PERFORMANCE-APPRAISAL SYSTEM
IN INDIAN AIRLINES

DISSERTATION SUBMITTED
IN PARTIAL FULFILMENT OF THE REQUIREMENTS
FOR THE DEGREE OF

Master of Business Administration

BY

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Certified that Mr. Deepak Kumar Jain of M.B.A. (Final) has completed his dissertation entitled "PERFORMANCE-APRAISAL SYSTEM IN INDIAN AIRLINES" under my supervision.

I am satisfied that the work is based on the investigations made and data collected by him.

( N.Hasan)
Supervisor
Preface

A closer study of the "Management" and "Personnel" problems has made it evident that "Performance Appraisal System" is an integral part of an organisation and rather an important aspect of the Management of human resources or manpower. Manpower in any organisation is never content with provisions of mere clothes, shelter and food. It requires something more. Abraham Maslow, great economist and physiologist, identified these in the form of needs like recognition, self actualisation, etc. System of performance appraisal acts in this regime and acts a lot. This is why it has become an integral part of the subject of management.

When I was offered to write a dissertation on the topic like "The Performance Appraisal System in Indian Airlines" I was both thrilled and filled with joy. I have always liked challenges and to meet them successfully. Here was a difficult assignment of evaluating a system which was framed by many experienced and reckoned professional. I have made an humble but effective attempt in the following pages.

I am very much obliged to the officials of the Indian Airlines for providing an opportunity to scan through the system and to go into the rules, regulations and documents on the subject. They not only spared their valuable time but also guided me in accomplishing my job in the best possible manner.

I am specifically grateful to Mr. Ajit S. Gopal(Topic Relation Manager) Mr. K. Joseph(Training Manager) Mr. K.M.A. Kosie and Mr. V.C. Jain(A.T.O.) who afforded me full opportunity to accomplish my assignment in the most desirable manner. The name which deserves a special mention is that of Mrs. S. Kausbal, (A.T.O.) She took special interest in my project and at occasions enlightened and prompted me to rewrite several portions with new angle which I could never think of. I can not forget the cooperation extended to me by Mr. Chatterjee(P.A.) to Mrs. Kausbal

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and Mr. Dharam Dev (P.A.) to Mr. Sen Gupta.

I am extremely indebted to my revered Dr. Najmul Hassam, Reader in the Department of Business Administration, Aligarh Muslim University under whose able guidance this project has been completed. In spite of his very many preoccupations he extended to me all possible help and assistance.

Thanks are also due to Prof. Hafizuddin, Head, Department of Business Administration for the encouragement provided to me during the progress of this study.

Finally, I thank my colleagues, friends respected teachers and all those who kindly cooperated and helped me in accomplishing this assignment successfully.

I have tried to suggest some modifications on the basis of the material which I could collect and the personal discussions I could hold within the limited time of training.

I hope this study will help the Indian Airlines in a great way.

New Delhi

September 1, 1981.

Deepak Kumar Jain

(Deepak Kumar Jain)
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CHAPTER I

PERFORMANCE-APPRAISAL SYSTEM - AN INTRODUCTION

The present day top management is much more conscious about its responsibilities. They have devised many techniques to fulfill these responsibilities. One of these tools and jigs is Performance-Appraisal System.

What is Performance-Appraisal?

Performance-Appraisal is the measure of performance of an employee in relation to an average or expected standard of performance. It presupposes that such a standard of performance is known to the employee as he has been told about it. But in reality, the term means much more. It serves a variety of purposes. It includes an assessment of the employee's personal quality of discipline, honesty and loyalty and his ability to improve the quality and quantity of his service or work, entitlement to increment in wages from time to time, elevation of status, etc.

The Performance-Appraisal System is a panacea for all personnel disputes, dissatisfactions, agitation and so forth. The organisations are now a days expanding at a rapid rate and with this expansion frustration of feeling of distrust in the employees are also touching new horizons. If one wants to restrict this trend, he has no option other than having a sound system which could provide the employee more job satisfaction and
fulfilment of monistic and non-monistic needs. Non-monistic needs include ego satisfaction, achievement, recognition, etc. These are perhaps necessities of career rather than mere needs.

**Why Performance-Appraisal is needed?**

This question has been relevant since long for the top management. The answers or the interpretations have been changing. In general, the Performance-Appraisal system serves the following purposes:

- To evaluate the performance of an employee in his present job.
- To determine the steps, which should be taken to improve employee's performance on the present job.
- To consider the employee's potentialities for promotion.
- To consider the employee's suitability for different types of assignments.
- To decide on the increments as a reward for performance and progress.
- To evaluate the employee's value to the organisation vis-à-vis other employee.
- To identify unsatisfactory employee for demotion or termination.
- To recognize employee's contribution.
- To determine training and development needs of employee.
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- To make inventories of talent, within the organisation for organisational and man-power planning.
- To discover employee's aspirations and growth potential, reconcile it with the goals of the organisation and provide supportive opportunities.
- To inform an employee where does he stand. These purposes may be broadly classified as follows:

  - To determine salary increments, etc.
  - To facilitate organisational planning, placement or suitability for promotion, transfer, demotion or termination, etc.
  - To assess training and development needs.

Methods of Performance Appraisals: It may be useful to acquaint oneself with the most known and prevalent method of performance appraisal and the merits and demerits of each method. These methods or approaches may be briefly enunciated as follows:

2. Traditional Approach.
3. The Management by Objectives approach.

Casual Approach:

Since long the Performance Appraisal has been an instrument to assess the individuals in terms of personality traits, such as, personality, truthfulness, constructive imagination, intelligence, etc. It may be appropriately
termed as merit evaluation or merit rating. The methodology known as casual approach is subjective and under it the individuals are rated on the basis of their qualities instead of actual performance. This method is not based upon well defined premises. The appraisals are done in haphazard manner and have very little or rather no relevance to the performance of jobs. The tendency is, therefore, to rely upon personality and seniority but never the quality of real performance.

In the casual method the appraisals are framed with a very narrow outlook, that is, to find out whether the individual possesses certain qualities or traits or not? should he be promoted or not? should be given increment in wage or salary. But management development, achievement of organisation- targets, training and development of employee, etc. are hardly in the picture.

**Traditional approach:**

The framers of the Appraisal Systems being aware of the shortcoming of the Casual Approach were determined to shift from the trend of mere merit-rating to Performance rating which was more dynamic objective and penetrating. The exponents of this method believe that Performance is the behaviour or attitude of the individual on a job during a particular period in the context of pre-fixed norms. There should be certain yardstick to calculate the performance
of an individual. The performance can be rated against only certain predefined norms of behaviour. As such, the Performance-evaluation technique is more sound and acceptable than the Merit-rating methodology. Under this system, performance can be evaluated by a number of methods like checklists, forced choice, ranking order method, grading system, factor comparison method, etc. This type of appraisal is systematic in that it reveals all performances in the same manner utilizing the same approach so that the ratings obtained for different persons are comparable.

This traditional method may, however, prove futile if the inherent difficulties, which creep in while implementing a methodology, are not removed. These methods are successful only when the human bias, halo effect, leniency/rigidity errors, supervisor's lockout on different matters, are minimized, if not removed fully.

In the performance-oriented appraisal system, stress is laid on finding out a fit person for a particular job. The performance-appraisal reports thus serve a very limited purpose. The objectives, like, job placements, transfer, managerial development, are least bothered about. The employees are not developed according to the organizational requirements and goals. Such a system thus merely remains a shibboleth (slogan) for the top management to give a false feeling of satisfaction to the employee. This appraisal system may augur well if implemented seriously.

Procedurally the traditional performance rating is a method of thoughtfully filling out a rating form. Normally,
the form is completed by the immediate supervisor of the employee being rated, then checked by the supervisor's boss. Sometimes the rating is made by a committee consisting of the direct supervisor, the supervisor's boss and one or two others who are in a position to judge the person who is being rated. Committee rating has one great advantage. By bringing several viewpoints to bear on the rating, the immediate supervisor's special bias is eliminated. The committee rating, however, is time consuming. In some companies, the forms are completed by the immediate supervisor in collaboration with the personnel director, who gets the advantage of rating in helping the supervisor to work out ways of doing a better job and developing the subordinate in question.

In the recent years, there has been a tendency towards divorce of systematic rating of persons from systematic pricing of jobs. Pay has become very important to most of the people. They feel the primary subject under discussion is whether they get a salary increased and not their abilities and performance. It is also concerned with potential for future development. In the appraisal of administrative and professional personnel, it is often advisable to appraise more frequently than it is practicable to raise salary. The appraisal system gives a positive focus towards goals and objective accomplishment.

The following are the important types of performance appraisal system which have been evolved and are in practice in different organisations. These are
called narrow interpretations:

1. Ranking order rating.
2. Employee comparison rating.
4. Grading/Forced distribution rating.
5. Forced choice rating.
7. Field Review.
10. Appraisal by results.

1. **Ranking order rating**: This is the oldest and simplest system which was in use sometime back. It is a simple process of placing employees or ranking them one after the other from highest to the lowest based on their overall (worth) job performance. The difficulty of the system is that the appraiser is asked to consider and compare with a whole man. This is rather an impossible task to perform, because analysis of one person's performance in itself is a complicated process yet we expect the rather to compare several people simultaneously and turn out an accurate rank order.

2. **Employee comparison rating**: A technique of paired comparison was evolved to simplify the problem arising in Ranking order rating system. The system ensures a rank order listing of employee in a very organised manner. Each one is compared with other men in a group, one at a time.
Employee A's performance is first compared to employee B's and the comparative performance of A to B is determined. Then A is compared with C, D & E in that order. Next B is similarly compared with A and the other three employees. In this way we get a total of ten comparisons only 2 persons being involved in each comparison. The number of comparison involved in this system is used by the following formula:

\[ \text{Number of comparison} = \frac{N(N-1)}{2} \]

In this formula 'N' represents the number of persons to be rated. If 30 men are involved, the number of comparison is thus \[ \frac{30(30-1)}{2} = 435 \]

Ranking the employees by this method ensures that each employee is differentiated from every other employee. The use of this method is important when the number of persons are small. According to Tiffin, "this method of rating has shown greater agreement between different supervisors rating the same man than any other rating system. However, this method enables us to know 'who is better than who', it does not demonstrate 'how much better'. This matter also does not consider specific aspect of behaviour, only the whole man is considered.

3. Graphic Rating Scales: The graphic method of rating is the most commonly used procedure in many organisations. The rater is supplied with printed form for each person to be rated, containing a number of qualities and characteristics to be rated. The characteristic factors differ from organisation to organisation and the importance of the
characteristics depends upon the objectives to be achieved. For worker rating is based on qualities and quantities of work, job knowledge devotion, dependability, industriousness. For management personnel, creative ability, leadership, co-ordination, job-performance and emotional ability etc. become important. A few examples of how graphic rating scales are laid down as under:

1) **Continuous Rating scales**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Attitude</th>
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<tbody>
<tr>
<td>0</td>
<td>5</td>
</tr>
<tr>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>No interest in work</td>
<td>Indifferent to instructions</td>
</tr>
<tr>
<td>contents</td>
<td>contains careless</td>
</tr>
</tbody>
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2) **Distribution of Multiple Step Scales**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Job knowledge</th>
<th>Is well informed knowledge of all phases of his job</th>
<th>Exceptionally well informed</th>
</tr>
</thead>
<tbody>
<tr>
<td>serious</td>
<td>gaps in his factory knowledge</td>
<td>aspects of all routines of his job.</td>
<td>understanding of his job.</td>
</tr>
<tr>
<td>knowledge of essentials of his job.</td>
<td></td>
<td></td>
<td>Extremely</td>
</tr>
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3) **Degree scale**

<table>
<thead>
<tr>
<th>Factor</th>
<th>Initiative</th>
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<tr>
<td>Exceptionally good</td>
<td>Very good</td>
</tr>
<tr>
<td>Good</td>
<td>Average</td>
</tr>
<tr>
<td>Poor</td>
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The supervisor (rates) makes a check mark at the proper position on the scales that represents his judgment of the degree of the trait possessed by the employee rated.
The rating is based on substantial evidence and it is not based on whims and fancies. Some space is left on the form after each factor and the rater is asked to support his ratings by giving examples to justify the assigned rating.

