

ROLE A OF PERFORMANCE APPRAISAL PRACTICES OF EMPLOYEES IN SUGAR INDUSTRY: WITH SPECIAL REFERENCE TO UTTAR PRADESH

Mr. SAURABH SINGH

Research Scholar

Department of Commerce and Business Administration

University of Allahabad

Prayagraj

Uttar Pradesh

India

ABSTRACT

Sugar industry represents one of the most significant agro-based industries in India. Although this industry has a long tradition in this country, it started growing in an organized way during the 1930s after the introduction of the sugar industry protection act in 1932. But the industry achieved a spectacle growth under the plant periods. While the number of sugar mills has gone up from 139 to 453. The corresponding sugar production has increased from 1.4 million tons to 20.1 million tonnes. The Indian sugar industry has not only achieved the singular distraction of being one of the largest producers of white plantation crystal sugar in the world but has also turned out to be a huge enterprise of gigantic dimensions. It plays a major role in rural development and its importance for Indian structures beyond the role of a sweetener supplier.

Performance Appraisal System (PAS) has been observed by intellectuals and human resource professionals as a valuable implementation for human resource management (HRM). Hitherto effective PAS remains a hardheaded challenge to management and employees, due to reasoning, intuition, perception, motivational and behavioral factors. An Perfect system for Performance Appraisal should be free from prejudice and cronyism which can replace objectivity. The Indian sugar industry is highly fragmented with organized and unorganized players. The government had a controlling power over the industries, which has slowly yet steadily given way to liberalization. The Sugar industry is an agro-based industry with large output potential and huge employment. The Sugar industry is the backbone of any nation with an agriculture background. In our country two-thirds of total Indian population is engaged with these agro-based industries.

KEY WORDS: Sugar Industry, Performance Appraisal System, Motivation, Employees.

INTRODUCTION

In a period where there is a need for development in a wide range, the sugar industry plays a significant role amongst the few businesses that have effectively contributed to the rural economy. It has done so by commercially using the rural resources to meet the huge indigenous demand for sugar and by producing surplus energy to meet the mounting energy needs of India. Along with this, the industry has become the bastion of the liquor industry. The sector links with a chain of more than 50 million farmers and their families and brings value addition at the farm side. In common, the sugarcane price considers approximately 70 % of the ex-mill sugar price. The segment also has a noteworthy status in the global sugar world. The Indian domestic sugar market is one of the prevailing markets in the world, in terms of capacity. India is the 2nd largest sugar producing as per geography. India constitutes a crucial driver for growth in world sugar, rising above the Asian and world consumption growth average.

Effective human resources utilization and management become very essential. It is the primary task of any management in the organization. Human resources are the main wealth or assets of the country that it can highly rely upon at any time. The needs of the hour are to develop these resources. The major challenge faced by the Indian Sugar Industry is in the field of Human Resources Management. In order to involve the employees as active participants, HRM activities must be consistent with the development efforts of the organization, only then, will be the enthusiasm and creative potential of the employees can be mobilized. The Sugar Industry has given HRM the opportunity to be more creative.

In the year 1935, Sugarcane Development Department was established in U.P. The Government enacted the Sugar Factories Control Act 1938, provide help to the farmers. In the year 1953-54, the 'U.P. Sugarcane chain of supply and purchase regulation Act 1953' was enforced.

Although in Uttar Pradesh, District- Deoria India's first and foremost sugar mill was established, in the year 1903, but in the absence of any established system of sugarcane marketing, sugarcane farmers had many difficulties. The Government of India passed the Sugar Cane Act 1934, give authority to the State Government to fix the standard minimum price for sugarcane being used by the vacuum pan sugar mills while controlling any area.

