important principle for assessment for differentiating performance is as follows:

Satisfactory performance as indicated by absence of complaints, general satisfaction of internal or external customers, seniors, colleagues and juniors towards the working of the "APPRAISEE", qualifies for 100% of the marks allotted for the differentiating performance.

Appraiser should proceed with further investigation only in case of:

1. Complaints
2. Unresolved issues
3. Dissatisfaction among internal or external clients, seniors, colleagues and juniors
4. Failures

If the investigation reveals **lack of any of the following factors** as the cause for dissatisfaction, complaints, unresolved issues or failures the evidence should be recorded.

1. Clarity of Objectives
2. Clarity of Process to objectives
3. Clarity in communications/ Instructions
4. Persistence
5. Creativity
6. Team Working
7. Respect of Authority

The typical evidences for lack of these factors are listed here below:

1. Clarity of Objectives

When objectives are clearly discussed, decided, communicated and reviewed frequently, "APPRAISEE" should be assessed against the communicated objectives. However when clear instructions are not issued this factor becomes subjective in nature.

Example of lack of clarity of objectives on the part of senior executives:

In one of the large and well known engineering organization in late eighties and early nineties, investment in computerization of materials management system was wasted because:

- a) MD was negotiating collaboration with a foreign firm, and he wanted the computerization to be over before the agreement was to be signed.

- b) GM – systems knew little of company processes and decided to depend on outside consultants, who in turn knew little about the industry and its processes.
- c) VP materials understood computerization as computerized printing of purchase orders and supply schedules as per standardized purchase terms so that he has to worry less for wrong PO being released. And he had set the milestones accordingly.
- d) GM – Purchase equated computerization to a computer with every purchase officer, and use of email for follow up with vendors. Follow up was his biggest worry. He kept pressurizing for purchase of more computers which resulted in less allocation for software development.
- e) GM – Stores thought of computerized as computerized entry of material receipts and issues and getting rid of his biggest problem of stock reconciliation.
- f) Systems officer wanted to complete the project of computerization in time as per mile stones set by VP and claim his bonus. He did not bother to educate the seniors!

Every one had different set of objectives to which they were working. Lack of knowledgeable and experienced leadership resulted in total chaos.

2. Clarity of Process to objectives

If the “APPRAISEE” is clear about the objectives, appraiser should check whether he is aware about the activities and the sequence of activities to be followed for achieving the objectives. Lack of the clarity on process leads to delay and increased costs.

3. Clarity in communications/ Instructions

Conflicts, complaints, confusion, delay, and wastage of resources is many times a result of lack of clarity in communication. To identify evidence, all related communication should be checked for such occurrences.

4. Persistence

Giving up of efforts and follow up is evidence for lack of persistence

5. Creativity

Giving up efforts when faced with a difficult problem is evidence for lack of creativity. A creative person normally comes up with different solutions to any problem. This factor should be judged after repetitive evidences.

6. Team Working

Team conflicts and repetitive complaints from other team members is evidence of lack of team working. However different sides should be examined before coming to a conclusion.

7. Respect of Authority

Overstepping on the rights and authorities of other executives, or not allowing an executives to function as per assigned authority are the examples of lack of respect of authority.

Guidelines for grading for differentiating performance

For allotting marks for against differentiating performance factors following guidelines are useful:

1. Allot 100 % marks for clear and unchallengeable positive evidence.
2. Allot 70 % marks for good positive evidence.
3. Allot nil marks for unsatisfactory even if positive evidence.

Notes:

Differentiating performance is the qualitative aspect of the hygiene performance. Lack of these factors gives rise to conflicts and complaints. Hence these are more near to on/ off situations. i.e. Either you have it or you do not have it.

The appraisal against the achievement process factors

This is the most important part of the appraisal process. The achievement process factors are:

1. Initiative
2. Planning & Communication
3. Resources Mobilization
4. Execution
5. Coordination & Follow up
6. Results

Appraiser has to check for positive evidence for each of the factor listed above. A brief explanation on evidence is given here below:

1. Initiative

Following can be considered as evidence for initiative:

1. Starting an entrusted activity without being reminded by the seniors
2. Asking formal permission from the seniors for a new initiative not already assigned
3. Initiating experimentation or new practices
4. Showing dissatisfaction with status quo and eagerness to change

The evidence can easily be gathered through the seniors and colleagues.

