



## PERFORMANCE APPRAISAL IN COAL INDUSTRY – A STUDY

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### **Abstract**

*The performance appraisal is one of the foremost management processes in the effective management of human resources. The evaluation of performance of the employee with a view to understand their abilities, recognising and rewarding the performances are one of the very important functions done by the HR department of the organization for effective management of human resources. In the present study, an attempt is made to determine the objectives, process and significance of performance appraisal. Further, the study also presents the profile of one of the coal mining companies, i.e., Singareni Collieries Company Limited and the performance appraisal policy implementation for its employees.*

**Key words:** *Assessment, Engagement, Feedback, Mentoring, Rewarding.*

### **1. Introduction**

Performance appraisals are used by companies to know more about their workforce. These evaluations enable managers to learn about each employee's skills and limitations so that they can best utilize them in the workplace and improve their future performance. Companies can also use performance management software to evaluate which employees require additional training and which ones are capable of taking on new responsibilities in the workplace. Companies can keep their staff interested and encouraged to work more by conducting performance appraisals on a routine basis. Performance appraisal provides important and useful information for the assessment of employee's skill, knowledge, ability and overall job performance.

### **2. Conceptual Overview of Performance Appraisal**

According to Dale Yolder(2010), "Performance Appraisal includes all formal procedures used to evaluate personalities and contributions and potentials of group members in a working organization. It is a continuous process to secure information necessary for making correct and objective decisions on employees." Performance appraisal is a process for evaluating and documenting how well an employee is carrying out his or her job. It is part of a company's performance management system. Performance appraisals are based on the employee's progress against goals set once a year with his or her manager. Performance appraisal is the process of gathering, recording and critically analysing information about the relative importance of employees to the organisation. Figure-1 presents the the various forms of terminology used in appraisal of employees in organizations.



**Figure-1: Emphasis on various terminologies of Appraisal**

Item	Early emphasis	Present emphasis
Terminology	Merit rating	Employee appraisal Personnel appraisal Performance appraisal Performance management
Purpose	To determine qualifications for wage revision, transfer, promotion, demotion, separation	Development of the individual; improved performance on the job; provide emotional security
Applicable to	Hourly paid workers	Technical, professional and managerial employees
Techniques	Rating scales with emphasis upon scales	Mutual goal setting, critical incidents; group appraisal; assessment centers, BARS
Appraisal Interview	The rating is communicated to the superior and tries to sell his evaluation to him for conformance	The superior stimulated the employee to analyse himself and set his objectives in line with the job requirements.

Source: Historical evolution of Performance Appraisal

Performance appraisal is study of present achievements and failures, personal strengths and weaknesses, and suitability for incentives, rewards and recognition, increased pay scale, promotion or further training. Performance appraisal is defined as a process that systematically measures an employees personality and performance usually by managers or immediate supervisors against the predefined attributes like skillset, knowledge about the role, technical know-how, attitude, punctuality and so on. Performance appraisal has many names across organizations, some call it performance evaluation, some prefer performance review, merit rating, annual reviews, etc. It aims at ascertaining the value of an employee and his/her offering to the organization. Performance appraisal helps managers and supervisors place the right employee to do the right job, depending on the skill set they possess. Without an ounce of doubt, every organization needs a robust performance appraisal system. There are various methods that are used by managers and supervisors to evaluate employees based on objective and subjective factors, however, it can get a bit tricky, but to effectively evaluate an employee both factors are essential.

**According Levinson H (1976), Performance appraisal has three basic functions**

1. To provide adequate feedback to each person on his or her performance;
2. To serve as a basis for modifying or changing behavior toward more effective working habits; and
3. To provide data to managers with which they may judge future job assignments and compensation. The performance appraisal concept is central to effective management.



### 3. Objectives of Performance Appraisal

Following are the objectives to conduct performance appraisal year after year:

This is an essential first step towards promoting an employee, based on the subjective and objective factors- performance and competency.

1. To identify the training and development needs of an employee.
2. To provide confirmation to those employees who were recently hired and are on their probation period.
3. To take a concrete decision what should be the percentage of hike in the salary of an employee based on the work done by them.
4. To encourage a proper feedback system between the manager and employees.
5. To help employees understand where they stand in the current year and what is the scope of improvement.

### 4. Performance Appraisal Process

Step 1: In most organizations, the performance appraisal process means evaluating an employee every 6 months or one year for the period an employee has continually worked with the organization. In modern times, the Human Resources department sends out an employee survey for them to fill out to collect data related to their engagement and satisfaction levels.

Step 2: The employee's immediate manager or supervisor will then evaluate the quality of the employee's performance based on the work done in the previous year and then meet face-to-face to discuss the facts and figures.

Step 3: The feedback received from the survey can be kept anonymous. This feedback can be analyzed real-time by using QuestionPro's Workforce platform, that measures, analyzes and activates data to get actionable insights.

