

# A STUDY ON PERFORMANCE APPRAISAL SYSTEM WITH REFERENCE TO SPEED TEAM WIND TECH PVT LTD., ILATHUR.

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## ABSTRACT

The Performance Appraisal system is the vital and imperative tool for an organization, the information it provides is highly beneficial in making decisions concerning different personnel aspects. In this study the operative function in the human resource department are examined with the contribution of the employees and their opinion about their function performed by the HR Department. The assessment of how employees are meeting their individual goals comes a critical part of human resource management. It enables management to make effective decisions. This study will concentrate on examine the effect of the performance appraisal on an individual as well as on the organization in Speed Team Wind Tech Pvt Ltd Ilathur. The sample size of 125 has been chosen from the total population of 257 employees. The data used for the study is primary data and it is collected by questionnaire filled by the samples. The statistical tools like correlation, and chi square test were used to analyze the data. The findings of the study show that there is a notable effect of the performance appraisal on the organization as well as on the Individual.

**Keywords:** Performance Appraisal, Effectiveness, Employee Performance, Motivation

## INTRODUCTION

In the 20<sup>th</sup> century the background of Performance appraisal started that can be traced to Taylor's pioneering Time and Motion studies. But this is not very useful, for the same may be said about almost everything in the field of modern human resources management. As a specific and order management procedure used in the appraisal of work performance, evaluation really dates from the time of the Second World War - not more than 60 years ago. According to Jacobs et al (1980) performance appraisal can be described as a systematic attempt to differentiate the more effective workers and to distinguish among strength and weakness an individual has across many job elements. Appraisal practices is a old art. The performance appraisal system asserted the world's second oldest profession in history, A basic human tendency to make judgments about those others as well as about oneself." Said by Dulewicz(1989). Appraisal, it seems, is both inevitable and universal. If the appraisal system is not carefully structured then people will tend to judge informally and arbitrarily the work performance of others, including subordinates.

For income justification the performance appraisal started as a plain methods. That is, appraisal was used to decide individual employee was justified with the salary or not. The process was firmly linked to material outcomes. If performance of an employee was found low, decrease in pay would follow. Or else if their performance was higher than the supervisor expected, increase in pay was in order. Pay rates were essential but they were not the only element that had an effect on employee performance. Morale and self-esteem also have a major importance. The potential usefulness of appraisal as tool for motivation and development was gradually acknowledged by United States (1950). The performance appraisal, general model which is known today, began from that time. Due to political change, economic change and fast growth in information organization are facing increased competition. Every organization has a primary goal achieving high level of performance and that through increasing its efficiency. Performance appraisal play a huge part in organization.

Appraisal means assessment about worth of the object or person and performance appraisal means evaluation of performance worth in terms of organizational performance. Judgment of employees performance at work can be done formally and informally, superiors continuously judge the performance of employees on a subjective basis. A appropriate evaluation and appraisal system can be valuable to the company. For this performance evaluation programme should involve the study of employees and their work record. performance appraisal is thus, more of formal exercise where managers evaluate the employees in terms of attributes and behaviours to meet the organizational objectives on continuous or intermittent basis and provides them feedback about their performance. It is a process of defining expectations for employee's performance; measuring, evaluating and recording employees performance relative to those expectations; and providing feedback to the employees. Evaluating employees is a complex task as they perform a variety of tasks. In the competitive world the organization effort to maintain competitive and sustainable human resource planners and strategic planners should collaborate strongly in designing strategies which are more productive and useful. There are several factors that influence the performance appraisal system.

Every organization has some goals and to achieve those goals organization hire people who can perform as per their standards to enable the organization achieve its mission and vision. So performance is the key to achieve organizational goals. But to keep records and to analyze the performance, organization needs to follow a specific processes which is known as "Performance Appraisal". The important aspect for an organization is not just to recruit good employees but also to retain them. Outstanding working environment, promotions, career growth, rewards and recognition in return of their good performance will automatically retain the employees with the organization. It is essential for an organization to undertake different activities so that their employees feel motivated and give their best to the organization. To increase employees' morale and performance resulting in better productivity, organizations should undertake performance appraisal system.

