



COMPARISON OF PERFORMANCE APPRAISAL IN DAIRY SECTOR, STEEL SECTOR AND IN AUTO COMPONENT SECTORS IN NORTHERN INDIA

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Abstract

Performance appraisal is the systematic evaluation of the performance of employees to understand the abilities of a person for further growth and development .Performance appraisal is done in a systematic way in which a supervisor measures the performance of employees and compare it with targets and plans the factors behind the work performance are analysed by the supervisor and thus employers are in a position to guide the employees for a better performance. To have a clear picture as to what is going well for all of employees, is to conduct a performance appraisal a few times a year.

A performance appraisal, sometimes also called a performance review or performance evaluation, is how an employee's job performance is documented and evaluated against the goals and projects they have been working toward. As part of a career development plan, they're usually conducted by a manager or supervisor as a way to provide feedback and give support when necessary. Essentially, a performance appraisal is a small part of the performance management process. Performance appraisals come in handy in a variety of ways. For starters, it helps an organization determine the value and productivity of each employee and what they contribute to their teams. Additionally, it allows the employee to further develop in their own roles while pinpointing what's working and what's not. Performance appraisals can make a difference in the performance of an organization. They provide insight into how employees are contributing and enable companies of all sizes to:

- Pinpoint areas where managers can improve in order to increase both productivity and the quality of work seen by employees.
- Address behavioural issues before they impact productivity or a critical incident occurs.
- Encourage employees to contribute more as they recognize their various talents and skills.
- Support employees as they grow and develop within their careers.
- Build on strategic decision-making in situations that may result in layoffs, succession planning, or filling a role internally during a specific review period.

Performance appraisal is not just for the benefit of the company – it can be advantageous for employees as well. They can use the upcoming employee job performance appraisal to keep themselves from becoming passive in their work, take charge of their career trajectory, and be recognized for the incredible work that they have done. Performance appraisals can be used to the advantage of an employee by:

- Positioning themselves for a raise or promotion.
- Asking to take on projects at a higher-level and work that they actually enjoy doing
- Talking with their boss about their career path
- Inquiring about continued education, training, or seminars
- Addressing any concerns or questions

In spite of being such an integral part of an organisation this practice is not executed with the same intensity as it is expected to find out the quality and the frequency of the performance appraisal in the dairy sector ,steel sector and automobile sectors the study was conducted in five companies each in the given area and some interesting findings and conclusions were eventually drawn



INTRODUCTION

Employees are performing well when they are productive. Productivity implies both concern for effectiveness and efficiency, effectiveness refers to goal accomplishment. However it does not speak of the costs incurred in reaching the goal. That is where efficiency comes in. Efficiency evaluates the ratio of inputs consumed to outputs achieved. The greater the output for a given input, the greater the efficiency. It is not desirable to have objective measures of productivity such as hard data on effectiveness, number of units produced, or percent of crimes solved etc., and hard data on efficiency (average cost per unit or ratio of sales volume to number of calls made etc.)

In addition to productivity as measured in terms of effectiveness and efficiency, performance also includes personnel data such as measures of accidents, turnover, absences, and tardiness. That is a good employee is one who not only performs well in terms of productivity but also minimizes problems for the organization by being to work on time, by not missing days, and by minimizing the number of work-related accidents.

Appraisals are judgments of the characteristics, traits and performance of others. On the basis of these judgments we assess the worth or value of others and identify what is good or bad. In industry performance appraisal is a systematic evaluation of employees by supervisors. Employees also wish to know their position in the organization. Appraisals are essential for making many administrative decisions: selection, training, promotion, transfer, wage and salary administration etc. Besides they help in personnel research. Performance Appraisal thus is a systematic and objective way of judging the relative worth of ability of an employee in performing his task. Performance appraisal helps to identify those who are performing their assigned tasks well and those who are not and the reasons for such performance.

Performance appraisal in any organization will be done at a specific period, like annually or half yearly or quarterly or may be regularly. It all depends upon the nature or size of the organization, and sometimes necessity of the managers decide the period of performance appraisal of their employees. Most of organizations are insisting employee appraisal should be a continuous process and should not be limited to a formal review once a year. The frequency of formal appraisals will depend on the nature of the organization and on the objectives of the system. For example, in a high technology organization objectives may be changing quickly so that formal appraisals may need to be carried out more than once a year. In an environment which is less subject to change, annual appraisals may be sufficient. Most employees receive a formal appraisal annually, although more frequent appraisals are often needed for new employees, for longer serving staff who have moved to new posts or for those who are below acceptable performance standards.

