|  |  |
| --- | --- |
|   | **Unit 3 Employee Training & Development**   |
| **1** | **Nature and importance of Training** |
| **2** | **Methods and Types of Training** |
| **3** | **Career Planning** |
| **4** | **Promotion and Transfer of Employee** |
| **5** | **Demotion and Separation of Employee** |
| **6** | **Performance Appraisal- Meaning and Types of Appraisal** |
| **7** | **Job Evaluation-Meaning and Methods of Job Evaluation** |

# Nature and importance of Training

 [AKTUTHEINTACTONE](https://theintactone.com/author/aktutheintactone/)[1 MAR 2019](https://theintactone.com/2019/03/01/hrm-u3-topic-1-nature-and-importance-of-training/) [1 COMMENT](https://theintactone.com/2019/03/01/hrm-u3-topic-1-nature-and-importance-of-training/#comments)

“Training is the act of increasing the knowledge and skills of an employee for doing a particular job.” — **Edwin B. Flippo**

Training is an organized activity for increasing the technical skills of the employees to enable them to do particular jobs efficiently. In other words, training provides the workers with facility to gain technical knowledge and to learn new skills to do specific jobs. Training is equally important for the existing as well as the new employees. It enables the new employees to get acquainted with their jobs and also increase the job-related knowledge and skills.

### ****Nature and Importance of Training****

The need for training of employees arises due to the following factors

**(i) Higher Productivity**

It is essential to increase productivity and reduce cost of production for meeting competition in the market. Effective training can help increase productivity of workers by imparting the required skills.

**(ii) Quality Improvement**

The customers have become quality conscious and their requirement keep on changing. To satisfy the customers, quality of products must be continuously improved through training of workers.

**(iii) Reduction of Learning Time**

Systematic training through trained instructors is essential to reduce the training period. If the workers learn through trial and error, they will take a longer time and even may not be able to learn right methods of doing work.

**(iv) Industrial Safety**

Trained workers can handle the machines safely. They also know the use of various safety devices in the factory. Thus, they are less prone to industrial accidents.

**(iv) Reduction of Turnover and Absenteeism**

Training creates a feeling of confidence in the minds of the workers. It gives them a security at the workplace. As a result, labour turnover and absenteeism rates are reduced.

**(vi) Technology Update**

Technology is changing at a fast pace. The workers must learn new techniques to make use of advance technology. Thus, training should be treated as a continuous process to update the employees in the new methods and procedures.

**(vii) Effective Management**

Training can be used as an effective tool of planning and control. It develops skills among workers and prepares them for handling present and future jobs. It helps in reducing the costs of supervision, wastages and industrial accidents. It also helps increase productivity and quality which are the cherished goals of any modern organization.

# Methods and Types of Training

### ****Training Methods****

1. On-the-job training Methods
2. Off-the-job Training Methods

**1. On-the-job Training Methods**

Under these methods new or inexperienced employees learn through observing peers or managers performing the job and trying to imitate their behaviour. These methods do not cost much and are less disruptive as employees are always on the job, training is given on the same machines and experience would be on already approved standards, and above all the trainee is learning while earning. Some of the commonly used methods are:

**(II) Coaching**

Coaching is a one-to-one training. It helps in quickly identifying the weak areas and tries to focus on them. It also offers the benefit of transferring theory learning to practice. The biggest problem is that it perpetrates the existing practices and styles. In India most of the scooter mechanics are trained only through this method.

**(II) Mentoring**

The focus in this training is on the development of attitude. It is used for managerial employees. Mentoring is always done by a senior inside person. It is also one-to- one interaction, like coaching.

**(III) Job Rotation**

It is the process of training employees by rotating them through a series of related jobs. Rotation not only makes a person well acquainted with different jobs, but it also alleviates boredom and allows to develop rapport with a number of people. Rotation must be logical.