This method is simple to understand and easy to use. It provides rating on both performance and potential in the same scale.

4. **Grading/forced distribution theory**. In this system certain categories of work are established in advance and carefully defined viz. outstanding, satisfactory, and unsatisfactory etc. The performance of an employee is compared with these grading definitions and he is allotted to the grade which best describes his performance.

This system is sometime modified into forced distribution system in which certain percentage are established for each grade. Forced distribution is a system in which the rater is required to put only a certain percentage of employees in a certain rating. Employees are rated on only two basic characteristics, job performance and promotability, although the number of characteristics could differ.

In rating, employees the scoring is based on a five point scale. The supervisors is required to distribute his rating by placing approximately 10% in the highest group, 20% in the next highest, 40% in the middle, 20% in the lower group and 10% in the lowest category. This system helps to avoid human errors of liniency and central tendency which are frequently present in other performance-rating plans. Promotability,
the other characteristic evaluated by this method, is rated in a three-point scale with word description, such as;
very likely promotional material; may or may not be promotional material; very unlikely to be promotional material.

The job performance rating and the promotability rating are kept separate and are not combined to form a single overall employee evaluation. This method has been used particularly in large organisations like army where paired comparison system become unwieldy.

5. Forced choice system: This system is also called as check-list rating system and is a modified version of the simple graphic scale system. This method requires a good deal of preliminary work in developing the scale. The rate is given a group of four statements pertaining to one factor. Two statements are equally favourable statements and the other two are equally unfavourable statements, only one of the statements in each pair actually differentiates between men known to differ in job performance. The rater is asked to check two of the four statements—one that most and the one that least describes the man being rated.

This system is the most resistant to familiar problems of personal bias and lack of objectivity in employee's evaluation.

The most particular disadvantage of this system is that it is very expensive and highly technical and sophisticated. Another disadvantage is that the raters
act only as reporters and not as evaluators. The system is not favoured by the supervisors.

6. **Critical Incident System** This system is one of the newly developed methods which lends greater objectivity to employee's evaluation. It has been developed as a result of the criticism of many merit rating plans for the highly subjective nature of the traits measured. In this system, larger number of factual incidents are collected for each job to be rated. Such incidents may include quarreling with fellow workers, calmness during an emergency time, willing to work overtime during peak periods, declining to accept additional training or responsibility. These incidents are then analysed and evaluated to determine which are critically associated with the success of on the job and which are found substandard or unsuccessful employee's performance. Supervisors may observe and record these incidents as they take place and hence apprise the relative merit of their workmen more objectively.

The system provides a set of standard while guide the rater. The supervisors make frequent brief notes on the daily incidents they observe so that the memory need not be relied upon when the periodic rating is to be drawn up. According to Plageman there are some principle difficulties among raters in this system such as, "supervisors have complex aims or goals; they forget; they do not notice, they do not always know what is important, they are busy, they need standards."
7. Field Review: This is an entirely different method in performance Appraisal. The rater under this system goes into the field and conduct informal interview with the supervisors about their subordinates. Each employee is evaluated in the department and supervisors are encouraged to talk freely and tell their opinion regarding performance of their subordinates. The man of the Personnel Department then writes up his notes and passes them on to the supervisor for his approval and modification, if any.

The main problem of this system is that it ties the services of two management representatives to carry out the appraisals. This also requires high training specialised approach which is not always available.

8. Free Form Essay: This is the latest system which has come into force in many organisations. This is a very simple system having no scale, check list or any other device. The rater simply written down his impression about the employee working under him on a sheet of paper. The comment may be given in specific headings such as, nature of job, performance, reasons for specific job behaviours, personality characteristic and development needs for future. This system is generally recommended for senior managerial positions.

This system has both virtues and defects. On one hand the raters become more observant and analytical and on the other hand, the more time is spent than the average rater can spend. Further the appraisals call
for skill and effect of the rater rather than the real performance of the employee.

9. **Group Appraisal**: This system emphasizes the training, growth, and development of the individual. Under this system, a group of supervisors sit together and rate the employee. The group usually consists of the immediate supervisors of the employee and two or three other supervisors or higher managerial personnel who have some knowledge of the employee under review.

The greatest advantage of this system is that it is resistance to the claims of bias and subjectivity which the immediate supervisor may have for the employee, under him. This is less likelihood of a promising individual being overlooked for promotion or for training opportunities. But the system is time consuming.

10. **Appraisals by Results**: This is the latest development in the field of performance appraisal. Rating scales and methods discussed before are not completely discarded and are used as supporting device in the total appraisal system. Result-oriented method focuses on the manager's observation of the subordinates' performance measured against specific pre-determined goals with the subordinates' actions, attitudes, and general job behaviour examined in this context. The conclusions are based on observations and evidence of performance rather than supervisor's opinions of the subordinates.
The first virtue of traditional systematic performance appraisal is that it gives information for helping in making and enforcing decision about such matters like promotions, pay increase, lay offs and transfers etc. It provides this information in advance for avoiding quick judgments. The decision is not based on recent events, which were happened. A good comparison of employees can be made this systematic approach. This system also helps in guiding employee development.

Human Errors in Rating:

There are many human errors in numerical rating form. Some of these are as under:

1) Clarity in Standards: The final ratings of the raters cannot be compared until or unless they agree on what terms such a good or excellent mean. For example, rating scales in one hospital included Excellent, Very Good, Fair, Satisfactory and Unsatisfactory on the grounds that "no nurse is very really satisfactory". To them "satisfactory" means better than excellent.

2) Differing Perceptions: People differ in their standard of judgment, where there is no conscious prejudice, unconscious factor may bias a superior's evaluation of his subordinates. Even then the fairest people find it difficult to be impartial while judging the actions of individuals. It has also been observed that the man who is accustomed to be making quick
decision may be antagonised by the man who moves ponderously
and deliberately and vice versa. Sometimes the people
who make the appraisal are most good managers themselves
and the subordinates may have more managerial competence
than their bosses.

3). Excessive leniency or strictness: There is a lot
of difference between hard and easy graders. Sometimes
supervisors think that their low grading may antagonise
their subordinates and in this way they may become less
co-operative; supervisors may also be afraid that low
rating will reflect on his own ability. There is always a
chance that his boss will say "If your subordinates
are as bad as all this, why don't you do something about
it".

4). The halo effect: This is defined as the tendency
to rate employees according to general impression the
rater has of the employee. Under this fact the supervisor
does not go into each aspect of rating and if they have a
favourable impression of the worker in general, they rate
him very highly on almost every trait rather than
evaluate and rate each trait apparently. For example, a
workman is considered excellent on his knowledge of the
job may receive equally high scores on other trait such
as initiative, cooperation, punctuality, etc. even though
in actual fact his score in these respect would be lower.
5) **Influence of a man's job performance rating** is designed to evaluate how well a man does on a particular job. Although in theory, it is vastly different from jobs evaluation, in practice, there is a common tendency to give a man on a higher paid job a higher rating just because of his position.

All these human errors in rating can be at least partially counteracted by ensuring that the managers who do the rating are properly trained.

**Management by objective approach**

Peter Drucker's concept of 'Management by Objectives' offers an unusually promising framework within which we can seek a solution. This approach calls on the subordinates to establish short-term performance goals for himself. The superiors' role is to help the man relate his self-appraisal, his 'targets' and his plans for the ensuing period to the realities of the organisation.

The 'Management by Objectives' approach has the benefit that it does away with the judgmental role of superior. The performance of every individual is evaluated in terms of the standards or end-results. Wherever 'Management by Objectives' has been introduced it has led to greater satisfaction, more agreement, greater comfort and less tension and hostility between the superiors and subordinates. A word of caution about 'Management by Objectives'. It is primarily a corporate
performance system unless one has ensured that the system as such works effectively. To link up individual appraisal with 'Management by Objectives' has proved, to say the least, foolhardy.

The 'Management by Objectives' (MBO) has got several difficulties in its implementation. Firstly, it requires mutual goal setting by the superior and the subordinate. There are no specific guidelines for this purpose. Secondly, 'MBO' is successful only if the objectives are set in measurable terms. And, thirdly, 'MBO' may tend to induce inflexibility in the organisation.

There is undoubtedly no question that the performance-oriented system is not only a more reliable and more effective system but could also-

- meet the requirements in terms of enabling a link with corporate performance;
- secure an understanding of the task and role by the employee concerned;
- establish definite communications on task requirements;
- provide guidelines for evaluation, including self evaluation of the performance against set tasks; and
- facilitate the task of counselling and feedback.

As a matter of fact, performance-oriented appraisals in most cases are still perhaps the material instrument in the
perception of development needs which provide the bed-rock on which the edifice of human or executive growth and development is built and nurtured.
CHAPTER II

PRE-REQUISITE OF SETTING UP A PERFORMANCE-APPRaisal SYSTEM

Performance-appraisal is considered to be a pivot on which the entire edifice of personnel administration revolves. It is now an admitted fact that for absolutely efficient and successful working in an organisation, it is necessary that the performance of the employees is appraised in one way or the other. Consequently, every organisation is eager to set up one or the other system of performance appraisal. This responsibility is generally shouldered by the apex body but individually the Chief Executive heading the Personnel Department. It is desirable that before setting up the system the following factors are duly considered:

1. Examination of the existing Policies and practices relating to personnel.

One of the characteristics of employment in this organized sector is the lack of inter-organizational mobility. It is imperative for the organization to plan the career and development of employees optimizing the needs of both the organization and the individual.

For most post promotions criteria are spelt and as "solely on merit", or "merit" with due consideration to seniority. Promotion precedes thorough scrutiny and consideration by various committees, such as Departmental Promotion Committee. But the net result appears to be except for very senior posts, those promoted, with few exceptions, are, by and large, the "seniors" as measured by "years of satisfactory performance".
Increment which is another aspect of the reward system is more or less automatic except where efficiency bar exists. Here again, unless there are adverse comments, the increments come automatically.

Admittedly, opportunities for meritorious should exist; there should be scope for extending and providing outstanding merit but the systems should also not be a source of frustration for the majority. Organizational effectiveness lies as much on the larger group of average or satisfactory performances as on its leaders. Therefore, the organizational responsibility, both in the interest of the institution and the employee, has to take cognizance of these multiple needs.

Individual growth and development have to be seen in a broader perspective not merely in terms of promotional opportunities and increase in salary levels, but also in terms of effective placement to match individual aptitude with task requirements.

A definite policy decision needs to be taken as to the organization's commitment, that is the growth and development of all individuals in the organization. The point sought to be made here is the need for a switch in the policy approach and practices vis-à-vis promotions, placements, transfers, training and development, all of which have to be geared to a combination of task achievement and employees' development. The emphasis may well have to be shifted from appraisal to analysis/development.

II. **A clear appreciation of the systems' objectives and its relevance in organizational context**
One of the problems inherent in the Performance Appraisal system relates to the lack of a clear appreciation of its objectives. This somewhat harsh conclusion is based on the following doubts which remain as yet largely unresolved:

(i) Is a system, which caters to a multiple set of objectives - "reward and punishment" and "development and training" - workable? Human beings are motivated towards 'reward and punishment' objectives rather than 'training and development'.

