



A Study on Executive Performance Appraisal System in NALCO

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DOI: <https://doi.org/10.55248/gengpi.2022.3.12.1>

ABSTRACT

The international employment climate expects a huge deal of commitment, loyalty, effort and dedication for the employees. Employees in turn also have high expectations from their employers. Performance appraisal must be viewed as an intrinsic or an already in-built part of a manager's responsibility. It is a systematic way of ensuring that superiors and subordinates gather on a periodic basis and discuss the past, present and future performance and expectation issue and reach on common or neutral grounds on various dimensions or aspects of it. The gatherings should be established on a clear and mutual understanding of the work concerned and its standards, levels and outcomes. It is also to be understood that such procedures and systems are kept in place to fulfil and achieve certain goals and not only for formalities or paperwork's.

The paper intends to focus light upon the need of such methods which benefits all the concerned parties of a work environment, with giving a special reference to National Aluminium Company Limited or commonly known as NALCO.

Keywords: Performance appraisal, NALCO, Appraisal system, Reviews, Executives, Methods, Superior, Subordinate, Employee, Employer, Appraiser, Appraisee.

INTRODUCTION

It is a common practice to appraise the performance of individuals, groups, teams and organization in a society. In common occurrence these appraisals are formally put in place and sanctioned and is structured in a manner that is suitable to the organization most but in some places, they are informal yet a very integral part of every-day activities. Thus, tutors evaluate their students, banks evaluate the financial performance of their creditors, children's behaviour is evaluated by their parents and all of us either in a conscious manner or unconsciously evaluate our day-to-day actions time to time. Performance appraisal in a way to complete such evaluations in work settings which includes both quantitative as well as qualitative aspects of the completion of job or job performance. In this context, performance is referred to the degree of accomplishment or attainment of the given tasks that sums-up an individual's work. Often performance is compared and is confused with the term 'effort'. The key difference among these two terms is, performance can always be measured, i.e., the attainment of results. To put them into picture we can take the example of; a student may put on a huge deal of effort for preparing for his/her exams, but he/she may not manage to get good grades. In this situation the effort made in place is high, but the performance is not.

So, to discover whether an employee is deemed worthy of incentives, extension of job, career progress and other facilities, his/her performance has to always be evaluated time after time. Organizations across globe have been working towards the framing of various frameworks for the systematic implementation of the Performance Appraisals that leads to higher productivity and employee satisfaction. To get a better idea of the same a public sector organization - National Aluminium Company Limited or NALCO has been identified for this study.

Performance Appraisal

A performance appraisal is traditionally expounded as a recurring assessment of an employee's performance that's qualitative and/or quantitative in character. Although performance appraisals can technically take place at any time, the convention in most organizations is to organize them on a periodic basis i.e., quarterly, half-yearly or annual basis.

The term performance appraisal has to do with the rhythmic review of an employee's job performance and total contribution to a company. It is also called as an annual review, performance review or evaluation, or employee appraisal, a performance appraisal estimates an employee's skills, achievements, and growth, or lack thereof.

Performance appraisals are done with the purpose of reviewing the job functioning capacity of an employee over a period. These reviews are needed to highlight both strengths and weaknesses to increase future performance. Performance management is a continuous and never-ending process. Throughout the calendar, managers are persuaded to engage with workers to lay down goals, note progress, and provide feedback. Formal reviews often take place on a yearly or quarterly basis.

Its origins in the early twentieth century can be unearthed to Taylor's revolutionizing Time and Motion studies. As a set apart and formal management procedure used in the estimation of work performance, appraisal dates from the era of the Second World War. Yet in a wider sense, the usage of appraisal is a very time-tested art. Dulewicz in 1989 quoted "...a basic human propensity to make judgements about those one is working together with, as well as about oneself." In the lack of presence of a meticulous structured system of appraisal, employees will be inclined to judge the work performance of others which shall comprise of subordinates, naturally, informally and arbitrarily. The human tendency to judge can create grave motivational, ethical and legal problems at the place of work. In the absence of a structured appraisal system, there is minute chance of ensuring that the adjudication made will be lawful, fair, defensible and to the point. Performance appraisal systems started as simple methods of income rationale. That is, appraisal was purposed to decide whether the salary or wage of a personnel was justified. The process was strongly attached to material outcomes. If a personnel's performance was discovered to be less than ideal, a deduction in pay would follow.

Since, organisation prevail to achieve objectives, the degree of success that individual personnel have in reaching his/her individual goal is pertinent in determining organisational effectiveness. The assessment of how successful personnel have been at meeting their solo goals therefore becomes an inevitable part of HRM.

The success of an organisation is determined upon the performance of its work force. To ascertain the contribution of each personnel, it is important to possess a systematic appraisal system at periodic interludes with clearly mentioned objectives, carefully elaborated performance standard that are reluctant and dependable are an indispensable foundation for evaluation. As appraisal interviews and any correlative effort are to be based upon true and correct information. Managers or Supervisor should be thoroughly educated in particular methods that will aid in evaluating their workforce.