2. Planning & Communication

The evidence for this factor shall come in the form of formal communication like email or letters sent to the concerned executives with bar chart work schedules. The appraiser should check for planning and communication of the plans separately.

Attention should also be paid to resolution of conflicts if there are any overlaps.

3. Resources Mobilization

This is again checked through formal communication with the concerned to get required resources and facilities assigned. This communication may in the form of emails, formal letters or minutes of the meetings. Evidence for delay due to resources unavailability should also be explored to check for lapses.

4. Execution

This factor is basically concerned with quantitative and qualitative aspects of execution. Check for evidence that quality, cost and time targets are achieved.

5. Coordination & Follow up

Check for evidence of regular review and follow up for activities in Minutes of the meetings, emails, letters & memos. Evidence for this factor is slightly difficult to gather as most of the follow up is through personal phone calls. Hence evidence for delays due to lack of coordination should also be examined.

6. Results

Appraiser should check for evidence of achievement of quality, cost and time objectives of deliverables.

Guidelines for grading for achievement process factors

For allotting marks for against achievement process factors following guidelines are useful:

1. Allot 100 % marks for repetitive positive evidence for the assessment factor combined with positive results. Or repetitive positive evidence for the assessment factor with unrelated failures. (Failures not because of improper and inadequate attention to the particular factor)
2. Allot 80 % marks for positive evidence along with few cases of lack of positive evidence for the assessment factor.
3. Allot 60 % marks for frequent positive evidence with infrequent lapses for the assessment factors.
4. Allot 40 % marks for lack of positive or negative evidence for the particular factor but with positive results.
5. Allot nil marks for lack of evidence for the factors with negative results.
6. Allot negative marks for repetitive failures due to improper and inadequate attention to the particular factor.

Note: Negative evidence means evidence of nonperformance of the step when it was necessary. Positive performance means evidence of performance of the step.

Normalization

Normalization is the process of rationalizing the appraisal ratings from different appraisers on the same base. This is required to be done because every appraiser has his own biases. This is done by two methods, in workshop method or statistical method.

In workshop method all the appraisers are invited to share the appraisals conducted by them and ratings for every employee is discussed in comparison with other employees to rationalize the ratings.

In statistical method average appraisal ratings are worked out for the entire organization and for the appraisals conducted by each of the appraisers. A correction factor is worked as = Average of all the appraisal ratings given by the appraiser / Average of all the appraisal ratings in the organization. The correction factor is used to correct the appraisal ratings of the employees appraised by the particular appraiser.

Personal feedback

Appraisers should discuss the appraisal ratings and reasons for the rating with individual employees. Appraisers should also record views of the employees in respect of the appraisal.

The appraiser should also discuss the steps that an individual employee can take to improve their performance.

The opportunity can also be used for

Recording and Reporting

Appraisers should maintain following records along with filled up appraisal instruments.

1. Questions asked in their order
2. APRAISEE responses
3. Response interpretations and analysis
4. Evidence gathered and grading

Organizations should establish proper reporting on the outcome of appraisal exercise for the purpose of future analysis and improvements in the system.

Post appraisal Actions and programs

Performance appraisal being a part of performance management, it is required to be backed up with elaborate plan for performance improvement. This includes:

- ◆ Training programs to help the employees to carry out the processes effectively
- ◆ Process and work practices modifications to reflect the work factors,
- ◆ Setting the target in line with the processes
- ◆ Modification of MIS to support the appraisal work factors
- ◆ Utilization of information gathered to improve the processes and work practices
- ◆ Building of knowledgebase

These actions are explained in brief in the following points.

Developing Professional culture

The appraisal system helps the organization to identify the extent of waste in usage of space, time, material, efforts, equipments, tools & implements, services and attention. The process of waste elimination takes the organization towards better professional culture.