(ii) Any personnel system including a Performance Appraisal System, which has objectives based on contradictory assumptions, would have built inconsistencies and cannot therefore be effective. (Douglas McGregor)

(iii) Very often, one finds that the objectives stated, whether in writing or otherwise, are not reflected in the system or in the form design or in the follow-up action. This disparity between stated objectives and practice arises because no attention has been given as to the exact nature of the data the organization requires for taking decisions relating to, increments, promotions, transfers, changes in organizational decisions, etc. As a result, the organization's energy is dissipated and appraisals also lose their meaning and
get relegated as unimportant tasks by the superior evaluator.

(iv) It needs to be understood very clearly that no personnel system in any country has been able to develop any reliable technique for the measurement of comparative merit and performance which is sensitive enough to discriminate inter-se the vast group of employees. No system or technique has been evolved to measure and arrive at any fine distinction as between those who lie between satisfactory and average or satisfactory to good.

An important organizational requirement is to match job needs with individuals' proven abilities, competence etc. As such an evaluation of the ability and aptitudes of the individual for either handling additional responsibility and/or different kinds of tasks/assignments calling for varied know-how, skills etc. is necessary where such matching is a part of a promotion decision a comparative evaluation may become necessary which itself has got many limitations.

Further, any evaluation of the employee's potential or aptitudes or abilities based on other than job performance data, if entered in the rating form will not only be biased, but

The other kind of data required by the organization are for the purpose of training and development of the staff.
The organization must side by side, develop a formal, well thought out and established career plan for its staff, otherwise training and development could only at best be ad hoc.

Career planning could not be seen as analogous with employee development. Employee development is more concerned with the way to develop managers to meet the requirements of the organization. The concern of career planning, on the other hand, is to provide within the framework of the organizational situation, some career choices which every individual can pursue depending on his knowledge, demonstrated skill, ability, interest and initiative.

To sum up at least for levels up to managerial and excluding top management performance appraisal leading to comparative evaluation of employees is not called for except for the limited purposes.

III. WHAT CAN BE AND WHAT NEEDS TO BE JUDGED?

One of the major aspects in terms of evaluation which still stand unresolved is what should be evaluated. Traditional rating systems place a heavy emphasis on the rating of 'Personality Traits', which have ranged from traits such as initiative, creativity and innovativeness to integrity, honesty, etc. The evaluation on well graded scales of Personality Traits is still not reliable for a number of reasons:

1. Research has proved that evaluation of any personality trait is influenced as much by
the personality traits of the individual who is evaluating, as by the personality of the employee being evaluated.

(ii) Bias and halo effect also influence evaluation.

(iii) A number of personality traits which are listed in the many forms one has seen, relate to such traits as "honesty" and "integrity" which are not traits that have to be evaluated either an individual is honest or he is not, and if he is not he should not be in the employment;

(iv) It is also known that successful/effective managers have not demonstrated any single managerial profile and it is difficult to identify or state the most effective managerial profile they can hold.

(v) In the effective performance of an organizational task where team work is involved. All managers must in fact possess more complimentary abilities and skills and even complimentary personalities.

(vi) It is not possible to get individual to change their personality during their organizational life. All that is possible to get individuals to change those posts of their behaviour or attitudes which are dys-functional to the task they have to carry out.

Thus, though rating of personality traits do give the appearance of providing an objective basis, it, by its very nature subjective.
RATINGS OF BEHAVIOUR INDICES

A number of organizations, which have given up ratings of personality traits, have shifted to ratings of behaviour, indices such as "relations with subordinates", "relations with colleagues", "relations with superiors", "relations with customers/outsiders", etc. If such behaviour indices are derived from the performance requirement, then it certainly would constitute useful information indicating areas of improvement related to task achievement.

IV. Integration of the system with the organizational philosophy, management systems and work technology.

With the form and the process of the appraisal system adopted must be in line with the organizational philosophy, management systems and work technology. A performance-appraisal system is undeniably a part of the human resources system. The assumptions underlying the performance-appraisal system must, therefore, be clearly understood and must be consistent with the assumptions underlying human resources, organizational and styles of management. If the managerial style and the system are authoritarian, and policy making task formulation and organizational controls, review, etc. vested only in a few top executive performance review will also have to follow a similar design. The content or "which is sought to be analyzed or appraisal" has necessarily to be dependent on the nature of work and the work organization, which in turn include a consideration of both the technology and the social system.
CHAPTER III

THE INDIAN AIRLINES ORGANISATION: ITS HISTORY, STRUCTURE, SET-UP AND DEPARTMENTATION

INTRODUCTION:

There are various modes of transportation. An individual may travel from one place to another by land, water or air. Land and water play quite an important role in carrying passengers and goods from one place to another. But they have their own limitations and drawbacks. Air-transport provides a good remedy to these. Air-transport provides the passengers cargo a bonanza of speed and efficiency. Various Airlines private as well as those owned by the Government are facilitating people in all parts of the world. In India, two airlines are shouldering this responsibility. They are Air-India International and Indian-Airlines. Air-India operates on international sectors while the Indian-Airlines carries its operations within India as well as to neighbouring countries i.e. Pakistan, Afghanistan, Srilanka, Bangla Desh, Nepal and male also. There are quite a few private Airlines also but their role is insignificant. These carry out operations on those routes only where the Air-India and Indian Airlines do not fly.

Historical background:

Prior to 1953 there were many small companies operating on very small scales in India. These small airlines were having cutthroat competition among themselves and were only profit-oriented. They were not having technically sound aircraft
and were incapable of providing flight safety, efficiency and economy to passengers and cargo. There was very little control from the legislative. Thus these airlines could not work in the full interest of the nation.

So in 1953 the need for a fully nationalised air-transportation was badly felt and it was decided to merge these small airlines into one single set-up, to facilitate maximum utilisation of their capacities. An Act known as Air Corporations Act, 1953 was enacted and two organizations called Air India International and Indian Airlines came into being.

The Indian Airlines has got uniqueness of character and activities and thus maintains a special status. It is a collosal set-up consisting of various departments and personnel. It may sometimes be regarded as a monopoly for the nature of activities it is undertaking. It runs on business principles.

**Objective of Indian Airlines:**

It is incorporated in the Air Corporations Act, 1953 that:

"It shall be the function of the corporation to provide safe, efficient, adequate economical and properly coordinated air-transport service, whether internal or international or both, and the Corporation shall so exercise its power as to secure that the air-transport services are developed to the best advantage and in particular, so exercise those powers as to secure that the services are provided at reasonable charges."

When this corporation was established it owned 99 aircrafts. Most of them were DC-3 (pakotas). The number of
employees at that time was about 7000. At present the Indian-Airlines owns 49 aircraft the break-up is as follows:

<table>
<thead>
<tr>
<th>Name</th>
<th>Number of Aircraft</th>
<th>Engineering Base</th>
</tr>
</thead>
<tbody>
<tr>
<td>Airbus (A-300)</td>
<td>8</td>
<td>Bombay</td>
</tr>
<tr>
<td>Boeing (737)</td>
<td>19</td>
<td>Delhi</td>
</tr>
<tr>
<td>P-27 (Friendship)</td>
<td>8</td>
<td>Calcutta</td>
</tr>
<tr>
<td>Avro (Eg-748)</td>
<td>14</td>
<td>Hyderabad</td>
</tr>
</tbody>
</table>

The total number of employees working in Indian Airlines is 17,875 at present.

The total number of stations at present are 69 (out of which 8 are foreign stations).

Fleet Augmentation:

<table>
<thead>
<tr>
<th>Name of the Aircraft</th>
<th>Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>BE-3 (Dakota)</td>
<td>1955</td>
</tr>
<tr>
<td>Herons</td>
<td>1956</td>
</tr>
<tr>
<td>Viscounts</td>
<td>1957</td>
</tr>
<tr>
<td>P-27 (Friendship)</td>
<td>1960</td>
</tr>
<tr>
<td>Carravelle</td>
<td>1962</td>
</tr>
<tr>
<td>HS-748 (Avro)</td>
<td>1966</td>
</tr>
<tr>
<td>Boeing-737</td>
<td>1970</td>
</tr>
<tr>
<td>A-300 (Airbus)</td>
<td>1976</td>
</tr>
</tbody>
</table>

Revenue and Expenditures:

Money earned (Total Annual Revenue)

<table>
<thead>
<tr>
<th>Year</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1979-80</td>
<td>207 Crores</td>
</tr>
<tr>
<td>1981-82</td>
<td>250 crores(estimated)</td>
</tr>
</tbody>
</table>
Expenditures:

1979-80 210 crores

Net Profit/loss:

Loss Rs. 3 crores

Out of total Revenue Rs.50 crores is earned as foreign exchange.

Passengers flow

To start with, number of passengers flown during 1954-55 was approximately 5 lakh. While in the year 1979-80 the total number of passengers was 55 lakhs. The passenger growth rate is approximately 15% per annum.

Cargo

Indian Airlines also carries huge cargo from one place to another on its services. In the year 1979-80, Indian Airlines carried a cargo of about 50,000 tonnes. In addition Indian Airlines also carries mail from one corner to the other. Thus Indian Airlines plays a very vital role in the integration of the country and acts as second line of defence in the time of emergency.

Organisation set-up:

Indian Airlines has its headquarters at New Delhi. The Headquarters Office is the policy making body at the corporate level. The wide organisation is divided into four regions, namely, Northern, Western, Southern and Eastern regions respectively.

The organisation is headed by the Chairman and next to him is the Managing Director. At present Mr. A.H. Mehta is the Chairman and Managing Director of Indian Airlines.
Under the Air Corporation Act, 1953, the Board of Directors run the affairs of the corporation. The Board of Directors may consist of a total number of members not exceeding fifteen and not less than nine including the chairman.

The appointment of members is done by the Central Government. The tenure for the Board is two years. At present there are nine members in the Board.

The members on the Board of Directors are appointed on a prefixed criterion. Representation is given to the members of business community, Director General of Civil Aviation, Air Force, International Airports Authority of India, etc. The Chairman and Managing Director of Air India are also the members of the Board in Indian Airlines and vice-versa.

The Indian Airlines Corporation is a public enterprise incorporated under the Act of Parliament. So its affairs are conducted under the guidelines of Ministry of Tourism and Civil Aviation. The Managing Director is the chief executive of the organisation. Each region is headed by a Regional Director.

There are two Deputy Managing Directors to help the Managing Director. There are several departments, some reporting to the Managing Director like Director Finance, Secretary, Director Planning, Chief Audit Officer and Chief Vigilance Officer. The Regional Directors of all the regions are also reporting to the Managing Director. There are other
department heads who report to one of the Deputy Managing Directors.

All the regions are further divided into stations. The Bombay Region covers 20 stations, the Calcutta, Delhi and Madras Regions are respectively having 19, 23 and 14 bases under them.

Organization structure:

The Indian Airlines is a huge set-up consisting of various lines and staff departments and sub-departments. The whole organisation is divided into four regions, all the regions have got number of departments. These departments can fundamentally be dichotomised (bifurcated) into line and staff departments. The line departments are directly connected to the flight operations. They are concurrent commercial, engineering and operations departments. There are many sub-departments of these departments which assist them in funds functioning perfectly. The other category of departments may be called staff departments. These are service departments and help the line departments indirectly in getting the jobs done. These departments are Administration and personnel, Finance, Audit and stores and purchases, vigilance, Medical, planning, public relations etc.

An organisation chart for the Headquarters and Region showing the organisation structure is given in Annexure-I.

Regarding the departments:

Administration and Personnel Department: This department is headed by the Director of personnel in Headquarters and by Manager personnel Services in each of the Region.
The main function of this department is Manpower Planning, Recruitment, Placement, Promotion, Transfer, Annual performance Appraisal, Training and Development, Retirement, etc.

