

A STUDY ON EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM AT FOOD INDUSTRIES

¹Dr J K Raju, ²Shruthi M

¹Professor, ²Research Scholar

¹Institute of Management Studies, Davangere University

²Institute of Management Studies, Davangere University

Abstract: The study was conducted with an objective of studying the performance appraisal system prevailing and the effectiveness of performance appraisal system at food industries ltd. It includes introduction about the industry. It includes introduction, theoretical background about performance appraisal, needs, objectives, research methodology, data analysis, findings, suggestions and conclusion. On conclusion of this study, the detailed report has been draw up.

Index Terms – Performance appraisal,

Introduction

Food processing industry is of huge implication for India's growth for the reason that the vibrant links and collaborations that helps among the two mainstays of our economy, industry and agriculture. Quick progress in the food processing division and instantaneous progress in the growth of value chain are also of extraordinary moment to attain positive terms of employment for Indian farming both in the local and the global markets. The division in any case, needs to go a lengthy technique even main essential contribution that an effective food processing industry might mark in the country food safety for example the post-harvest sufferers of certain fruits and vegetables are above 25 to 30% in our nation. Even minimal decline in these misfortunes will undoubtedly provide us healthier earnings and their by develop the earnings level of the agriculturalists.

In the previous year, India progressed from a situation of scarceness to excess in food. Given the trade in manufacture of food commodities, the food processing industries in India is on a secure path of development and success. It is estimated to attract phenomenon investment in human capital, technical and commercial areas. The entire food production of India is likely to twice over in the following ten years. Hereafter, there is a chance for huge investments food and food processing machineries, skill development and tools. The main involvements and its background are, for example, canning, dairy and food processing, speciality processing, packing, freezing food and thermo processing. Fruits and vegetables, and milk products, meat and poultry package foods, alcoholic beverages and soft drinks and grains health food supplements are other quickly raising sections of this industries. By an amount of economic alleviation and motivating forces, to boost commercialization and value adding, legislature of India has given 'great importance' position to the make out processing industry. Ministry of food processing industries has been setup as a nodal organisation for making and execution of the rules and tactics for the food processing industries. by a general target of placing India as the 'food basket' to the world, numerous inventiveness have been take on by the objective of encouraging investments, improvement and delivering best practice. This idea is in link through the 'make in India' activity of the legislature.

India, as a huge manufacturer and customer of food is possible to have a mind-boggling influence on world demand and supply of food items in the coming days, according to the estimations provided by the food and agriculture organization in 2012. By its huge production base, India has the conceivable to became one of the biggest nourishment supplier to the world and the equal period serve to its own huge populace (2014)

Even though there is an amazing openings on the request side, India also has a solid source base for the sustenance and grocery industries. India is the 2nd major maker of sustenance next to china. The arable land territory of 159.7 mn hectares is the 2nd biggest on the planet after the US. Our nation has a more resource base for the nourishment handling industry.

Understanding the necessity for enhancing ability of the sustenance preparing industry, the legislature has taken numerous activities to boost the development of the sector. The Indian food industry is composed for massive progress, raising its commitment to world food trade each year. In India, the sustenance area has arisen as a highest-improvement and highest-benefit division because to its massive potential for esteem expansion, mainly inside the food processing industry.

As per service of sustenance preparing India, nourishment handling industry represents around thirty two percent of the nation's whole sustenance showcase. The Indian sustenance preparing industry has grown-up by eleven percent in a decade ago and is

probably going to reach \$480 billion by 2020. The business adds to fourteen percent of the nation's assembling Gross domestic product, thirteen percent of fares and six percent of aggregate modern speculation.

As per service of food processing India, food processing industry accounts for about thirty two percent of the country's whole substance showcase, the food processing industry is one of the major business in India and is placed 5th in terms of production, consumption, export and expected advance. The countries food processing industry has grown-up by eleven percent in decade ago and is probably going to reach \$480 billion by 2020. The business adds to fourteen percent of the country's assembling Gross domestic product.

Literature review

Eichel and Bender (1984) expressed that performance appraisal can also be called as Achilles heel of management. Even though leaders of several public organization try to be employee focused or centered, a lot of importance is given to a process aimed to help the employee in achieving both personal and organizational goals.