**(IV) Job Instructional Technique (JIT)**

It is a Step by step (structured) on the job training method in which a suitable trainer (a) prepares a trainee with an overview of the job, its purpose, and the results desired, (b) demonstrates the task or the skill to the trainee, (c) allows the trainee to show the demonstration on his or her own, and (d) follows up to provide feedback and help. The trainees are presented the learning material in written or by learning machines through a series called ‘frames’. This method is a valuable tool for all educators (teachers and trainers). It helps us:

* To deliver step-by-step instruction
* To know when the learner has learned
* To be due diligent (in many work-place environments)

**(V) Apprenticeship**

Apprenticeship is a system of training a new generation of practitioners of a skill. This method of training is in vogue in those trades, crafts and technical fields in which a long period is required for gaining proficiency. The trainees serve as apprentices to experts for long periods. They have to work in direct association with and also under the direct supervision of their masters.

The object of such training is to make the trainees all-round craftsmen. It is an expensive method of training. Also, there is no guarantee that the trained worker will continue to work in the same organization after securing training. The apprentices are paid remuneration according the apprenticeship agreements.

**(VI) Understudy**

In this method, a superior gives training to a subordinate as his understudy like an assistant to a manager or director (in a film). The subordinate learns through experience and observation by participating in handling day to day problems. Basic purpose is to prepare subordinate for assuming the full responsibilities and duties.

### ****Off-the-job Training Methods****

Off-the-job training methods are conducted in separate from the job environment, study material is supplied, there is full concentration on learning rather than performing, and there is freedom of expression. Important methods include:

**(I) Lectures and Conferences**

Lectures and conferences are the traditional and direct method of instruction. Every training programme starts with lecture and conference. It’s a verbal presentation for a large audience. However, the lectures have to be motivating and creating interest among trainees. The speaker must have considerable depth in the subject. In the colleges and universities, lectures and seminars are the most common methods used for training.

**(II) Vestibule Training**

Vestibule Training is a term for near-the-job training, as it offers access to something new (learning). In vestibule training, the workers are trained in a prototype environment on specific jobs in a special part of the plant.

An attempt is made to create working condition similar to the actual workshop conditions. After training workers in such condition, the trained workers may be put on similar jobs in the actual workshop.

This enables the workers to secure training in the best methods to work and to get rid of initial nervousness. During the Second World War II, this method was used to train a large number of workers in a short period of time. It may also be used as a preliminary to on-the job training. Duration ranges from few days to few weeks. It prevents trainees to commit costly mistakes on the actual machines.

**(III) Simulation Exercises**

Simulation is any artificial environment exactly similar to the actual situation. There are four basic simulation techniques used for imparting training: management games, case study, role playing, and in-basket training.

* **Management Games-** Properly designed games help to ingrain thinking habits, analytical, logical and reasoning capabilities, importance of team work, time management, to make decisions lacking complete information, communication and leadership capabilities. Use of management games can encourage novel, innovative mechanisms for coping with stress. Management games orient a candidate with practical applicability of the subject. These games help to appreciate management concepts in a practical way. Different games are used for training general managers and the middle management and functional heads – executive Games and functional heads.
* **Case Study-** Case studies are complex examples which give an insight into the context of a problem as well as illustrating the main point. Case Studies are trainee centered activities based on topics that demonstrate theoretical concepts in an applied setting. A case study allows the application of theoretical concepts to be demonstrated, thus bridging the gap between theory and practice, encourage active learning, provides an opportunity for the development of key skills such as communication, group working and problem solving, and increases the trainees” enjoyment of the topic and hence their desire to learn.
* **Role Playing-**Each trainee takes the role of a person affected by an issue and studies the impacts of the issues on human life and/or the effects of human activities on the world around us from the perspective of that person. It emphasizes the “real- world” side of science and challenges students to deal with complex problems with no single “right” answer and to use a variety of skills beyond those employed in a typical research project. In particular, role-playing presents the student a valuable opportunity to learn not just the course content, but other perspectives on it. The steps involved in role playing include defining objectives, choose context & roles, introducing the exercise, trainee preparation/research, the role-play, concluding discussion, and assessment. Types of role play may be multiple role play, single role play, role rotation, and spontaneous role play.
* **In-basket training-** In-basket exercise, also known as in-tray training, consists of a set of business papers which may include e-mail SMSs, reports, memos, and other items. Now the trainer is asked to prioritise the decisions to be made immediately and the ones that can be delayed.