Finance Department:

All financial decisions are to be taken by the Finance Department. All financial matters have to be approved by this Department. The top official in Headquarters in this department is Director of Finance while in Regions Finance Manager shoulders this responsibility.

There are two Dy. Directors of Finance in Headquarters and many APOs. Headquarters is more concerned with policy formulation. Regions are implementing those policy decisions. The Finance Department is having two basic divisions - Revenue and Expenditure. The Revenue Division is centralised and all records are kept at Headquarters, while the expenditure department is decentralized and operating in all the regions.

Audit Department:

This department is a centralized one and does the function of ensuring whether the records and documents are kept in agreement with rules and procedures laid down in various laws and Acts applicable in India. This is headed by chief Audit Officer in Headquarters and by Regional Auditor in various regions.

Commercial Department:

Commercial department is a line department. So it is directly connected with ensuring the Flight Operations in perfect manners. It serves three main purposes for the Indian
Airlines corporation. It undertakes the responsibility of Marketing, Planning and Scheduling the flights and selling i.e. selling the tickets to the passengers. Thus it has got a vital role to play in the Indian Airlines corporation's activities.

The top head of this department in the Headquarters is Commercial Director while in regions there is a Commercial Manager.

Operations Department:

Operations Department is a line department. Its main function is to provide trained flying crew and cabin crew. After getting the Aircraft from the Engineering Department it is Operation Department's responsibility to fly the aircraft. Safety in time and at the predetermined destination and in adverse cases take the Aircraft to safer places. It is Operation department who takes care of the Pilots and Air Hostesses and other related people. It is checked in advance whether the pilot is physically and mentally fit to fly the Aircraft. This department arranges the training of the Pilots also.

The person responsible for the day to day operations of this department is Director of Operations at Headquarters and the person to be held responsible at regions is Operation Manager.

Engineering Department:

The Engineering Department is also a line department. It takes care of all the technical aspects of the aircraft.
This department ensures the maintenance, overhaul, upkeep and modifications tasks. The sub-departments of this department are Ground Support Department, Production, Planning and Control and Quality Control Department, etc.

The top head of this department is Director of Engineering at Headquarters and in regions it is Chief Engineering Manager.

**Stores and Purchase Department:**

Stores and purchase is a centralized department. It is responsible for all types of purchases for Indian Airlines and managing the storing of these purchases efficiently. The main tasks performed by this department are procurement of goods, customs/claims clearance for the material purchased, receiving the material and checking of the quality by the Quality Control Inspectors, stock-rooms maintenance, supplies, preservation, controlling the usage rate through karder (computer) and Assets control.

This department is headed by Controller of Stores and purchases and Manager, Stores and Purchases at the region.

**Planning Department:**

We cannot conclude this chapter without mentioning the name of Planning Department, which chalks out various strategically important decisions. This department is a centralized one. This is headed by Director of planning at Headquarters.
This department endeavours to frame out decisions on the following aspects:

- Corporate planning,
- Evaluation of a particular model of aircraft and thereafter taking decision as to the Aircraft should be purchased or not; and
- Last, but not the least, scheduling of operation i.e. deciding the timings for flight operations, etc.
CHAPTER IV

PERFORMANCE - APPRAISAL SYSTEM IN INDIAN AIRLINES

Performance Appraisal System in the Indian Airlines has not remained consistent. It has been subject to changes like other systems with the development of technology and growth of the organisation. The need for appraisals had been felt in this organisation since long. Prior to 1975 it was following the prescribed Government rules and regulations blindfoldly.

The first system introduced for employee performance appraisal was nothing but writing detailed essay type appraisals. There were no prescribed norms and procedures to be followed. This system being unscientific was subject to objections raised by the employees as well as top management.

Consequently the Personnel Department switched over to a new performance appraisal system under the caption 'Confidential Report'. It was highly based on personality traits like intelligence, constructive imagination, leadership, etc. The appraisal proforma was divided into four parts, namely:

I. Brief particulars of employment;

II. Performance in the past including achievements and failures; and factors contributing to performance such as, (i) personality, (ii) intelligence, (iii) leadership, (iv) attitudes towards others, (v) judgment and decision making, (vi) integrity, (vii) constructive imagination.
III. Evaluation of the potential (Promotability limiting factors);

IV. Training needs and development plans.

This system, however, suffered with certain drawbacks. It was very much subjective. There was absence of numerical rating. The employees felt unhappy as the comments of their superiors were not normally disclosed to them.

Existing System:

The present system of "performance appraisal" is known as "annual performance appraisal" system. This is a traditional method of performance appraisal which takes both grading and rating system in purview. This system was introduced to further streamline the procedure. It was felt that the behaviour of employees was influenced to a great extent by the type of performance appraisal in vogue in a particular situation. Formal appraisals and development practices provide an opportunity for meeting needs of employees in such areas as work relationship, aid in self-development and recognition of achievements.

The objectives of the existing "Annual-performance Appraisal" system are as follows:

(i) To form an integral part of the management development programme of the Corporation.

(ii) To assist the employee in his growth and development by appraising all phases of his performance and then to provide constructive guidance after thorough discussions.

(iii) To help in identifying potential talents for further development.
(iv) To determine suitability for promotions, training and development and for rewards as well as for corrective measures.
(v) To provide a system which could be as objective as possible and based on relevant facts, and free from bias or prejudice, fears or favours.

Division of forms:

Depending upon the various levels of officers/personnel, job responsibilities and the hierarchy levels in the Indian Airlines Corporation various forms have been prepared. The forms have been drafted to encircle all the fields of organisations which are widely different in nature, like Engineering Department which takes care of all the technical aspects of the corporation; the personnel Department which is entirely non-technical and the operations Department which is concerned with the flying of the aircraft. To frame a single type of appraisal formats for all these departments would have been unfair as well as not depicting the actual performance of the employees. Therefore, four different types of formats as mentioned below, have been designed; basically divided grade-wise for grade one and two certain exceptional reports are prepared.

**I. Grade Three (III) to Nineteen (19):**

1. For non-technical staff.
2. For technical staff.

**II. Grade Ten (10) and Above:**

3. For pilots.
4. For officers, including Engineering executives and executive pilots.
The details of the system in respect of different categories are as below:

**III to IX:**

**Who should appraise:**

1. The immediate superior of the employee not below grade 10/12 is the reporting officer where the employee concerned is directly taking instructions from a person in a higher grade and reporting to him, the person in the higher grade will be the reporting officer.

2. The Reviewing Officer is the immediate superior of the reporting officer.

**Factors considered:**

<table>
<thead>
<tr>
<th>Non-technical staff</th>
<th>Technical staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Job knowledge</td>
<td>same</td>
</tr>
<tr>
<td>2. Quality of work</td>
<td>same</td>
</tr>
<tr>
<td>3. Quantity of work</td>
<td>same</td>
</tr>
<tr>
<td>4. Initiative</td>
<td>same</td>
</tr>
<tr>
<td>5. Dependability</td>
<td>same</td>
</tr>
<tr>
<td>6. Conduct</td>
<td>same</td>
</tr>
<tr>
<td>7. Regularity</td>
<td>same</td>
</tr>
<tr>
<td>8. Dealings with others</td>
<td>safety consciousness</td>
</tr>
<tr>
<td>9. -</td>
<td>same</td>
</tr>
<tr>
<td>10. Leadership</td>
<td>10 same</td>
</tr>
<tr>
<td>11. Post consciousness</td>
<td>11 same</td>
</tr>
</tbody>
</table>

**Particular attention to be given to the factors for evaluating employees in grades VII, VIII & IX**

| 9. Leadership | 10 same |
| 10. Post consciousness | 11 same |
How the rating is done:

There are four degrees in the format against each factor namely, A, B, C and D.

<table>
<thead>
<tr>
<th>Grading</th>
<th>A</th>
<th>B</th>
<th>C</th>
<th>D</th>
</tr>
</thead>
<tbody>
<tr>
<td>Marks</td>
<td>4</td>
<td>3</td>
<td>2</td>
<td>1</td>
</tr>
</tbody>
</table>

Overall grading:

<table>
<thead>
<tr>
<th></th>
<th>Non technical staff</th>
<th>Technical staff</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outstanding</td>
<td>35 to 40</td>
<td>39 to 44</td>
</tr>
<tr>
<td>Very good</td>
<td>27 to 34</td>
<td>30 to 38</td>
</tr>
<tr>
<td>Good</td>
<td>19 to 26</td>
<td>21 to 29</td>
</tr>
<tr>
<td>Average</td>
<td>11 to 18</td>
<td>12 to 20</td>
</tr>
<tr>
<td>Poor</td>
<td>10</td>
<td>11</td>
</tr>
</tbody>
</table>

Officers in grade X and above:

(i) Pilots:

The proforma is divided into five parts. First part relates to particulars of the employee and his flying record. The second part covers his performance. This part depicts technical data as to the performance of a pilot, e.g. accidents, number of flight cancellations, etc. Part three of the appraisal format gives various factors and gradings against each factor. These factors or qualities/abilities have been graded as follows:

Appearance and bearing; punctuality; behaviour towards passengers; cabin crew; commander; other crew members; ground staff, ground staff, professional knowledge, knowledge of rules and procedures concerning his job, judgment and power of expression; verbal and written.

The fourth part relates to performance in course of any training imparted during the period under review. The fifth
and the last part is confidential and is not discussed with the individual. This covers factors like integrity and potential of the employee.

(ii) Officers, including Engineering Executives and Executive Pilots:

The "Annual Performance Appraisal System for non-technical Officers" is our main concern. In fact the present project is to trace out possibilities of further modifications, if any, in the format and its application to make it more effective and integral part of the organisation.

The appraisal form consists of four parts. The first and second part relate to performance and potential respectively. Each of the factors under these two parts is to be rated on a 10-point scale as follows:

<table>
<thead>
<tr>
<th>Marks</th>
<th>Degree</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Unsatisfactory</td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>4</td>
<td>Satisfactory</td>
</tr>
<tr>
<td>5</td>
<td>Good</td>
</tr>
<tr>
<td>6</td>
<td></td>
</tr>
<tr>
<td>7</td>
<td></td>
</tr>
<tr>
<td>8</td>
<td>Very good</td>
</tr>
<tr>
<td>9</td>
<td></td>
</tr>
<tr>
<td>10</td>
<td>Outstanding</td>
</tr>
</tbody>
</table>

After brief particulars of the individual and other relevant data the first part, which relates to performance, comes into picture. There are six factors considered under this part. To enable the reporting officer with clarity in appraising the performance, certain questions relating to each factor are given. Just below these statements there are two boxes - one for Reporting Officer and the other for Reviewing Officer.
In the boxes so provided the assessment is to be indicated in terms of marks. Marks up to three on any factor will constitute 'Adverse Entry'. Reviewing Officer should indicate his rating only on the factor on which he disagrees with the rating made by the reporting officer.

The factors considered under this caption are as follows:

1. Job knowledge and its application;
2. Quality of work and cost consciousness;
3. Decision-making;
4. Dependability.
5. Relationship with and development of the subordinates; and
6. Attitudes towards others (other than subordinates).

The second part relates to potential of the officer for higher jobs. This part consists of four factors:

1. Ability and initiative;
2. Judgment and decision making;
3. Professional knowledge and
4. Adaptability.

The factors considered in both the parts are self-explanatory.

The part three and four are although not considered in numerical terms and direct influence on total rating yet take place in the name of integrity factors such as age, health and family circumstances limiting his performance and suggestions respectively.

Thus the total marks securable and in this format is 100, 60 for performance and 40 for potential. In case of promotion
decisions the appraisal reports for last two years are considered and are given a weightage of 30 out of 100. The remaining 70 marks are awarded on the basis of personal interviews.

A separate paper on training and development needs is also attached to this format for the employees who are considered lacking in some area of skill.

