

A STUDY ON PERFORMANCE APPRAISAL SYSTEM IN TUBE PRODUCTS OF INDIA LTD, CHENNAI

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Abstract : In every organization various factors like promotion, training and development program, incentives, rewards and various other factors are considered and given based on their performance. So for this purpose all the organizations conduct Performance Appraisal for the employees. Performance appraisal is the important tool to assess the performance of the employee in the organization starting from small organization to large organization. Inefficient performance appraisal system will directly or indirectly affects the functioning of the organization's objectives. This induced me to conduct a study on performance appraisal system of Tube Products of India which is considered to be very vital for the success or decline of an organization.

IndexTerms - Performance, Appraisal, Performance Appraisal system

I. INTRODUCTION

The most valuable asset for a company is its people, all other assets depreciate over a period of time but people as an asset appreciate over a period of time. Longer, a person has been with a company greater is, his value in terms of experience, contribution and his price. An organization's goals can be achieved only when people put in their best efforts. How to ascertain whether an employee has shown his or her best performance on a given job? The answer is performance appraisal.

1.1 MEANING

Performance management can be defined as a systematic process for improving organizational performance by developing the performance of the individuals and teams. It is a means of getting better results from the organizations, teams and individuals by understanding and managing performance within an agreed framework of planned goals standards and competence requirements. Processes exist for establishing shared understanding about what is to be achieved and for developing people in a way that increases the probability that it will be achieved in the short and longer term.

1.2 DEFINITION OF PERFORMANCE APPRAISAL

“Performance appraisal is the evaluation of the relative worth to the company of a man’s service on his jobs”.

– AL FORD and BEATTY

Performance appraisal is a systematic appraisal of the employee’s personality and performance on the job and is designed to determine his contribution and relative worth to the firm.

- John A. Shubin

1.3 IMPORTANCE OF THE STUDY:

Performance Appraisal has been conducted as the most important an indispensable tool for an organization, for the information it provides is highly useful in making decisions regarding various personnel aspects such as promotion and merit increases. Performance measures also link information gathering and decision making process which provide a basis for judging the effectiveness of personnel sub-divisions such as recruiting, selection, training, and compensation. The performance appraisal enables the management to operate the control system of the business organizations effectively. It helps to identify the weaker spots of a company’s operation and to take corrective action.

1.4 STATEMENT OF RESEARCH PROBLEM:

Performance appraisal seems inevitable for any organization to judge the performance of employees that leads to improved productivity at the work place. Organizational goals can be achieved only when people put in their best efforts. This leads to an effective implementation of the performance appraisal system, which helps the attainment of the organizational goals and productivity. Performance appraisal is mainly used for three purposes. 1. As a basis of reward allocation such as salary, increment, promotion and other rewards etc 2. Performance appraisal will point out the weaknesses of employees and will spot the areas where development efforts are needed.3. It can be used for the selection and development program. The performance appraisal will help the management to perform functions relating to selection, development, salary, promotion, penalties, layoff and retrenchment. Potential employees are often given promotions on the basis of the results of performance appraisal. Hence I have chosen this topic to measure the performance appraisal of Tube Products of India Limited.

1.5 OBJECTIVES OF THE STUDY

- To know the employees' awareness and level of satisfaction about the Performance Appraisal practiced in the organization
- To identify the factors including to increase the performance of an employee
- To provide suggestions to the management for improving Performance Appraisal System.

1.6 NEED OF THE STUDY

This study helps to superior to have a proper understanding about their sub-ordinate and ensure organizational effectiveness through correcting the employees for standard and improved performance; it will help the changes in employee behaviour. It provides information about the performance ranks and also it facilitate fair and equitable compensation based on performance.

1.7 SCOPE OF THE STUDY

It facilitate employees with a better understanding of their roles and responsibilities and also increase confidence through recognizing strengths while identifying training needs to improve weakness. It will improve working relationships and communication between superiors and subordinates. It motivate the employee to develop for becoming future superiors and develop employees to assist in personals decisions such as promotions, allocating rewards, and allocate time for self appraisal and personal goal setting.

2. REVIEW OF LITERATURE

Ravichandran, Venkataraman and Banumathy (2011) state that the study has found that the sugar mill had adopted a good appraisal system and takes the appraisal at the time of probation period and further during the career promotion. The study has also found that there is a gap between the actual and desired performance. Hence, it was suggested to conduct annual performance appraisal to improve the efficiency of the employees and provide training on dependability, communication skill and skill development to improve the employee's management quality.

Zhang and Lovegrove (2009), "Performance appraisal for Chinese state owned banking industry state that performance appraisals which are used to assist individual development and organizational planning are considered more important part of effective human resources management. The findings of their study suggest that the employees perception of justice has a positive relationship to their overall satisfaction with the both performance appraisal process and their outcomes.