In a professional organization:

1. Business and technical processes are clearly mapped, documented and controlled.
2. Has clearly defined organizational roles and responsibilities
3. Decisions are made based on information and data
4. Records and reports are properly maintained
5. Products and services provided by the organization are reliable for the customers

Organizations that lack the professional culture, faces many different types of problems. Its executives spend more time in trouble shooting than actual value adding work.

Training programs and creating an environment are two important factors for development of professional culture.

Training Programs

Organizations should organize training programs on the different appraisal factors. These factors provide for ready list to organize developmental programs that are directly related to organizations business.

Displays and Stressing

For better improved performance, employees should be continuously motivated towards adopting the proper work culture in the framework of the appraisal factors outlined in the model. Prominent display of posters stressing the appraisal factors is very helpful in reminding the employees of what is expected of them.

Also organization should modify the work reports to accommodate the appraisal factors. This helps the employees to develop thinking process in line with the appraisal factors.

Process Improvement and Knowledge capture

As the model is designed around capturing evidence on successes, failures, delays, complains, achievements, important issues, quality problems etc. for appraisal, lot of important information is discussed during the appraisals. This information is useful for building organizational knowledgebase and initiating improvements.

Organizational Knowledge database:

Organizational knowledge database is indexed information stored in the computer for easy retrieval. Organizations can use specially developed software for the purpose or can use simple word files containing the information with indexing engine available with windows operating system.

Process improvements

Modification of technical and business processes, product and process specifications, inspection and testing methods, is also a way of knowledge capture. The results of the appraisals should be used to initiate actions for such modifications.

The appraisal format attached has a separate section to initiate such actions.

Important Points

We do not recommend 360 degree appraisal, nor do we recommend self appraisal for this model.

360 degree is a feedback system and should not be used in place of formal appraisal. However feedback received from 360 degree process will be great input for the purpose of appraisal.

Even though we do not recommend self appraisal for the model, we strongly recommend that appraisal forms, appraisal criteria and appraisal report should be made available to every executive. Also they should be encouraged to add dissent note or observations.

Epilogue

The employee appraisal system is an important element of organizational performance management efforts. Effectiveness of organizational performance management lies in integration of performance management with organizational culture and practices. Organization needs to nurture professional culture and maintain healthy atmosphere which is necessary for employee contribution.

The basic requirement for performance improvement is identification and elimination of impediments to contribution.

Power of the model described in this document is due to its support to identification and elimination of impediments.

Users are earnestly requested to share their experiences with the model, which will help us to improve it. In return we assure that we shall share such improvements with you..

Thanks !

Annexure

Appraisal Format for Workmen and non executive staff:

The appraisal should cover four types of factors:

- A. Knowledge
- B. Technical Skills
- C. General Skills
- D. Awareness

Under category of knowledge there are three types of knowledge that we need to probe:

1. Job knowledge: How well the employee knows about his current assigned work?
2. Related Job Knowledge: How well does he know about the succeeding, preceding or suppliers jobs?
3. Differential Knowledge: How well does he know requirements and results of doing the same or similar work through other processes or operations?

Technical Skills should be probed under the following:

1. Job skills: Skills to operate the assigned equipments or carry out assigned operations
2. QC Skills: Skills to carry out inspection and tests of the products and services
3. Maintenance Skills: Skills to take care and maintain the assigned equipments
4. Utility Skills: Skills to use and maintain the utility and services

General Skills should cover:

1. Quality of interactions: This should cover team working and communication
2. Respect of authority: This should cover the way he responds to assignments
3. General Get up: This should cover as how the employee carries himself around the premises.

Awareness should cover:

1. Quality consciousness: How much the employee cares for quality of his deliveries?
2. Cost consciousness: How much he cares for the cost of the deliveries, processes, consumables, materials and inputs etc.?
3. Schedule consciousness: How much the employee cares for timely deliveries of the products or services?

Organizations should develop the weightages of the above mentioned factors for every job position depending on the specific requirements of the job.