

An Empirical Study on Human Capital's Mechanism in Textile Industry using Regression Model

Gurmanpreet Kaur¹, Kajal Chaudhary (Corresponding Author)^{*2}, Surjan Singh³

1. Management Department, Eternal University Baru Sahib HP, India.

2. Management Department, Eternal University Baru Sahib HP, India.

3. Mathematics Department, Eternal University Baru Sahib HP, India.

Abstract:

For any organization their human capital are very important, significant factor and asset. An organization can cash their human capital's abilities which is relies upon the incentives, increment, good working environment and satisfaction. In present scenario the demand for textile industry's products increasing day by day. This study main aim to evaluate the effectiveness of performance appraisal mechanism in Avni textiles Ltd. Performance Appraisal is an intrinsic part of human resource managers as well as an organization. It is an effective technique that can improve employee performance i.e. strength, skills, weaknesses, potential and aspirations as well as the effectiveness of the organization. This study evaluated the status of the performance appraisal system carried out at the Textile Industry in Sangrur, Punjab. The main aim of conducted this study to examine the satisfaction level, and impact of Performance Appraisal System on employees' performance. Sample sizes of respondents were 60 and data was collected through questionnaire. The data were analyzed through percentage, mean, standard deviation, and regression model. The study suggested that women's contribution should be increased in all sectors, which results in the overall empowerment of women's. Awareness of employees should be enhanced while assessing the performance appraisal task.

Keywords: Scenario, Textile, Effective, Performance Appraisal, intrinsic, Strength, Contribution.

1. INTRODUCTION

In present era, employees are to be considered as a most important factor and asset of any organization. For this, organization can check their performance with Performance Appraisal mechanism. Performance has been explicated as a promotion/transfer of employees, salary determination, and the like. It is an integral part of HR management. In other words, it is a mechanism for evaluating an employee's work performance against their performance. Because the progress of each and every organization depends upon their employee's performance. Performance Appraisal mechanism is a technique for evaluating employee behavior at work, which typically involves both quantitative and qualitative aspects of work performance. The performance escapes here the degree of task Fulfillment. It shows how well a person meets the work requirements. Often the term is misunderstood but perfor mance is measured by results rather than efforts. The modern advice is, organizations around the world follow is "Pay by Your Contribution" - the main purpose of the organization is on performance management and especially on certain person's performance.

2. OBJECTIVE OF THE STUDY:

The main aim of this research is to have identified awareness level and impact of performance appraisal mechanism on human capital's expression in Avni textiles Ltd., in Sangrur Punjab.

3. LITERATURE REVIEW

A literature search is a fundamental section of the complete research procedure and makes an important contribution to nearly every operational step.

- i) Bretz et al. (1992) in their study revealed that cognitive processing dominated the period of the performance appraisal system. The research with an emphasis also on psychometrics as they related to halo error and accuracy.
- ii) Cleveland *et al.* (1989) in their study recognized various points i.e. (a) determine the extent to which performance evaluation applied for each of several purposes in the industry, (b) the extent to which assessment data being used for multiple and potentially conflicting uses in an organization and (c) organizational correlation of these applications.
- iii) Cook and Crossman (2004) in their study concluded that appraisal dissatisfaction as a major cause of the discrepancy between “expectations” and “outcomes”. According to them, fairness can only be 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.
- iv) Ilgen et al. (1993) concluded, from their extensive review about performance appraisal that the four aspects need to be considered. In practice, performance appraisal systems covered a wide range of these aspects and seldom have the same nature and functions.
- v) Jansirani et al. (2013) in their study concluded that human resources played a vital source of every organization. Every employee in an organization increased the productivity and goodwill of every company. An employee, being an individual treated as assets in the organization. So the organization should mainly focused on performance appraisal techniques and its development program. And the study mainly focused on the performance appraisal technique which prevailed in the organization is fair or not.
- vi) Mishra (2013) concluded in their study that Hong Kong and Shanghai Banking Corporation required appropriate coordination between the training and development and human resource management. This recognized that there existed a requirement of performance appraisal and management for the company but at the same time, it also had the requirement for money to invest in the methods of appraisal and training development programs.
- vii) Nurse (2005) discussed the impact of appraisal on employees and organizations. The study specifically discussed the results of the performance appraisal communicated information to managers to take further steps about promotions and development of employees.
- viii) Ovando and Ramirez (2007) in their study revealed that school leaders' leadership at all three levels set clear expectations, monitoring lessons through accompanying observations, and providing professional development opportunities that match the needs of teachers. Besides, the cross-site analysis showed that principals rely on lesson-based training that is relevant to the needs of each class level. The findings also suggested that school leaders use the teacher’s performance appraisal system as a basis for improving teaching and improving students' performance.
- ix) Rubin (2011) conducted the appraising Performance Appraisal Systems in the Federal Government: The results exhibits to analyzing performance appraisal system structures, beyond employee’s survey data, it provides to the scholars with rich research opportunities.
- x) Roberts (1994) examined the variables associated with perceptions of acceptance of the performance evaluation system. Employee acceptance is a critical factor in developing an effective system. The results showed that the systems that were believed to have effectively implemented language and performance evaluation information validity implementation processes were associated with a higher degree of perceived acceptance of the employee performance evaluation system.