Chu and Chen (2007) in their article titled "Performance Appraisal System in Service and Manufacturing Industries: Evidence from Taiwan state that in recent years the service industry in Taiwan has achieved rapid growth, not only in terms of productivity but also in the percentage of the labor employed as compared with the manufacturing industry and has become Taiwan's largest industry. This study is aimed at exploring the differences in performance appraisal system between these two industries. The results show that the service industry pays more attention to administration while manufacturing industry emphasizes on development more. The service industry is also more concerned about quantitative criteria, while the manufacturing industry emphasizes qualitative ones. The implications of the findings for managers in these two kinds of industries are discussed.

3. SOURCES OF PERFORMANCE APPRAISAL:

The appraiser may be any person, who has thorough knowledge about the job content, contents to be appraised, and who observes the employee while performing a job.

• **The immediate supervisor**

The general practice is that immediate supervisor appraises the performance of the subordinates. The immediate supervisor is in position to observe, direct and evaluate the subordinate's performance and is responsible for that person's performance. The findings of a case study suggest that Managers who receive positive feedback about their performance subsequently rate the employee significantly higher than managers who receive negative feedback regarding their own performance. This occurs despite the fact that the managers know the evaluation of them is bogus. Hence it can be said that one's own performance appraisal is related to the subsequent appraisal of one's subordinates.

• **Peers**

Appraisal by peers is popular in the firms that use team appraisal or peer appraisal. Peers are in a better position to evaluate certain facts of job performance which the subordinates or superiors cannot do. Such facts include contribution to work group projects, interpersonal effectiveness, communication skills, reliability and initiative etc. This technique of appraisal may be reliable if work group remains stable over a reasonably long period of time and performs the task that requires interaction. Peer appraisals can have impact on open communication, motivation and group viability.

• **Subordinates**

Many organisations let the subordinates to rate their superior's performance. This process is called as "upward feedback". It helps in assessing certain aspects of superior's performance like management style, ability to communicate, delegate the work, allocate resources and deal with employee on a fair basis etc. It also helps to know the expectations of the subordinates from their superiors. The rating given by subordinates would also help to identify the competent superiors. Here, the fear or reappraisal often compels a subordinate to be dishonest in his rating.

• **Self- appraisal**

Self-appraisal gives a chance to the employee to look at his/her strengths and weaknesses, his achievements, and judge his own performance. If employee is clear with the objectives, his/her responsibilities, they are to a great extent in a better position to

appraise their own performance. Employees generally rate their performance more favourably than do their supervisors, which can lead to conflict and poor job performance. However, comparative international research indicates that persons from other-oriented collectivist cultures are less self-enhancing, suggesting that other-oriented employees will exhibit greater agreement with ratings provided by their supervisors.

- **Rating Committees**

Many organisations use rating committees. These committees contain the employee's immediate supervisor and three or four other supervisors. There can be discrepancy among ratings by individual supervisors, the composite rating tend to be more reliable, fair and valid.

- **User of Services**

This appraisal is done in service organisations, where performance of an employee is evaluated on certain criteria like promptness, speed in performing a given task, accuracy etc. is judged by users of the service.

- **Benchmarking**

Benchmarking is a continuous process of measuring products, services and practices against the recognized competitors with the objective of rectifying performance gaps. Meaningful benchmarking should be between organisations with similar goals and characteristics in order to deliver similar services to their customers. By benchmarking, organisations can identify better performance appraisal procedures and systems and redesign their own evaluation system for increased effectiveness and utility.

3. FACTORS AFFECTING PERFORMANCE APPRAISAL SYSTEM

- **Performance**

Performance of an employee by default affects his appraisal. Every organization would want to make better profits. If certain employees perform above their caliber to help company achieve better results, the organization would appreciate their efforts by giving them a raise in their compensation. It is a motivating factor as well for employees who continue to contribute efficiently to the organization.

- **Attendance**

A very essential part of employment is to be present at the workstation and other team and company activities. The frequent absenteeism will weigh down the appraisals. Employee who have lesser absenteeism and are punctual can expect good appraisals.

- **Being motivated**

A manager would be happy to see his employees work with excitement and energy. Employees who get to work with motivation, take initiatives and show interest to perform exceptionally are highly looked upon. Positive employees are retained respected and rewarded by the organization.

- **Teamwork**

Organizations like team players. Employees who get well with the team and help the team improve will be surely recognized and the efforts will be honored. This would be one of the reasons why employees with still performance will manage to get a healthier rise appraisal. Employees who spread negativity among the team might have to face a tough time during their appraisals.