They should polish their understanding for Performance Appraisal System as managerial mechanism, a foundational process of communication and as a technique and method of organisational intervention. The manger or supervisor must be sensitive and driven as an Appraiser by bringing into the light, the multitude of problems of Performance Appraisal System and the methods. The manager or the supervisor should keep himself/herself away from individual biases and errors that progress his/her skill in evaluating performance of others more cautiously, systematically and objectively. The triumph of manger as he/she also appraised by his/her supervisor is dependent upon how effectively and objectively he/she evaluates and help grow his/her subordinates to the capabilities needed to perform their jobs effectively

Need for Performance Appraisal:

Employee satisfaction and motivation: A Performance appraisal consultation is a platform where the worker is recognized for his/her good work, and it is pertinent to recognize the work done by the work force. Regardless of if the employee has not done the work favourably, it is of the essence to show that the organization is riveted in his/her solo performance and their development in the company. This encourages the employee to work in a dedicated manner, which in turn, benefits the company. A common appraisal program can have a significant impact on levels of employee job satiety and motivation.

Finding out the compulsion for training and development: At the time of an appraisal meeting, the employer can highlight the areas where the worker needs improvement. The personnel can look at the statistics and come in terms with the employer, and then work on a plan for training and development. The training will aid the personnel to perform preferably, and it will make way to future growth. Companies can examine and study the consolidated appraisal data and pinpoint on areas where improvement is required for individual human resource, as well as, for the entire team. Then they can project for training and development.

Analysing and studying appraisal data for better recruitment: Appraisal data helps in monitoring the success of a company's recruitment practices. For reference, how well the personnel's who were selected in the following one or two years are functioning, how is the attrition rate and so on. Based off of it, the HR department can strategize future recruitment and hiring.

Reception of employee feedback: A performance appraisal is not meant solely to assess employees. It is designed in such a manner that it receives employee comments, suggestions and grievances and factors them into the organization's policies in the future. The need of appraisals can't be comprehended since they create the most critical medium of communication. Workers can set forth their theory and peddle for physical change in whatever they recognize as problems in the workflow or work condition.

Constructive criticisms and evaluation of performance: The necessity of a performance appraisal is best emphasized through how it gives space for constructive criticisms of performance. With the aid of statistics or evidence collected during a performance appraisal, it's feasible to critique workers in a methodical structure that doesn't let personal prejudices to interfere in the process of assessment. Constructive criticism isn't about finding problem with or within employees. Constructive criticism can also be suggestive and include recommendations that workers can internalize to increase their productivity and performance.

Expression of work trends and patterns: A thorough performance appraisal provides both micro- and macro-level analysis of an organization. While the micro analysis is practical for individual observation and assessment, the macro analysis is accessible while making acknowledgement of how an

organization has grown over time. If analysed in a deeper manner, it's realizable to detect trends and/or rhythms in an organization's work environment that indicate its trajectory. Such a trajectory may be either positive or negative or even remain static or stagnant, but the essential part about performance appraisal in this setting is that it permits a comprehensive assessment throughout the organization.

Identifying the structural flaws in an organization: Sometimes even with enough resources and talented employees, organizations struggle to boost their output or meet their objectives. This is where the necessity of a performance appraisal comes in the picture, as it aids organizations identify structural issues that may be keeping them back. Be it changing certain hierarchies or transferring employees among departments, a performance appraisal makes it reachable to fine-tune organizational structure to squeeze out the best of each member.

Performance Appraisal at NALCO

National Aluminium Company Limited or NALCO was framed and set under Schedule 'A' and is a Navratna Central Public Sector Enterprises or CPSE established on 7th January 1981 having its registered office at Bhubaneswar. NALCO is one of the most substantially integrated Bauxite-Alumina-Aluminium- Power Complex in India. Currently, GOI holds 51.28% of paid-up equity capital. NALCO has been operating its Panchpatmali Bauxite Mines for the pit head Alumina refinery at Damanjodi, based in the District of Koraput, Odisha and Aluminium Smelter & Captive Power Plant at Angul.

Since the first commercial operation of NALCO in 1987 the company has consecutively earned profits for last 34 years. Despite the global pandemic, NALCO has reported an impressive net turnover and net profit of Rs.8,869.29 crore and Rs.1,299.56 crore respectively in the financial year 2020-21. The Company has a 68.25 lakh tonnes per annum Bauxite Mine & 21.00 lakh tonnes per annum from Alumina Refinery located at Damanjodi in Koraput district of Odisha, and 4.60 lakh tonnes per annum Aluminium Smelter & 1200 mega-watt captive power plant located at Angul, Odisha.

The company has always given the priority of attention to its human resource. A strong and dependable skill base has been defined and developed over the years through well planned practical exposure and training in various fields of work.

The philosophies are:

- To attract component personnel with growth potential and develop their skill and capabilities in a congenial work and social environment through opportunities for training, recognition, career advancement and other incentives.
- To develop and nurture favourable attitude among employees and to obtain their best contribution by providing stable employment, job satisfaction, quick redressal of grievances and through good pay and welfare amenities commensurate with company's capacity to spend and government guidelines.
- To nurture fellowship and feeling of belongingness amongst all sections of employees with the aid of closer association of employees with the management and by affirming healthy trade union practices.

LITERATURE REVIEW

Performance Appraisal is continuously and incrementally regarded as one of the most important human resource practices (Boswell and Boudreau 2002). There is multiple research which indicate that appraisal is not practiced and carried out well, or welcomed in many cases. Roberts and Pregitzer (2007) hint that performance appraisal is an annual rite of passage that sets off dread and apprehension in the many experienced and time-tested managers.

The Oxford Dictionary states appraise as "approximation of the value or quality of." Connecting this to performance, Bird (2003) indicate performance appraisal is the estimation of what we produce and how. Armstrong (2006) elaborated Performance Appraisal as the official assessment and rating of personnel by their supervisors at, usually, a yearly review meeting. While the Chartered Institute of Professional Development (CIPD) have a comprehensive and deeper definition which states that 'Performance Appraisal is a chance for an employee and those directly linked with their performance, generally line managers, to take part in a dialogue about his/her performance and development, along with the backing necessary from the manager.'