4. RESEARCH METHODOLOGY

The methodology begins with the study design having the main objective to determine the satisfaction of employees related to performance appraisal system of selected Avani textiles. The study area of the present study was conducted at Sangrur, Punjab. The sampling design can be described as the selection of a part from a combination or a whole from which a judgment of the whole is made. The sampling method for this study was convenient sampling which comprises of population segment that are selected for sampling based on easy access or that are comfortably available. The sample size is explained as the number of factors that must

be selected from the universe to shape a sample. The sample size is selected as 60 employees from the industry as needed.

Data for the research purposes are collected from various sources. The study is performed with primary and secondary data. Primary data is the new source from which researchers collect data directly by using several methods like a close-ended questionnaire, observations and personal interviewing, etc. Secondary data is the source that contains data collected and collected for other purposes, such as: census reports, annual reports and company accounts etc. Secondary data for this study has been gathered by previous surveys, books, periodicals, articles, research and web sites. Then the data collected from various sources was arranged and tabulated as per the requirements of the study. The examination of the present study was conducted using appropriate statistical and mathematical tools, including percent, mean, and correlation, standard deviation, and regression analysis, depending on the objectives of the study. The data of the present study were processed with the latest statistical software, i.e. With SPSS version 20 academic version.

5. RESULTS AND DISCUSSIONS

The contemplate of this chapter was to observe the performance appraisal system and employee's satisfaction in and around the city of Punjab. Data were collected using a questionnaire from a sample of 60 respondents. To assess employee satisfaction with performance appraisal system and employee's satisfaction.

A. SOCIO-DEMOGRAPHIC PROFILE OF THE RESPONDENT'S

Socio-demographic profile shows various demographic variables of the respondents. The Table 1 showed the socio- demographic profile of the respondents.

B. EMPLOYEES' RESPONSE TO PERFORMANCE APPRAISAL SYSTEM

Human Capital's expression on performance appraisal mechanism at textile industries are examined and result are below:

Table 1 Socio-demographic profile of the respondents

Sr. No.	Socio demographic Characteristics	No. of Respondents (N=60)	%
1	Gender		
	Male	45	75.0
	Female	15	25.0
	Total	60	100.0
2	Age		
	20-30 years	17	28.3
	30-40 years	36	60.0
	40-50 years	6	10.0
	51 and above	1	1.7
	Total	60	100.0
3	Marital Status		
	Married	47	78.3
	Unmarried	13	21.7
	Total	60	100.0
4	Work Experience		
	Up to 2 years	4	6.7
	2-4 years	26	43.3
	4-6 years	18	30.0
	6-8 years	9	15.0
	8-10 years	2	3.3
	More than 10 years	1	1.7
	Total	60	100.0
5	Salary		
	Up to 10,000	6	10.0