The Appraisal Procedure:

To avoid unpleasantness, the appraisal of all officers is carried out by more than one person. The reporting officer is the immediate superior. The reviewing authority is always the next superior officer. The "immediate superior" and the "next superior officer" should independently arrive at their own conclusions and often finalize the report, jointly after a discussion. This method is intended to combine the benefits of independent judgment of two persons with those of a consultative mechanism which provided opportunities for arriving at a balanced assessment through mutual persuasion.

Reviewing Procedure:

The report is reviewed by the immediate superior of the reporting officer. Where the reviewing officer agrees with the ratings on different factors given by the reporting officer, he may not indicate his rating again separately. If the reviewing officer however disagrees with the reporting officer, where such disagreement leads to lowering of the degree of rating, the report should be referred to the countersigning authority i.e. the authority immediately superior to the reviewing officer for the final decision.
Discussion of the Report:

The final report of every officer, after it has been returned to the region from headquarters, should be discussed with the officer concerned by his Department Head or his deputy or the Regional Director, depending upon the level of each officer.

Reaction should be briefly recorded counselling action is to be taken in all the forms reviewed from headquarters to the Department concerned.

The procedure for appraisal can be briefed as follows:

1. **Initiation** by the Personnel Department at Headquarters/Regions.
2. Assessment of the employee by the Reporting Officer.
3. Review by the Reviewing Officer.
4. Discussing (counselling) with the employees by the Reporting Officer. Unless previously agreed to between the Reviewing and the Reporting Officer, that discussion should be held by Reviewing Officer.
5. Adverse entry, if any, communicated in writing to the individual appraisal.

The Usage of Appraisal Reports:

The "Annual Performance Appraisal" system is drafted, keeping in consideration certain benchmarks. The existing system adumbrates many invaluable decisions made as regards personnel development, policies based on it, etc.

The existing system helps in scrutinising training and
development made needs of the employees. This way, it enables the organisation with maximum utilization of work force to meet the organisation targets.

The existing system of performance-appraisal gives reasonable opportunities to employees for advancement to higher grade or an alternate assignment. Thus the goals of advancement and growth and job placement are recognised in this system.

The appraisal system is also used for confirmation of the employee in the present grade.

Lastly the performance-appraisal system is used to find out whether an employee is sufficiently efficient at the age of 55 years.
CHAPTER V

THE QUESTIONAIRE

A system may only be judged by the impact it has in the minds of the persons or bodies concerned. Performance Appraisal System is of immense importance in the eyes of the employees, as on the basis of the performance its correct appraisal crucial decisions regarding training, transfer, termination, promotion, job placements, etc. of the employees are taken out and nothing can be more important for a worker than these things. Therefore, with a view to assess the applicability and understanding of the "Annual Performance Appraisal System in Indian Airlines", it was decided to seek the views of the employees of the Corporation directly. To achieve this object a questionnaire was prepared. It has been set out in Annexure-II. The questionnaire has been prepared with definite objectives. The main objectives of the study may be enumerated as follows:

- To find out the effectiveness and acceptability of the present performance appraisal system.
- To trace out possibilities for further additions and alterations in the "Annual Performance Appraisal" pro formas.
- To have a feedback which includes informations as well as the feelings of the officers about the present appraisal system.

The questionnaire is further based on certain hypotheses. When we study a system we draw conclusions in advance which are afterwards tallied from the data so collected. The hypotheses may be of two types, namely, 'Null hypothesis' and 'Factual hypothesis.'
In the case of 'Null hypothesis' one process with the assumption that even things are normal and well and nothing is wrong in a given system whereas in the case of 'Alternate Hypothesis' one concludes in advance or makes a conjecture that something is wrong somewhere. In layman's language, we can call these approaches as optimistic and the pessimistic outlook respectively. In this study I have adopted the Null hypothesis or the optimistic approach after making a deep study of the appraisal forms and various documents related to the performance-appraisal system in the organisation. Moreover, it was considered reasonable to give the hypotheses on individual aspects and thereafter the aggregated or main hypothesis.

In a performance-appraisal system there are certain questions to be answered for:

- What should be the method adopted for appraising the performance of an employee?
- What should be the procedure for rating adverse remarks and filling the performance, etc.
- What should be the contents of a "Performance appraisal proforma" if evaluation is made in writing?
- Who should be the Reporting, Reviewing and countersigning authorities?
- When should the appraisals be made and the interlude between two approaches?
- What should be the objectives of the Performance-appraisal system; and so forth.
The questionnaire has been framed in the context of the aforesaid questions. Here it is worthwhile to give a brief outline of the questionnaire.

The questionnaire is divided into four parts. The first part covers the factual data of the officer contacted.

The second part of the questionnaire relates to the awareness and understanding of the employees about the "Performance Appraisal System". What do they think the objectives of the existing appraisal system in Indian Airlines are? What factors are considered in the Annual Performance Appraisal Proforma? The period for which the "Appraisal Reports" are prepared etc.

The third part is concerned with the views of the Officers on the existing "Annual Performance Appraisal" System in Indian Airlines. The questions have been framed keeping in mind the various aspects of the existing performance-appraisal system, such as, the procedure for rating, counselling, communication of the appraisal report, weightage given to them in case of promotions, etc.

The fourth and last part is devoted to suggestions made by the employee on various issues relating to "Performance Appraisal System". This part evaluates the present system on broader premises and gives a wider interpretation to the Appraisal system.

Mode of Data Collection:

The questionnaires were taken personally to the officers and after a brief discussion of the system with them were filled with the help of the person questioned. In many cases the officers opted for filling the questionnaire themselves afterwards but very few responses in these cases were received. As a matter
effect out of the targets, only 10 filled the proformas themselves.

For the purpose of sample survey it was decided to collect the data from the employees serving in only Personnel and General Administration, Finance, Stores and Purchases and Commercial Departments at the Headquarters and the Delhi Region. Due to limitation of time and on the other hand the quantum and categories of personnel the Officers above Grade IX have been covered. Due to technical difficulties the 'Pilots' have been excluded from the study.

In the following pages a rationale basis for analysing the system in the shape of certain hypothesis is given.

Hypothesis No. 1:
The objectives of performance appraisal system adopted in Indian Airlines are inter-related and consistent among themselves and are well-knitted in the organisational framework and personnel policies adopted therein.

Hypothesis No. 2:
The contents of the "Annual Performance Appraisal" proforma or the factors rated in it are depicting the actual performance of the appraisee and give due cognizance to the objectives of training and development and assessing the promotability of the appraisee.

Hypothesis No. 3:
The period fixed for making the appraisals i.e. one year is sufficiently long and gives maximum opportunity to the appraiser as well as appraisee for making the evaluation justified and acceptable.
Hypothesis no. 4:

Ten point rating out of which six points relate to performance of the employee in the existing job and remaining four for assessing the promotability of the appraisee. Qualitatively also the factors are depicting the actual performance of the appraisee. They need no change and any possibility of adding or diminishing any actor/s is ruled out.

Hypothesis no. 5:

The weightage given to the Annual Performance Appraisal Report namely thirty percent on the basis of two years appraisal for promotions and seventy percent to the interviews is quite adequate.

Hypothesis no. 6:

The procedure adopted for filling up the "Performance Appraisal Reports for the Officers" by the immediate superior, review by the next superior and procedure for countersigning is quiet suitable to the organisation. Counselling procedure is an additional advantage of the existing appraisal system.

Hypothesis no. 7:

The procedure of communicating only adverse remarks to the appraisee is just and fair and is in conformity with the principles of natural justice and the law on the subject.

Main Hypothesis:

The existing system of Performance Appraisal in Indian Airlines is:

- effective and acceptable ample,
- having reservations and dynamism to instigate (introduce) changes i.e. addition of new factor/s, deletion of old factor/s.
capable of bringing out the reactions and
and suggestions of the employees the notice of
top management.

**NOTE:** Here the hypothesis are based on 'Null Hypothesis'
method.

**Compilation of data received through questionnaires:**

The following table indicates the number of samples for
questionnaires, their distribution and responses.

<table>
<thead>
<tr>
<th>Departments</th>
<th>Questionnaire distributed</th>
<th>Responses received</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Personnel</td>
<td>15 (37.5%)</td>
<td>9 (60%)</td>
</tr>
<tr>
<td>2. Financial</td>
<td>10 (25%)</td>
<td>8 (80%)</td>
</tr>
<tr>
<td>3. Commercial</td>
<td>10 (25%)</td>
<td>9 (90%)</td>
</tr>
<tr>
<td>4. Stores &amp; Purchases</td>
<td>5 (12.5%)</td>
<td>4 (80%)</td>
</tr>
<tr>
<td></td>
<td><strong>40 (100%)</strong></td>
<td><strong>30 (75%)</strong></td>
</tr>
</tbody>
</table>

The break-up of each department in terms of officers'
resignation who responded to the questionnaire.

<table>
<thead>
<tr>
<th>Finance (AFM)</th>
<th>Personnel</th>
<th>Commercial</th>
<th>Stores &amp; Purchases</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 3AO</td>
<td>2 PO</td>
<td>1 Dy. MP3</td>
<td>1 Dy. M</td>
</tr>
<tr>
<td>3 AO</td>
<td>1 PO</td>
<td>1 Pvt. rej.</td>
<td>2 TO</td>
</tr>
<tr>
<td>4 AFM</td>
<td>1 AO</td>
<td>1 Dy. IRM</td>
<td>1 Dy. JM</td>
</tr>
<tr>
<td></td>
<td>1 AO</td>
<td>1 Pvt. rej.</td>
<td>1 Pvt. rej.</td>
</tr>
<tr>
<td></td>
<td>1 AO</td>
<td>1 Admin. Officer</td>
<td>1 Admin. Officer</td>
</tr>
</tbody>
</table>

The abbreviations, referred to in the above table s and for the designation given below:

AFM = Assistant Finance Manager
3 AO = Senior Audit Officer.
AO = Accounts Officer.
Dy. IBM = Deputy Industrial Relation Manager.
Dy. MP3 = Deputy Manager personnel services.
Pvt. Secy. = Private Secretary
PO = Personnel Officer.

Admin. Off. = Administration Officer
ACMO = Assistant Chief Medical Officer
SMO = Senior Medical Officer
ACM = Assistant commercial Manager.
Dy. CM = Deputy commercial Manager
TO = Traffic Officer
AMSP = Assistant Manager stores & Purchases
AMSP Off. = Stores & Purchases Officer.

Analysis of Data collected through questionnaires and personal interviews of the Officers in Indian Airlines.

The following tables describe the responses to various questions from the sampling units:

No. of Respondent = 30

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Respondents</th>
<th>Total weight age</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Examination of the potential</td>
<td>18 24 10 10 1</td>
<td>1.67 1</td>
</tr>
<tr>
<td>2</td>
<td>Improving the performance</td>
<td>12 16 10 10 4</td>
<td>2.66 4</td>
</tr>
<tr>
<td>3</td>
<td>Assessing training &amp; development needs</td>
<td>x x 7 7 19 12.67 4</td>
<td>1.33</td>
</tr>
<tr>
<td>4</td>
<td>Suitable job placements</td>
<td>x x 3 3 6 4.00 17 5.67</td>
<td>12.67</td>
</tr>
<tr>
<td>5</td>
<td>Salary &amp; Wage adjustments</td>
<td>x x x x x x x 4</td>
<td>1.33</td>
</tr>
<tr>
<td></td>
<td></td>
<td>40 30 30 30 30 10</td>
<td>100</td>
</tr>
</tbody>
</table>
This table has been prepared by giving weightage to preferences. Weightage of 40, 30, 20 and 10 has been allotted to A, B, C, and D preferences respectively. The preference X in questionnaire is not applicable and so it carries no weightage.