**(IV) Sensitivity Training**

Sensitivity training is also known as laboratory or T-group training. This training is about making people understand about themselves and others reasonably, which is done by developing in them social sensitivity and behavioral flexibility. It is ability of an individual to sense what others feel and think from their own point of view.

It reveals information about his or her own personal qualities, concerns, emotional issues, and things that he or she has in common with other members of the group. It is the ability to behave suitably in light of understanding.

A group’s trainer refrains from acting as a group leader or lecturer, attempting instead to clarify the group processes using incidents as examples to clarify general points or provide feedback. The group action, overall, is the goal as well as the process.

**(v) Transactional Analysis**

It provides trainees with a realistic and useful method for analyzing and understanding the behavior of others. In every social interaction, there is a motivation provided by one person and a reaction to that motivation given by another person.

This motivation reaction relationship between two persons is known as a transaction. Transactional analysis can be done by the ego (system of feelings accompanied by a related set of behaviors states of an individual).

### ****Types of Training****

Various types of training can be given to the employees such as induction training, refresher training, on the job training, vestibule training, and training for promotions.

Some of the commonly used training programs are listed below

1. **Induction training**

Also known as orientation training given for the new recruits in order to make them familiarize with the internal environment of an organization. It helps the employees to understand the procedures, code of conduct, policies existing in that organization.

1. **Job instruction training**

This training provides an overview about the job and experienced trainers demonstrates the entire job. Addition training is offered to employees after evaluating their performance if necessary.

1. **Vestibule training**

It is the training on actual work to be done by an employee but conducted away from the work place.

1. **Refresher training**

This type of training is offered in order to incorporate the latest development in a particular field. This training is imparted to upgrade the skills of employees. This training can also be used for promoting an employee.

1. **Apprenticeship training**

Apprentice is a worker who spends a prescribed period of time under a supervisor.

# Career Planning

**Career Planning** encourages individuals to explore and gather information, which enables them to syn­thesize, gain competencies, make decisions, set goals and take action. It is a crucial phase of human resource development that helps the employees in making strategy for work-life balance.

According to Schermerborn, Hunt, and Osborn, ‘Career planning is a process of systematically matching career goals and individual capabilities with opportunities for their fulfillment’.

### ****Features of Career Planning****

1. It is an ongoing process.
2. It helps individuals develop skills required to fulfill different career roles.
3. It strengthens work-related activities in the organization.
4. It defines life, career, abilities, and interests of the employees.
5. It can also give professional directions, as they relate to career goals.

### ****Objectives of Career Planning****

The major objectives of career planning are as follows

1. To identify positive characteristics of the employees.
2. To develop awareness about each employee’s uniqueness.
3. To respect feelings of other employees.
4. To attract talented employees to the organization.
5. To train employees towards team-building skills.
6. To create healthy ways of dealing with conflicts, emotions, and stress.

### ****Benefits of Career Planning****

1. Career planning ensures a constant supply of promotable employees.
2. It helps in improving the loyalty of employees.
3. Career planning encourages an employee’s growth and development.
4. It discourages the negative attitude of superiors who are interested in suppressing the growth of the subordinates.
5. It ensures that senior management knows about the calibre and capacity of the employees who can move upwards.
6. It can always create a team of employees prepared enough to meet any contingency.
7. Career planning reduces labour turnover.
8. Every organization prepares succession planning towards which career planning is the first step.

# Promotion and Transfer of Employee

### ****PROMOTION****

Promotion is vertical movement of an employee within the organization. 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 organization.

There can be ‘dry promotion’ also where an employee is assigned to a higher level job without increase in pay. An example of ‘dry promotion’ is a University Professor made Head of the Department with no increase in salary.

Promotion has an in-built motivational value as it elevates the authority, power and status of an employee within an organisation. It is considered good personnel policy to fill vacancies in a higher job through promotions from within because such promotions provide an inducement and motivation to the employees and also remove feelings of stagnation-and frustration.

