

## **Human Resource Management**

### **UNIT -3**

#### **TOPICS:**

- PERFORMANCE APPRAISAL
- PROMOTION, TRANSFER & SEPERATION
- MORAL, MOTIVATION & INCETIVES

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## **PERFORMANCE APPRAISAL**

Performance Appraisal is the systematic evaluation of the performance of employees and to understand the abilities of a person for further growth and development.

OR

A performance appraisal, also referred to as a performance review, performance evaluation, development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated

### **Advantages of Performance Appraisal**

It is said that performance appraisal is an investment for the company which can be justified by following advantages:

1. **Promotion:** Performance Appraisal helps the supervisors to chalk out the promotion programmes for efficient employees. In this regards, inefficient workers can be dismissed or demoted in case.
2. **Compensation:** Performance Appraisal helps in chalking out compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to give worth to a performance. Compensation packages which include bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.
3. **Employees Development:** The systematic procedure of performance appraisal helps the supervisors to frame training policies and programmes. It helps to analyse strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.
4. **Selection Validation:** Performance Appraisal helps the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of selection procedure. Future changes in selection methods can be made in this regard.

5. Communication: For an organization, effective communication between employees and employers is very important. Through performance appraisal, communication can be sought for in the following ways:
  - a. Through performance appraisal, the employers can understand and accept skills of subordinates.
  - b. The subordinates can also understand and create a trust and confidence in superiors.
  - c. It also helps in maintaining cordial and congenial labour management relationship.
  - d. It develops the spirit of work and boosts the morale of employees.

All the above factors ensure effective communication.

6. Motivation: Performance appraisal serves as a motivation tool. Through evaluating performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for better job and helps him to improve his performance in the future.

## **Method of Performance appraisal**

### **Six most-used modern performance methods:**

- Management by Objectives (MBO)
- 360-Degree Feedback
- Assessment Centre Method
- Behaviorally Anchored Rating Scale (BARS)
- Psychological Appraisals
- Human-Resource (Cost) Accounting Method
- Zero in on goals
- Structure the information.

## **PROMOTION, TRANSFER & SEPERATION**

### **PROMOTION**

Promotion is vertical movement of an employee within the organisation. In other words, promotion refers to the upward movement of an employee from one job to another higher one,

with increase in salary, status and responsibilities. Promotion may be temporary or permanent, depending upon the needs of the organisation.

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**Promotion** refers to the upward movement of an employee from one job to another higher one, with increase in salary, status and responsibilities. **Promotion** may be temporary or permanent, depending upon the needs of the organization.

### 3 basic types of promotion are;

- Seniority-based promotion;
  - Seniority denotes to the relative duration of service or length of service in the same post and in the same company. In some situations, the most senior employee gets the promotion. The reason is, there is a positive connection between service, talent and the knowledge obtained by the employees. It is based on the convention that the first should be given the first opportunity in all rights.
  - Unions demand seniority as a basis of promotion because layoff and discharges are frequently based on seniority. Seniority refers to the relative length of service of employees. The seniority promotion plan is as old as civilization.
- Merit-based Promotion.
  - Merit refers to knowledge, skill, talent, competence, and capability as different from education, training, and past service record. Merit-based promotions occur when an employee is promoted because of superior performance in the current job.
  - In principle, it is agreed by all that, promotion should be based on merit. Merit-based promotion occurs when an employee is promoted because of superior performance in the present job.
  - The use of merit as a basis for promotion causes difficulties because what management regards as merit union may consider as favoritism and can distrust the sincerity of management when it claims the right to promote solely on merit
  - When management adopts merit as a basis for promotion, it must evolve controls to recognize merit objectively, which will refute the allegations of favoritism.
  - As far as possible, merit rating or employee evaluation should be based on operating facts. The plan of employee evaluation should include an arrangement for consultation and perhaps vocational guidance.

- Seniority and Merit-based Promotion

- Seniority-merit should be the basis of promotions where merit can be objectively tested. Merit is a term which includes efficiency, skill, aptitude, etc.
- When a combination of merit and seniority is desirable, the play of discretion in the matter of selection cannot be overlooked.
- Sound management will pursue a policy of properly balancing these factors. The policy can derive strength if worked in consultation with the workers.

## **Transfer**

**Transfer** is a process of placing employees in positions where they are likely to be more effective or where they are to get more job satisfaction. In **transfers**, there is no change in the responsibility, designation, status or salary. It is a process of employee's adjustment with the work, time and place.

### **Types of Transfer– 5 Major Types:**

**Production Transfers** - Such transfers are made when labour requirements in one division or branch is declining. The surplus employees from such division are transferred to those divisions or branches where there is shortage of employees. Such transfers help avoid lay off and stabilize employment.