#### **COMPANY PROFILE:**

Speed Team Wind Tech Pvt Ltd was founded in the year 2008. It is headquartered in Tenkasi, Tamilnadu, India. From their beginning, they have expanded continuously. They now have activities on throughout India with the goal of serving our customers with customized solutions that make a big difference in the wind energy industry. They believe that proper installation, service, and maintenance are crucial in maximizing the return from a turbine throughout its lifetime. They are specialized in supporting wind turbine manufacturers, utilities, developers, owners and operators with skilled and certified technicians and engineers. They want to make a difference and contribute to optimizing the output of wind turbines. Experienced and qualified team has more than 10years of service experience. Based on this knowledge, they have established a flexible range of service solutions that are designed to optimize the output of wind turbines. The management team of Speed Team Wind tech Pvt Ltd has comprehensive experience within the wind energy industry from working as supervisors, field technicians and in project management within the field of service and installation, engineering and service.

#### **STATEMENT OF THE PROBLEM**

The organisation success depends on the performance of the employees and it necessary to set the right standards to measure the performance of the employees. The performance appraisal system at fixed standards is must for every organisation to boost up the employees. The Performance appraisal system play a vital role in every organisation. The appraisal of the employees must be used as a means to achieve organisation goals. The performance appraisal system must be seen as tool to implement strategies in the organisation. If there is no proper performance appraisal system it will lead to some problems and lack of enthusiasm among employees. This study was taken to take care of the existing performance appraisal system effectiveness and how it influence employees promotion, salary and organ ization growth.

#### **OBJECTIVES OF THE STUDY**

1. To study on the existing performance appraisal systems in the study unit.

2. To measure the level of satisfaction among employees upon the existing performance appraisal system.
3. To study the various factors that are influencing employee's work performance.
4. To assess the performance appraisal system effectiveness in the company.
5. To make suggestions to the performance appraisal system for employee growth.

### SCOPE OF THE STUDY

1. The main aim of the study is to find out the effectiveness of the performance appraisal system conducted at "Speed Team Wind Tech Pvt. Ltd.,"
2. This study helps to know the level of importance of appraisal system.
3. This study provide appraisal feedback to employees and management.
4. This study help to improve employee work performance by helping them to realize and use their full potential in carrying out their mission.
5. The study helps in payroll and compensation decision, promotions and demotion, Training and development needs and provide superior support, assistance and counseling.

### NEED OF THE STUDY

1. This study helps building progress towards organizational goals.
2. To help the top management to have proper understanding about their subordinates.
3. To assure organizational effectiveness by standard and improved performance.
4. To facilitate fair and equitable compensation based on performance.

### REVIEW OF LITERATURE

Cook and Crossman (2004) found appraisal dissatisfaction as a major cause of the discrepancy between expectations and outcomes. According to them, fairness can only be based on an individual's expectations and outcomes in comparison with another reference employee in the organization. Such employees perceive appraisal as ineffective due to equitable outcomes of the performance appraisal system.

Nurse (2005) also discussed the impact of appraisal on employees and organizations. He pointedly suggested that results of appraisal provide information to managers to take further steps about promotions and development of employees.

Malaysia Civil Service Guide, 2006 laid that the establishment of clear links between organizational developments, the delivery of quality services and the development of employees at work are important.

The authour Renkanayaki.N (2013) attempts to evaluate the performance of employees in a private enterprises. The objective is to study about the effectiveness of the appraisal system. 150 employees were randomly selected from 500 employees. The primary data is collected though questionnaire and secondary data through internet. The statistical tools like chi-square and Anova test were used. The outcomes shows it helps in promotion, and formulating training and development program to improve quality of performance.

D.B Bagar (2013) studied the performance appraisal system in private sector to check the effectiveness of the system. The objective is to study on the existing performance appraisal system and analyse the effectiveness. The primary data is collected by questionnaire and discussion and secondary data through past records. 65 samples are taken by random sampling method. Pie chart is used for representation of data. The outcomes shows that present appraisal system is satisfied and they were aware about the system. Some changes are needed for better development.

V.K Singh, Bani Kochar and Sedat Yuksel (2010) conduct a empirical study on the efficiency of the performance appraisal system in oil and natural gas commission. 100 samples are taken from total of 1539 employees. The primary data is collected through questionnaire and secondary through reports. Multiple regression analysis is used for analysis. The outcome shows that 360 degree feedback will evaluate the performance of the top management officials and this approach will overcome the leniency effect.

Authors Katerina Venclova, Martina Konigova, Jiri Fejfar(2013) studied the current state of employee performance in agricultural organisations. performance appraisal is regarded as a tool for performance management. The objective is to evaluate the use of formal appraisal of employees.300 samples were selected. The primary data is collected through questionnaire and secondary through pas records. Chi-square test were used. The survey shows that only a small number of agricultural organisations apply formal employee performance appraisal.