**Types of Promotion**

Promotion given to employees in an organization can be classified into three types:

1. **Horizontal promotion**

When an employee is shifted in the same category, it is called ‘horizontal promotion’. A junior clerk promoted to senior clerk is such an example. It is important to note that such promotion may take place when an employee shifts within the same department, from one department to other or from one plant to another plant.

1. **Vertical Promotion**

This is the kind of promotion when an employee is promoted from a lower category to lower category involving increase in salary, status, authority and responsibility. Generally, promotion means ‘vertical promotion’.

1. **Dry Promotion**

When promotion is made without increase in salary, it is called ‘dry promotion’. For example, a lower level manager is promoted to senior level manager without increase in salary or pay. Such promotion is made either there is resource/fund crunch in the organization or some employees hanker more for status or authority than money.

**Purpose of Promotion**

The following are the purposes or objectives of promotion:

1. To recognize an employee’s skill and knowledge and utilize it to improve the organisational effectiveness.
2. To reward and motivate employees to higher productivity.
3. To develop competitive spirit and inculcate the zeal in the employees to acquire skill, knowledge etc.
4. To promote employees satisfaction and boost their morale.
5. To build loyalty among the employees toward organization.
6. To promote good human relations.
7. To increase sense of belongingness.
8. To retain skilled and talented people.
9. To attract trained, competent and hard working people.10. To impress the other employees that opportunities are available to them too if they also perform well.

### ****TRANSFER****

A transfer is a change in job assignment. It is the movement of an employee from one job to another without involving any substantial change in his duties, responsibilities, required skill, status and compensation. A transfer does not imply any ascending (promotion) or descending (demotion) change in status or responsibility.

According to Edwin B. Flippo, “Transfer is a change in job where the new job is substantially equal to the old in terms of pay, status and responsibilities.”

According to Dale Yoder, “A transfer involves the shifting of an employee from one job to another without special reference to changing responsibility or compensation. Transfer may involve promotion, demotion or no change in status and responsibility.”

Thus, transfer is a horizontal or lateral movement of an employee from one job, section, department, shift, plant or position to another at the same or another place, where his salary, status and responsibility are the same.

**Purposes of Transfer**

Transfers are generally resorted to with a view to attain the following:

1. **To Meet the Organisational Requirements**

Organisational changes may demand the shift in job assignments with a view to place the right man on the right job.

Such changes may be changes in technology, changes in the volume of production, production schedule, product line, quality of products, change in the job pattern, fluctuations in the market conditions, reallocation of or reduction in the workforce due to a shortage or a surplus in same section so that layoffs may be avoided, filling in of the vacancies which may occur because of separations or because of the need for suitable adjustments in business operations.

In short, the purpose of transfers is to stabilize employment in an organization.

1. **To Meet Employees’ Requests**

Sometimes, transfer is done at the request of the employer himself. Employee may need transfer in order to satisfy their desire to work under a different superior in a department/region where opportunities for advancement are bright, in or near their native place or place of interest, doing a job where the work itself is challenging etc.

1. **To Ensure Better Utilization of the Employees**

An employee may be transferred because the management feels that he is not performing satisfactorily and adequately and when the management feels that he may be more useful or suitable elsewhere, where his capacities would be better utilized.

1. **To Make the Employees More Versatile**

Employees may be shifted from one job to another to expand their capabilities. Job rotation may prepare the employee for more challenging assignments in future.

1. **To Adjust the Workforce**

Workforce may be transferred from a plant where there is less work to a plant where there is more work. Thus, the employees who have been in service of an organization are not thrown out of employment but adjusted elsewhere.

1. **To Provide Relief to the Employee**

Transfers may be made to give relief to employees who are overburdened or doing hazardous jobs for long periods. Transfer may also be made to break the monopoly of the employee. The climate of a place may be unsatisfactory for an employee’s health. He may request a transfer to another place, where his health may not be affected by the climate.

1. **To Reduce Conflicts and Incompatibilities**

Where employees find it difficult to get along with colleagues in a particular section or department, they could be shifted to another place to reduce conflicts.