Performance appraisal is not constricted to rating employees, Meenakshi (2012) spotted that organizations conduct Performance Appraisal as a base for administrative purpose such as promotion, allocation of monetary rewards, employee growth and identification of training requirement. 'Before appraisal is carried out, it is important to establish general objectives or drawing a portrait for the job, recognizing specific job expectations, giving feedback and, when needed, coaching' (Hillman, Schwandt & Bartz, 1990, p.20).

As per Karol (1996) performance appraisal incorporates a communication meeting planned between a supervisor and subordinate specifically for assessing that subordinate's previous job performance and scrutinize areas for future improvement. However, deeper research by DeNisi (1996) indicates that due to the subjective nature of appraisals, it is not astounding there has been much written on 22 various types of bias, imprecision and innate partiality of most systems.

OBJECTIVE OF THE STUDY

This paper aims to find out the way NALCO conducts its performance appraisal for executives working in its organization. It is meant to uncover the process of the performance appraisal that takes place every year.

METHODOLOGY

For the attainment of the objectives of the study, a content analysis has been used in the study based on the data collected through various primary and secondary sources. In primary sources, expert opinion and interview of executives have been conducted. The interview comprised of various open-ended questions which was aimed to get a clear idea of the process of the Employee Appraisal system implemented at the organization. In secondary sources, extracts from appraisal booklet issued by NALCO to its employees, NALCO yearly gazette and data from other research paper and articles. All these sources were used and compiled to make this research paper.

CONTENT ANALYSIS

Based on the detailed information collected from the various sources a clear detailed flow of the process of the Performance Appraisal has been explained below.

THE MANAGEMENT STRUCTURE/HIERARCHY OF NALCO

NALCO is a Govt of India Enterprise falling under the administrative control of the Ministry of Coal & Mines. The company is managed by a Board of Directors appointed by the Presidents of India. The Board consists of 18 Directors including the Chairman-cum-Managing Director of the company. Apart, from CMD, there are 5 functional or full time Directors heading Production, Finance, Project & Technical and Personnel & Administration disciplines. There are 2 senior Govt Official nominated to the Board as Directors by the Government of India.

THE HR DEVELOPMENT SET UP IN NALCO

The HRD set up at Corporate Office is divided into 2 groups.

- Human Resource Development-I
- Human Resource Development-II

Under HRD I:

- Industrial Engineering Department
- Establishment and Industrial Relation Department
- The Industrial Engineering Department is headed by one Chief Manager and the Industrial Relation Department is headed by two Chief Manager, one for Executive and for Non-Executive.

Under HRD II:

- Recruitment
- Training development
- Training departments

The Recruitment Department is headed by Senior Manger HRD and Performance Appraisal, Training & Promotion Departments are headed by Chief Manager HRD each.

EXECUTIVE PERFORMANCE APPRAISAL AT NALCO

Executives are vital part in any organisation. Without competent Executives no organisation is expected to hold a place of prominence despite having over valuable resources such as capital, technology etc. Performance Appraisal System is considered as the process of estimation and judging the values of excellence and status of the Executives and to take decision related to executive development programme.

NALCO had started Performance Appraisal system in 1981, subsequently it was revised in 1991. In order to have an objective assessment it was again revised in 1995. The recent system came in force with effect from 1995. There are separate Performance Appraisal System for Executives and Non-Executives.

The Executive Performance Appraisal System is essential for assessment of the performance of the executives as well as to plan out their development and for effective management system. The EPAS in its instant form was introduced in NALCO in 1st April 1995. Aligning with the business need, to retain talent, to enhance competency for succession & career planning of the executive Performance Appraisal System continued since then with modification/amendments as and when required. The EPAS addresses the need of the organisation to promote professional excellence and to build future leaders.

PHILOSOPHY behind Performance Appraisal at NALCO

To align the individual performance with organisational objective through open-communication and feedback.

- To enable the Appraisee to set the tasks & targets in consultation with the Appraiser in line with business and social objective of the company.
- To align the individual performance with the mission and vision of the company.
- To keep hold of talents, to increase competency, to aggrandize professional excellence, to recognize and develop leadership talent for future.
- To encourage communication, continuous feedback between the Appraisee and Appraiser and create transparency in performance assessment process and inculcate a performance culture in the company.
- To evaluate the performance and potential of the Appraisee and to assess the competency to assume higher responsibilities.
- To identify the performers, recognize them through rewards and incentives and also to fulfil individual aspiration.

Employee Performance Appraisal System of NALCO

The Executive Performance Appraisal System (EPAS) is aimed at assessing the performance and managerial skill i.e., both performance and potential competencies of Executives up to E6 grade i.e., Asst General Manager level. Executives who join the company on deputation and Executives joining the Company in the middle of the appraisal calendar year who have served for a minimum period of three months are also covered. The performance appraisal of Executives at E7 and above grades i.e., in the levels of Deputy General Manager, General Manager and Executive Director will be guided as per PESB appraisal norms and format.

Performance Appraisal Cycle

The performance assessment year commences from 1st April of each year to 31st March of the following year and is applicable to all the Executives. Executive Performance Appraisal System up to E6 grade is from 1st April of each year and continues till 31st March of the following year. The Performance Management System (PMS) activities for executives at E7, E8 & E9 grade is as per the schedule prescribed in the PESB appraisal format.