The authour venkata Rao (2018) study the employee performance appraisal system in private sector in chirala. The objective is to review the performance of the employee in given period of time and to study about benefits of employees based on performance appraisal. The primary data is collected through questionnaire and secondary data through reports. 140 samples were taken. Simple random sampling method were used. The outcomes enable the management to make effective decisions. Thus performance appraisal is very important to access training needs and to get promotions.

Sruchita Maheswari Rath(2017) conduct a study to find operative function in human resource department with respect to performance evaluation system in a private organisation. The objective is to study the impact of performance appraisal on employee behaviour and to study the satisfaction level of employees on existing system. The data were collected through questionnaire. 100 samples were taken. Stratified random sampling is used. This study recommends the need to ensure the fairness so that it does not demotivate an employee or have a negative in goal accomplishment.

P. Suresh and DR. M. Akbar Mohideen (2013) studied performance appraisal of Automobile industries at Chennai. The objective is to study about the effectiveness and satisfaction level of employees with regard to present system. The data were collected through questionnaire. The sample size is 100. The research tools used are percentage analysis waited frequency distribution ranking and statistically chart. From the study it is inferred that the degree of satisfaction is not high in the current appraisal method hence it is necessary to implement the change and motivation should be given.

The Research paper by Mohd Ariz Siddiqui, Dr. Syed shahid Mazhar, Dr. Farhina S. Khan is an attempt to understand the concept of recruitment in the organisation in a broad and executive manner. The objective is to create awareness about performance appraisal process, satisfaction level of employees and to study the feedback level of subordinates. The descriptive research type is used. 60 samples are taken. The primary data is collected through questionnaire. The collected data is interpreted in the form of pie charts. The outcome helps us to know about employees strength and weakness.

## RESEARCH METHODOLOGY

Research Methodology is the process of methodical examination of any management problem it deals with research design, collection of data, sample planning, Method of Sampling. Research means a experimental and standardized search for pertinent information on a specific topic. Methodology is defined as “the study of techniques by which we attain knowledge, it deals with cognitive processes imposed on research to the problem arising from the nature of its subject matter”.

## RESEARCH DESIGN:

The study is to access the importance of performance appraisal system. Descriptive research design is used .The main aim of this type of research is to describe the data and characteristics about what is being studied. Although this research is accurate, it does not gather the causes behind situation. Descriptive

research is mainly done when a research is mainly done when a research wants to gain a better understanding of a topic. Descriptive research answer the questions who, what, where, when and how.

#### DATA COLLECTION METHOD:

##### PRIMARY DATA:

These are the data that are collected for the first time by an investigator for a specific purpose. Primary data are authentic in the sense that no statistical operations have been performed on them and they are original.

##### SECONDARY DATA:

They are the data that are sourced from someplace that has originally collected it. This means that this kind of data has already been collected by some researchers or investigators in the past and is available either in published or unpublished form. This information is impure as statistical operations may have been performed on them already. The secondary data were collected from company websites, books journals and records.

#### SAMPLING DESIGN:

A sample is a smaller representation of a universe. Random sampling method has been used. The random sampling is the method by which each population element has an equal chance of being selected into the sample. Therefore a sample of 125 employees out of 257 was randomly selected.

#### RESEARCH INSTRUMENT:

##### QUESTIONNAIRE:

The research instrument used in the study was a closed end questionnaire with five point Likert Scale.

#### DATA ANALYSIS AND INTERPRETATION

##### 1. PERCENTAGE ANALYSIS

EMPLOYEE GENDER					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	MALE	125	100.0	100.0	100.0

##### INTERPRETATION

The above table shows that there were only male respondents.

EMPLOYEE AGE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-25	66	52.8	52.8	52.8
	26-35	50	40.0	40.0	92.8
	36-45	6	4.8	4.8	97.6
	ABOVE 45	3	2.4	2.4	100.0
	Total	125	100.0	100.0	

##### INTERPRETATION

The table shows that most of the employees belong to the age group of 20-25.

The table

EMPLOYEE MARITAL STATUS					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	SINGLE	90	72.0	72.0	72.0
	MARRIED	35	28.0	28.0	100.0
	Total	125	100.0	100.0	

##### INTERPRETATION

The above table shows that 72% of the respondents were single.