1. **To Penalise the Employees**

Transfers may be effected as disciplinary measures to shift employees indulging in undesirable activities to remote, far flung areas.

1. **To Maintain a Tenure System**

In senior administrative services of the Government and also in industries or where there is a system of annual intake of management trainees, the employee holds a certain job for a fixed tenure but is made to move from job to job with a view to enable him to acquire variety of experience and skills and also to ensure that he does not get involved in politicising informal groups.

1. **To Accommodate Family Related Issues**

Family related issues cause transfers, specially among female employees. When they get married, the female employees want to join their husbands and this fact necessitates transfers or resignations.

**Types of Transfer of employee**

Transfers may be classified on the basis of purpose or unit

**(A) On the Basis of Purpose**

1. **Production Transfers**

A shortage or surplus of the workforce is common in different departments in a plant or several plants in an organization. Surplus employees in a department have to be laid off, unless they are transferred to another department. Transfers effected to avoid such inevitable layoffs are called production transfers.

1. **Replacement Transfers**

A replacement transfer is the transfer of a senior employee to replace the junior employee or a new employee, when the latter is laid off or shifted to another job. Sometimes, it is a temporary arrangement to make use of the services of die senior personnel.

1. **Versatility Transfers**

Versatility transfers are effected to make employees versatile and competent in more than one skill. It aims at giving training to the employees of various jobs of similar nature having different operations. It helps the employees to get themselves prepared for promotions and also helps the employer in developing the effective manpower prepared to handle the higher openings.

1. **Shift Transfers**

When the unit runs in shifts, employees are transferred from one shift to another on similar jobs. In some undertakings, where shifts are operated regularly, employees may be recruited permanently for the shift, but in some cases they are rotated from one shift to another as a matter of practice, because many employees dislike second or third shift assignment as it interferes with their social or family engagements.

1. **Remedial Transfers**

Remedial transfers are effected at the request of the employees and are, therefore, called personal transfers. Personal transfers take place because the initial placement of an employee may have been faulty or the worker may not get along with his supervisor or with other workers in the department.

He may be getting too old to continue his regular job or working conditions may not be well adapted to his personal health. If the job is repetitive, the employee may stagnate and would benefit by transfer to a different kind of work.

1. **Precautionary Transfers**

Such transfers are made as a precautionary measure to avoid the misuse of office or misappropriation of funds by the employees. In some undertakings, there are more chances of misuse of office or misappropriation of funds than others. Generally it is mentioned in the transfer policy of the organisation that an employee cannot stay at one post for more than 3 years or so.

**(B) On the Basis of Unit**

1. **Sectional Transfers**

These transfers are made within the department from one section to another. The main purpose of such transfers may be to train the workers and prepare them to handle the operations of different sections of the department.

1. **Departmental Transfers**

Transfers from one department to another department within the plant are called departmental transfer. Such transfers are made if the nature of work is same or substantially the same in both the departments such as clerical or routine jobs.

1. **Inter-Plant Transfers**

If there are more than one plants under the control of same management, transfer may be made from one plant to another on varied reasons. Such transfers are called inter-plant transfers.

# Demotion and Separation of Employee

### ****DEMOTION OF EMPLOYEE****

Demotion is just opposite to promotion. In demotion, the employee is shifted to a job lower in status, grade and responsibilities. “Demotion refers to the lowering down of the status, salary and responsibilities of an employee.”

In the words of Dale Yoder, “Demotion is a shift to a position in which responsibilities are decreased. Promotion is, in a sense, an increase in rank and demotion is decrease in rank.”

When an employee is demoted, his pride suffers a more severe jolt than it does when he is superceded by his junior. Some managers hesitate to demote a man. They prefer to discharge him rather than to demote him on the lower job because he will not accept the lower job and will turn to be a disgruntled employee and his position will not be good for better industrial relations.

**Causes of Demotion**

There are several reasons for demoting a man from his present position.