	10,000-15,000	11	18.3
	15,000-20,000	36	60.0
	Above 20,000	7	11.7
	Total	60	100.0
6	Qualification		
	Secondary Education	20	33.3
	Diploma	22	36.7
	UG (Under Graduate)	9	15.0
	PG (Post Graduate)	9	15.0
	Total	60	100.0

Source: Field Survey, 2019

From the table No.1 it is revealed that the socio demographic factors of the employees. According to this 75% of the respondents are male, thus female respondents in the company are 25%, 60% in the company are in the age group 30-40 years, followed by 28.3% in the group of 20- 30years and 10% in the group of 40-50 years rest 1.7 % in the oldest age group of above 51years, 78.3% of respondents are unmarried and 21.7% of respondents are married, 43.3% of employees have work experience of 2 to 4 years and 1.7% of employees have work experience of more than 10 years, 60% of respondents earned a salary of Rs. 15,000-20,000 and 18.3% of employees comes under Rs 10,000-15,000 salary package further followed by the group of Up to Rs 10000 with percentage 11.7%, 36.7% in AVANI Textiles are Diploma holders, 33.3 are from Senior Secondary education and 15% undergraduate whereas 15% are postgraduate employees. They indulged in working in different departments of Avani Textiles Ltd.

Table 2 Expression of Human Capital towards the existing performance appraisal mechanism

The following table depicts the satisfaction level of employees towards the existing performance appraisal system.

Sr. No.	Particulars of satisfaction level	Mean	Std. Deviation	Rank
1.	Promotions	3.62	0.783	I
2.	Performance reviews improve job performance	3.48	0.701	II
3.	Feedback is constructive or not	3.48	0.854	III
4.	Consultation with worker and appraiser	3.45	0.811	IV
5.	Motivation after performance appraisal	3.45	0.832	V
6.	Design of interview	3.42	0.944	VI
7.	Confidentiality of Information	3.40	0.960	VII
8.	Time and fund for training	3.33	0.816	VIII
9.	Enhance job satisfaction	3.30	0.809	IX
10.	Fair performance appraisal	3.23	0.767	X