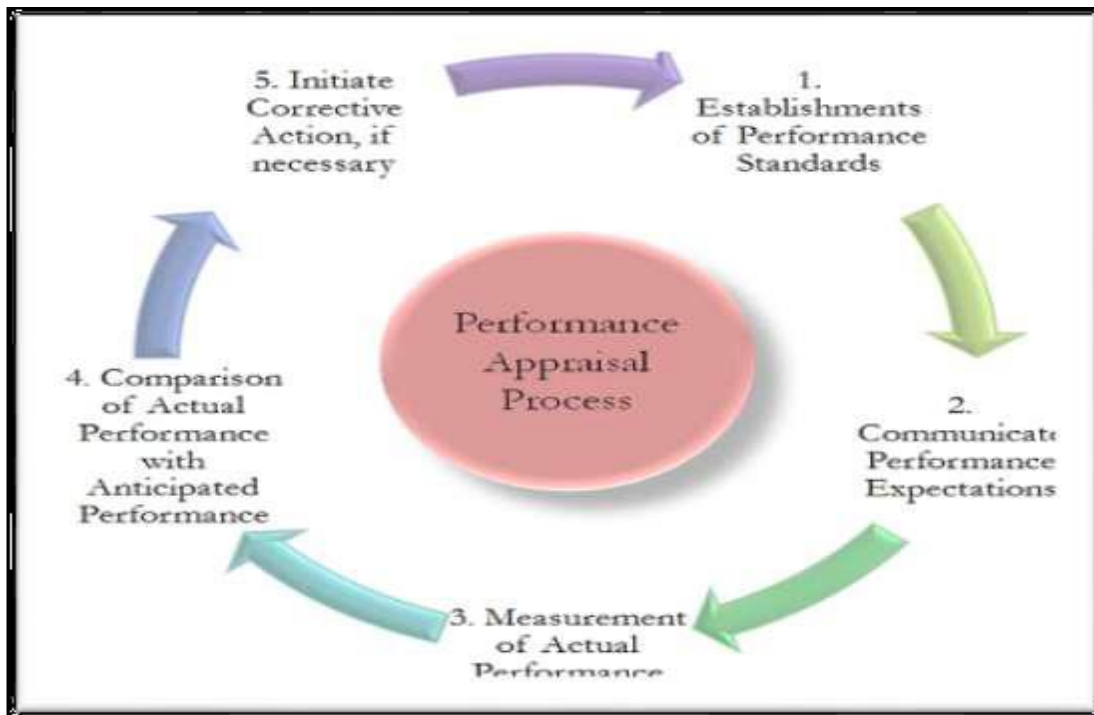
PERFORMANCE APPRAISAL

Performance appraisal is a formal system that helps in evaluating the quality of an employee's performance. An appraisal should be viewed as an important process within a broader performance management system that links:

- Organizational objectives.
- Professional development.
- Day to day performance.
- Rewards and incentives.

In simple terms, an appraisal may be understood as the main assessment of the performance of an individuals in a systematic way, the performance being measured against such factors as quality and quantity of output, job knowledge, initiative, supervision, leadership abilities, dependability, judgment, cooperation, versatility, health and the like. Assessment should be confirmed by both the past performance and Potentials of the employee for future performance must also be assessed.

Performance Appraisal Process



ADVANTAGES OF PERFORMANCE APPRAISAL

It is said that performance appraisal is a major investment from the company point of view which can be justified by the following advantages :-

- 1. Promotion:** Performance Appraisal provide help to the supervisors to chalk out the promotion programmes for an efficient employees. In this regards, an inefficient workers can be dismissed or demoted in case.
- 2. Compensation:** Performance Appraisal helps in chalking out the compensation packages for employees. Merit rating is possible through performance appraisal. Performance Appraisal tries to provide the worth as per the performance of individuals. A compensation package which includes bonus, high salary rates, extra benefits, allowances and pre-requisites are dependent on performance appraisal. The criteria should be merit rather than seniority.
- 3. Employees Development:** The systematic approach of performance appraisal provide help to the supervisors to frame the training policies and programmes. It helps to analyze the strengths and weaknesses of employees so that new jobs can be designed for efficient employees. It also helps in framing future development programmes.
- 4. Selection Validation:** Performance Appraisal give support to the supervisors to understand the validity and importance of the selection procedure. The supervisors come to know the validity and thereby the strengths and weaknesses of the selection procedure. Future changes in the selection methods can be made in this regard.
- 5. Communication:** For an organization, an effective communication between employers and employees is very important.

6. Motivation: Performance appraisal mainly serves as a motivation tool for employees. Through evaluating the performance of employees, a person's efficiency can be determined if the targets are achieved. This very well motivates a person for a better job and helps him to improve his performance in the future.