**TABLE No. 2**

Does annual performance appraisal really appraise the work?

<table>
<thead>
<tr>
<th>J.No.</th>
<th>Item</th>
<th>Responses (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Yes</td>
<td>26</td>
<td>86.67</td>
</tr>
<tr>
<td>II</td>
<td>No</td>
<td>4</td>
<td>13.33</td>
</tr>
</tbody>
</table>

**TABLE No. 3**

The necessity to communicate adverse remarks

<table>
<thead>
<tr>
<th>J.No.</th>
<th>Item</th>
<th>Responses (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Yes</td>
<td>30</td>
<td>100</td>
</tr>
<tr>
<td>II</td>
<td>No</td>
<td>X</td>
<td>X</td>
</tr>
</tbody>
</table>

**TABLE No. 4**

Procedure for counselsigning

<table>
<thead>
<tr>
<th>J.No.</th>
<th>Item</th>
<th>Responses (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Final</td>
<td>14</td>
<td>46.67</td>
</tr>
<tr>
<td>II</td>
<td>Subject to modification</td>
<td>Nil</td>
<td>Nil</td>
</tr>
<tr>
<td>III</td>
<td>subject to appeal</td>
<td>16</td>
<td>53.33</td>
</tr>
</tbody>
</table>

**TABLE No. 5**

Communication of the 'Annual Performance Appraisal Report'

<table>
<thead>
<tr>
<th>J.No.</th>
<th>Item</th>
<th>Responses (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Fully</td>
<td>24</td>
<td>80</td>
</tr>
<tr>
<td>2</td>
<td>Shortcomings</td>
<td>1</td>
<td>3.33</td>
</tr>
<tr>
<td>3</td>
<td>Strengths &amp; Appreciations</td>
<td>1</td>
<td>3.33</td>
</tr>
<tr>
<td>4</td>
<td>Only shortcomings and strengths but not the other factors</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>5</td>
<td>Not at all</td>
<td>10</td>
<td>3.34</td>
</tr>
</tbody>
</table>
### TABLE NO. 6

**Weightage given to A.P.A. Report for various purposes**

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Responses (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Promotion</td>
<td>28</td>
<td>93.33</td>
</tr>
<tr>
<td>2.</td>
<td>Placement/Posting</td>
<td>6</td>
<td>20</td>
</tr>
<tr>
<td>3.</td>
<td>Training and Development</td>
<td>14</td>
<td>46.67</td>
</tr>
<tr>
<td>4.</td>
<td>Reward</td>
<td>x</td>
<td>x</td>
</tr>
<tr>
<td>5.</td>
<td>Managerial development and organisation growth</td>
<td>5</td>
<td>16.67</td>
</tr>
<tr>
<td>6.</td>
<td>Punishment</td>
<td>14</td>
<td>46.67</td>
</tr>
<tr>
<td>7.</td>
<td>Not to any factor</td>
<td>2</td>
<td>3.67</td>
</tr>
</tbody>
</table>

**Note:** In response to this question more than one option could be given.

### TABLE NO. 7

**The weightage given to Annual performance appraisal in case of promotions**

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Responses (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I</td>
<td>Yes</td>
<td>14</td>
<td>46.67</td>
</tr>
<tr>
<td>II</td>
<td>No</td>
<td>16</td>
<td>53.33</td>
</tr>
<tr>
<td>a)</td>
<td></td>
<td>2</td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td></td>
<td>11</td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td></td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>

### TABLE NO. 8

**The effectiveness of the existing system**

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Responses (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>I.</td>
<td>Yes</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>II</td>
<td>No</td>
<td>12</td>
<td>40</td>
</tr>
<tr>
<td>a)</td>
<td>Not fully reflect the actual performance</td>
<td>4</td>
<td></td>
</tr>
<tr>
<td>b)</td>
<td>Erroneous criterion</td>
<td>Nil</td>
<td></td>
</tr>
<tr>
<td>c)</td>
<td>Unscientific grading/rating</td>
<td>3</td>
<td></td>
</tr>
</tbody>
</table>
-56 -

d) suffering from human bias 11

e) Too much stress on personality traits 4

f) Irrelevant for management development 4

g) too rigid/l lenient Nil

TABLE NO.9
The practice adopted by appraisors for taking the views/comments from appraisee in advance or afterwards or both the times.

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Responses (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>No</td>
<td>11</td>
<td>36.66</td>
</tr>
<tr>
<td>2</td>
<td>Yes</td>
<td>19</td>
<td>63.34</td>
</tr>
</tbody>
</table>

\( \text{a) Prior to filling up} \)
\( \text{b) After filling up} \)
\( \text{c) Both the times} \)

100

TABLE NO. 10
The nature of existing system

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Responses (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Interesting</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>2</td>
<td>routine exercise</td>
<td>18</td>
<td>60</td>
</tr>
<tr>
<td>3</td>
<td>Mere compulsion</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>4</td>
<td>Purposeful</td>
<td>7</td>
<td>23.33</td>
</tr>
<tr>
<td>5</td>
<td>Necessity</td>
<td>7</td>
<td>23.33</td>
</tr>
<tr>
<td>6</td>
<td>complicated/time consuming</td>
<td>1</td>
<td>3.34</td>
</tr>
</tbody>
</table>

Note: In response to this question more than one option could be given.
### TABLE No. 11

**Who should appraise?**

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Response (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Self appraisal</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>2.</td>
<td>By Sectional Head</td>
<td></td>
<td></td>
</tr>
<tr>
<td>3.</td>
<td>By Departmental Head</td>
<td>1</td>
<td>3.33</td>
</tr>
<tr>
<td>4.</td>
<td>By immediate superior</td>
<td>25</td>
<td>83.34</td>
</tr>
<tr>
<td>5.</td>
<td>By next superior</td>
<td></td>
<td></td>
</tr>
<tr>
<td>6.</td>
<td>Any other person/bddy</td>
<td>1</td>
<td>3.33</td>
</tr>
</tbody>
</table>

### TABLE No. 12

**The period for appraisal**

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Response (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>One year</td>
<td>27</td>
<td>90</td>
</tr>
<tr>
<td>2.</td>
<td>Six months</td>
<td>3</td>
<td>10</td>
</tr>
</tbody>
</table>

### TABLE No. 13

**Employees' reaction to have an opportunity to point out their major achievements themselves prior to filling up PA Report**

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Response (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Yes</td>
<td>16</td>
<td>53.33</td>
</tr>
<tr>
<td>2.</td>
<td>No</td>
<td>14</td>
<td>46.37</td>
</tr>
</tbody>
</table>

### TABLE No. 14

**Reflection of significant event/achievements in APA**

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Response (in figures)</th>
<th>(in %age)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Yes</td>
<td>27</td>
<td>90</td>
</tr>
<tr>
<td>2.</td>
<td>No</td>
<td>3</td>
<td>10</td>
</tr>
</tbody>
</table>


Consideration of the events of failure in APA Report

<table>
<thead>
<tr>
<th>No.</th>
<th>Item</th>
<th>Response (in figures)</th>
<th>Response (in %)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Yes</td>
<td>28</td>
<td>93.33</td>
</tr>
<tr>
<td>2.</td>
<td>No</td>
<td>2</td>
<td>6.67</td>
</tr>
</tbody>
</table>

*The tables have been prepared not in perfect matching with the questionnaire as responses to certain questions could be lengthy and elaborate and there was no scope for putting them in the shape of tables. However, such responses have been duly considered in the analysis and findings part of this.

*Certain parts of the questions have been deleted as no response was available.

*The responses shown in percentage have been calculated on a total of 30.
CHAPTER VI
ANALYSIS OF DATA

The statistics obtained through responses to the questionnaire and personal discussions with the officers in Indian Airlines have yielded following results:

1. As per Table No.1, 35% respondents have replied that the main objective of Annual performance appraisal is the examination of the potential of the employees or, in restrictive terms, the chances of their promotions. 30% respondents are of the view that the objective of performance appraisal is improving and assessing the past performance; 21% have opined that the real objective is training and development of the employees. More than 12% respondents support the objective captioned 'Suitable job placements and transfers'. Less than 20% respondent say that the APA takes into consideration the salary and wage adjustment objectives. Thus it may appear that the main emphasis has been laid on promotion potential objective, as suggested by the majority of respondents. Although 70% of the total rating in Annual Performance appraisal is given to assess the 'past performance' of the employee. Yet only 30% of the respondents have supported this objective. In course of personal discussions with the officers it transpired that in actual practice the training and development policies do not take into consideration the remarks on recommendations made in the APA. Still in Kardex System the recommendations in APA are also recorded. It was also revealed that the objectives of job placement and salary and
Wage adjustments are not considered in APA in the Indian Airlines. Among the objectives of Annual Performance Appraisal, the objective of review of employee's performance at the age of 55 years is also there.

2. **As per Table No. 2:** More than 86% of the respondents replied that the existing performance appraisal system was a comprehensive one and helped the employees in making an actual assessment of their performance. But they unanimously recorded that it required proper implementation. Less than 14% of the respondents held the view that the system needed further changes in its structure to make it more feasible.

3. **As per Table No. 3:** which relates to communication of adverse remarks, the respondents agreed in toto to the existing procedure. They felt that unless these remarks were communicated to the employees how could any one know his shortcomings, as a whole and also factor wise. Communication of adverse remarks in writing has been made compulsory by the Government regulations and Extract 31 of the IA also provides it. An aggrieved employee may take recourse to the grievance procedure also.

4. **As per Table No. 4:** the procedure of counter-signing the APA is in vogue in the Indian Airlines. This is the second stage of Review procedure. **As per Table 4,** more than 46% of the respondents were of the view that the
decision given by the countersigning authority should be final. While the other set of employees, which ranges to more than 53%, believes that this decision should be subject to appeal. The option 'subject to modifications and alterations; although not given by any of the respondents, yet forms the inherent part of the option 'subject to appeal'.

Respondents have differing opinions on this aspect. Those who say that the decision of the countersigning authorities should be final defend their view by saying that three stages for assessment and review were sufficient and an employee still felt aggrieved he could never be satisfied. Besides this, administratively also. People may come every day with agony and disgust against the Reporting or Reviewing authority which leads to unrest and industrial disputes. The supporters of the view 'Subject to appeal' emphasise the fact of giving more justification to the ratings but it is felt the minority prevails in this case. The decision of countersigning authority should be final unless there is an adverse report.

5. **Table 5** - The communication of the 'Annual Performance Appraisal' Report is the issue considered in Table 5 by the respondents. A variety of opinions are found in this case. But quite clearly 80% respondents think that the APA Reports should be communicated in full.
The 10% of the respondents support the view that only shortcomings and strengths should be communicated but not the other factors, like, integrity, training and development needs. The remaining 10% respondents are equally distributed and have negligible effect on the mass opinion. Those who support the communication of appraisal reports as a whole say that an individual is not interested in his weaknesses or shortcomings only but a feeling to know his plus-points also and, therefore, unless one knows his both the aspects he can not weigh his actual performance. Communication of only negative or adverse remarks may result in a feeling of tension and distrust against the Reporting Officer. Let the 'Play God' approach go. But many respondents believe that strengths and appreciations should not be communicated lest a highly rated employee start giving airs to himself and cause envy among his fellowmen and malice against the reporting officer.

6. As per Table No.6, more than one option could be given in respect of 'weightage given to APA report for various purposes'. Therefore I have taken only those responses which have supported these factors. To make it sound and understandable we can deduct the mentioned percentage from 100 and can find the balance of respondents who do not support the idea. For example, in the promotion column 93.33% respondents feel that proper weightage is given to it for promotions while the remaining
7% do not support this fact. The respondents are of one opinion that promotion decisions are taken with the help of APA Reports. But in case of placement/posting decisions it is felt that Performance appraisal reports are not considered. More than 50% respondents think that even in case of training and development the APA Reports are not consulted. None of the respondents believes that any reward system exists in the Indian Airlines and as such no occasion arises to consult the APA Reports for such purpose. As regards the managerial development and organisation growth objectives, less than 17% think that APA's are given weightage but it is found that the Performance-appraisal system does not undertake these objectives. So far as punishments are concerned, approximately 47% respondents believe that APA's are consulted.