Source: As per the SPSS Output

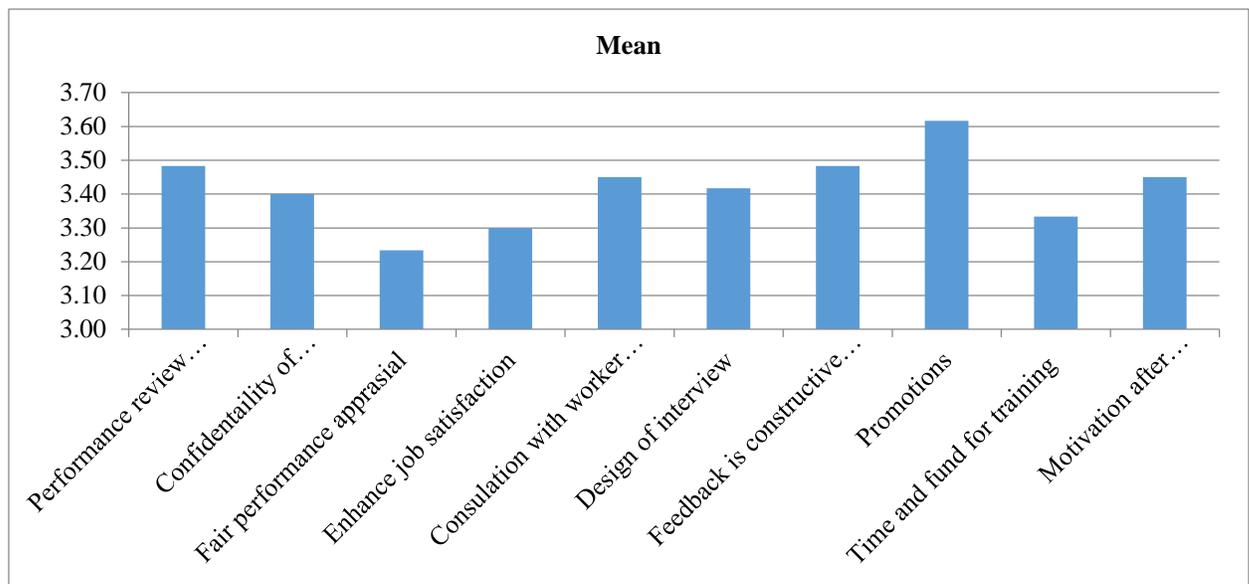


Figure 1 Mean of various factors

Table 2 and figure 1 revealed that the basic average score (mean) the highest influential factor is promotion opportunities (3.62) followed by a review of improves job performance (3.48) and the least factor is a fair performance system (3.23).

Table 3 Impact of Performance Appraisal mechanism on Human Capital's expression at textile industries

Sr. No.	Variables	Mean	Std. Deviation
1.	Increase Productivity (Dependent Variable)	2.77	0.767
2.	Increment Policy	2.22	0.524
3.	Organizational atmosphere	2.30	0.530
4.	Behavior of employees	2.50	0.701
5.	The team spirit among employees	2.80	0.708
6.	Reducing employee turnover	2.70	0.671
7.	Salary and fringe benefits	2.47	0.650
8.	Training program	2.73	0.733
9.	Interpersonal relationship	2.53	0.812
10.	Communication System	3.03	0.637

Source: As per the SPSS Output

Table 3 of Descriptive Statistics showed that the mean score and standard deviation of independent variable and dependent variables for further Regression Model analysis. The table depicts the highest mean score (3.03) i.e. independent variable with a standard deviation (0.637) which is followed by team spirit among employees and mean score of this (2.80) with standard deviation (0.708) least score of mean for incremental policy (2.22) and standard deviation (0.524). The table shows the mean score of dependent variable i.e. (increase productivity) (2.77) and standard deviation (0.767).

Table 4 Coefficients of Multiple Linear Regression Model

Variables		Coefficients						
		Unstandardized Coefficients		Standardized Coefficients	t-value	Significance Level	95.0% Confidence Interval for B	
		B	Std. Error	Beta			Lower Bound	Upper Bound
	(Constant)	-0.147	0.185		-0.794	0.431	-0.518	0.225
1	Increment Policy	0.039	0.116	0.027	0.335	0.739	-0.195	0.272
2	organizational atmosphere	-0.044	0.125	-0.030	-0.349	0.728	-0.294	0.207
3	Behavior of employees	-0.109	0.132	-0.099	-0.824	0.414	-0.374	0.156
4	Team spirit among employees	-0.116	0.132	-0.107	-0.881	0.383	0.382	0.149
5	Reducing employees turnover	0.435	0.112	0.381	3.893	0.000	0.211	0.660
6	Salary and fringe benefits	-0.045	0.145	-0.038	-0.310	0.758	-0.335	0.246
7	Training Programme	0.459	0.154	0.439	2.988	0.004	0.151	0.768
8	Interpersonal relationship	0.333	0.105	0.353	3.186	0.002	0.123	0.544
9	Communication System	0.119	0.098	0.099	1.209	0.232	-0.079	0.316

a. Dependent Variable: Increase productivity

Source: As per the SPSS Output

The results of table 4 illustrated that the beta value of the independent variable (increment policy) is 0.027 with t value 0.335 and significance level of 0.739. The beta value of the independent variable (organizational atmosphere) is -0.030 with t value -0.349 and significance level is 0.728. The beta value of the independent variable (behavior of employees) is -0.099 with t value -1.824 and significance level is 0.414. The beta value of the independent variable (team spirit among employees) is -0.107 with t value -0.881 and significance level is 0.383. The beta value of the independent variable (employee's turnover) is 0.381 with t value 3.893 and significance level is 0.000. The beta value of the independent variable (salary and fringe benefits) is -0.038 with t value -0.310 and significance level is 0.758. The beta value of the independent variable (training program) is 0.439 with t value 2.988 and significance level is 0.004. The beta value of the independent variable (interpersonal relationship) is 0.353 with t value 3.186 and significance level is 0.002. The beta value of the independent variable (communication system) is 0.099 with t value 1.209 and significance level is 0.232.

