

EFFECTIVENESS AND THE BENEFITS OBTAINED BY THE EMPLOYEES AFTER PERFORMANCE APPRAISAL

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ABSTRACT: *The assessment of how the employees are successful in their individual goal comes a critical part of human resource management, which leads to a concept of 'performance appraisal'. It is utilized to track individual contribution and performance against organizational goals and to identify individual strengths and opportunities for future improvements and assessed whether organizational goals are achieved and also serves as a basis for the company's future prospects. A structured questionnaire was the main instrument used in this study. This study examined the effectiveness and the benefits obtained by the employees by the system of performance appraisal. The result of the study showed that the performance appraisal system had benefited the employees in their promotion thus increases the increment. The results reflected that the performance appraisal system is effective and brought positive impact on the employees' performance.*

Key Words: *PERFORMANCE APPRAISAL, EMPLOYEE, EFFECTIVE, INCREMENT, PROMOTION*

INTRODUCTION

“Performance appraisal is an important tool in managing employees. It is a communication tool that allows managers to set goals and expectations of their employees and then evaluate their performance. Based on how they do, the employees can be rewarded or if there is a need, a corrective plan of action can be implemented. Either way, performance appraisal sets clear expectations for what is expected from an employee” defines **Jonathan Roe**

In almost every organisation every employee is subjected to periodic appraisal of his/her performance. It is highly important that if the organisation wants to make best use of its human resource available, an effective performance appraisal system is required that brings rationality in management. If an organisation wants to maximise its effectiveness then it must have a tool to discriminate an effective employee and not so effective employee. In the present scenario, performance appraisal is not something of a choice left to the wishes of the corporate bosses, nor is it a privilege to be enjoyed by few business conglomerates. Thus, across the human activities some way or other performance appraisal is conducted in different ways and all of us consciously or unconsciously evaluate our actions from time to time. In social situations, performance appraisal is conducted in a systematic and planned manner to achieve various organisational goals in social system. Therefore, performance appraisal is a must for every organisation for its survival and growth.

DEFINITION

According to Carl Heyel, “Performance appraisal is the process of evaluating the performance and qualification of the employees in terms of the job requirements, for administrative purposes such as placement, selection and promotion to, provide financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally”.

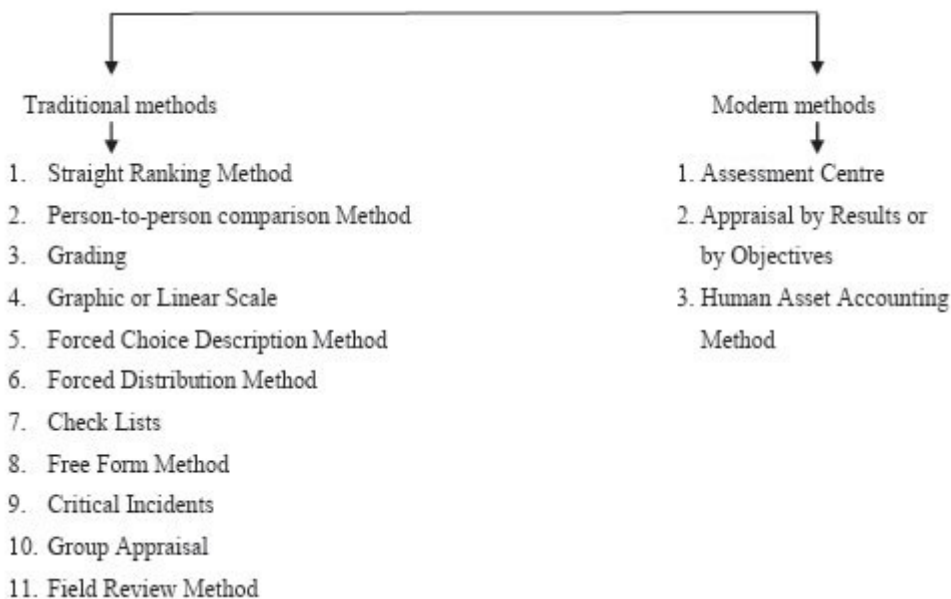
PROCESS OF APPRAISAL SYSTEM



METHODS OF PERFORMANCE APPRAISAL

The method of performance appraisal in any organization is to evaluate employee job performance varies according to the position and role within the company. All the methods begin with performance standards, which mean the expectations and goals. For example, basic job expectations are that the employee will be present at work (or accountable if working remotely), perform the basic functions of her job and sustain positive working relationships with co-workers. Attendance is easy to evaluate, and evaluating whether the employee is performing her job duties is also relatively easy.

Evaluating the quality of work and the extent to which he/she cultivates good working relationships is highly subjective. It requires an intuitive and astute supervisor to render a fair, honest and an unbiased evaluation. These evaluations generally require the supervisor to construct a narrative assessment that accompanies the quantitative portion of the evaluation concerning attendance and productivity.



Some of the most used performance appraisal systems are explained here.