**Replacement Transfers** Such transfers are affected to correct the wrong selection and placement of employees. A wrongly placed employee is transferred to more suitable job. Such transfers protect the interest of the employee.

### **Shift Transfers,**

These transfers are affected in the organisations where work progresses for 24 hours or in shifts. Employees are transferred from one shift to another usually on the basis of mutual understanding and convenience.

### **Remedial Transfers**

Replacement transfers are similar to production transfers in their inherent, i.e. to avoid layoffs. Replacement transfers are affected when labour requirements are declining and are designed to replace a new employee by an employee who has been in the organisation for a sufficiently long time. The purpose of these transfers is to retain long service employees in the organisation and also give them some relief from the heavy pressure of work.

**Versatility Transfer** . These transfers are also known as 'job rotation'. In such transfers, employees are made move from one job to another to gain varied and broader experience of work. It benefits both the employee and organisation. It reduces boredom and monotony and gives job enrichment to the employee. Also, employees' versatility can be utilized by the organisation as and when needed.

## Separation

Employee separation is a sensitive issue for any organization. Usually, an employee leaves the organization after several years of service. Thus, the permanent separation of employees from an organization requires discretion, empathy and a great deal of planning. An employee may be separated as consequence of resignation, removal, death, permanent incapacity, discharge or retirement. The employee may also be separated due to the expiration of an employment contract or as part of downsizing of the workforce. Organizations should never harass the employees, especially in the case of resignation, just because they are quitting the organization. In fact, a quitting employee of the organization must be seen as a potential candidate of the future for the organization and also the brand ambassador of its HR policies and practices. However, many organizations are still treating their employees as "expendable resources" and discharging them in an unplanned manner whenever they choose to do so.

## MORAL

Expressing or conveying truths or counsel as to right conduct, as a speaker or a literary work.

OR

Founded on the fundamental principles of right conduct rather than on legalities, enactment, or custom .

OR

Capable of conforming to the rules of right conduct:

## MOTIVATION

**Meaning:** Motivation is an important factor which encourages persons to give their best performance and help in reaching enterprise goals. A strong positive motivation will enable the increased output of employees but a negative motivation will reduce their performance. A key element in personnel management is motivation.

## Definition

“A motive is an inner state that energizes, activates, or moves and directs or channels behaviour goals.”

OR

It is the stimulation of any emotion or desire operating upon one's will and promoting or driving it to action.”

**OR**

“Motivation refers to degree of readiness of an organism to pursue some designated goal and implies the determination of the nature and locus of the forces, including the degree of readiness.”

### **Types of Motivation:**

When a manager wants to get more work from his subordinates then he will have to motivate them for improving their performance. They will either be offered incentive for more work, or may be in the space of rewards, better reports, recognition etc., or he may instill fear in them or use force for getting desired work.

The following are the types of motivation:

#### **1. Positive Motivation:**

Positive motivation or incentive motivation is based on reward. The workers are offered incentives for achieving the desired goals. The incentives may be in the shape of more pay, promotion, recognition of work, etc. The employees are offered the incentives and try to improve their performance willingly.

According to Peter Drucker, the real and positive motivators are responsible for placement, high standard of performance, information adequate for self- control and the participation of the worker as a responsible citizen in the plant community. Positive motivation is achieved by the co-operation of employees and they have a feeling of happiness.

#### **2. Negative Motivation:**

Negative or fear motivation is based on force or fear. Fear causes employees to act in a certain way. In case, they do not act accordingly then they may be punished with demotions or lay-offs.

The fear acts as a push mechanism. The employees do not willingly co-operate, rather they want to avoid the punishment.

Though employees work up-to a level where punishment is avoided but this type of motivation causes anger and frustration. This type of motivation generally becomes a cause of industrial unrest. In spite of the drawbacks of negative motivation, this method is commonly used to achieve desired results. There may be hardly any management which has not used negative motivation at one or the other time.

## **INCETIVES**

### Meaning

something that encourages a person to do something:

### Definition:

According to Milton L. Rock, incentives are defined as ‘variable rewards granted according to variations in the achievement of specific results’.

OR

According to K. N. Subramaniam, ‘incentive is system of payment emphasizing the point of motivation, that is, the imparting of incentives to workers for higher production and productivity’.

### Types of incentives:

Incentives can be classified into three categories:

1. Financial incentives:



Some extra cash is offered for extra efficiency. For example, profit sharing plan and group incentive plans.

2. Non-financial incentives:

When rewards or prizes are provided by the organization to motivate the employees it is known as non-financial incentives.

3. Monetary and non-monetary incentives:

Many times, employees are rewarded with monetary and non-monetary incentives that include promotion, seniority, recognition for merits, or even designation as permanent employee.