1. Inadequacy on the part of the employees in terms of job performance, attitude and capability. It happens when an employee finds it difficult to meet job requirement standards, following his promotion.
2. Demotion may result from organisational staff reductions. Due to adverse business conditions, organizations may decide to lay off some and downgrade some jobs.
3. Demotions may be used as disciplinary tools against errant employees.
4. If there is a mistake in staffing i.e., a person is promoted wrongly.
5. When, because of a change in technology, methods and practices, old hands are unable to adjust or when employees because of ill health or personal reasons, cannot do their job properly.

**Demotion Policy**

Demotion is very harmful for the employees’ morale. It is an extremely painful action, impairing relationships between people permanently. While, effecting demotions, a manager should be extremely careful not to place himself on the wrong side of the fence. It is, therefore, necessary to formulate a demotion policy so that there may be no grievance on the part of the trade unions.

Yoder, Heneman, Turnbull and Stone have suggested a five-fold policy in regard to demotion practice:

1. A clear list of rules along with punishable offences be made available to all the employees.
2. Any violation be investigated thoroughly by a competent authority.
3. In case of violations, it is better to state the reasons for taking such a punitive step clearly and elaborately.
4. Once violations are proved, there should be a consistent and equitable application of the penalty.
5. There should be enough room for review.

Demotions have a serious impact on need fulfillment. Needs for esteem and belongingness are frustrated leading to a defensive behaviour on the part of the person demoted. There may be complaints, emotional turmoil, inefficiency or resignation. Hence, demotions are very rarely resorted to by managers. Managers prefer to discharge employees rather than facing the problems arising from demotion.

### ****SEPARATION OF EMPLOYEE****

It occurs when employees cease to be members of the organization, the service agreement ends and the employee leaves the organization.

**Causes of employee separation**

1. **Resignation**

A resignation refers to the termination of employment at the instance of the employees. A resignation may be put voluntarily by the employee. An employee resigns when he secures a better job elsewhere, in the case of a female employee when she marries and has to quit for personal reasons or when an employee suffers from ill health or for any other reasons.

1. **Dismissal or Discharge**

Dismissal is the termination of the services of an employee as a punitive measure for some misconduct. Discharge also means termination of the service of an employee, but not necessarily as a punishment step. A discharge does not arise from a single irrational act. Dismissal or discharge is a drastic step and should be taken after careful thought.

A dismissal needs to be supported by just and sufficient reasons. Before discharging or dismissing the employee, advance notice of the impending danger must be given and the reasons of discharge must be stated clearly. The employee must be given the opportunity to defend himself.

1. **Death**

Some employees may die in service. When the death is caused by occupational hazards, the employee gets compensation as per the provisions of the Workmen’s Compensation Act. On compassionate grounds some organizations offer employment to the spouse/child/dependent of the employee who dies in service.

1. **Suspension**

Suspension means prohibiting an employee from attending work and performs normal duties assigned to him. This is a serious punishment and is generally awarded only after a proper enquiry has been conducted. During suspension, the employee receives a subsistence allowance. If the charges against the suspended employee are serious and are proved, suspension may lead to termination also.

1. **Retrenchment**

Retrenchment, too, results in the separation of an employee from his employer. Retrenchment is generally on account of surplus staff, poor demand for products, general economic slowdown etc. Termination of services on disciplinary grounds, illness, retirement, winding up of a business does not constitute retrenchment.

Retrenchment entitles the employees to compensation which in terms of section 25 (f) of the Industrial Disputes Act 1947, is equivalent to fifteen days average pay for each completed year of continuous service. The principle in the procedure of retrenchment is that the last person employed in each category must be the first person to be retrenched i.e. “last come first go”.

1. **Lay off**

A lay off is a temporary separation of the employee from his employer at the instance of the latter without any prejudice to the former.

“Lay off means the failure, refusal or inability of an employer on account of coal, power or raw-materials or accumulation of stock, breakdown of machinery or by any other reason to give employment to a workman whose name is borne on the muster roll.”