Graphic Rating Scales

A graphic rating scale is the easiest method, because they require a numeric assessment for evaluating employee performance. Many production-oriented work environments and fast-paced industries such as the food and beverage industry use graphic rating scales. For example, a restaurant waitress might be evaluated on attendance, quality of service to restaurant patrons (rated by observation or customer feedback) and performance of duties such as ensuring adequate inventory of table supplies and turning a certain number of tables per hour. Using this method, supervisors usually rate employees on a scale of 1 to 5, and tally the total score to calculate an average.

MBO

Management By Objectives (MBOs) typically are used for managers and other leadership positions in which the previous year's evaluation contains goals and objectives to accomplish at the end of the year. At evaluation time, the management reviews the goals and assesses achievements during the appraisal period. In addition, the manager and his director discuss the resources available to assist him in meeting goals and addressing challenges he encountered during the evaluation period. Some of these factors may be discussed when establishing the goals, although some of the resources and challenges are difficult to foresee. During the manager's appraisal, he indicates whether he achieved each goal. If not 100 percent, he provides a measurement as to where he is in the process.

PURPOSE OF PERFORMANCE APPRAISAL SYSTEM

Performance appraisal system including disciplinary reviews, are used for a variety of reasons. Many employers use appraisal system to determine how to **reward their employees**, either with salary or wage increment or by providing bonus. For example, the graphic rating scale might be used to determine the percentage by which the employee's hourly rate will increase. A 5 rating on a scale of 1 to 5 could mean the employee will receive the highest increase the company is awarding that year. The MBOs appraisal system can help determine **salary increases or bonuses for managers**. Those who complete all their goals within

the evaluation period might receive a raise; managers who go above and beyond the agreed-to goals and excel at their jobs might receive generous bonus.

A reduction in workforce, based on employee performance, is another purpose for performance appraisal system. That is, if your company is reducing the workforce, you might not have the ability to lay-off or terminate only those employees whose performance is below the expectations. From the employer's standpoint, performance appraisal system serves many purposes in the workforce planning for human resource.

OBJECTIVES

1. To know the demographic profile of the respondents.
2. To study the various benefits that the employees obtained after their assessment of performance.
3. To know the correlation co-efficient between promotion and increment with relation to performance appraisal.
4. To study the effectiveness of performance appraisal in their work development.

LIMITATIONS

1. The study is only limited to the employees working in Kanam Latex Limited, Kavalkinaru, Thirunelveli District.
2. The employees were reluctant to give correct information due to their busy schedule and confidential nature.
3. As the study was done within a limited time, investigator could not select sufficiently large sample for the study.

METHODOLOGY

The present study is empirical in nature, based on the primary and secondary data. Primary data were collected from 91 sample respondents with the help of questionnaire. Secondary data was collected from the reports, journals, books, magazines and internet.

- Primary Data

The primary data required for the study which has been collected with the help of well structured questionnaire and the data is collected from the respondents.

- Secondary Data

The secondary data are collected from journals, books, reports, unpublished thesis and published materials are used. It is also downloaded from internet.

REVIEW OF LITERATURE

Mary Julia and Rajan Babu (2015) -The study has analyzed human resource practices in selected private sector banks in Puducherry. For this purpose the researchers selected five private sector banks operating in the town namely ICICI bank, Axis bank, City Union Bank, KarurVysya bank and HDFC bank. The study mainly used primary data for analysis and they were collected from 80 respondents through questionnaire. The study used simple percentage, Likert's five point scale technique and correlation analysis as statistical tools. The study found that the selected private sector banks in Puducherry had fair HRM practices regarding transfer policy and recruitment and selection practices and they did not have fair promotional policies to employees and fixation of salary and other remuneration. It was also evidenced that the variables bank where the respondents are working, age and experience had significant and considerable.

Maharvi, Zahid Iqbal, and Malik (2014) - Effectiveness of performance appraisal system has been recognized all over the world but still there is no single criteria to measure the effectiveness of performance appraisal system and organizations are facing many problems about effectiveness in designing and implementing systems. This study will be the earnest effort to measure the effectiveness of performance appraisal system for government employees. The purpose of this study is to determine the effectiveness of Performance Appraisal System for government employees working in the Education department of Punjab, Pakistan. The researcher has intended to propose users and system centric framework for the effectiveness of performance appraisal system. This study highlights the importance of effective performance appraisal system in government departments and it will furnish various guidelines to concerned authorities for improvements in performance appraisal system for government employees of Punjab, Pakistan.

Omboi Bernard Messah (2011) in their study investigated on the effectiveness of performance appraisal system in Kenya Tea Development Agency. A total of 70 respondents were included in this study.

Data were analyzed by using multiple regression analysis. Results revealed that competence, assessment and development, management by objectives, performance based pay and employee training all had an effect on employee performance in Kenya Tea Development Agency.