Cleveland, Murphy and Williams (1989) suggested that performance appraisal data is most regularly used for salary and administration, performance appraisal is often used for various purposes rather than a particular function.

Bretz, Milkovich and Read (1992) specified that the most vital performance issue faced by organization is the perceived fairness of the performance review and the performance appraisal system. Their study said that most employee view their performance appraisal system as neither accurate nor fair.

Daft (1994) express that, performance appraisal includes the method of evaluating and observing the performance of employees, and recording the assessment and at the last giving feedback to the employees. In this manner the supervisor provides the assessment that will make a greater impact on employees. The appraisement need to make a good balance between positive and negative in order to provoke employees to make changes in their job performance.

Devarajan R (1995) in his article "role of performance appraisal" stresses that the most prized asset for a organization is its people and people as an asset appreciate over a period of time while all other assets depreciate over a period of time. One of the main role of a manager is to enhance and updating the abilities, knowledge and skills of his employees, as a continuing procedure, at an optimum pace. It is in this context stated that performance appraisal acquires a major part as a technique and instrument of management improvement and progress.

Deborah F.B. and Brain.H.Kleiner (1997) says that management required to make an organized outline to provide that performance appraisal is "fair" and "consistent". In their study of framing good performance appraisal system, they conclude that framing a good appraisal system needs a strong commitment from top management. The structure will allow a connection between performance of an employee and managerial goals through individualized objectives and performance standards.

Longenecker (1997) said that a performance appraisal system assists the organization to recognize 3 main things: performance standards, core competency and communicating to employees comparing the employees. Performance appraisal is important in creating future development. The performance appraisals are supposed to be conducted at least twice annually.

Mathis and Jackson (1998) described that appraisals will develops the employee motivation by creating a sense of justice and trust between the employees, by practicing the performance appraisal, that helps employees to know about their strength and weakness areas and also helps manager to improve on-the-job performance, performance appraisal helps in human resource planning by analyzing training and development needs and by identifying high level performers in the organization.

Shelley (1999) explains that performance appraisal is the system of collecting, evaluating and documenting data about the related value of an individuals. The aim of the performance appraisal is evaluating and developing the actual performance of the workers and also the future capability of the employee. Its purpose is to evaluate what an employee does. Author again considers PA is an organized system of examining and evaluating the performance of an employee throughout a specified period of time and planning for his future. It is a great tool to regulate, enhance and reward the performance of the employee. By concentrating the focus on performance, performance appraisal goes to the heart of HR management and reflects the management's interest in the development of the employees.

Gary Dessler (1999) he explained about objective of appraising the performance, he has stated the part of supervisor in evaluation and also in reviewing performance. He defined techniques of performance appraisal. He described the 5 fundamental appraisal issues. They are: unclear standards, halo effect, central tendency, and leniency or strictness and bias. He has likewise offered the circumstance for maintain such issues.

Moulder (2001) says that performance appraisals are valued for describing expectations and measuring the level to which expectations are met. She goes on to state that appraisals will give a clear picture to employees where they are having success and where they want to improve their performance. Moulder defines that appraisals are helpful in setting goals and in boosting improved communications among work groups and between employees and supervisions.

Deepshikha Mehta (2004) deliberated in the study that the new managers must use the current organizations way of appraisal. It is nothing but to maintain equality in appraisals is about being reliable, people focused and objective appraisals based on the equality attitude will promote a sense of belonging and will help employees in identifying themselves with the organization.

De Nisi and Pritchard (2006) he has been looked on many organization that are following performance appraisal. Study has been criticized for its huge emphasis on psychometric issues and the writer advised that appraisal research should, concentrate on framing effectual performance appraisal systems that can motivate employees to develop their performance. Employee reactions to appraisal in terms of perceived employee fairness, accuracy and satisfaction are necessary elements of appraisal because these perceived employee reactions can motivate employees to develop their performance.

Young court, Leiva and Jones (2007) proposed that the general intention of performance appraisal serves to be intended at capability of personalities, and consider that this focus is inadequate. From the organization perspective, successful performance

management is essential for achievement of corporate goals. Performance appraisal is the central part of performance management, the main objective of performance appraisal is to achieve the corporate goals.