### 5. Significance of Performance Appraisal

The following are the points which indicate the importance of performance appraisal in an organization:

- i. Performance appraisal helps supervisors to assess the work performance of their subordinates.
- ii. Performance appraisal helps to assess the training and development needs of employees.
- iii. Performance appraisal provides grounds for employees to correct their mistakes, and it also provides proper guidance and criticism for employee's development.
- iv. Performance appraisal provides reward for better performance.
- v. Performance appraisal helps to improve the communication system of the organization
- vi. Performance appraisal evaluates whether human resource programs being implemented in the organization have been effective.
- vii. Performance appraisal helps to prepare pay structure for each employee working in the organization.
- viii. Performance appraisal helps to review the potentiality of employees so that their future capability is anticipated.

### 6. Profile of Singareni Collieries Company Limited

The Singareni Collieries Company Limited (SCCL) has been incorporated on 23<sup>rd</sup> December, 1920 as Coal Mining and Consultancy Services company and transformed as Government Company in 1956 when State Government (Telangana State) acquired 51 percent of share and the remaining by Government of India. The company has its headquarters at Kothagudem, Khammam District of Telangana State is spread in four districts i.e., Khammam, Warangal, Karimnagar and Adilabad. The paid up capital of the company is Rs.1733.20 crore and the company's manpower as on April,2015 is 58528.



During the current year - April, 2015 the company has produced 52.54 million tonnes of coal. Company has recorded a net profit of Rs.418 crore for the period 2013-14. The company has a history of more than one hundred and ten years since its inception.

### **7. Performance Appraisal Practices In SCCL**

The Board of Singareni Collieries Company Limited believes that regular evaluation of performance of the Board helps in many ways. First of all, there is an objective and comprehensible set of targets of performance to be achieved in SCCL. These performance targets are set for the board as a whole, board's committees, and directors, including executive and whole time directors, as well as independent directors. In their pursuit towards these objectives, the Board and the directors individually evaluate the employees' achievements, and shortcomings, if any. The process of evaluation, thus, becomes a regular feedback process whereby the targets of performance are also re-evaluated based on past experience, and there is a regular journey towards meeting such targets. Towards this purpose, the Board is of the view that adopting a performance evaluation framework will help in assessing and evaluating the performance of the Board members by laying down explicit and clear evaluation criteria and defining the role of the evaluators and reportees in the said framework. The policy aims to establish a standard procedure for evaluation of the performance of the Executive, Non-Executive and Independent Directors of the Company.

For probationary employees, the probation period usually lasts one year to two years. Their evaluation is based on whether they have come at pace with the work and culture of the organization and if they are ready to take up more responsibilities. Performance appraisals are essential for the growth of a company and the employee. It helps the company to find out whether the employee is being productive or is a liability. It helps the employee to find out where his / her career is heading. It is an essential part of HR management. A performance appraisal need not be a stressful event for the HR / supervisor or for the employee. This can be a productive platform for the employee to express his / her work related issues and sort it out and for the HR / Supervisor to motivate the employee to contribute more. Following are some of the benefits of performance appraisal.

It is feedback about performance behavior and teamwork. It will have inputs from: a) Self b) Managers c) Peers d) Colleagues e) Subordinates f) Mentors g) Customers h) Vendors Expert external faculty will be consulted to explore the applicability of this HRD intervention, in our organisation. Expert external faculty will be consulted to explore the applicability of this HRD intervention, in our organisation.

### **Mentoring**

A senior executive will act as mentor (Guru). He will appraise the improvement of the mentee and guide him. This will be simple and can prevent deterioration in performance standards effectively as it serves as early warning system. Some senior executives will be entrusted this responsibility. The executive will act as mentor for 3 to 5 executives. Especially, junior officers, till completion of three years in E-2, will be under the guidance of the mentor.

### **Training programme to mentors will be arranged :**

1. To motivate and to instruct/train supervisors to use good practices with the new entrants.
2. To acquaint participants with the company's systems and procedures.
3. To develop skills in communications with new entrants.
4. To develop hobbies, social service motto and good pastime.



### **Performance Counselling**

A committee of senior executives will give feedback and interact with the assessee (executive or employee) to guide him to improve his performance. Training on counselling skills are arranged to impart these skills in some senior executives.

### **Knowledge Management**

As the coal fields are located in remote area, access to latest knowledge is difficult. Moreover, due to faster expansion of knowledge, it is difficult to have access for each individual. Hence knowledge acquisition, preservation, dissemination and application will be taken- up in all the relevant subjects. Important articles/news clippings will be circulated in this process.

### **Encouragement initiatives**

Encouragement is given to the executives & Non-executives who are striving to make inventions and innovations. A circular dated 05.09.2006 was issued requesting areas CGMs/GMs/HODs to give details of such inventions/innovations. The details of inventions/innovations received from the areas will be scrutinised and evaluated at Corporate by a committee consisting of CGM (CP&BD), CGM (E&M) and GM (IE) for awarding prizes.

### **Knowledge Day Programs**

All the executives have to attend Knowledge Day programmes organised in their Area/ Corporate Office. In a year there will be atleast twelve (12) knowledge days. If an executive up to M1 Grade is found to be absent for more than six (6) knowledge days in a year, it will be construed that he is not interested in learning. Hence, he may not be considered for any external training programmes till he improves his attendance on knowledge days. It may be recorded in Performance Appraisal Report of the company.

