

A Study on Effectiveness of Performance Appraisal System Undertaken at Denissons, Hubli

Aruna Battur*, Aishwarya Kadam**

ABSTRACT

Management of human resources is centered on the most important component of the company. All organizations acknowledge the importance of human resource functions, and performance appraisal stands out among them. "A study on effectiveness of performance appraisal system undertaken at Denissons, Hubli" is the title of the article. The study was primarily predicated on an examination of all employee performance reviews. The process of evaluating an employee's past or current performance both quantitatively and qualitatively in relation to his expected role performance is known as performance appraisal.

Keywords: *Performance Appraisal, Role Performance, Quantitatively, Qualitatively*

INTRODUCTION

An essential component of organizational life is performance appraisal (Brown, 1988; Longenecker & Fink, 1999). Performance evaluations been used extensively in most industry nowadays, and they are a major factor in many decisions (Burkhalter & Buford, 1989; Davis, 2001; DeNisi, 1996; Wanguri, 1995). For most of the 20th century, they have been considered an essential component of an organization's success (Grote, 2002; Pettijohn, Parker, Pettijohn & Kent, 2001; Rasch, 2004; Starcher, 1996) and play a major role in the process through which organizations try to steer themselves (Kreitner, 1998; Landy & Farr, 1983). Organizations can educate their staff members about their potential, competencies, and rates of growth through performance appraisal. It makes it possible for staff

* Assistant Professor, KLE Society's Institute of Management Studies & Research, Hubli, Karnataka, India. Email: arunabatturimsr@gmail.com

** MBA II Year, KLE Society's Institute of Management Studies & Research, Hubli, Karnataka, India.

members to intentionally create their own personal development goals. Employees can intentionally create their own developmental goals to support their personal growth with its help. There is minimal dispute that, when executed correctly, performance appraisals are a very helpful tool for balancing the requirements of the organization and the requirements of the individual (Cleveland, Landy & Zedeck, 1983; Conry & Kemper, 1993; Grote, 1996). When conducted correctly, performance evaluations can be a powerful tool for organizations to organize and coordinate the efforts of every worker toward the achievement of their strategic objectives (Grote, 2002; Lewis, 1996). It can help each worker concentrate on the objective, dream, and essential principles of the company. But according to Grote, if performance reviews are done poorly, they could be the target of jokes and the target of ridicule:

The Purpose of the Research:

- Study the effectiveness of performance appraisal system at Denissons.
- Study the existing methods of performance appraisal.
- Suggest modification in existing performance appraisal system if needed.

LITERATURE REVIEW

Over the past few decades, performance appraisal has been the focus of several research (Bretz, Milkovich & Read, 1992; Fisher, 1989). Performance reviews appear simple enough, yet studies reveal that they are frequently utilized to provide performance feedback and pinpoint each employee's advantages and disadvantages (Ruddin, 2005). According to Murphy and Cleveland (1991), Performance appraisal methods are utilized by 74–89 percent of firms and industries. Performance assessment systems are used for many different purposes, including assessment, feedback, and human resource choices (Cleveland, Murphy & Williams, 1989). Psychologists dominated the unique body of work that concentrated on the psychometric elements of supervisors' performance appraisal appraisal (Milkovich & Wigor, 1991). Psychologists concentrated on how employees responded to performance reviews and the common perspective that underlies them (Levy, 2000; Levy & Williams, 2004). According to Nasud (1999), an essential instrument for regaining the value of an employee's performance is the evaluation structure. Performance evaluation creates a system of rewards that will combine leaders' and