Angelo S. Denisi and Robert D. Pritchard (2008) considered a motivational structure on "Performance Management and Improving Individual Performance". This investigation has brought about couple of particular proposals about planning and executing evaluation and performance management framework whose objective is performance upgrading. We assume that an explanation behind this is examination investigate turn out to be excessively inspired by estimation issues and not interested enough in approaches to increase performance, even though some current patterns in the area have started moving the field in the correct way.

C.C Yee and Y.Y Chen (2009) reported that with all the existing technique, it is important to know that various organization may utilize various methods in evaluating staff performance among which fuzzy set theory would be a right conception to apply in the betterment of the performance appraisal system.

Mostafa, Atieh and Roozben (2009) as per them there are types of techniques for the appraisal of employee's performance and human resource managers should choose an appraisal technique which will suits to their organizations. They designed an outline for choosing of appraisal methods and relating certain performance appraisal methods in order to facilities the selection process. In order to choose a suitable appraisal method the simple additive weighting were applied. Along with selection framework, a comparing of methods is indicating with concern to the key features of every performance appraisal method.

Nidhi Arora and Poonam Arora (2010) in their paper they have emphasized aim of performance appraisal, stages to conduct employee performance appraisal, techniques of appraisal and difficulties in performance appraisal. They were recommended that the standards should be clearly announced and each employee should be made aware that what absolutely is expected from him one of the important reasons for having a structure of performance appraisal is to establish and maintain the principle of commitment.

Brown (2010) he studied 6957 employees of a huge Australian public sector organisation with respect their ideas and views of the appraisal excellence. The outcomes of this analysis discovered that there is a straight connection between performance appraisal satisfaction and employee outcomes, which is for the most part satisfaction between employees.

A.Shrivastava and P.Purang (2011) studied the difference between public and private sector banks with regard to perception of fairness of performance appraisal system and performance appraisal satisfaction. The study made use of independent samples t-test and qualitative analysis to know the mean differences between the two banks. Results indicated that private sector bank employees perceive more fairness and satisfaction with their performance appraisal system as compared to public sector bank employees.

RESEARCH DESIGN

STATEMENT OF THE PROBLEM

THE STUDY IS AIMED AT ANALYZING THE PERFORMANCE APPRAISAL SYSTEM IN FOOD INDUSTRIES LTD.

NEED FOR THE STUDY

The manufacturing sector are the greater contributors to economic growth. In manufacturing industry it is necessary to know and access the performance of employee's a proper performance appraisal system helps in measuring the salary, compensation, benefits and other growth and development activities of every individual employee's in the organization. So it is necessary to understand the performance appraisal system in organization and it plays a significant role in this corporate world.

OBJECTIVES

- To understand the process of performance appraisal and methods in the organization
- To know the level of awareness among the employees regarding performance appraisal system at food industry
- To identify the effectiveness of performance appraisal system in the organization

SCOPE OF THE STUDY

This study enables the organization to know where they stand in dealing with employee's performance appraisal. The study will be useful to the management to evaluate various factor that may be improved and also sustained during the process of performance appraisal. The study is helpful in finding out the employee's opinion towards certain traits and also serves as a base for understanding the perception about the employee's regarding their performance appraisal.

RESEARCH METHODOLOGY

RESEARCH DESIGN

Descriptive research method was used for this study which was based on the survey method

SAMPLING UNIT

The unit comprises of employees from all departments of the Food industries.

SAMPLE SIZE

The sample size taken for this survey was 100 employees of food industry. Employees from every department was selected according to their availability

SAMPLING TECHNIQUE USED

Simple random sampling.

SOURCE OF DATA

PRIMARY DATA

The objectives of the study has been accomplished with the help of primary data collected from 100 employees. The selected samples are met in persons and the data has been collected with the help of a questionnaire.

The questionnaire contributed main source of primary data, also Interview with HR Manager also contributed in the finding of the research.