PROCESS OF EPAS

The EPAS process is broadly divided into the following stages;

- Performance Target setting
- Midyear Performance review
- Annual assessment
- Assessment on Managerial skills (i.e., performance and potential factors)
- Rationalisation
- Feedback, Coaching and Counselling

FORMS IN EPAS

The EPAS is divided into seven parts:

Performance Tasks & Targets	Form B
Midyear Performance Review	Form C
Annual Target Achievement (Competency Assessment)	Form D1
Performance Assessment (Functional/Technical Competencies)	Form D2

Potential Assessment (Managerial Competencies)	Form D3
Annual Assessment	Form E
Rationalisation Report	Form F

OPERATIONAL DETAILS

Performance Tasks and Targets - (Form-B): Performance tasks and targets is that,

- Executive is clear about what tasks he is expected to perform with defined quantity, timeframe and date at the commencement of the appraisal calendar year to achieve the action plan of the department.
- The process enhance competency of the Executive since the targets & tasks are set at the beginning of the appraisal calendar year thus helps in achieving the organisational objectives.
- It helps in identification and allocation of resources to the Executives i.e., manpower, budget, support, training, etc to achieve the targets.

Performance Tasks and Target Process

The Reporting Officer will inform the Appraisee about the targets & objectives with reference to Action Plan of the department in the beginning of the assessment year. The Appraisee and the Reporting Officer will decide on the relevant Key Performance Areas (KPA) for the year and finally agree to a set of Key Tasks with mutually agreed time schedule. The Appraisee will write down the Key Tasks, additional tasks if any and its importance with time frame.

Support/Facilities required to achieve these targets may be projected by the Appraisee in consultation with the Reporting Officer. Each specific task will have to be assigned a certain weightage depending on its relative importance, such that, the sum of all the weightages, including the compulsory Key Tasks, is equal to 1.0. The Appraisee and the Reporting Officer have to decide on these weightages mutually. These are to be filled up in Form 'B' and to be signed by both. While adding weightages of different tasks, it may be observed that the fixed weightages of 0.05 earmarked for necessary Key Task of "timely completion and submission of appraisal booklet pertaining to appraisal calendar" is to be factorized.

While filling up Form 'B' any difference arising between Reporting Officer and Appraisee will be resolved by the Reviewing Officer 1 and his decision on the matter will be final. It shall also be the responsibility of the Reviewing Officer 1 to ensure that KPAs identified is aligned with the Action Plan of the department and Key Tasks are derived from the KPAs. Form 'B' is to be filled up in duplicate and signed by both Appraisee and Reporting Officer at the first stage and thereafter by the Reviewing Officer 1.

Mid-Year Performance Review - (Form- C)

Performance management is not a yearend assessment exercise but an ongoing process Midyear Performance Review is for:

- Review of performance plan by comments on achievements and reason for variance.
- Re-allocating the KPAs and Key Tasks, if necessary.
- The Midyear reviews are focused on feedback and counselling and hence requires the Reporting Officer to give suggestion for improvement.
- Identification of Special Tasks given and indicate allocation of weightage and adjustment against original KPAs.
- The Reporting Officer and the Executive jointly review the performance that avoids year end assessment surprises.

Mid-Year Performance Review Process

The targets mutually agreed and decided upon at the beginning of the year, will be reviewed once in a financial year (Ref. Forms "C"). The objective of this review will be to focus on the extent of achievement of the targets mutually agreed to and to record the reason of variance and to record if any Special Tasks were assigned. This review is to be done in 1st week of October positively failing which the same would have a bearing on the appraisal ratings. No rating or score is awarded by Reporting Officer.

The purpose of Performance Review is to review the extent of achievement and give an oral feedback and assistance to the Appraisee at the end of each review period for meeting the target. Performance Review can also be used to verbally inform the Appraisee regarding any Managerial (Performance & Potential) traits in which the Appraisee needs to improve. In the event of Special Tasks being assigned during the year, maximum weightage to such tasks shall be limited to 10%. Accordingly, weightage assigned to the original tasks agreed (including additional tasks) shall be reduced proportionately by 10%.

Annual Target Achievement (Competency Assessment)- (Form D1)

Annual Target achievement is for:

- An assessment of performance with respect to agreed tasks/targets.
- Observation of the Executive on target achievement.
- Mutually agreeable achievement assessment between Appraiser and Reporting Officer.

Annual Target Achievement Process

Annual Target achievement assessment is done by Reporting and Reviewing Officers at the end of the appraisal calendar year after Performance Reviews (Ref. Form 'D1'). Annual target is compared against achievement (in terms of quantity, quality or time frame/date, as the case may be) and percentage of achievement is recorded separately in column B, column C, column D and column E by Reporting Officer and Reviewing Officer 1, 2 & 3 respectively. (Ref. Form D1).

Weighted score of a particular task is calculated giving 40% weightage to Reporting Officer. Weightage for each Reviewing Officer will be 20% in case of three Reviewing Officers (Ref. Form D1). The Reporting Officer as well as Reviewing Officer(s) give their observation about the Appraiser at the space earmarked in Form 'D1' without his presence and password sharing by the Appraiser as the final report is to be disclosed to the Appraiser after finalization in all respect.