employees' efforts toward the shared objectives of their organizations (Cleveland, Murphy & William, 1989). Organizations need performance assessments as a crucial component of human resource management in order to achieve their high performance objectives. According to Lillian, Mathooko and Sitati (2011), the foundation for hiring and selecting new hires, educating and developing current staff members, and motivating and maintaining a high-caliber workforce through appropriate and correct performance rewards is the data gathered and performance evaluation. A performance management system is frequently included in performance appraisals. Martin (1998) asserts that the aim of performance management systems is to achieve optimal performance by supervising and coordinating all organizational resources. According to (McMaster, 1994; Williams, 2002), performance management comprises choosing the strategic purpose, creating team goals, developing a performance plan, analyzing performance (using an appraisal system), identifying areas in need of development, and awarding rewards. There are several methods used in performance reviews that fall into two categories: traditional and non-traditional. The classic type of appraisal, often known as the "Free Form Method," is an employer or supervisor observing and summarizing an employee's performance alone (IJBMR, 2012). Over the past few years, non-traditional appraisal methods have proliferated in practices (Coens). Latham and Wexley (1981); Dorfman (1986); Locke and Latham (1984) These techniques are mostly used as an appraisal method all over the world. 1. The assessment facility 2. Rating scales with behavioral anchors (BARS) 3. The accounting technique for human resources 4. Comprehensive Performance Evaluations 5. MBO, or management by objectives. The purpose of the assessment center is to evaluate the competencies of a group of employees through informal events, tests, and assignments (IJBMR, 2012). The new method known as "Behaviorally Anchored Rating Scales" consists of a set of behavior statements that describe important job qualities, such as what is good and what is bad, or predetermined critical areas of performance (Dargham, 2000). Using the human resource accounting method, employee performance is assessed in terms of their contribution and cost (IJBMR, 2012; Sharma, 2012). A 360-degree approach entails receiving performance reviews from all individuals who interact with employees within the organization. Peer, superior, subordinate, and self appraisals are all included in the 360-degree evaluation process. Compared to the traditional method, which places more emphasis on setting up meetings between supervisors and employees and

less emphasis on rankings and ratings, these methods are less structured (Sharma, 2012).

Employee's Performance: High employee's performances lead an organization and have greater opportunities for employees than those who have low performance (Vans Cotter, 2000). "Performance is related to that organization hires the person to do and do well" (Campbell 1993). Performance is not only related to the actions but also involves judgment and evaluation process (Ilgen & Schneider, 1991). The activities that can be examined and measurable are reflected as performance (Campbell, 1993). Organizations need highly performance of its employees so that organization can meet their goals and can able to achieve the competitive advantage (Frese, 2002). (Borman & Motowidlo, 1993) differentiate between work and performance. Work related to the person abilities through which employee performed activities which is contributed by the technical core. Performance not related to the technical core characteristics but it cares about the organization psychological environment and social environment in that organization achieve its objectives. It involves behaviors such as helping colleagues or being a reliable member of the organization (Frese, 2002).

Performance appraisal emphasizes on the performance variables not on personal traits (Smither, 1998). (Kane, 1995) argued that performance should be measured in term of the work-related behavior. Murphy in 1991 argued that analyzing performance through personal characteristics has different disadvantages. (Jankoz, 2004) argued that the validity and reliability of attribute based performance appraisal are greater suspected as the perception of superior officer maybe biased. (Squires & Adler, 1998) appraisal based on traits of employee has little value. (Malos, 1998) concluded that fair appraisal is based on job related behaviors not traits of persons. Employees must believe that in performance appraisals there is great opportunity for them (Weick, 2001). Without fairness the performance appraisal system, rewards, motivations and developments create negative impact and frustration (Gilliland & Langdon, 1998).

Motivation: Motivation is an element that retains and manages employee manners and behavior (Steers & Porter, 1987). (Porter & Miles, 1974) argued that in job the employees need freedom for success and work environment traits rewards create motivation. Motivation acts as driving force that leads employees towards its goals (Grant, 2008). Motivated employees are highly involved and engaged in their job and try to make their performance best (Guay, 2000; Vansteenkiste, 2007). Self-driven and freedom oriented qualities are mostly found in motivated employees