REVIEW OF LITRATURE

According to Siddiquee and Khan (2014) indicate that the inefficient management of working capital not only reduces profitability but ultimately may also lead a concern to financial crisis. Thus every organization, irrespective of its profit orientation, size and nature of business, needs requisite amount of working capital.

According to Anantharaman, R.N. and Abdul Rashid Zabid(1999) conducted a study on 'Human Resource Management Practices: Perceived Organizational and Market Performance', in the Malaysian furniture industry. A total number of 980 questionnaires were distributed to all the employees of the company. Only 121 responses were received by the investigators. Only 85 questionnaires were found to be fully complete and hence utilized for analysis. The Likert-scale was used, which ranges from 1 (poor) to 5 (good) for each of the statements in the questionnaire.

According to Steers and Porter (1987) Motivation is an important issue in any organization because it is involved in energizing or initiating human behavior, directing and channeling that behavior and sustaining and maintaining it. Herzberg (1987) argues that in order to motivate employees through performance appraisal, the system should be used for reward and recognition.

According to Hickey and Ichter, (1997) cautions that these systems can fail for a number of reasons including if pay is not related to performance, if ratings are seen to be biased, if rewards are not viewed as rewarding, if there is more emphasis on satisfaction with pay than performance and if there is a low level of trust and openness about the merit raises. Again, some merit pay schemes may encourage poor work practices as individual employees attempt to maximize their personal gains to the detriment of the entire organization.

According to Dobbins, Cardy and Platz- Vieno (1990) outcomes of effective performance appraisal are improvement in the accuracy of employee performance and establishing relationship between performance on tasks and a clear potential for reward. The fanalysis is that outcomes i.e. use of evaluations as feedback to improve performance, reduced employee turnover, increased motivation, existence of feelings of equity among employees, linkage between performance and rewards.

According to McFarlin, Dean B., and Paul D. Sweeney (1992) The ability to conduct performance appraisals relies on the ability to assess an employee's performance in a fair and accurate manner. Evaluating employee performance is a difficult task. Process in evaluating the performance of employees is one of the most important determinants of organizational justice. Further review in the literatures indicates that fair practices in human resource management, particularly in terms of performance appraisal has a predictive role in the employees' attitude such as the organization's commitment.

OBJECTIVE

1. To check the Present Position and Production of the sugar industry
2. To study the impact of performance appraisal as a motivational strategy on the sugar mills employees.
3. To study the existing performance appraisal system in public, private & co-operative sector sugar mills.

RESEARCH METHODOLOGY

Research methodology is a specific method to find the solution of the research problem systematically. It may be understood as a science of studying and find how research is done scientifically. In it, we study the various steps that are adopted by the researcher in studying his research problem along with the main logic behind them. Research methodology comprises in defining the exact problem and redefining problems, formulating hypotheses or suggested solutions as per the problem, collecting, organizing and evaluating data; making deductions and reaching at the conclusions, and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis.

HYPOTHESES

H01 – There is a significant difference in the existing performance appraisal System in sugar mills.

H02 – Performance appraisal has a significant impact on employee motivation.

RESEARCH DESIGN

The research study nature is descriptive as the main focus of the study is to find out the viewpoint of different aspects of different sugar mills employees. In all over India, the sugar industry is important as there are many high productive states like Maharashtra, Karnataka, Tamil Nadu, Andhra Pradesh, Gujarat, and Haryana but Uttar Pradesh is one of the largest sugars producing state. Therefore, the study is restricted to the Uttar Pradesh with special focus on the district Deoria, Azamgarh, Kushi Nagar, Mau which are known for their agrarian nature.

COLLECTIONS OF DATA

To get the relevant information, the required data was collected by primary as well as secondary method. There are different methods from collecting the primary data. I have collected my data through these resources:

The Primary data was collected through the administration of structured questionnaires and personal interviews of the respondents.

The secondary data was collected from the internet, reports, journals, research papers books, magazines, thesis etc.

SAMPLE METHOD- SIZE-UNIT AND PROFILE

A simple random sample method is adopted for this study. The random sample is drawn from the list of sugar mills chosen for the study. The majority of the focus is given to the sugar mills in Uttar Pradesh. Among the identified target respondents many are not cooperative because the respondents are not easily available to debate and discuss on the questionnaire and to respond. The respondent's time and approach become a key limiting factor to meet as per plan. However, it is planned in a meticulous way and collected 100 samples as per target.