Performance Assessment (Functional/Technical Competencies) -(Form D2)

Performance Assessment is for:

- Completion of tasks/targets requires Technical/Functional competency.
- An assessment of factors relates to completion of assigned tasks

Performance Assessment Process

The Appraiser will be appraised on Managerial characteristics (traits) i.e., six Performance Factors (Functional/Technical competencies) (Ref. Form 'D2'). It is suggested that a record of specific incidents be kept separately by the Reporting Officer (both positive and negative incidents) to the extent possible, for removing subjectivity. Performance factors will be rated in Form - D2 by Reporting Officer, Reporting Officer (Functional) & Reviewing Officers.

Weighted score of a particular task is calculated giving 40% weightage to Reporting Officer. Weightage for each Reviewing Officer will be 20%. In case the appraisal is routed through Reporting Officer (Functional), then 20% weightage is given to each of the evaluating Officers

Before giving any rating, Reporting Officer, Reporting Officer (Functional) & Reviewing Officers are required to go through the checklist provided in Form- D2. Rating can be given on the point scale of 0.0 to 5.0 up to two decimal points against any trait. If the weighted score for any Performance factor is less than 50%, a communication is to be made to the concerned Executive by the Appraisal Cell, Corporate Office/Complexes through the Reporting Officer for corrective measures by the Appraiser.

Potential Assessment (Managerial Competencies)- (Form D3)

Potential Assessment is for:

- To assess the Executives for critical leadership position through behavioural descriptors.
- Competencies required performing current role as well as future responsibilities.

Potential Assessment Process

The Appraiser will be appraised on managerial characteristics (traits) i.e., nine potentials (managerial competencies) (Ref. Form 'D3'). It is also suggested that a record of specific incidents be kept separately by the Reporting Officer (both positive and negative incidents) to the extent possible, for removing subjectivity. Potential factors will be rated in Form – D3 by Reporting Officer, Reporting Officer (Functional) & Reviewing Officers. Weighted score of a particular task is calculated giving 40% weightage to Reporting Officer. Weightage for each Reviewing Officer will be 20%. In case the appraisal is routed through Reporting Officer (Functional), then 20% weightage is given to each of the evaluating Officers (Ref. Form D3).

Before giving any rating, Reporting Officer, Reporting Officer (Functional) & Reviewing Officers are required to go through the checklist provided in Form-D3. Rating can be given on the point scale of 0.0 to 5.0 up to two decimal points against any trait.

If the weighted score for any potential factor is less than 40%, a communication is to be made to the concerned Executive by the Appraisal Cell, Corporate Office/Complexes through the Reporting Officer for corrective action by the Appraisee.

Assessment of Strength and Weakness

Assessment of strength and weakness is:

- Facilitating the success at critical leadership position at a later stage by addressing the weakness at nascent stage and work on the strength.
- Attributes used for developmental purposes.
- Parameters help in job rotation, job enrichment and placement in special assignment commensurate with strength.
- Assessing the preparedness for career growth.
- Indicating skill gaps for corrective measures.

Assessment of Strength and Weakness Process

Three major strengths and three major areas of improvement of the Appraisee needs to be identified (Ref. Form 'D3'). This is meant to identify the strengths & areas of improvement of the Appraisee for developmental purposes or for future job assignments conforming to specific needs of the top management. Traits can also be identified as strengths/areas of improvement by the Reporting Officer and/or Reviewing Officer. Reporting and Reviewing Officers will come to a consensus after a discussion and list the major strengths and major areas of improvement of the Appraisee.

Annual Assessment – (Form-E)

Executive's annual Performance Assessment is based on the tasks and targets achieved which commensurate with the Action Plan of the department and also based on the assessment of functional and managerial competencies. The assessment of two Executives may not be always comparable as the demonstrable competencies, effort given, address constraints, result delivered, etc varies. In spite of the interpretation in assessment, utmost care is to be taken to minimize the subjectivity and maximize the objectivity. However, the performers should be recognised and the nonperformers should be given feedback, counselling, etc to improve the performance to align the business objectives of the organisation.

The Appraisee has to exhibit desired level of Performance Factor (functional/technical competencies) and Potential Factor (managerial competencies) while achieving the KPAs which carry different weightage as indicated below:

Level	Targets(x)	Performance Factor(y)	Potential Factor(z)	Total (x+ y+ z)
Junior (E0 to E3)	55	25	20	100
Middle (E4 to E6)	45	25	30	100

Annual Assessment Process

The final score is calculated by taking into account the rating given by the Reporting Officer, Reporting Officer (Functional) and Reviewing Officers in Form E. This final score arrived at Form E is further subjected to rationalization process. In, case an Appraisee does not submit or fails to submit his appraisal as per the calendar of appraisal activities as enumerated in the appraisal booklet for any reason whatsoever, the Reporting Officer will initiate the appraisal report of the Appraisee after lapse of two weeks from the due date for submission of the appraisal booklet.

The Reporting Officer will give his rating to the Appraisee on the basis of his observation. However, 30% mark is to be reduced from the total marks given in Form- D1 during the final calculation of the rating in Form-E. In case an Executive is absconding provided he has worked for more than three months in an appraisal calendar year; the Reporting Officer will give his rating to the Appraisee based on his observation in Form- D2 & Form- D3 but the rating at Form- D1 will be given "Zero".

Routing of the EPAS

The Appraisal Report shall be routed through Reporting Officer, Reporting Officer (Functional), Reviewing Officer 1, 2 & 3.