HYPOTHESIS

H0: There is no significant relationship between performance improvement plan and personal growth

H1: There is significant relationship between performance improvement plan and personal growth

H0: There is no significant relationship between appraisal method and recognition of competence, potential as well as areas for development

H1: There is significant relationship between appraisal method and recognition of competence, potential as well as areas for development

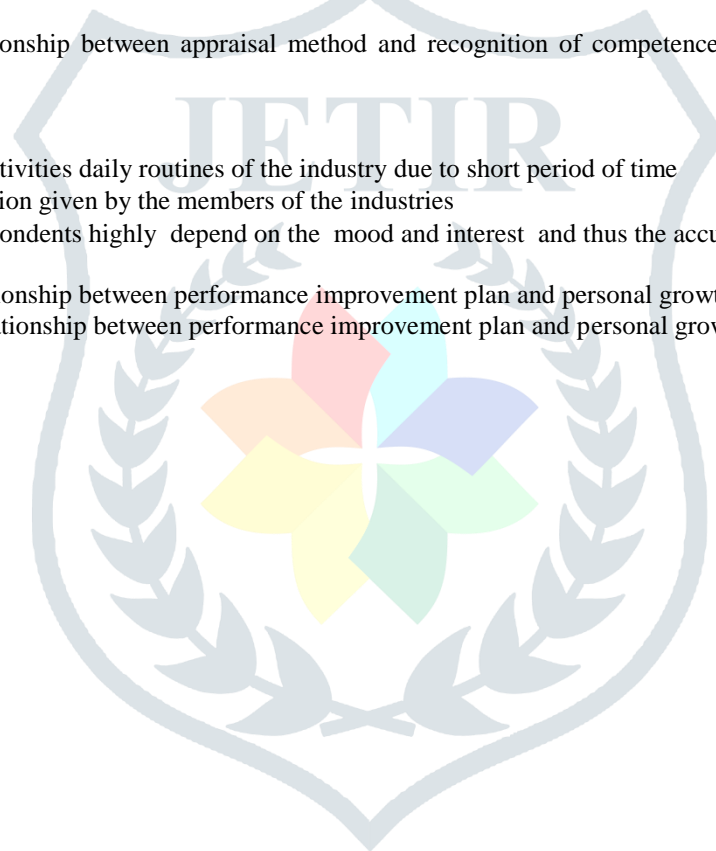
LIMITATIONS

- Unable to understand all the activities daily routines of the industry due to short period of time
- The study is based on information given by the members of the industries
- The answers given by the respondents highly depend on the mood and interest and thus the accuracy fluctuates sometimes.

HYPOTHESIS

H1: There is a significant relationship between performance improvement plan and personal growth

Ho: There is no significant relationship between performance improvement plan and personal growth



Is your performance improvement plan is given by the organization * Are you satisfied with the recommendation/suggestions that given by the appraiser for your personal growth Cross tabulation

		Are you satisfied with the recommendation/suggestions that given by the appraiser for your personal growth					Total
		Strongly agree	Agree	Neutral	Disagree	Strongly disagree	
Is your performance improvement plan is given by the organization	Yes	Count 18	26	27	15	3	89
	Is	% within Is 20.2%	29.2%	30.3%	16.9%	3.4%	100.0%
No	Count	3	2	5	0	1	11
	Is	% within Is 27.3%	18.2%	45.5%	.0%	9.1%	100.0%
Total	Count	21	28	32	15	4	100
	Is	% within Is 21.0%	28.0%	32.0%	15.0%	4.0%	100.0%

Interpretation: Out of the total respondents, 46% of them are satisfied with the recommendations and suggestions that is given by the appraiser for the personal growth and there is No performance improvement plan given by the organization.

Chi-Square Test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	4.011 ^a	4	.405
Likelihood Ratio	5.432	4	.246
Linear-by-Linear Association	.058	1	.810
N of Valid Cases	100		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .44.

A Chi-square test was performed and relationship was found between Is your performance improvement plan is given by the organization and Are you satisfied recommendation/suggestions that given by the appraiser for your personal growth, $X^2(4, N=100) = 4.011, p=0.405$. Therefore, as the P-value (0.405) is more than the significance level (0.05), accept the null hypothesis

H1: There is a significant relationship between appraisal method and recognition of competence, potential as well as areas for development

Ho: There is no significant relationship between appraisal method and recognition of competence, potential as well as areas for development

Which appraisal method do you prefer * Does performance appraisal in the organization helps you to recognize your competence and potential and also areas for development Cross tabulation