7. As per Table 7, less than 47% respondents believe that the existing weightage of 30% on the basis of two years for promotion decision is sufficient. They support their view by the argument that "if a higher weightage is given to APA Reports than the inherent weaknesses of Performance appraisal System, like, human bias, halo effect, the reporting officer's views etc. will also creep in and will dominate the very crucial decision of a person's carrier i.e. promotion. The majority of the respondents, more than 53%, think that the value of weightage given to APA Reports is not
sufficient and should be increased from the present 30% to at least 50% which is more reasonable. Their arguments is "the weightage of 50% or more in the promotion decisions will enable the individual with a more rational basis. The APA Report in IA includes the aspect of employees potential. Performance is not apprised in a single day although reports are filled in a single sitting yet they are based on the average behaviour of the individual. Thus to have a higher rating is a more sound argument". When we compare both the views we can conclude that to have higher weightage for APA report in promotion decision is more appropriate and rightly supported by the respondents also.

8. Table No.8, is meant for judging effectiveness of the existing system. 60% of the respondents felt that the existing system was quite effective. But there are a number of respondents (40%) who have criticised the present system. This section believes that the system is suffering from human bias, interpersonal relationships, too much of subjectivity, great deal of hurry in filling the forms and so forth. A remarkable argument about its ineffectiveness is that it serves only very limited purpose and important aspects, like, job placement, transfer, managerial development and organisation growth are not covered by it. Those who have declared the system to be effective say that "the present system is a comprehensive one and meets all those requirements that a good
performance-appraisal system should have. The performance-appraisal system covers all the aspects of performance by giving due recognition to the potential of the employee, his training and development needs and other relevant factors. They think that the system needs deletions and not additions of new factors in order to make it more perfect.

9. Table No.9, depicts the views of the respondents the practice adopted by the appraisers. The first question was to be answered in yes or no. More than 63% respondents agreed that their superiors did some sort of counselling in the form of reading out the report to them or telling orally about the ratings given and in certain cases even asking for reactions of the appraisee also. But in most of the cases, they opined, the reports were communicated afterwards. Those who have answered the question in negative, deny any short of communication of reports to them. To be frank, some of the respondents have showed that they are not interested in the filling up of the APA Reports for one or the other reason. But it appears that in most cases the appraisals are filled behind the back of the appraisee and are not communicated to them.

10. As per Table No.10, the opinions of the respondents were collected to find out their reactions to the existing system. In this question also more than one option could be offered. Most of the respondents i.e. 60% felt that filling of the APA reports was merely a routine exercise.
This response thus appears to be very strange and rather contrary to other responses, because the respondents have opted to call the system 'Purposeful' and 'necessity.' It appears that the employees consider the system as 'routine exercise' in the sense that like other official matters it has become almost a routine like thing or in the sense that the reporting officer treats the reporting as a mere routine and formality. Had it not been so they could not have called it 'purposeful' in the same breath & also 'effective in response to Q. No.11. In any case the fact remains that this opinion of the employees should not be brused aside and go unnoticed and I shall refer to it in the following pages while expressing my observations and recommendations.

11. **Table No.11** - shows the views of respondents on the issue, "who should be the Appraiser". In this regard interestingly enough, most of the respondents felt that the immediate superior could be the best appraiser of the performance. This view finds support from more than 80% of the respondents. The second person regarded as the best for appraising is the Sectional head. The immediate superior is the best judge of the employees' performance as he is always in touch with the subordinates and checks their performances each and every time whenever performance is out of the pre-fixed norms of behaviour.
12. *As per Table No. 12*, which deals with 'appraisal period, 90% of the respondents believed that the period for appraisal should be one year. The remaining 10% thought that six months would be quite an appropriate period for appraisal process. The supporters of the appraisal period of one year support their opinion or the argument that "for the purpose of appraisal of the performance of an employee, a sufficient length of time is needed and, moreover, the expenditure involved in undergoing this procedure should also be given due consideration and hence the fact that the period of one year was reasonable from both the points of view. Those who support an appraisal period of six months feel that one year is quite long to remember the facts and unduly long to appraise the employee.

13. *Table No.12* depicts the response over the question "whether the appraisee should be provided an opportunity to point out his major achievements himself before the Annual Performance Appraisal Report is filled?" A majority of respondents cover (over 53%) felt that such an opportunity should be granted. While the rest (less than 47%) saw no practical benefit in it. They think that 'major achievements' is an ambiguous term and may create controversy among the superiors and subordinates. A thing may be regarded as an achievement by the
subordinates while the same may be overruled by the superiors as an ordinary event. They think the present set up for performance-appraisal is a sound one to cater these needs. Those who support to have such an opportunity advance arguments that the period of appraisal being quite long it may not be possible for the Reporting Officer to remember the individual events; the nature of work may be such that the superior may not be certainly aware of the actual achievement, for instance, in case of Group performances; superiors usually regard the A.P.A. Report a routine though many important decisions are based upon A.P.A. and hence it may be convenient even to the Reporting Officer, doing appraisal, to adopt this procedure and finally, the argument proceeds, that by affording an opportunity to present his achievements an appraisee would feel that just assessment would be done and he would respect it. Thus the respondents wanted to have an opportunity to present their picture themselves.

14. As per Table No.14, the respondents have advanced their views on the point whether significant events/achievements reflected in the 'Annual Performance Appraisal' or not. A vast majority (90%) believed that it was reasonable to have a mention of significant events/achievements in the APA. The weak minority (10%) is against the idea. They argue that inclusion of these events in APA may lead to the decline in the performance of the appraisee as not like any interference of the superiors in his job and interference may lead him to commit mistakes.
15. As per Table No. 15, the opinion of the respondents was sought on the issue of consideration of events of failure in APA. Over 90% of the respondent favoured the inclusion of events where the appraisee failed as this would make the report more meaningful & just. While a very few respondent (less than 10%) thought that this aspect should be kept out of the purview of APA.
CHAPTER VII

OBSERVATIONS & RECOMMENDATIONS

A close study of the literature and documents relating to Performance Appraisal System in the Indian Airlines and also the discussions held with the personnel of the Corporation have revealed many interesting features of the existing system. The responses made by the employees while answering the questionnaire circulated to them have made our study all the more interesting, useful and revealing. The observations which are being detailed in the following lines are not simply based on the hypothesis mentioned earlier but cover the various other aspects with regard to the performance Appraisal System prevalent in the Indian Airlines.

The Performance Appraisal System in this Organisation has certain specific objectives; the system, known as 'Annual Performance Appraisal' in the Indian Airlines, was introduced to form an integral part of the management development programme with a primary object of aiding the employees in their growth and development by appraising all phases of their performances and tendering proper guidance to them through constructive discussion. The system further aimed, and rather helps in identifying potential talents and to appropriate those talents for the development and promotion of the aims, objects and activities of the Corporation. The appraisal is also to be used for rewards
as well as corrective measures and for determining the suitability of an employee for promotion, training and development.

Theoretically the objectives of the Annual Performance Appraisal (A.P.A) as mentioned above are sound, consistent among themselves and well knitted in the frame work of the organisation. However, the practical working, opinions obtained from the personnel, use made of the A.P.A. format and the responses received on the questionnaire, do not fully support and match with the aforesaid loud objectives. It was observed, broadly speaking, that the A.P.A. are more or less used for appraising the past performance and assessing the promotability of the Appraisee.

At this stage it would be proper to scrutinise the format meant for Annual Performance Appraisal. Since the format is strictly confidential, it would not be proper to reproduce it but it is very important to study it analytically and judge the responses and opinions of the personnel vis-a-vis the practical policies adopted by the organisation.

The A.P.A. format is a comprehensive one and it includes the details with respect to an employee.
for a period of twelve months. The appraisal form consists of four parts, the first & second parts relate to 'performance' and 'potential' respectively. Each of the factors under these two parts is rated on ten points scale shown below:

<table>
<thead>
<tr>
<th>Marks:</th>
<th>1</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
<th>9</th>
<th>10</th>
</tr>
</thead>
<tbody>
<tr>
<td>Degrees: Unsatisfactory</td>
<td>Satisfactory</td>
<td>Good</td>
<td>V. Good</td>
<td>Outstanding</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The assessment is indicated in terms of marks for each factor. If an officer is adjudged 'outstanding' or 'unsatisfactory' then the reasons for such an assessment are to be stated by the reporting officer. Marks upto three on any factor constitute an 'adverse entry'. Part 1 relating to 'performance' consists of six factors, namely, (i) Job Knowledge and its application; (ii) Quality of work and cost consciousness; (iii) Decision making; (iv) Dependability; (v) Relationship with and development of the subordinates; (vi) Attitude towards others (other than subordinates). The details relating to each factor lead to an obvious conclusion that if assessed properly, the total outcome in terms of marks is capable of depicting the actual performance of the appraisee and it gives due recognition to his potential aspect. It may be observed that
emphasis has been given to objective factors unlike in other prevalent systems and we may consider it as the highlight of the system prevalent in the Indian Airlines. But the point still at issue is whether a reporting officer may really apply his mind fully to the details constituting each factor and make a rating in an accurate and precise manner. To illustrate, the factor relating to decision making comprises of several detailed ingredients. Rating in respect of this factor has to be made after considering whether the appraisee exercises the powers delegated to him or, in case he has no such power, whether he comes forward with proper recommendations; how far are his decisions/recommendations practical and correct? Does, he exercises commercial sense?; Is he capable of overcoming and handling difficult situations?; Does he analysis the implications of decisions/recommendations?; and, Can he distinguish between major and minor issues? Now a question arises whether the reporting officer, and ultimately the Reviewing Officer who has remote chances of judging the appraisees for each major and minor event, assess the appraisee in terms of marks. Will it be incorrect to observe that the factors like bias, halo effect, delay in appraisal i.e. to write appraisal at the end of a period of twelve months in
respect of an event or issue happening long back; etc. make such an Appraisal less effective.

However, these shortcomings are a part of the whole system - the traditional system of Appraisal and therefore, it may be observed that the present system prevalent in the I.A. reflects to a great extent the actual performance of an appraisee.

Part 2 of the A.P.A. form is meant for assessing the officers' potential for higher jobs. It includes ability and initiative, judgement and decision making; professional knowledge and adaptability. As mentioned earlier markings are to be made only in respect of these 2 parts and, as revealed by the officials, the factors relating to past performance and potential carry a lot of weight in the matter of promotion of an appraisee. The remaining 2 parts of the A.P.A. form deal with integrity and other factors, such as, age, health and family circumstances limiting the performance or potential of the appraisee. The Reporting Officer is also required to suggest job rotation, special assignment or any other measure to develop the Appraisee. It may be observed that in the opinion of the employees of the Indian Airlines these factors mentioned in part 4 are not of much practical value because, they feel, that no weightage is given to the comments of the Reporting Officer in respect of these
factors. As regards training and development objectives of the Personnel Appraisal System, it was viewed by the employees that although recommendations and suggestions are recorded specifically in this regard but rarely utilized. It was observed that as a matter of fact the organization has a separate and definite policy for the training and development of their personnel which in itself is very sound and effective and perhaps it may be for this reason that part 4 of the A.P.A. form is not much utilized for the purposes of training and development.