- The appraisal of the Executives will be routed through the Functional area in which he is working in.
- The appraisal of the Executives working at Production unit will be routed through concerned General Managers and Complex Executive Directors.
- The appraisal of the Executives working at Corporate Office will be routed through concerned General Manager and Functional Executive Director.

- The appraisal of the Executives working at Regional Offices and Branch Offices after being routed through the respective Regional Managers will be sent to Functional Executive Director.
- In case of Port Facilities, the appraisals will be routed through GM (PF) to ED (Marketing).
- Functional Director is the Director in charge of the cadre the Executive belongs to. Functional Executive Director/General Manager is the Executive Director/ General Manager of the functional area the Executive is working in.
- The appraisal after the rating and observation given by Reviewing Officer 3 is to be placed before the Rationalisation Committee.

Reporting Officer

- The Executive next higher in rank and grade not below the level of E4 grade to whom the Appraisee Reports.
- In case the Executive at E3 grade is the section head, the concerned Executive will be the Reporting Officer of E0, E1 and E2 Executives.
- The Reporting Officer should have at least three months experience of the work of the Appraisee for the appraisal.
- In case an Executive has more than one Reporting Officer in an appraisal calendar year, which has minimum three months of experience of the work of the Appraisee, each will fill up the appraisal form separately.
- In case an executive report to two Reporting Officers for different functions, each will fill up the appraisal form separately.
- If the Reporting Officer retires or demits office, he may be allowed to write the appraisal of his subordinate within a month of his superannuation or demission of office.
- When there is no Reporting Officer having the requisite experience of three months during the appraisal calendar year, the Reviewing Officer may initiate the report as Reporting Officer provided, he has been the same for more than six months.

Reporting Officer (Functional)

The Reporting Officer (Functional) is the officer of the functional area in case of the Executives administratively reporting to the authority other than his functional area.

Reviewing Officer:

- The Reviewing Officer 1 will be the Executive next higher in rank and grade to the Reporting Officer to whom the Reporting Officer reports.
- The Executive next higher rank and grade to the Reviewing Officer 1 to whom the Reviewing Officer 1 reports is the Reviewing Officer 2 and so on up to maximum three levels.
- In case of Executives having only one or two Reviewing Officers, the rating of the higher-level Reviewing Officer will be taken for the next level(s) of Reviewing Officer.

In Respect of Executives at E0 to E3 Grades:

- Reviewing Officer 3 is to be limited to an Officer of E8 grade. In case an Executive is Reporting to an Officer of E8 grade, then his Reviewing Officer 1, 2 & 3 will be the Complex ED (for Executives belonging to M&R or S&P Complex) or Functional ED (for the Executives at Corporate Office, Port Facility, Regional & Branch Offices).
- In case, an Executive is reporting to Executive Director, then the Reviewing Officer 1, 2 & 3 will be the Functional Director.
- In case, an Executive is reporting to Functional Director, then the Reviewing Officer 1, 2 & 3 will be CMD.

In Respect of Executives at E4 to E6 Grades:

- Reviewing Officer 3 is to be limited to the respective Functional Director. In case an executive is Reporting to an Executive Director, then his Reviewing Officer 1, 2 & 3 will be the Functional Director.
- In case an Executive is reporting to Functional Director, then the Reviewing Officer 1, 2 & 3 will be CMD.
- For the Executives reporting to Chief Vigilance Officer (CVO), the Reviewing Officer will be CMD.
- The Reviewing Officer cannot review the appraisal reports after his superannuation or separation from the company.

- In case of Executive whose services have been spared to other organizations, other than on deputation terms, the Reporting and Reviewing Officers from NALCO will be as prescribed by CMD.

Personal and Directly Reporting Staff:

The respective Controlling Officers will be the Reporting Officer of personal and directly reporting staff. In case the specified level of Officer noted above is not in position, the next Higher Officer will evaluate in his place.

Accepting Authority:

The final rating of an Appraisee is to be placed before the Accepting Authority, as indicated below:

Sl. No	Level of Appraisee	Level of Accepting Authority
01	Front line: E0 to E3 grades	<ul style="list-style-type: none"> • Complex level Executive Director for S & P Complex & M&R Complex • Functional Executive Directors for the Executives at Corporate Office, Port Facility & Regional Offices
02	Middle line E4, E5 & E6 grades	Respective Functional Directors. However, in case the Reviewing Officer is CMD, the accepting authority will be CMD
03	Senior Management E7, E8 & E9 grades	CMD

The Executives for whom CMD is the Reporting Officer, the ratings given by the CMD will be final and the rating will not be subject to review but may be subject to rationalisation by CMD.

Rationalisation – (Form F)

Rationalisation of Performance Assessment is:

- To balance the soft and hard ratings and ensure an equitable assessment with the discipline/departments/unit.
- To correct over/under ratings in departments/areas/sections, which have not achieved/exceeded the Internal MOU/Action Plan.
- To maximize objectivity and minimize subjectivity.

Rationalisation Process

The appraisal of the Executives at E0 to E6 grade shall be placed for rationalisation of rating. The Rationalisation Committee while rationalizing the rating of the Executives will also look into the variations as indicated below

1. In case of final overall grade of the Appraisee being 'C' (Poor) i.e., below 50% in Form-F.
2. In case of the Appraisee securing below 50% in either Form 'D1', 'D2' or 'D3'.
3. In case of variation (40% and above) between the ratings of Reporting Officer and Reviewing Officer in either Form – 'D1', 'D2' or 'D3'.