Performance appraisal involves an evaluation of actual against desired performance. It also helps in reviewing various factors which influence performance. Managers should plan performance development strategies in structured manner for each employee. In doing so, they should keep the objectives and strategy of the organization in mind and aim at optimal utilization of all available resources including financial resources. Performance appraisal is a multistage process. The first step in effective performance appraisal involves defining the objectives of the performance appraisal itself. Performance appraisals are used for different purposes ranging from developing the employees, to controlling their behavior.



The second step pertains to establishing performance expectations for effective job performance. It includes informing the employee what is expected of him on the job. Generally, a discussion is held by an employee with his manager in pursuance of an agreed performance plan. Individuals should not be expected to begin the job until they understand what is expected of them. The actions and results that are measured will depend on a variety of factors specific to the organization and industry. More importantly, a criteria should be selected that will encourage the achievement of organizational objectives and strategy. This is accomplished by determining the exact role of each job in accomplishing the organization's goals and identifying the behaviors and results that are critical for success in each position. Furthermore, different criteria for success should be weighed to reflect their performance.

Performance appraisal cannot be implemented successfully unless it is accepted by all concerned. There should be a common and clear understanding of the distinction between evaluation and appraisal. The process of performance appraisal should concentrate on the job of an employee, the environment of the organization and the employee. These three factors are interrelated and interdependent. Therefore, in order to be effective, the appraisal system should be individualized, subjective, and qualitative and oriented towards problem solving. It should be based on clearly specified and measureable standards and indicators of performance. Since what is being appraised is performance and not personality, personality traits which are not relevant to job performance should be excluded from the appraisal framework. Managers as appraisers should design appraisal systems that are congruent with individual, departmental and organizational contexts.

The next step in the performance appraisal process is to implement the appraisal system for measuring employee performance. Generally, appraisal is conducted by the appraisers; they document performance and communicate the results to HR department for follow-up actions which should be oriented towards the objectives of the performance appraisal. To be productive, the performance appraisal system must contain in general three steps-evaluation and job analysis, appraisal interview and post-appraisal interview. During the first step, both the manager and the employee should prepare for the interview by considering job performance, job responsibilities, and career goals of the employee, goals for improving performance and problems and concerns about the job. Next, managers and employees meet to discuss what they have prepared and to establish goals for the period before the next performance appraisal. It is important that the appraisal interview be an exchange, not a speech. Both parties must be able to share their perceptions of the employee's performance. The third step, the post-appraisal interview, gives managers the opportunity to discuss rewards with employees. By not addressing this issue during the appraisal interview, both managers and employees can focus on performance and goal setting, instead of rewards. The post appraisal meeting also can serve as a time for reiterating employee goals.



Methods

The present study has been based upon both primary as well as secondary data. The primary data was collected through the administration of a structured questionnaire from the employees of the sample companies. This questionnaire includes questions pertaining to the different aspects and components of performance appraisal practices and their effect on the satisfaction, commitment and effectiveness level of the employees of the companies under study. The secondary data was collected from business journals and annual reports and websites of the companies under study. Miscellaneous sources like research papers, articles published in various magazines, journals and newspapers will be studied thoroughly to understand the framework of performance appraisal and its application. The number of employees of each sample company from whom the primary data was collected. In all data from 795 employees was collected for the purpose of the study. The sector wise break up of employees is as follows; dairy sector- 317 employees; steel sector- 261 employees and auto component sector- 217 employees. In the present study, ANOVA (Analysis of Variance correlation analysis and regression analysis have been used for analyzing and examining the difference in the performance management practices, and the impact of explanatory variables on the dependent variables for the companies under study. ANOVA (Analysis of Variance) is a statistical technique specifically designed to test whether the means of more than two quantitative populations are equal. It consists of classifying and cross classifying statistical results and testing whether the means of a specified classification differ significantly. Correlation is a statistical device, which helps in analyzing the co variation of two or more variables. Correlation analysis determines the degree of relationship between two or more variables. Regression analysis focuses on techniques for modelling and analyzing several variables, when the focus is on the relationship between a dependent variable and one or more independent variables. More specifically, regression analysis helps us to understand how the typical value of the dependent variable changes when any one of the independent variables is varied, while the other independent variables are held fixed. Most commonly, regression analysis estimates the conditional expectation of the dependent variable given the independent variables — that is, the average value of the dependent variable when the independent variables are held fixed. In all cases, the estimation target is a function of the independent variables called the regression function. In regression analysis, it is also of interest to characterize the variation of the dependent variable around the regression function, which can be described by a probability distribution.

Result and discussion

As far as periodicity of performance appraisal is concerned majority of the employees in all the three sectors under study have reported that it is done on yearly basis.