EMPLOYEE QUALIFICATION					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	HSC	12	9.6	9.6	9.6
	ITI	22	17.6	17.6	27.2
	DIPLAMO	41	32.8	32.8	60.0
	ENGINEERING	26	20.8	20.8	80.8
	OTHERS	24	19.2	19.2	100.0
	Total	125	100.0	100.0	

### INTERPRETATION

The table shows that majority (32.8) of the employees have completed DIPLAMO.

EMPLOYEE DESIGNATION					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	JUNIOR TECHNICIAN	17	13.6	13.6	13.6
	SENIOR TECHNICIAN	25	20.0	20.0	33.6
	JUNIOR ENGINEER	8	6.4	6.4	40.0
	SENIOR ENGINEER	8	6.4	6.4	46.4
	MANAGER	6	4.8	4.8	51.2
	OTHERS	61	48.8	48.8	100.0
	Total	125	100.0	100.0	

### INTERPRETATION

The above table shows that most of the employees (48.8%) were others.

EMPLOYEE EXPERIENCE					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0-2 YEARS	96	76.8	76.8	76.8
	3-5 YEAR	19	15.2	15.2	92.0
	6-8 YEARS	10	8.0	8.0	100.0
	Total	125	100.0	100.0	

### INTERPRETATION

The above table shows that most of the employees (76.8%) had experience between 0-2 years.

EMPLOYEE SALARY					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	5000-15000	41	32.8	32.8	32.8
	16000-25000	76	60.8	60.8	93.6
	26000-35000	6	4.8	4.8	98.4
	36000-45000	2	1.6	1.6	100.0
	Total	125	100.0	100.0	

### INTERPRETATION

The above table shows that majority of the employees (60.8%) got salary between 16000-25000.

## 2. CHI SQUARE TEST

Chi square test is non-parametric test used most frequently by marketing research to test hypothesis. The main aim is to determine whether significant difference exist among the groups of data or whether difference due to sampling when a small number of degree of freedom is involved is greater skewed. As the degree of freedom increases, distribution curve became most significant and resembles the nominal curve

$$\chi^2 = \sum \frac{(\text{observed value} - \text{expected value})^2}{(\text{expected value})}$$

Chi square is used to access two types of comparison: test of goodness of fit and test of test of independence. The test of goodness of fit establishes whether or not an observed frequency distribution differs from a theoretical distribution.

### HYPOTHESIS – 1

**Null Hypothesis(H0)** – There is no significant relation between Employee Age and Performance Appraisal System Satisfaction.

**Alternate Hypothesis(H1)** – There is a significant relation between Employee Age and Performance Appraisal System Satisfaction.

EMPLOYEE AGE * PERFORMANCE APPRAISAL SYSTEM IS SATISFIED								
			PERFORMANCE APPRAISAL SYSTEM IS SATISFIED					Total
			STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE	
EMPLOYEE AGE	20-25	Count	7	14	30	9	6	66
		Expected Count	5.3	13.7	30.6	11.6	4.8	66.0
	26-35	Count	2	9	26	11	2	50
		Expected Count	4.0	10.4	23.2	8.8	3.6	50.0
	36-45	Count	1	2	1	1	1	6
		Expected Count	.5	1.2	2.8	1.1	.4	6.0
	ABOVE 45	Count	0	1	1	1	0	3
		Expected Count	.2	.6	1.4	.5	.2	3.0
Total		Count	10	26	58	22	9	125
		Expected Count	10.0	26.0	58.0	22.0	9.0	125.0

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	8.407 <sup>a</sup>	12	.753
Likelihood Ratio	9.011	12	.702
Linear-by-Linear Association	.192	1	.661
N of Valid Cases	125		

a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .22.

### CHI SQUARE RESULT

- Calculated value: 8.407
- Degree of Freedom: 12
- Table Value: 21.026
- Significant Level: 5%
- Comparison:  $8.407 < 21.026$

### INTERPRETATION

Since the Calculated Chi Square Value is less than the Table value. Therefore, null Hypothesis(H<sub>0</sub>) is accepted. This Shows that there is no relationship between age and Performance Appraisal System Satisfaction.

### HYPOTHESIS – 2

**Null Hypothesis(H<sub>0</sub>)** - There is no Significant relationship between Educational Qualification and Appraisal System helps to indentify strength and weakness.