Principle of Rationalization

The rating of the Executive would be rationalized cadre/ function wise within the grade. The rationalisation process will be conducted at Unit/Office, Complex and Company level. The rationalisation of appraisal rating of Executives from E0 to E3 grades at Complexes will be completed at their respective Complex level and for Executives at Corporate Office, Regional/ Branch Offices and PF will be done at Corporate Office. The appraisal would be rationalized cadre wise within the grade with a population of at least 7 Executives.

- For rationalization of rating of Executives from E0 to E3 grades, in case there are less than 7 Executives in a cadre within a grade in one Unit, then the Executives of the same cadre and grade in the other Unit of the same Complex are to be considered together for rationalisation.
- In case in any Complex the number of Executives is 7 or more, it would be rationalized at that Complex even if the number of Executive is less than 7 in the same cadre and grade in the other Complex.

- For Executives at E4 to E6 grades, in case there are less than 7 Executives in a cadre within a grade in one Unit, then the Executives of the same cadre and grade in the other Unit of the same Complex are to be considered together for rationalisation.
- For Executives at E4 to E6 grades, in case the number of Executives in a cadre within a grade is less than 7 in Complex, the rationalisation will be conducted at Company level at Corporate Office provided there is an Executive of the same cadre and grade at Corporate Office.
- If the Executive in that particular cadre and grade is not available at Corporate Office, the rationalisation process will be conducted at Complex level.
- In case in any Complex the number of Executives is 7 or more, it would be rationalized at that Complex even if the number of Executive is less than 7 in the same cadre and grade in the other Complex.
- If the number is less than 7 in a cadre in a grade including Executives at Complexes and Corporate Office, then the rationalisation of the ratings will be done at Corporate Office.

The rationalisation of rating of the Executives shall be through two stages. The ratings shall be placed before the Rationalisation Committee which shall be routed through cadre controlling Executive Director, before placing with Accepting Authority for final acceptance of the rating. The bell curve method of rationalisation has been discontinued. However, the appraisal ratings of all Executives from E0 to E6 grades will continue to be rationalized, capping ratings of more than 90 maximum to 15% of total Executives in the grade.

Rationalisation Committee

The Rationalisation Committee shall rationalize the rating of the Executives keeping in view the individual performance vis-à-vis the overall performance of the section/department/unit/Company. The Rationalisation Committee if required may discuss the rating of the concerned Executives with his Reviewing Officer while rationalizing the ratings. The Officer-in-Charge of the Appraisal Cell at Complexes/Corporate Office would act as a facilitator to the rationalisation committee.

Rationalisation Committee for executives at E0 to E3 grade at production Units/Complexes will be as under:

- General Manager (H&A) of the Complex, concerned Functional GM and another GM of the Unit to be nominated by the Executive Director of the Complex.
- For executives working in H&A, IE, Medical, Rajbhasa, Legal, Horticulture, PR&CC and Secretarial cadres, the committee will consist of General Manager (H&A), the Unit General Manager i.e., GM (Smelter)/GM(CPP)/GM(Mines)/GM(AR.), and another GM of the Unit to be nominated by the Executive Director of the Complex.
- The Rationalisation Committee constituted at Complex level will consist of General Manager (H&A) of the Complex, concerned Functional General Manager of both the Units, and another GM of any of the Units under the control of the Executive Director of the Complex, as nominated by him.
- In case of the Executive Director of a Complex being Reviewing Officer, the rationalization and acceptance will be done by the Complex Executive Director.
- In case of the Executive Director being the Reporting Officer and functional Director the Reviewing Officer, the rationalization will be done at Corporate Office by Committee of Directors and the Accepting Authority will be the concerned functional Director.

Rationalisation Committee for executives at E4 to E6 grade at production Units/Complexes will be as under:

- Executive Director of the Complex, General Manager (H&A) and concerned Functional GM.
- For executives working in H&A, IE, Medical, Rajbhasa, Legal, Horticulture, PR&CC and Secretarial cadres, the committee will consist of Executive Director of the Complex, General Manager(H&A) and Unit General Manager i.e., GM(Smelter)/GM(CPP)/GM(Mines)/GM(AR.)
- The Rationalisation Committee constituted at Complex level will consist of Executive Director of the Complex, General Manager (H&A) and concerned Functional General Manager of both the Units.

Rationalisation Committee for executives at E0 to E3 grade at Corporate Office shall comprise of the following:

- Functional General Manager to be nominated by the concerned Functional Director, General Manager (H&A) to be nominated by Director (HR) and another General Manager as approved by CMD.
- For Executives working in H&A, IE, Medical, Rajbhasa, Legal, Horticulture, Documentation and PR & CC: General Manager (H&A) to be nominated by Director (HR) and two other General Managers, as approved by CMD.

- For Executives working in Secretarial cadre: General Manager (H&A) to be nominated by Director (HR), concerned Functional General Manager (i.e., from the functional area the executive is working in) and another General Manager, as approved by CMD.
- In case of the Functional Director being the Reviewing Officer, the rationalisation will be done by Committee of Directors and the Accepting Authority will be the concerned Functional Director.

Rationalisation Committee for Executives at E4 to E6 grade at Corporate Office shall comprise of:

- Functional Executive Director, Executive Director (H&A) and another Executive Director as nominated by CMD.
- For Executives working in H&A, IE, Medical, Rajbhasa, Legal, Horticulture, Documentation and PR&CC: Executive Director (H&A) and two other Executive Directors as nominated by CMD.
- For Executives working in Secretarial cadre: Executive Director (H&A), concerned Functional Executive Director (i.e., the functional area the executive is working in) and another Executive Directors as nominated by CMD.