Filling of the A.P.A. form is an yearly affair. In respect of officers, including Engineering Executives and Executive Pilots, the period taken into consideration is from 1st of April to 31st of March each year. It was observed that a large number of officers were not able to mention the aforesaid Appraisal period correctly. It signifies that appraisals are not done in time and the Reporting Officers fill in the APA form according to their convenience. As regards the period taken into account for Appraisal the general opinion was that a period of twelve months was an adequate time to make a correct appraisal. It provides the Personnel Department sufficient time to go through the whole procedure of Appraisal and any curtailment in this period may mean more panic, more expenditure and a further problem of keeping the records for lack of storage.
arrangements. It was observed that shorter Appraisal period was not acceptable to the employees for this reason also that the delay in submitting the forms is so frequent that it may cause practical difficulties if the period is cut short and the matters relating to promotion of the officials may get unreasonably delayed merely on this account.

There are two important points which are worth mentioning. Firstly, the reports so made in respect of an appraisee are required to be discussed by the officer whose comments are finally upheld with the concerned Appraisee. Secondly, the Appraisee has to be informed of the remarks obtained on his Appraisal form and if there are any adverse remarks, the same have to be communicated in writing. It indicates that the organisation has been following a fair, just and equitable system in the context of Rules of Natural Justice.

It was further observed that the procedure for Appraisal in the Indian Airlines is more or less like other reputed and prominent organisations in India. The Appraisal report is prepared by the immediate superior, known as the Reporting Officer for this purpose, and reviewed by the next higher superior authority, termed as Reviewing Officer in the A.P.A. form. Whenever there are any differences of opinion between these two officials, the report is considered by the counter signing authority who is usually the immediate
superior of the next superior. It was further observed that normally the employee is rated on the average ratings even when he is quite below to normal standard of performance and it was felt by the employees that many a times favourites get higher marks and grab promotions. However, this was not the majority view. Although it could be observed that the Reporting Officers were generally dominated by an 'evasive or pleasing' attitude because they felt that it was always better to avoid unpleasantness and that being so adverse remarks were rare. Notwithstanding these minor problems, the present system of personnel appraisal in the Indian Airlines is positively more objective and is not based on personality test, as was the trait, earlier and, therefore, it may be observed that possibility of favouritism and manipulations are much less. At present, in case of promotion decision, 30% weightage is given to A.P.A. reports taking into account the reports for a period of two years immediately prior to the date on which promotion is considered. Formerly this weightage was to an extent of 50% and reports in respect of three years were taken into account. Most of the employees felt that it was desirable to increase the weightage. The A.P.A. report allows 40% emphasis to the potential factor. It was noticed that the employees were in favour of at least 50% weightage for both these factors and appeared
in favour of the remaining 50% to be decided by personal interviews.

Before, I conclude my observations, I would like to mention that counselling is positively an important feature of the Personnel Appraisal System in the Indian Airlines. Such counselling is not complete until the reporting officer has recorded the reactions of the Appraisee and signed the appropriate column of the Appraisal form. However, it was revealed that the counselling is not done in many cases. It may be observed that such an ideal feature should be given its due place and this was the consensus of opinion. It may be concluded that in general the organisation is making the best use of the A.P.A. for the purpose of promotions and manpower development programmes. It may be mentioned here that so long as a more scientific method is not developed to ensure a uniform evaluation for all employees (since every person measures efficiency and output and judges personal traits in his own way and according to his own scale) the present system may be useful being fair and adequate for the development and growth of the employees and also the organisation. It may be, however, observed that since proper use of the factors relating to job rotation and training etc. is not being made these factors may be conveniently eliminated from the Annual Personnel Appraisal Form.
C O N C L U S I O N

Performance-appraisal is a traditional control-mechanism in the management of personnel. It provides data for administering rewards and penalties and also helps in developing the personnel collectively. The appraisal reflects the state of efficiency and morale in the organization.

In the Indian Airlines Corporation, the performance appraisal is taken into account basically for two purposes, namely, to analyze an employee's efficiency in the present job and his chances for promotion to a higher job or another job in some other department. The performance appraisal is used to find out training and development needs of an employee and to make a review of capacity to work at the age of 55 years.

The system for communicating only adverse remarks is quite satisfactory. Communication of favourable remarks is not needed as it may increase the burden on the Reporting authority. The 10 point rating scale and the factors assessed are also quite pragmatic. But it is felt that in case of promotion decisions the APA reports should be given more weightage.

In case of training and development aspect of performance, it will be more appropriate to abolish it from the APA proforma as the organisation has a
separate policy for training and development of the employees. The APA reports carry a note in the Kardex system but are hardly referred to.

The period fixed for appraisal is satisfactory and suits the organisation's set-up. A shorter appraisal period may prove costlier and time consuming and may be involvement also.

System of counselling has been found to be a good feature of the present performance-appraisal system. It is good that it has been made compulsory. Counselling provides the employee ample opportunity to defend himself and to the appraiser to justify the rating of the appraisee. The two way communication is always welcomed by the employees. At present counselling is done after the reports are filled. It frustrates the whole purpose and so it would be better if counselling takes place before the appraisals are completed.

The appraisals are done by the immediate superior who is in the best position to assess the job done by the concerned officer. This procedure is good and sound.

The appraisal is a perpetual process. This enables assessment of an individual in the right manner. But it should be implemented very carefully and tactfully as a small disagreement in rating may lead to big troubles in 'employee relations'. The
MBO approach is very difficult and unsuitable in the case of Indian Airlines.

Thus, in nutshell the performance appraisal system is quite effective and acceptable in the case of Indian Airlines provided the pre-mentioned recommendations are taken into account.

The performance-appraisal system is still amongst the most important techniques of assessing the qualities and other factors relating to employees in the Indian Airlines as in the other organisations and still perhaps the material instrument in the perception of development needs which provides the bed-rock on which the edifice of human or executive growth and development is built and nurtured.
ANNEXURE 1

INDIAN AIRLINES
ORGANISATION CHART (HJRQ)

CHAIRMAN & MANAGING DIRECTOR

Day Managing Director

Secretary Director

Chief Finance

Planning

Chief Auditing

Vigilance Officer

Director

Manager

Controller of Flight

Ground Supports

Director

Manager

Controller of Flight

Ground Supports

Director

Manager

Controller of Flight

Ground Supports

Regional Director

Regional Director

Regional Director

Regional Director

Western Region

Eastern Region

Northern Region

Southern Region

Calcutta

Delhi

Madras

Hyderabad

Base

Base

Base

Base

Overhaul base for Caravelle

Overhaul base for P-27,

Overhaul base for P-27,

Overhaul base for HS-748

and Airbus

and DC-3 and

and DC-3 and

and HS-748

aircraft.

P.W. Engines

Dart

Engines

and Boeing

aircraft

and Boeing

aircraft

and Boeing

aircraft
<table>
<thead>
<tr>
<th>Operations Manager</th>
<th>Commercial Manager</th>
<th>Chief Engineering Manager</th>
<th>Manager, personnel Services</th>
<th>Manager, Stores and Purchases</th>
<th>Finance Manager</th>
<th>Vigilance Officer</th>
<th>Regional Auditor</th>
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ANNEXURE III

A STUDY OF ANNUAL PERFORMANCE APPRAISAL (A.P.A.) SYSTEM FOR OFFICERS IN INDIAN AIRLINES

QUESTIONNAIRE

INFORMATION RELATING TO YOU

Q.1 What is your name? -
Q.2 What is your designation? -
Q.3 In which department do you work? -
Q.4 In which Section do you work? -
Q.5 When did you join I.A.? -
Q.6 Since when are you working in this grade? -
Q.7 What are your academic/professional qualifications? -

YOUR UNDERSTANDING OF A.P.A. SYSTEM

Q.1 Who appraises your performance? -
Q.2 When is your performance appraised? -
Q.3 What in your views are the objectives of the Annual Performance Appraisal System in I.A.? (Give preferences alphabetically)
   (i) Examine the potential of Employee.
   (ii) Improving the performance of employee.
(iii) Assessing Training & Development needs

(iv) Salary & Wages adjustments.

(v) Suitable job placement.

Q.4 Tick mark ( ) the factors, which you think are considered for appraisal in Annual Performance Appraisal Form?

| A. | Quality of Work and Cost Consciousness. |
| B. | Dependability |
| C. | Integrity |
| D. | Punctuality and Regularity. |
| E. | Job knowledge and its application |
| F. | Adaptability |
| G. | Judgement and decision making |
| H. | Relationship with and development of subordinates |
| I. | Ability and initiative |
| J. | Truthfullness |
| K. | Power of Expression |
| L. | Professional Knowledge |
| M. | Health, age & family circumstances |
N- Knowledge of Rules & Procedure.

0- Appearance & bearing

YOUR VIEWS RELATING TO A.P.A. SYSTEM

Q.5 Does A.P.A. really appraise your work? - Yes/No

Q.6 Do you consider it that an opportunity to explain the adverse and unfavourable remarks be provided to the Appraisee? - Yes/No

TICK THE SUITABLE ANSWERS

Q.7 Do you consider the A.P.A. as countersigned

Should be -

(a) Final

(b) Subject to modifications and alterations.

(c) Subject to appeal.

Q.8 Do you consider your A.P.A. should be communicated -

(a) Fully

(b) Only shortcomings

(c) Only strengths, appreciations and recommendations.

(d) Only shortcomings & strengths but not in regard to other factors.
Q.9 Do you think that proper weightage is given to A.P.A. Report while considering the employee for:

(a) Promotion
(b) Placement/Posting
(c) Training & Development
(d) Reward
(e) Managerial Development and Organisation growth.
(f) Punishment.

Q.10 Do you think that proper weightage i.e. 30 per cent is given to A.P.A. Form in case of Promotions?

If No, what percent of total marks should be allotted to it?

a) 40%  
b) 50%  
c) 60%  
d) 70%  
e) Any other proportion.

Q.11 Do you feel the existing - Yes/No system of Performance Appraisal is an effective one?

If Yes, in what respect?

If No, what are the reasons?
The existing system is -

a) not fully able to reflect the actual performance.

b) based on erroneous criterion.

c) lacking scientific and just grading/rating.

d) suffering from human bias.

e) stressing too much on personality traits than the performance.

f) irrelevant from the point of view of Management Development.

g) too rigid/lenient to be applied.

h) any other reasons.

Q.12 Does the Appraiser seek your views/comments prior to/after/both while filling up the A.P.A. Form? Yes/No

Q.13 Do you think the existing system is -

a) Interesting

b) Routine exercise

c) Mere compulsion

d) Purposeful

e) Necessity

f) Complicated & time consuming

Q. Do you think your Reporting Officer ignores your outstanding performances? Yes/No
YOUR SUGGESTIONS AND RECOMMENDATIONS

(Tick the most suitable answers)

Q.14 Which is the best Appraisal System?
   a) Self Appraisal
   b) Appraisal by Sectional Head.
   c) Appraisal by Departmental Head.
   d) Appraisal by immediate superior.
   e) Appraisal by next superior.
   f) Any other person or body.

Q.15 What in your view should be the Appraisal period?
   a) One year
   b) Six months
   c) A Quarter
   d) A month
   e) Any other period of time

Q.16 Would you prefer to have an opportunity to point out your major achievements yourself before the A.P.A. Form is filled up? Yes/No

If yes, why?

Because

(I)

(ii)

(iii)
Q.17 Should the significant event/achievement be reflected in your A.P.A.? Yes/No

If Yes, why?

Because

(i)

(ii)

(iii)

Q.18 Should the events, where you failed, also be considered in your A.P.A.? Yes/No

If no, why?

Because

(i)

(ii)

(iii)

Q.19 Factors that you consider important which have not been represented in A.P.A. Form -

(i)

(ii)

(iii)

Q.20 Factors that you consider irrelevant in A.P.A. Form -

(i)

(ii)

(iii)
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