**Alternate Hypothesis(H<sub>1</sub>)** – There is Significant relationship between educational Qualification and appraisal System helps to identify strength and weakness.

EMPLOYEE QUALIFICATION * APPRAISAL HELPS TO INDENTIFY STRENGTH AND WEAKNESS			APPRAISAL HELPS TO INDENTIFY STRENGTH AND WEAKNESS					Total
			STRONGLY AGREE	AGREE	NEUTRAL	DISAGREE	STRONGLY DISAGREE	
EMPLOYEE QUALIFICATION	HSC	Count	1	3	4	1	3	12
		Expected Count	1.2	3.4	3.8	2.9	.7	12.0
	ITI	Count	1	6	10	4	1	22
		Expected Count	2.3	6.2	7.0	5.3	1.2	22.0
	DIPLAMO	Count	7	17	11	6	0	41
		Expected Count	4.3	11.5	13.1	9.8	2.3	41.0
	ENGINEERING	Count	3	5	7	11	0	26
		Expected Count	2.7	7.3	8.3	6.2	1.5	26.0
	OTHERS	Count	1	4	8	8	3	24
		Expected Count	2.5	6.7	7.7	5.8	1.3	24.0
	Total	Count	13	35	40	30	7	125
		Expected Count	13.0	35.0	40.0	30.0	7.0	125.0

### Chi-Square Tests

	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	31.227 <sup>a</sup>	16	.013



Likelihood Ratio	30.617	16	.015
N of Valid Cases	125		
a. 13 cells (52.0%) have expected count less than 5. The minimum expected count is .67.			

**CHI SQUARE RESULT**

- Calculated value: 31.227
- Degree of Freedom: 16
- Table value: 26.296
- Significant Level: 5%
- Comparison: 31.227>26.296

**INTERPRETATION**

Since the calculated chi square value is greater than the table value Therefore, (H0) is rejected. This shows that there is a relationship between educational qualification and Performance appraisal helps to identify strength and weakness.

**3. CORRELATION**

Correlation is one of the most widely used tool of analysis. A non Parametric counterpart of the conventional correlation coefficient.

$$r = \frac{\sum dx dy}{\sqrt{\sum dx^2 \times \sum dy^2}}$$

**HYPOTHESIS -3**

**Null Hypothesis(H0)** – There is no significant relationship between high level of performance is recognized as rewards and the promotion policy is linked with Performance appraisal system.

**Alternate Hypothesis(H1)** – There is Significant relationship between high level of performance is rewards and the Promotion policy is linked with performance appraisal system.

Correlations			
	HIGH LEVEL OF PERFORMANCE RECOGNIZED REWARDS	OF IS AS	PROMOTION POLICY IS LINKED WITH PERFORMANCE APPRAISAL SYSTEM
HIGH LEVEL OF PERFORMANCE RECOGNIZED REWARDS	Pearson Correlation	1	.224*
	Sig. (2-tailed)		.012
	N	125	125
PROMOTION POLICY IS LINKED WITH PERFORMANCE APPRAISAL SYSTEM	Pearson Correlation	.224*	1
	Sig. (2-tailed)	.012	
	N	125	125
*. Correlation is significant at the 0.05 level (2-tailed).			

## CORRELATION RESULT

The correlation coefficient value is 0.224. The r value should lie between -1 to +1. Significance level is 0.05. The value 0.224 lies between -1 to 1.

## INTERPRETATION

Since the calculated coefficient value lies between -1 to +1. Therefore, null hypothesis is accepted. This shows that there is no relationship between high level of performance is recognized as rewards and promotion policy is linked with performance appraisal system.

## CONCLUSION

Performance appraisal is considered as a standard activity in several organizations but its importance should be recognized and communicated down the line to all the employees. It should bring more lucidity to the goal and vision of the organization. It should provide more empowerment to the employees. New techniques of appraisal should be followed so that both appraiser and the appraisee take interest in the appraisal process. Employees should be given feedback regarding their appraisal. This will help them to enhance their weak areas. Financial and non-financial rewards should be linked to the annual appraisal system so that employees would be motivated to perform better in future. New methods should be emerged to reduce the time factor involved in the procedure of appraisal. Introducing online-appraisal can do this. The outcome of the performance appraisal system in the organization is to maintain and develop employees' quality of work. Performance appraisal can also be used to 'help in identifying the efficient performers'. This reduces controversy and grievances that they may take place in the organization and it will also help the evaluator in guiding the employees to improve their performance.

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