Rationalisation Committee for Executives at E0 to E6 grade for whom Functional Director is the Reviewing Officer:

- The Rationalisation Committee shall consist of Director (HR), Functional Director and another Director as nominated by CMD.
- For Executives working under the functional area of Director (HR), the Rationalisation Committee shall consist of Director (HR) and another two Directors as nominated by CMD.
- The Accepting Authority in case of the rationalisation done at Director's level will be the respective Functional Director.

Rationalisation committee for Executives working in Vigilance department shall consist of CMD & CVO. The rationalized rating of the Executives working in Vigilance department shall be placed before CMD for acceptance. The accepted rating shall be communicated to CVO. If CVO is not in agreement with the accepted rating and grade, he will discuss with CMD. In case, difference of opinion still exists the same shall be referred to CVC who will intercede in the matter suitably.

Appeal/Grievance/Complaints:

In case of appeal/grievance/complaint on grounds of bias, etc. in giving appraisal rating a Committee of Directors to be appointed by CMD will examine such grievances and put up their recommendation to CMD for his decision. During the proceedings of the above Committee, the concerned petitioner will be given opportunity to put up his case before the Committee and the Reporting and Reviewing Officers may be called to put up their points before the Committee. Chief Executive is the Competent Authority to amend or modify these guidelines or any part there of as and when required.

Analysis from the Expert Opinion

The purpose with which the study was conducted was to explore the Executive Performance Appraisal System and its application in the present work culture and environment in the subject organisation NALCO. Though the result obtained may deviate from the actual climate but this research has tried his best to bring out the fact for the betterment of the organisation. Performance Appraisal composes an imperative tool of human resource management. In the study of the system in NALCO, it is the personnel department which decides the criteria to be evaluated in terms of personality characteristics and job performances, fixes the responsibility and as to who should appraise and lays down the procedure of conducting the appraisal.

Through the questions asked to the employees in the form of questionnaire it was seen that many employees were satisfied with the current performance appraisal system that is used in NALCO but a few were not quite pleased with the current system. Whereas, the performance appraisal takes place every year a few employees responded to it that the appraisal should take every half yearly.

All the respondents unanimously agreed that the current performance appraisal is used for a variety of purpose such as for promotion, transfer, development of employees and for potential appraisal. The respondents were separated in half about the quality of performance appraisal, between whether it needs improvement or its good enough as it is. When it came upon the confidentiality of the performance appraisal marks of individual partially stated that it is totally confidential whereas the same percent of other respondents said it is semi-confidential and the remaining handful said that it is totally transparent.

There was difference in opinions when asked about if they have received any training to appraise a subordinate's performance. 50% stated yes whereas the rest reported no. It was the similar case when they were asked if the reviewing officer gave the under performers any counselling as to help them work productively. The same picture is visible in the next question about the mode of counselling which is provided by the reviewing officer. Half of the respondents said it is done formally in one-on-one session whereas the rest said it is done informally one-on-one.

There was a unanimous rejection by all the respondents in any third-party interjection in the counselling of underperformers. There was a unanimous acceptance in the precise and transparent manner of the factors on which basis the candidates are judged. Majority of respondents agreed that the grievance related appraisal ratings are considered in the right perspective and not in any other manner. The same image was portrayed in the next

question about whether the weakness identified by the reviewing officer is analysed and are appropriate steps are taken to eradicate or minimize the weakness.

RECOMMENDATION & SUGGESTION

The efficiency and success of an organisation depends entirely on the quality of its personnel. It is therefore important that the organisation personnel are equitably assessed in order to ensure the suitable ones are placed properly. On, the basis of the analysis and interpretation of the collected data from the made questionnaire that was distributed in the HR Department employees, following few suggestions are put forth to make the system more effective and satisfactory:

- The Appraisers should be given training on how to assess the performance of their subordinates. As per the survey in the department, 50% of the employees disagreed on receiving any training to as to appraise a subordinate.
- All the Appraisers should give counselling session to their subordinates for improvement of performance. As per data collected, around 50% of the counselling happens formally one-on-one manner and the other 50% happens informally one-on-one manner.
- The appraiser should compulsorily give counselling session to the underperformers they have identified. As per the survey, 50% of the respondents deny that the appraising officer gives any counselling session to the underperformers. There should be a compulsory counselling made for those underperformers.
- The counselling and training given after the performance appraisal and identification of the below average performers to the underperformers does not reap any significant result. Since, there is no third-party intervention to counsel the employees who perform below benchmark it might not show fruitful results. NALCO can try and hire third party counsellors to give training to employees on a yearly basis.
- The performance of the underperformers should not be disclosed and should be kept highly confidential between the employee and his/her respective appraising officer. As per the data, only 42.9% of the respondents agree that their performance marks are confidential and the rest of the respondents either reported that it is semi-confidential and few even responded as it is totally transparent.

CONCLUSION

Thus, we can conclude that every employee spends a major part of his working life for the organisation. So, the nature of Performance Appraisal and its effectiveness depend a great deal on how human resource are viewed and treated in the organisation. If the organisation believes that people do not work unless they are closely supervised and controlled, it may tend to have a confidential report form of appraisals.

If the organisation believes that every individual has potential and strengths and that of human capabilities can be sharpened, developed and utilised better by providing a healthy climate then the organisation should have an Appraisal System that attempt to identify sharpen, develop and utilize the potential and capabilities of its employees.

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