Thus, lay off is resorted to as a result of some bonafide reasons as factors which are beyond the control of the employers. As the employees are laid off at the instance of the employer, they have to be paid compensation for the period they are laid off. Sec. 25 of the Industrial Disputes Act 1947 makes it mandatory on the part of the employer to pay compensation for all the days of the lay off.

The compensation must be equal to half the normal wages the employee would have earned if he had not been laid off. It goes without saying that employees with the shortest period of service to their credit are first laid off and the older employees are retained as long as conditions permit. Competence as the basis for lay off is not possible in unionised companies because of the outright resistance shown by union leaders.

As soon as the layoff is lifted, the employees should be recalled. The seniority system usually specifies that those who were laid off last will be called back first. However, the management may seek to call junior employees whose skills are essential for the resumption of production.

Because of the heavy costs involved in lay off, employers should take every possible step to avoid the causes of lay off. A possible adjustment of placements of workers such as demotions, transfers etc. should be made.

# Performance Appraisal: Meaning and Types of Appraisal

### ****Performance Appraisal****

Performance Appraisal is defined as a systematic process, in which the personality and performance of an employee is assessed by the supervisor or manager, against predefined standards, such as knowledge of the job, quality and quantity of output, leadership abilities, attitude towards work, attendance, cooperation, judgment, versatility, health, initiative and so forth.

It is also known as performance rating, performance evaluation, employee assessment, performance review, merit rating, etc.

Performance Appraisal is carried out to identify the abilities and competencies of an employee for future growth and development. It is aimed at ascertaining the worth of the employee to the organization, in which he/she works.

Different types of performance appraisals help identify different aspects of employee success.

### ****Types of Appraisal****

1. **Rating Scale**

A rating scale takes certain behaviors, goals and traits and scores them on a scale. Every employee or team member is graded by the same standards giving insights about key team players not just individuals. Rating scales are usually numerically based, for example using a scale of one to five with five being the best possible performance. It is also possible that rating scales simply rate things as “poor, standard, and excellent,” or even as simple as “acceptable or unacceptable.”

1. **Self-Assessment**

You might not want to waste time on self-assessments if you buy into the false notion that everyone will rate themselves with high scores. Employees are very aware of where they excel and where they struggle. Getting a self-assessment gives you an insight to their thinking. You might not see from a managerial standpoint that a person is struggling with computer skills, but a self-assessment could show you a lack of confidence someone has in this area.

It is useful to have employees rate themselves according to the same scale standards that managers rate them. This helps both leadership and the employee see gaps in performance understanding. As part of the self-assessment, ask employees to set their own goals for the next month or quarter. This helps managers get buy-in regarding goals from employees and also see what employee motivation is for bigger success.

1. **360-Degree Feedback**

This assessment style is more time consuming than other assessment methods, because it requires feedback from everyone an employee works with. The 360-degree feedback method looks at performance by gaining reviews from managers, co-workers, subordinates and other metrics conducted by sales data or customer feedback. It takes a holistic view of the employee from a performance and behavioral level. This method of review is a good way to see if an employee is a good candidate for promotion and leadership.

1. **Management by Objectives (MBO)**

This method of performance appraisal is common among sales staff but isn’t limited to that department. MOB reviews performance based on how well the employee meets his goals. Goals could include sales numbers, deadline meetings or new certifications. You can look at goals and see very clearly if an employee is meeting the goals or not. This is a very black and white method of evaluation.

# Job Evaluation Meaning and Methods of Job Evaluation

### ****JOB EVALUATION****

A job evaluation is a systematic way of determining the value/worth of a job in relation to other jobs in an organization. It tries to make a systematic comparison between jobs to assess their relative worth for the purpose of establishing a rational pay structure. Job evaluation needs to be differentiated from job analysis. Job analysis is a systematic way of gathering information about a job. Every job evaluation method requires at least some basic job analysis in order to provide factual information about the jobs concerned. Thus, job evaluation begins with job analysis and ends at that point where the worth of a job is ascertained for achieving pay equity between jobs and different roles.