The beta value indicates the amount of change in the dependent variable (increase productivity) due to change in independent variables (Increment Policy, Organizational atmosphere, Behavior of employees, Team spirit among employees, Reducing employees turnover, Salary and fringe benefits, Training Programme, Interpersonal relationship, Communication System).

Table 5 Model Summary for Regression Model

Model Summary								
R	R Square	Adjusted R Square	Std. An error of the Estimate	Change Statistics				
				R Square Change	F Change	df 1	df 2	Sig. F Change
0.962 ^a	0.925	0.912	0.228	0.925	68.971	9	50	0.000
a. Predictors: (Constant), Communication System, Salary and fringe benefits, Reducing employees turnover, Increment Policy, organizational atmosphere, Team spirit among employees, Interpersonal relationship, Behavior of employees, Training Programme								
b. Dependent Variable: Increase productivity								

Source: As per the SPSS Output

Table 5 model summary for regression model showed that the value of the adjusted R square is 0.912. This value indicates that there is an almost 91.2 % variation in the dependent variable (increase productivity) due to a one-unit change in the independent variables. F value is 68.971 at 0.000 significant levels, which shows that the model is a good fit as its value is less than 0.05.

Table 6 ANOVA

ANOVA					
	Sum of Squares	d.f.	Mean Square	F	Sig.
Regression	32.144	9	3.572	68.971	0.000 ^b
Residual	2.589	50	0.052		
Total	34.733	59			
a. Dependent Variable: Increase productivity					
b. Predictors: (Constant), Communication System, Salary and fringe benefits Team spirit among employees, Interpersonal relationship, Behavior of employees, Training Programme.					

Source: As per the SPSS Output

The ANOVA table 6 is explained in such a way about explaining how well the regression equations fit in the data. Here the regression model predicted the dependent variable significantly well.

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CONCLUSION

This research tried to assess the development of textile sector in Punjab, which depends upon human capital competitiveness, efficiency and ability. From the finding it was concluded that the employees are gratified with the existence of Communication System, Salary and fringe benefits, Reducing employees turnover, Increment Policy, organizational atmosphere, Team spirit among employees, Interpersonal relationship, Behavior of employees, Training Programme an performance appraisal mechanism. The results also revealed that a huge number of human capital have agreed to use a good mechanism of performance indicator. It has been found that many workers are not fairly concerned about the necessity of performance appraisal to be conducted in an organization, so organizations can implement modern techniques which would be more effective. It is also analysed that there is a lack of training and funding for training in the organization. More importantly, the mechanism of performance appraisal has to be carried out for the benefits of management and at the same time, it also motivates employees for the action required by the management of the organization. Therefore it can be concluded that the mechanism of performance appraisal plays a very vital role in the organization in achieving the goal of the organization.

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AUTHOR'S PROFILE



Ms. Gurmanpreet Kaur has completed MBA in Human Resource Management from Department of Management, Eternal University, Baru Sahib, and Himachal Pradesh. She did Bachelors of Commerce (Hons.) from Eternal University, Baru Sahib, and Himachal Pradesh. India.



Dr. Kajal Chaudhary did Ph. D in 2006 in Commerce from CCS University, Meerut, India. Currently, she is working as an Assistant Professor, in Commerce & Management Department at Eternal University, Baru Sahib, and Himachal Pradesh.



Dr. Surjan Singh did Ph. D in 2015 in Applied Mathematics from Banaras Hindu University Varanasi, India. Currently, he is working as an Assistant Professor, in Mathematics Department at Eternal University, Baru Sahib, and Himachal Pradesh.