1. In only a handful of cases employees have reported that in their companies' performance appraisal is also done on half yearly basis in addition to annual performance appraisal.
2. Majority of employees of the all the three sectors under study have reported that strongly agree/ agree that one of the objectives of performance appraisal in their companies is to identify



employees who have potential for higher level job followed by identification of training needs and to provide the basis for taking administrative decisions.

3. Majority of the employees of all the three sectors under study strongly agree/ agree that performance appraisal in their companies is confidential. They also strongly agree/ agree that in their organizations, KPA'S are not only given to them but are also discussed with them. In certain cases employee also strongly agree that in their organization the performance appraisal system provides for self-appraisal and appraisal targets are given to them in the beginning of the year.

4. As reflected from the responses of the employees, all the three sectors under study the performance appraisal does not appear to be participative. In the majority of the cases the employees of these companies have reported that performance appraisal is always or most often done by superiors. Involvement of other partners like peer, employee himself and the subordinates in the process of performance is not in vogue in the companies under study.

5. There is no agreement among the employees of the companies under study regarding the extent to which different factors are considered important for judging the performance of employees. Some of the important factors considered for performance appraisal are, leadership, job knowledge, initiative, judgment, team building, decision making, attitude and organizing ability as important factors (ranging from most important to just important) for judging their performance, none of these factors has been considered unimportant.

6. Respondents of the companies under study do not have general agreement among them regarding the methods of performance appraisal used in their companies. Majority of the employees have reported performance review as the most often used, method for the performance appraisal in their companies followed by performance rating as the most often used, method for the performance appraisal in their company. Other methods such as 360 degree feedback and Training and development program are not in much use.

7. The ANOVA test revealed that the quality of performance appraisal in the five dairy sector companies under study is significantly different and this difference is not by sampling or chance. It is inferred, that in all the five dairy sector companies under study the perception of the employees about quality of performance appraisal is not the same. The ANOVA test also showed that the quality of performance appraisal in the five steel sector companies and five auto component sector companies under study is significantly different and this difference is not by sampling or chance.

Conclusion

Performance appraisal practices of three sectors under study have been examined in this research work. It has been observed in the present study that performance appraisal practices are given due consideration in all the three sectors under study. This is a healthy sign. All performance appraisal practices received a good response from respondents. If these practices are continued and enhanced in trend with the changing global environment, better results could be clearly seen in the Indian corporate sector.



Some of the respondents said that top management doesn't understand the problems they face in their jobs. Top management should take adequate steps to understand the problems of their employees. Also majority of respondents are not much satisfied with their performance standards. Standards for performance of each employee should be determined in advance and made known to them so that employee feel motivated to improve their performance. In case of training and development enough practice should be given to employees during their training sessions. Employees' developmental needs should be evaluated and addressed. Top management should give due consideration to performance appraisal techniques such as 360⁰ feedback, management by objective and T & D programs. These techniques not only evaluate the performance of employees but also motivate them to contribute more towards organization.

Job satisfaction is not a single unified entity but is multidimensional concept. It was observed from the study that many factors lead to job satisfaction of the employees in an organization. These factors are proven to have a significant impact on job satisfaction of the employees at managerial level in the five pharmaceutical companies under study. These factors are Team Working and Organizational Culture, Working Conditions, Quality of Work Life, Supervisory Style and Skill Enhancement. The researcher recommends that a 'consistency' of high job satisfaction is required in the organizations to meet the global challenges of textile industry.

To meet this demand of the hour the existing 3-tier management system must be clearly defined in the organizations where employees at all levels should have high levels of job satisfaction. This can be achieved by undertaking measures such as Job Enrichment, Job Enlargement, Job Rotation and Job Analysis from time to time. Job Enrichment explicitly focuses on the task as a source of relief from monotony. It helps in defining specific ways to add complexity and meaningfulness to an employees work. Through Job enlargement, the organization can increase the number of tasks for their employees and combine them along with added responsibilities through job enrichment. The practice of moving employee from one job to another through job rotation also reduces job boredom and helps the organizations to develop a flexible workforce at all the levels of management. The overall analysis of the job can be thus done to see the levels of improvement and effectiveness in job satisfaction.

This 3 tier management system for job satisfaction forms a very effective basis for human resource development. Through this system we can satisfy the employees on one hand and develop them holistically on the other hand. This holistic development will empower in such a manner by which they could form the best manpower for promotions to upper levels in the 3-tier system, if a senior quits. The already trained and developed manpower which, is prepared to flexibly adapt to a new job at a new level can be easily promoted.

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