- **Service to the customer**

Employees who deal with customs of the organization should make sure that they fulfill the required compliments. This is essential as employee client relation will be responsible for bringing revenue to the organization. Employees who do a good job here will definitely receive a bonus.

- **Product knowledge**

Employees should know in and out about the product or service that they deal with. Product knowledge is an attribute by which the employee is measured. Limited knowledge about the product or service restricts customer experience, and also it is difficult to convince the customer about the benefit of the product /service. This in turn shows your inefficiency which leads to poor appraisal.

4. QUALITY OF PERFORMANCE APPRAISAL SYSTEM

- **Objectives should be clear**

The objectives of appraisal should be specific and clear. An effective performance system will always have specific appraisal attributes to match the employee job description.

- **Performance criteria should be well defined**

Effective performance has standard appraisal forms rules and appraisal and procedures. It will have well defined performance criteria and standard.

- **Data should be valid and reliable**

An effective performance appraisal system provides data that is consistent reliable and valid. It supplies data according the objective that serves the purpose of appraisal and succession planning.

- **Economical and less time consuming**

Effective Performance appraisal systems are designed to be economical and less time consuming to bring maximum benefits.

- **Should initiate follow up**

A post appraisal talk should be arranged for employee to get feedback from their manager. It also helps the organization to learn about the problem and difficulties the employees might be facing and discover suitable training.

5. SOURCES OF DATA:

Primary Data

The primary data is a data are those which are collected for the first time by the researcher from the company or from the respondents. It refers to information that is generated to meet the specific requirements of the investigation at hand. The researcher has used a well-designed and structured questionnaires based on the objectives to collect the original ata.

Secondary Data

The secondary data on the other hand are those which have already been passed through satisfied process. Secondary data are those which area referred through the primary data they are referred from the already existing records. This information is collected for a purpose other than to solve the specific problem under investigation. The secondary data required of the research was collected through various newspapers, journals, books and internet etc.

DATA ANALYSIS:

Chi-square test: Test of the goodness of it between the observed distribution and the expected distribution of a variable.

SAMPLE SIZE

The sample size of this study is Ninety respondents.

TOOLS FOR DATA COLLECTION

The tool used in this study is a structured questionnaire. A questionnaire in a sheet or sheets of paper containing questions relating to certain specific, regarding which the researcher collects the data. The questionnaire is given to the respondents to be filled in up.

TOOLS USED FOR ANALYSIS:

The Chi-square tests is used for analyzing and interpreting the data with the help of SPSS.

Period of the study:

The study is carried out between the months of Feb to March 2019.

6. TESTING OF HYPOTHESIS

NEED OF PERFORMANCE APPRAISAL SYSTEM COMPARED WITH GENDE

HYPOTHESIS: 1

H₀: There is no association between gender of the employees and their needs of performance appraisal system.

H₁: There is a association between gender of the employees and their needs of performance appraisal system.

Table : 1.1

Crosstab						
			Newnpr			Total
			Low Performance	Medium Performance	High Performance	
Gender	Male	Count	2	11	60	73
		Expected Count	1.6	13.0	58.4	73.0
		% within Gender	2.7%	15.1%	82.2%	100.0%
		% within newnpr	100.0%	68.8%	83.3%	81.1%
		% of Total	2.2%	12.2%	66.7%	81.1%
	Female	Count	0	5	12	17
		Expected Count	.4	3.0	13.6	17.0
		% within Gender	0.0%	29.4%	70.6%	100.0%
		% within newnpr	0.0%	31.2%	16.7%	18.9%
		% of Total	0.0%	5.6%	13.3%	18.9%
Total	Count	2	16	72	90	
	Expected Count	2.0	16.0	72.0	90.0	
	% within Gender	2.2%	17.8%	80.0%	100.0%	
	% within newnpr	100.0%	100.0%	100.0%	100.0%	
	% of Total	2.2%	17.8%	80.0%	100.0%	
Chi-Square Tests						
			Value	df	Asymp. Sig. (2-sided)	
Pearson Chi-Square			2.294 ^a	2	.318	
Likelihood Ratio			2.474	2	.290	
Linear-by-Linear Association			.493	1	.483	
N of Valid Cases			90			

INTERPRETATION:

Since calculated P. Value (0.318) is greater than the significant value (0.05) accept the null hypothesis (H_0) at 5% level of significance. So there is no association between gender of employees and needs of appraisal system.

BENEFITS OF PERFORMANCE APPRAISAL SYSTEM COMPARED WITH EDUCATION

H_0 : There is no association between education of the employees and their benefits of performance appraisal system.