There are four basic methods of job evaluation currently in use which are grouped into two categories:

**1. Qualitative Methods**

(a) Ranking or Job Comparison

(b) Grading or Job Classification

**2. Quantitative Methods**

(a) Point Rating

(b) Factor Comparison

### ****Methods of Job Evaluation****

### ****1. Ranking Method****

The ranking method is the simplest form of job evaluation. In this method, each job as a whole is compared with other and this comparison of jobs goes on until all the jobs have been evaluated and ranked. All jobs are ranked in the order of their importance from the simplest to the hardest or from the highest to the lowest.

Ranking method is appropriate for small-size organizations where jobs are simple and few. It is also suitable for evaluating managerial jobs wherein job contents cannot be measured in quantitative terms. Ranking method being simple one can be used in the initial stages of job evaluation in an organization.

**Merits of Ranking Method**

(i) It is the simplest method.

(ii) It is quite economical to put it into effect.

(iii) It is less time consuming and involves little paper work.

**Demerits of Ranking Method**

(i) The main demerit of the ranking method is that there are no definite standards of judgment and also there is no way of measuring the differences between jobs.

(ii) It suffers from its sheer unmanageability when there are a large number of jobs.

**2. Grading Method**

Grading method is also known as ‘classification method’. This method of job evaluation was made popular by the U.S. Civil Service Commission. Under this method, job grades or classes are established by an authorised body or committee appointed for this purpose. A job grade is defined as a group of different jobs of similar difficulty or requiring similar skills to perform them. Job grades are determined on the basis of information derived from job analysis.

The grades or classes are created by identifying some common denominator such as skills, knowledge and responsibilities. The example of job grades may include, depending on the type of jobs the organisation offers, skilled, unskilled, account clerk, clerk-cum-typist, steno typist, office superintendent, laboratory assistant and so on.

**Merits of Grading Method**

(i) This method is easy to understand and simple to operate.

(ii) It is economical and, therefore, suitable for small organizations.

(iii) The grouping of jobs into classifications makes pay determination problems easy to administer.

(iv) This method is useful for Government jobs.

**Demerits of Grading Method**

(i) The method suffers from personal bias of the committee members.

(ii) It cannot deal with complex jobs which will not fit neatly into one grade.

(iii) This method is rarely used in an industry.

**3. Points Rating**

This is the most widely used method of job evaluation. Under this method, jobs are broke down based on various identifiable factors such as skill, effort, training, knowledge, hazards, responsibility, etc. Thereafter, points are allocated to each of these factors.

Weights are given to factors depending on their importance to perform the job. Points so allocated to various factors of a job are then summed. Then, the jobs with similar total of points are placed in similar pay grades. The sum of points gives an index of the relative significance of the jobs that are rated.

**Merits of Points Rating**

(i) It is the most comprehensive and accurate method of job evaluation.

(ii) Prejudice and human judgment are minimized, i.e. the system cannot be easily manipulated.

(iii) Being the systematic method, workers of the organization favour this method.

(iv) The scales developed in this method can be used for long time.

(v) Jobs can be easily placed in distinct categories.

**Demerits of Points Rating**

(i) It is both time-consuming and expensive method.

(ii) It is difficult to understand for an average worker.

(iii) A lot of clerical work is involved in recording rating scales.

(iv) It is not suitable for managerial jobs wherein the work content is not measurable in quantita­tive terms.

**4. Factor Comparison Method**

This method is a combination of both ranking and point methods in the sense that it rates jobs by comparing them and makes analysis by breaking jobs into compensable factors. This system is usually used to evaluate white collar, professional and managerial positions.

**Merits of Factor Comparison Method**

(i) It is more objective method of job evaluation.

(ii) The method is flexible as there is no upper limit on the rating of a factor.

(iii) It is fairly easy method to explain to employees.

(iv) The use of limited number of factors (usually five) ensures less chances of overlapping and over-weighting of factors.

(v) It facilitates determining the relative worth of different jobs.

**Demerits of Factor Comparison Method**

(i) It is expensive and time-consuming method.

(ii) Using the same five factors for evaluating jobs may not always be appropriate because jobs differ across and within organizations.

(iii) It is difficult to understand and operate.