My research emphasis on performance appraisal system on sugar mills in Uttar Pradesh. Deliberately I have selected the highest productive state Uttar Pradesh in India because the collection of primary data is convenient for me. This sampling method mainly involves the purposive or deliberate selection of the particular units of the universe for constituting a sample which represents the universe. When population elements are chosen for inclusion in the sample based on the ease of access, it can be called convenience sampling.

DATA ANALYSIS AND RESULTS DISCUSSION

Demographic variable	Frequency- (N)	Percentage-(%)
Age in years		
Less than 20 years	7	7
21 to 30 years	36	36
31 to 40 years	19	19
41 to 50 years	18	18
50 and above	20	20
Total	100	100

Place of Residence	Frequency- (N)	Percentage-(%)
Urban	24	24
Rural	37	37
Semi urban	39	39
Total	100	100

Educational qualification	Frequency- (N)	Percentage-(%)
Below SSLC	18	18
SSLC & ITI	30	30
HSC	50	50
Degree	2	2
Total	100	100

Marital status	Frequency- (N)	Percentage-(%)
Unmarried	25	25
Married	66	66
Widower/separated	9	9
Total	100	100

Monthly income	Frequency- (N)	Percentage-(%)
Below Rs.10000	7	7
Rs.10000 to Rs.15000	45	45
Rs.15000 to Rs.20000	15	15
Rs.20000 to Rs. 25000	22	22
Above Rs.25000	11	11
Total	100	100

Working experience	Frequency- (N)	Percentage-(%)
Upto 5 years	11	11
6 to 10 year	42	42
11 to 15 year	18	18
16 to 20 years	20	20
Above 20 years	9	9
Total	100	100

Department of working	Frequency- (N)	Percentage-(%)
Administration	1	1
Cane	35	35
Engineering	12	12
Manufacturing	23	23
Distillery	29	29
Total	100	100

Source: Primary Data, Showing the Personal Demographical Variables Profile of Employees Working in Sugar Mills in Uttar Pradesh

Performance Appraisal is the assessment of individual potential

Sl. No.	Rating Scale	No. of Respondent	Percentage (%)
1	Strongly agree	22	22
2	Agree	54	54
3	Neutral	15	15
4	Disagree	9	9
5	Strongly Disagree	0	0
	Total	100	100

Analysis:

From the above table it can be known that 54 % of respondents have agreed about the assessment of individual potential and 22 % of them have strongly agreed of the above statement and 15 % of the employees are in a neutral stage and where 9 % of them have disagreed for the above statement. So the majority of the respondents i.e. 54 % of the respondents have agreed about the assessment of individual potential.

Performance Appraisal system followed in the organization is rational and fair.

Sl. No.	Rating Scale	No. of Respondent	Percentage (%)
1	Strongly agree	2	2
2	Agree	55	55
3	Neutral	30	30
4	Disagree	10	10
5	Strongly Disagree	3	3
	Total	100	100

Analysis:

From the above table show that, 55 % of respondents have agreed that the die performance appraisal system followed in the organization rational and fair and 30 % of the respondents are in the neutral stage. Whereas 2 % of the respondents have strongly agreed for the above statement and 3 % of the respondents have strongly disagreed, where 10 % of the respondents have disagreed for the above statement.

Performance Appraisal followed in the Organization helps to the Training and development needs of employee.

Sl. No.	Rating Scale	No. of Respondent	Percentage (%)
1	Strongly agree	15	15
2	Agree	68	68
3	Neutral	10	10
4	Disagree	7	7
5	Strongly Disagree	0	0
	Total	100	100

Analysis:

From the above table found that, 68 % of respondents have agreed for the performance appraisal followed in the organization helps to assess the training and development needs of employee and 15 % of them have strongly agreed and 10 % of the respondents are in a neutral stage and the remaining 7 % of the respondents are in disagreed opinion and where no one of them has strongly disagreed opinion.

The Performance appraisal in the organization helps to recognize the competence and potential of an individual.