ANAYSIS AND INTERPRETATION

TABLE SHOWING THE DEMOGRAPHIC PROFILE OF THE RESPONDENTS

| S. NO. | DEMOGRAPHIC PROFILE | | NO. OF RESPONDENTS | PERCENTAGE |
|--------|---------------------------|----------------|--------------------|------------|
| 1. | Gender | Male | 82 | 90 |
| | | Female | 9 | 10 |
| 2. | Age | 20-30 | 11 | 12 |
| | | 31-40 | 55 | 60 |
| | | 41-50 | 21 | 23 |
| | | Above 50 | 4 | 5 |
| 3. | Educational Qualification | Under Graduate | 7 | 8 |
| | | Post Graduate | 25 | 28 |
| | | Diploma/ITI | 46 | 50 |
| | | SSLC | 13 | 14 |
| 4. | Work Experience | 0 -3 | 23 | 25 |
| | | 4-6 | 31 | 34 |
| | | 7-10 | 24 | 27 |
| | | Above 10 yrs | 13 | 14 |

Source: Primary data

It is observed that 90% of the respondents are male and 10% of the respondents are female, 60% of the respondents comes under the age of 31- 40 and 5% of the respondents comes above the age of 50, 50% of the respondents are diploma/ITI holders and 8% of them are UG graduates, 34% of the respondents have 4-6 years of experience and 14% of the respondents have experience more than 10 years.

TABLE SHOWING THE VARIOUS BENEFITS OBTAINED BY THE EMPLOYEES AFTER PERFORMANCE APPRAISAL

| S. No. | BENEFITS OBTANED | Garrett Mean Score | Rank |
|--------|---|--------------------|------|
| 1. | Enhance employer-employee communication | 48.85 | VII |
| 2. | Scope for self appraisal | 50.89 | V |
| 3. | Strengthens mutual understanding | 53.38 | II |
| 4. | Insight about the strength and weakness | 50.93 | IV |
| 5. | Active part in performance review | 47.75 | VIII |
| 6. | Used for development | 52.55 | III |
| 7. | Encourage higher performance &behaviour | 50.01 | VI |
| 8. | Helps in growth and learning | 41.84 | IX |
| 9. | Reward in proportion to the excellence of job | 56.97 | I |
| 10. | Get supportive behaviour | 36.53 | X |

Source: Primary data

It is inferred that, rewards in proportion to their excellence in their job comes first among the various benefits acquired by the employees followed by strengthening the mutual understanding among employees and the performance appraisal used for their future development stood third in their response.

TABLE SHOWING THE RANK CORRELATION CO-EFFICIENT OF PROMOTION BASED ON PERFORMANCE APPRAISAL

| S. No. | RESPONSE | NO. OF RESPONDENTS | RANK (X) |
|--------|-------------------|--------------------|----------|
| 1. | Strongly Agree | 16 | 3 |
| 2. | Agree | 10 | 4 |
| 3. | Neutral | 39 | 1 |
| 4. | Disagree | 21 | 2 |
| 5. | Strongly Disagree | 05 | 5 |
| | Total | 91 | |

Source: Primary data

TABLE SHOWING THE RANK CORRELATION CO-EFFICIENT OF INCREMENT BASED ON PERFORMANCE APPRAISAL

| S. No. | RESPONSE | NO. OF RESPONDENTS | RANK (Y) |
|--------|---------------------|--------------------|----------|
| 1. | Highly Satisfied | 35 | 1 |
| 2. | Satisfied | 14 | 3 |
| 3. | Neutral | 22 | 2 |
| 4. | Dissatisfied | 11 | 4 |
| 5. | Highly Dissatisfied | 09 | 5 |
| | Total | 91 | |

Source: Primary data

Since the correlated value (r) shows a high positive correlation between the increment and promotion, purely on performance appraisal. It is inferred that performance appraisal helps the employees in promotion and also it enhances the increment in their regular pay.

TABLE SHOWING THE EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM

| S. No. | RESPONSE | NO. OF RESPONDENTS | PERCENTAGE |
|--------|--------------------|--------------------|------------|
| 1. | Highly Effective | 23 | 25 |
| 2. | Effective | 45 | 49 |
| 3. | Neutral | 10 | 11 |
| 4. | Ineffective | 5 | 6 |
| 5. | Highly Ineffective | 8 | 9 |
| | Total | 91 | |

Source: Primary data

It is inferred that 49% of the respondents feel that the performance appraisal system is an effective tool and 6% of the respondents feel it is ineffective.

CONCLUSION

Performance appraisal system provides feedback about the employees' performance and helps them to have training and development programs if they lack skill in their work. Most of the employees feel the effectiveness of performance appraisal system and it is bias free. Proper feedback has been done to concerned employees and they are well aware of their strengths and weaknesses for their improvements. The aim of every appraisal system is for the continuous communication between management and employees about their job performance and should be geared for the total improvement of the organization as a whole. It is important that the appraisal system be consistent and that appraisal results be assessed, analyzed and reviewed to classify competencies and development needs across all the departments. Based on the result of this study, it is can be seen that performance appraisal can be a way to reward good performers. It is also vital that employee development is given more emphasis. This way employees knowledge and skills will be enhanced and developed which is geared towards employee efficiency and excellent performance.

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