(Grant, 2008). Motivated people are highly committed and have few desires (Kamal et al., 2005). In South Africa performance appraisal is used to help public servants to know about what is expected to them, increased their motivation, describe their performance and improve their performance (Erasmus, Schenk, Westhuizen & Wessels, 2005). Organizations needed motivated employees to survive in a highly competitive world. Managers must be able to understand what motivate to employees however this function is very complex because that motivates employee today may not tomorrow (Kovach, 1987). Motivated employees are those who work according to the clearly define goals and take their actions to achieve that goals (McShane & Von Glinow 2003). Motivation is the perception of an individual that describe the intensity of his or her behavior (Petri & Go-vern, 2004). Performance Appraisal helps employees to motivate by clearly define their objectives and by setting future direction with providing training to fulfill the objective performance (Bach, 2005). Justice theory related with the acts of being just and fair with everyone. (Roch & Shanock, 2006) use all four justice dimensions in their framework by considering all are related to social relationship either these relationship with the organization or with the supervisor.

REQUIREMENT FOR THE STUDY

All societies regularly evaluate the performance of individuals, groups, and organizations. These evaluations are sometimes structured and a necessary component of everyday tasks. Social performance is carried out in an organized and methodical way in order to gain broad recognition in the last few years. Understanding and enhancing employee performance through HRD requires performance appraisal. The performance review was helpful in determining an employee's pay, status, and other benefits. According to HRM, an employee's performance review is the foundation for their development. It shows the difference in actual performance from the desired performance level. Training and development programs for human resources should be used to close this gap.

SCOPE FOR STUDY

This study report is limited only to effectiveness of performance appraisal system practice in Dennissons. The performance appraisal only sticks to certain department of workers in Denissons.

RESEARCH METHODOLOGY

The sources from which the data must be gathered are determined with the aid of research methodology. One intriguing component of the study is the data collection, which is achieved through two different types of data collection.

Data Gathering

Primary information the primary data are those that are newly and initially gathered directly from workers and employees. It is gathered using the following techniques:

Surveys: A set of structured questionnaires was created and given to the employees.

Discussion with workers.

Secondary Data: Secondary data is already collected information; this secondary data is collected through company reports, company website, and internet.

Sample Size: 100

Research Design: Descriptive research design.

Sample Frame: Set of employees from different departments.

Research Instruments: Questionnaire

Data Analysis

Table 1: Gender

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	77	77.0	77.0	77.0
	Female	23	23.0	23.0	100.0
	Total	100	100.0	100.0	

The analysis result in Table 1, shows that the 77% are Male & 23% are Female.

Table 2: Age

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	18-25	16	16.0	16.0	16.0
	26-32	35	35.0	35.0	51.0
	33-45	38	38.0	38.0	89.0
	46-55	11	11.0	11.0	100.0
	Total	100	100.0	100.0	

The analysis result in Table 2, shows that Majority of respondents are between the age group of 26-45 age.

Table 3: Experience

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less than 1 year	31	31.0	31.0	31.0
	2-3 years	46	46.0	46.0	77.0
	5 and above	23	23.0	23.0	100.0
	Total	100	100.0	100.0	

The analysis result in Table 3, shows that Majority of the employees have 2-3 years of work experience.

Table 4: Are You Aware About the Performance Appraisal System at Denissons?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	46	46.0	46.0	46.0
	No	19	19.0	19.0	65.0
	Partially	35	35.0	35.0	100.0
	Total	100	100.0	100.0	

The analysis result in Table 4, shows that 46% of the employees are aware of Performance Appraisal.

Table 5: Which Method of Performance Appraisal is Carried Out at Denissons?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	360 Degree	54	54.0	54.0	54.0
	180 Degree Performance Appraisal	20	20.0	20.0	74.0
	Self Appraisal	26	26.0	26.0	100.0
	Total	100	100.0	100.0	

Table 6: Are Your Goals Clearly Specified?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	63	63.0	63.0	63.0
	No	9	9.0	9.0	72.0
	Sometimes	28	28.0	28.0	100.0
	Total	100	100.0	100.0	

The analysis result in Table 6, shows that 63% of the employees say yes the goals are clearly specified.