### **The performance appraisal form given to the employees of SCCL focuses on 6 broad particulars. The following is the weight assigned to each particular.**

1. For Attendance and punctuality, a maximum score of 4 is given to the employee.
2. For conduct and behaviour, a maximum score of 4 is given to the employee.
3. The Work and Performance constitute highest with a score of 8.
4. For Initiative/aptitude, the employee is given a highest score of 3 marks.
5. For General tact and ability to deal with labour, a score of 3 marks is given to the employee.
6. A score of 3 is assigned to relation with superior staff. Altogether the performance of employee is evaluated on a total score of 25 marks.
- 7.

The performance of each employee of SCCL is kept confidential to maintain harmony in the company. For assessing the management cadre employees of SCCL, the company has given criterion to three broad parameters. These include professional Knowledge/Specialisation, Communication skills/approach to the problem etc and Manners, emotional balance, behaviour, achievements in extracurricular activities. On the basis of these 3 parameters, a total of 15 score is given to the employee on the basis of his/her performance. Item wise segmentation show that, for each parameter,

### **The following score is assigned to evaluate the performance of the employees.**

1. For Professional knowledge/specialisation a total score of 5 is assigned.
2. For Communication skills/aptitude/approach to the problem etc, general knowledge, a score of 5 is assigned.



3. For manners, emotional balance, behaviour achievements in extracurricular activities, a score of 5 is assigned.

The study revealed that, in SCCL, the performance appraisal is carried out periodically to assess the employee and identify the abilities and rewarding the abilities of better performing employees. The following are the key objectives set by the company in the implementation of performance appraisal. The Performance appraisal is carried out with a vision to achieve the following objectives.

**a) Creates Career Growth Opportunities**

Employees can improve in their jobs with the help of performance appraisals, especially if they want to rise to a higher position within the organisation. A performance assessment can assist employees in developing a professional development plan.

**b) Improves Employee Performance**

Giving feedback encourages employees to perform better. When a manager gives positive feedback, employees are motivated to perform in a better way. Because performance reviews are frequently used to evaluate how incentives are distributed, they can help motivate and recognize employees for their efforts.

**c) Boosts Employee Engagement**

Employee engagement and retention can be increased by incorporating them in the performance appraisal process on a routine basis. Employees will be more likely to perform well when they can see how their actions influence the organisation as a whole. Regular performance reviews also demonstrate to employees that their employer cares about them and is ready to take the time to offer them the guidance they need to succeed.

**d) Helps Determine Training Requirements**

Companies can use performance appraisals to see which employees require additional training and to choose what subjects to re-train in. If several employees are struggling to achieve a daily target, for example, an employer may offer a seminar on how to work more productively or consider cutting down the target.

**e) Establishes Clear Expectations**

Managers might reiterate their expectations for staff during performance appraisals. This aids employees in understanding their everyday tasks as well as what their employer expects of them.

**f) Enhances Team Communication**

Performance appraisals provide managers with a scheduled, defined period to review how each employee is performing overall, allowing for a smooth flow of conversation with no interruptions. Managers can coach employees and provide tips on how to enhance their productivity during these sessions. This time is also set up for employees to ask questions and address any issues they may have.

**g) Helps in Goal-Setting**

Employers can assess how effectively an employee met their objectives and provide input on what kinds of objectives should be set for the next quarter. Creating a goal management system that is updated regularly ensures that staff is progressing and contributing to the organisation's goal.



#### **h) Helps Highlight Areas For Improvement**

Employers that conduct performance reviews regularly can identify areas that require improvement before they harm the firm or become permanent. Employers frequently offer suggestions and actions that employees might do in the future. Employees can continue to develop and become the best they can be as a result of this.

#### **i) Develops Team Bonding**

Managers and staff can use performance appraisals to synchronize their goals and brainstorm together. Meetings regularly might help to strengthen ties and make the boss appear more accessible. Peer reviews allow people to know how much their colleagues value them.

#### **j) Helps Communicate The Company Vision Clearly**

Employees frequently overlook why they are working or how their actions make a big difference in the day-to-day functioning of the company. Employees can recall why their effort counts by obtaining feedback on tasks they've done. Managers can use performance appraisals to reinforce the organisation's values and the goals that employees are striving toward.

### **8. Conclusion**

Performance appraisal in the companies with special reference to coal industry is carried out to identify the inherent qualities of an employee and the abilities and level of competency of an employee for their future growth and development and that of the company they are associated with. Especially, the study shows that, performance appraisal is carried out on the basis of various parameters. The profile of Singareni Collieries company limited show that, the company is able to progress on par with the demands of the industry. The study further revealed that even the employee size of the company has been gradually decreasing, the performance of the company as a whole has been increasing steadily and this show the evidence that the employees are able to work efficiency due to the performance appraisal process implemented in the company. Especially, the study on various parameters shows that, the company has been evaluating the performance of employee on the basis of his/her all round performance as an employee. The 360 degrees appraisal carryout by the company for various designations shows that, the company is giving higher level of importance to all categories of employees.

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