		Does performance appraisal in the organization helps you to recognize your competence, potential and also areas for development				Total	
		Strongly agree	Agree	Neutral	Disagree		
which appraisal method do you prefer	360 degree feedback	Count	10	18	3	0	31
		% within Which appraisal method do you prefer	32.3%	58.1%	9.7%	0%	100.0%
	Ranking scale	Count	6	5	2	1	14
		% within Which appraisal method do you prefer	42.9%	35.7%	14.3%	7.1%	100.0%
	Graphical method	Count	6	11	1	0	18
		% within Which appraisal method do you prefer	33.3%	61.1%	5.6%	0%	100.0%
	MBO	Count	10	10	6	3	29
		% within Which appraisal method do you prefer	34.5%	34.5%	20.7%	10.3%	100.0%
	Behaviourally anchored rating scale	Count	3	5	0	0	8
		% within Which appraisal method do you prefer	37.5%	62.5%	0%	0%	100.0%
Total	Count	35	49	12	4	100	
	% within Which appraisal method do you prefer	35.0%	49.0%	12.0%	4.0%	100.0%	

Interpretation: out of total respondents 62.5% of respondents do agree that appraisal process in the organisation help them to recognize their competence, potential and also areas for development as behaviourally anchored rating scale is most preferred appraisal method.

Chi-Square Test

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	12.605 ^a	12	.398
Likelihood Ratio	14.807	12	.252
Linear-by-Linear Association	.465	1	.495
N of Valid Cases	100		

a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .32.

A Chi-square test was performed and relationship was found between Which appraisal method do you prefer and Does performance appraisal in the organization helps you to recognize your competence and potential and also areas for development, X² (12, N=100)=12.605, p=0.398. Therefore, as the P-value (0.398) is more than the significance level (0.05), accept the null hypothesis.

Findings:

- According to the survey, it has been found that maximum number of employees believes that performance appraisal is required in the organization.
- Majority of employees will believe that 360 degree appraisal method is appropriate and accurate compare to other methods.
- According to employees it has been found that management will consider the suggestions that has been given by the employees during the time of appraisal process.

- According to the respondents the productivity of employees will get influence by the performance improvement plan that has designed by the organization.
- According to the survey it has been found that performance rating process is transparent enough to the employees.
- It has been found that performance appraisal process followed by the organization helps employees to recognize their competency, potentiality and the area of development.
- According to the survey it has been found that employees are happy with recommendation/suggestions that has been provided by the appraiser.
- Based on the survey it has been found that appraisal process helps to maintain a healthy relationship between the management and the workers.
- It has been found that promotion of employees is directly connected to their performance.
- It has found that maximum number of employees believe that performance appraisal is not a reason for conflict in the organization.
- Maximum number of employees believe that performance appraisal will help to fill a gap related to their performance in the form of training.
- 90% of the employees are satisfied with the performance appraisal process conducted by the organization.

SUGGESTIONS

From the study it is found that appraisal system in the organization is effective and it is recommended:

- Implement latest methods of performance appraisal and update the employees about the type of method used for performance evaluation
- The whole performance appraisal should be kept more transparent and free from bias in the future.
- To make the performance appraisal more effective, training must be given to the appraiser, so that he/she can assess the performance of the employees more precisely and impartially.
- Appraisal feedback should be carefully communicated by making high performers increase their target and low performers to build their confidence

CONCLUSION

Performance appraisal may be understood as the assessment of an individual's performance in a systematized way. The performance being measured against such factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, adaptability, health and the like. It also helps in developing strength and rectifies weakness of the employees. Food Industries has been conducting performance appraisal from past many years from its formation. Employees were co-operative and fully supporting the performance appraisal in the organization and it was found to be highly effective in the employee's performance. Food Industries has been running effectively for previous several years and has made a good name among its clients and society. People having poor background are given training with jobs. Performance appraisal can be conducted more efficiently by using the correct devices and properly inspecting and updating the performance appraisal program. recommendations from employees and experience personnel can additionally improve and make the performance appraisal an ideal evaluation system.