Table 7: Do You Think Performance Appraisal is Helpful in an Organization?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Agree	64	64.0	64.0	64.0
	Agree	25	25.0	25.0	89.0
	Neutral	10	10.0	10.0	99.0
	Disagree	1	1.0	1.0	100.0
	Total	100	100.0	100.0	

The analysis result in Table 7, shows that 64% of the employees strongly agree that performance appraisal is very useful.

Table 8:

		Responses		Percent of Cases
		N	Percent	
Who does your appraisal?	Personal Manager	21	13.5%	27.6%
	External Consultant	18	11.5%	23.7%
	Head of Department	62	39.7%	81.6%
	Self appraisal	55	35.3%	72.4%
Total		156	100.0%	205.3%
a. Dichotomy group tabulated at value 1				

Table 9: What Do You Feel About the Performance Appraisal System Followed in Denissons at Present?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Excellent	26	26.0	26.0	26.0
	Good	39	39.0	39.0	65.0
	Neither good nor bad	32	32.0	32.0	97.0
	Poor	2	2.0	2.0	99.0
	Very poor	1	1.0	1.0	100.0
	Total	100	100.0	100.0	
	Total	100	100.0	100.0	

The analysis result in Table 9, Employees are satisfied with the performance appraisal system followed in the organization.

Table 10: Do You Think There is a Need for Change in the Current Performance Appraisal System?

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	yes	10	10.0	10.0	10.0
	no	90	90.0	90.0	100.0
	Total	100	100.0	100.0	

The analysis result in Table 10, 100% Employees are satisfied with the performance appraisal system followed in the organization and they don't need any change.

Table 11: Descriptive Statistics

	N	Mean
Productivity and performance	100	2.78
Identifying training and development needs	100	2.95
Grooming Standards	100	2.64
Recognise and Reward	100	2.45
Test Interpersonal Skills	100	2.86
Accuracy of work done	100	2.54
Punctuality and Time Management	100	2.28
To Motivate	100	2.33
Valid N (listwise)	100	

Table 12: Gender * Are You Aware About the Performance Appraisal System at Denissons? Crosstabulation

		Are You Aware About the Performance Appraisal System at Denissons?			Total
		Yes	No	Partially	
Gender	Male	35	10	32	77
	Female	11	9	3	23
Total		46	19	35	100

Table 13: Gender * Do You Think Performance Appraisal is Helpful in an Organization? Crosstabulation

		Do You Think Performance Appraisal is Helpful in an Organization?				Total
		Strongly Agree	Agree	Neutral	Disagree	
Gender	Male	52	19	5	1	77
	Female	12	6	5	0	23
Total		64	25	10	1	100

Table 14: Gender * Are Your Goals Clearly Specified? Crosstabulation

		Are Your Goals Clearly Specified?			Total
		Yes	No	Sometimes	
Gender	Male	51	5	21	77
	Female	12	4	7	23
Total		63	9	28	100

DISCUSSION

Some employees lack understanding of the company's performance appraisal methods. For the top management of the company, it should offer them holiday package, appraise performance by recognizing their work in their meetings etc. This will help in raising their morale and therefore they will work harder. The criteria decided upon which the performance has to be rated should not be fixed, it should be changed from time to time. Denissons must consider Interpersonal skills as important and test the skills using psycho metric tests because, Denissons considers Interpersonal skills as Neutral, hence Interpersonal skills have to be tested at Denissons considering that as a priority, as it helps in developing good relationship among employees and the management and also among the peers. Testing interpersonal skills will help Denissons in staffing employees to the position which they deserve, and which is suitable to their skills and knowledge, and to maintain their work-life balance.

CONCLUSION

From this study I came to know the company has using 360 degree performance appraisal to evaluate the performance of employees. According to my survey I came to know effectiveness of the performance appraisal in the company. I conclude from my study conclude performance appraisal survey in the company could be more systematic to make it effective. The survey regarding the process of performance appraisal and goals and objectives established in the company to every employee has to be involved in the process. Also conducting a performance appraisal will improve productivity and also the morale of the employees. Appraisal are positive way for a manager to let the employees know how well they are performing the duties that are assigned to them. Finally it will improve the overall satisfaction level of employees.

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