Sl. No.	Rating Scale	No. of Respondent	Percentage (%)
1	Strongly agree	10	10
2	Agree	75	75
3	Neutral	8	8
4	Disagree	5	5
5	Strongly Disagree	2	2
	Total	100	100

Analysis:

From the above table it is found that, 75 % of respondents have agreed for the performance appraisal in the organization helps to recognize the competence and potential of individual and 10 % of the respondents have strongly agreed, and 8 % of the respondents are in neutral stage and 5 % are in disagreed opinion where as 2 % of the respondents strongly disagree for the above statement.

SUGGESTIONS & RECOMMENDATIONS

1. There should a fair performance appraisal programme and no space for any type of biasness. All the rewards and facilities have been given to the employees on the basis of their performance.
2. An organization should organize training and development programme according to the need of the employees.
3. The proper feedback should be taken from the employees on the different employees and organization related issues.
4. There should be adequate communication between the employees and the supervisor. It is very helpful for firm to create belongingness behavior within the employees towards the organization.
5. The competitive rewards should be provided to the employees according to their performance. It motivates and encourage the employees for devotion and better work towards the company.
6. The organization should be paying a fair salary and other monetary benefits to the employees according to their ability and talent. Before the determination of the salary the management should also consider the areas where an employee has to survive.
7. Generally maximum employees prefer on the job or at work place training therefore, management organize training accordingly.
8. There must be Training need analysis before scheming training program.
9. Transfer, suspension, demotion and dismissal are based on performance appraisal.
10. Performance rating must be done frequently.

11. Have a separate committee to review the performance appraisal system.

CONCLUSION

The researcher has taken sugar mills of Uttar Pradesh and analyze the performance appraisal system in these sugar mills, they found that sugar mills employees, they have a better setup than co-operative sector and all of following performance appraisal system according to their rules. The use of a system of performance appraisal contributes towards more effective and improved performance on the part of organizations. The deployment of all resources in an organization depends on efficient utilization of human resources. Every organization needs to have well-trained and experienced people to perform a variety of tasks that help an organization to achieve its objectives.

REFERENCES

1. Singh Nirmal , (2006) Human Resources Management ,Galgotia Publications Pvt Ltd Daryaganj, New Delhi
2. Dwivedi R.S , (2006) Managing Human Resources Personnel Management, Galgotia Publishing company Karol bagh New Delhi Second Revised Edition
3. Jyothi.P , Venkatesh .D.N, (2006) Human Resources Management Oxford University New Delhi
4. Mamoria .C.B, (2010) Personnel Management, Himalaya Publishing House, Girgaon Mumbai.
5. Agarwal. P.K, (1995) Human Resources Management Printed & Published by I.M.C.V.E Meerut
6. Kothari.C.R, (2013) Research Methodology, New Age International Publication (Second Revised Edition) Daryaganj, New Delhi
7. Personnel Management and Industrial Laws (1998) Study Material Institute of Company Secretaries of India, Lodi road, New Delhi
8. Gupta P.K (2004 Human Resources Information system Himalaya Publishing House Mumbai.
9. Singh, R.V. (2014). Sugar Industry in India, Deep & deep Publication, New Delhi.
10. Siddiqui, K. (2014). Flows of foreign capital into developing countries: A critical review. *Journal of International Business and Economics*, 2(1), 29-46.
11. Anantharaman, R. N., and Abdul Rashid Zabid. "Human Resource Management Practices: Perceived Organisational and Market Performance." *Management and Change* 3.2 (1999): 191-197.
12. McFarlin, Dean B., and Paul D. Sweeney. "Distributive and procedural justice as predictors of satisfaction with personal and organizational outcomes." *Academy of management Journal* 35, no. 3 (1992): 626-637.
13. Dobbins, G. H., Cardy, R. L., & Platz-Vieno, S. J. (1990). A contingency approach to appraisal satisfaction: An initial investigation of the joint effects of organizational variables and appraisal characteristics. *Journal of Management*, 16(3), 619-632.
14. Dobbins, Gregory H., Robert L. Cardy, and Stephanie J. Platz-Vieno. "A contingency approach to appraisal satisfaction: An initial investigation of the joint effects of organizational variables and appraisal characteristics." *Journal of Management* 16.3 (1990): 619-632.
15. Hickey, Martin, and Joseph T. Ichter. "Promoting physician productivity through a variable compensation system." *Healthcare Financial Management* 51.8 (1997): 38-41.