H_1 : There is association between education of the employees and their benefits of performance appraisal system.

			Newnpa			Total
			Low Benefits	Medium Benefits	High Benefits	
Educational Qualification	SSLC/HSC	Count	0	4	4	8
		Expected Count	.4	5.2	2.5	8.0
		% within Edu.qua	0.0%	50.0%	50.0%	100.0%
		% within newnpa	0.0%	6.9%	14.3%	8.9%
		% of Total	0.0%	4.4%	4.4%	8.9%
	Diploma/ITI	Count	0	14	5	19
		Expected Count	.8	12.2	5.9	19.0
		% within Edu.qua	0.0%	73.7%	26.3%	100.0%
		% within newnpa	0.0%	24.1%	17.9%	21.1%
		% of Total	0.0%	15.6%	5.6%	21.1%
	UG	Count	4	32	14	50
		Expected Count	2.2	32.2	15.6	50.0
		% within Edu.qua	8.0%	64.0%	28.0%	100.0%
		% within newnpa	100.0%	55.2%	50.0%	55.6%
		% of Total	4.4%	35.6%	15.6%	55.6%
	PG	Count	0	8	5	13
		Expected Count	.6	8.4	4.0	13.0
		% within Edu.qua	0.0%	61.5%	38.5%	100.0%
		% within newnpa	0.0%	13.8%	17.9%	14.4%
		% of Total	0.0%	8.9%	5.6%	14.4%
Total		Count	4	58	28	90
		Expected Count	4.0	58.0	28.0	90.0
		% within Edu.qua	4.4%	64.4%	31.1%	100.0%
		% within newnpa	100.0%	100.0%	100.0%	100.0%
		% of Total	4.4%	64.4%	31.1%	100.0%

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	5.168 ^a	6	.522
Likelihood Ratio	6.535	6	.366
Linear-by-Linear Association	.270	1	.603
N of Valid Cases	90		

INTERPRETATION

Since calculated P. Value (0.522) is greater than the significant value (0.05) accept the null hypothesis (H_0) at 5% level of significance. So there is no association between education of employees and benefits of appraisal system.

FINDINGS

- Most of the employees are considered to be male respondents i.e., 81.11% of male respondents when compared to female employees.
- Majority of the respondents belongs to age group of 21-30 years.
- Most of the respondents' educational qualification is UG
- Majority of the respondents belonging to the Monthly Income of Rs. 20000 and above category.

- 48.9% of the respondents are belonging to less than 2 years in experience.
- Majority of the employees Strongly Agree with appraisal system of the management.
- This appraisal system identified the strength and weakness of an employee.
- Majority of the employees Agree with rewards and incentives linked with performance appraisal system.
- Majority of the employees Agree with raising organization total output only by appraisal system.
- Majority of the employees Agree with employee motivation and job satisfaction linked through performance appraisal process.
- Majority of employees Strongly Agree with relation of superior and subordinate necessary for appraising the employee factors.
- Majority of the employees Strongly Agree with promotion and demotion based on performance appraisal system.
- The employees agreed with performance appraisal system influenced by employees' individual performances.

SUGGESTIONS

- The performance appraisal should be assist effectively to the employees as it recognizes the competencies and potential of an individual.
- Employees' appraisal should be done fairly according to the companies policies so that it will assist the performance of the employees.
- The company should give some advices and suggestions to the employees during the process and should get there feedbacks about the process.
- The whole performance appraisal should be kept more transparent and free from bias in the future.
- Equal opportunities should be provided for expressing their ideas and plans to implement their level performance.
- Appraisal feedback is very important in any performance appraisal program should be carefully communicated by making high performers increase their target and low performers to build up their confidence.
- The organization may take steps to communicate performance appraisal procedure to advance to employees.
- Self appraisal could be introduced for employees to all levels. At present the system of self-appraisal is applicable only to supervisory personnel and junior level.

CONCLUSION

The main aim of this study is to assess an effective performance appraisal of a supervisor, manager, or team leader knows how to give effective performance appraisals to employees in an organization. This important human resources process helps employees grow along with the company. By utilizing skilled performance appraisal system these managers can empower employees to take charge of needed improvements as well as create a more positive and productive environment. The performance appraisal should take the satisfaction of its employees and employers as a great concern as a satisfied employee works more efficiently and a profitable company also makes employers or organizational managers happier. The performance appraisal technique prevailing in the organization is fair. Employees are satisfied with the present performance appraisal system that is a traditional one. As many new appraisal techniques are emerged, the organization can implement modern technique which would be more effective. The welfare measure of the organization is at par with the company policies. If the suggested measures are taken into consideration it will help to increase the effectiveness of performance appraisal system.

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