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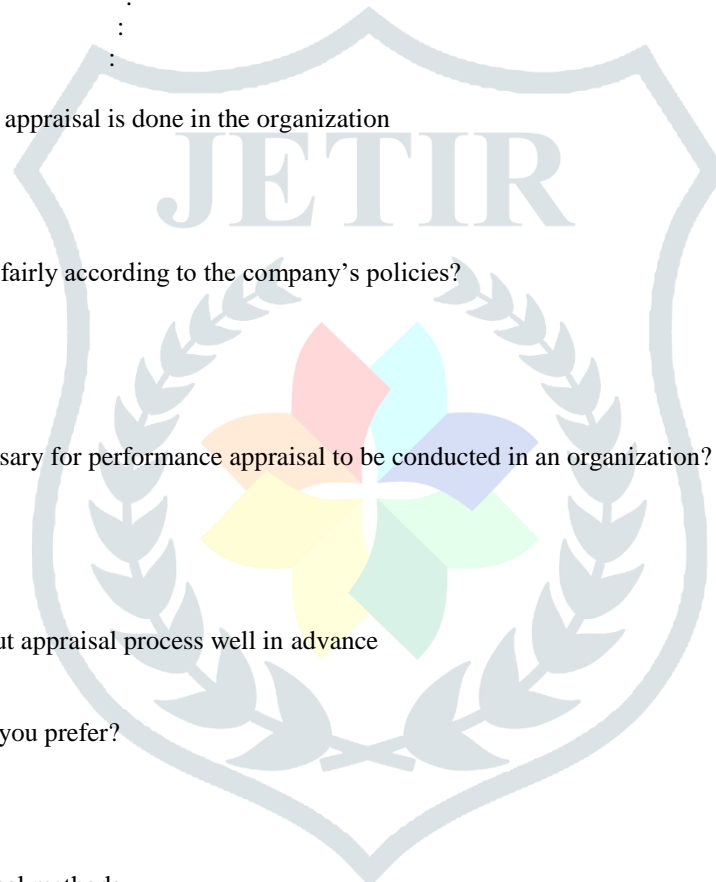
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ANNEXURE QUESTIONNAIRE

A survey has been conducted by Shruthi M, faculty of BIET MBA PROGRAMME, DAVANGERE. Request to co-operate by filling the questionnaire for “**A study on effectiveness of performance appraisal system**”.

The objective of this survey is to understand the current practices in the entire area of performance appraisal system, feedback and rewards. Please answer based on your understanding of your company performance measurement and management implementation situation. All the information provided by you will be kept confidential by me.

Name :
Designation :
Department :



- 1) How often the performance appraisal is done in the organization
 - Annually
 - Quarterly
 - half yearly
 - Monthly
- 2) Does your appraisal is done fairly according to the company’s policies?
 - Strongly agree
 - Agree
 - Neutral
 - Disagree
 - Strongly disagree
- 3) Do you agree that it is necessary for performance appraisal to be conducted in an organization?
 - Strongly agree
 - Agree
 - Neutral
 - Disagree
 - Strongly disagree
- 4) Do you get information about appraisal process well in advance
 - Yes
 - No
- 5) Which appraisal method do you prefer?
 - 360 degree feedback
 - Ranking scale
 - Graphical method
 - MBO
 - Or - you do not need an appraisal methods
- 6) Does the appraiser makes a face to face interaction with you at the time of appraisal documentation?
 - Yes
 - No
- 7) Does appraiser considers your suggestions at the time of appraisal process
 - Strongly agree
 - Agree
 - Neutral
 - Disagree
 - Strongly disagree
- 8) Is your performance improvement plan is given by the organization?
 - Yes
 - No
- 9) Are you aware of your performance rating?
 - Yes
 - No
- 10) Does performance appraisal in the organization helps you to recognize your competence and potential and also areas for development?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

11) Does your pay benefits are based on your performance ratings?

- Yes
- No
- I don't know

12) Are you satisfied with the recommendation/suggestions that are given by the appraiser for your personal growth?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

13) Does performance appraisal builds a good communication between top management and the workers?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

14) Does the company promotion policy is linked with performance appraisal system?

- Yes
- No

15) Is there any conflict that arise between employees and management after performance appraisal is made?

- Frequently
- Often
- Sometimes
- Never

16) Do you agree that training is given to employees to fill a gap between standard and the actual performance after the appraisal is done?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

17) Are you satisfied with the appraisal process of the organization?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly disagree

Any suggestions to make it better?

