

A Novel Study: Awareness about Performance Appraisal System

¹Pragna R. Patel, ²Dr. Priti Garg

^{1,2}Veer Narmad South Gujarat University, Surat, Gujarat, India

Abstract: Although many organizations have a performance appraisal system in past, it has been estimated that, less than 20% of all performance appraisals are effective. It is well recognized that no matter what other resources the organization has, the work of the organization is planned and done by people. Therefore, an organization that does performance management well gains a competitive advantage. In this research shown that performance appraisal have three basic functions: reward, develop, and promote. There are four requirements for an effective performance appraisal system: relevance, sensitivity, reliability, and acceptability. This paper focuses on the awareness, especially amongst those working in the corporate sector, regarding the requirements for an effective performance appraisal system, its functions and benefits and the new trends in the performance appraisal system.

Keywords: Performance appraisal, confidential report, Rater, Ratee etc.

1. INTRODUCTION

Appraisal of performance is in widely used in society. Every companies want to evaluate their employees' activities for identify their strengths or weakness and effectiveness towards their goal as parents evaluate their children, teacher evaluate their students as well as employers evaluate their employees. Performance appraisal is a system of review and evaluation of an individual or team's performance. Its goal is to provide an accurate picture of past and future employee performance.

This evaluation can then be used for making administrative decisions about continued employment, transfer, promotion, salary increment, bonuses, incentives, and other organizational rewards. The develop function is to give employees feedback on their job performance, which can be used for career planning and employee development. Where the performance appraisal indicates areas of unsatisfactory performance, this may be used to identify training or development needs. Where the performance appraisal indicates areas of superior performance, this may be used to identify strengths the employee can build on to be more effective in the future. The third function is to identify candidates for promotion by using the performance appraisal data to predict the future job performance of an employee in a higher level position. Organizations need a plan prepared for replacing key personnel when they retire or seek other career opportunities outside the organization or other contingencies. With a succession plan in place, the evaluation is made in advance rather than under time pressure from an unexpected event.

2. LITERATURE REVIEW

Performance appraisal continues to be subject of interest and importance of human resource specialist. **Robert**¹ (1992) examined academic and practitioner highlights the juxtaposition of research and practice. **Ellen**² (1997) had talked about social exchange theory. He suggested an alternative and complementary notion – that HR actives affect the development of employee trust. He also included some points such as organizational justice, leader –member exchange, spiral reinforcement and perceptions of organizational support. **Sulsky**³ (1998) said that maximizing performance appraisal effectiveness requires careful examination of the meaning of performance. He also consider current trends in appraisal research which have closely followed recent changes in the structure and process of work. **Terri**⁴ (2000) examined the use of research methods for addressing issues of “triangulation” and validity, including internal, external, construct and

statistical conclusion validity. **Clive Fletcher**⁵ (2001) identified a number of themes and trends that together make up the developing research agenda for it. It breaks these down in terms of the nature of appraisal and the context in which it operates. **Wiesner**⁶ (2010) summarizes the results of an investigation into the effects of Reynolds number on the performance of centrifugal compressor stages, using a computer program for the detailed prediction of component and overall performance characteristics. As a result of study, improve empirical methods are recommended for making practical adjustment of compressor performance with variation in Reynolds number. **Espinillar M.**⁷ (2012) presented an integrated model for 360 degree performance appraisal that can manage heterogeneous information and computers a final linguistic evaluation for each employee, applying an effective aggregation that considers the interaction among criteria and reviewers relevance by means of weights. **Dhiraj Jain**⁸(2013) studied about understand the awareness among the employees regarding the Performance Appraisal System adopted in HRH Groups of hotels. He concluded that the employee were very well aware of the performance appraisal methods adopted within the organization and proper training were conducted before employee induction. **Talwo Olabobe**⁹(2013) found that employees have good knowledge of PA but their attitude towards it is not positive because of the way it is done. The practice of performance appraisal is with gross bias. That is, it is not always done scientifically to be benefits of all the employees and the organization at large. This affects negatively the morale of the employees to put in their total commitment in their specialized work in order to attain organizational goals. **Farheen Mughal**¹⁰(2014) highlighted the importance of performance management and also to study scope and effectiveness of performance management system. He showed that lacks motivation and proper reward system in banking sector. **Prabhjot Kaur Dilawari**¹¹(2016) aim of the studied to find out the perception and awareness of 260 employees towards such system in a corporate hospital. The results revealed an above normal level of awareness and high level of satisfaction of employees towards the same.

CONFIDENTIAL REPORTS (CR):

Corporate Sector uses confidential reports (CR) for evaluating the performance of employees. This is traditional form of appraisal used in most government organizations. A confidential report is a prepared by the employee's immediate superior. It covers the strengths and weakness, main achievement and failure, personality and behavior of employees. It is also used for promotion, transfer and grievance redressal system etc.

The company has category wise performance form for all its employees. Different types of annual confidential report in respect of officers and employees of the board is written and maintained in the prescribed form:

1. Form CR-A for class I and II officers –
2. Form CR-B for class III employees –
3. Form CR-C
4. Form CR-D for stenographers, steno-typists and typists.
5. Form CR-E for drivers.
6. Class IV employees only a note of work and conduct to the kept in personal file.

The confidential reports should be written annually for calendar year. i.e. for the period from 1st Jan to 31st Dec. of the year. They should also be written up at the time when a reporting officer relinquishes charges unless he has recorded his remarks within the previous three months.

3. PURPOSE OF PERFORMANCE APPRAISAL¹²

Evaluation:

The major purpose of performance appraisal is to evaluate how well employees have conducted their duty. Performance appraisal helps to keep record of each employee's job performance, including what efforts they have made and what have they achieved. Evaluation differentiates employees on the basis of their job performance, along with other factors like personality, behavior, etc.

Provide continuous feedback:

It is essential for the employers to know what performance and achievements have been made by their employees. But, it is also equally important for an employee to know where they stand, where they are going and how they are going to get there. Thus, giving feedbacks to employees is also a major purpose of performance appraisal.

Measure performance accurately:

Every company has to set mutually acceptable criteria or performance standards so that it could compare employee's performance with it. This helps in accurate measurement of employee's job performance which is necessary for the company to know where it is heading towards.

Provide clarity of expectation and actual result:

Every employee wants them to be told about their duties; what the organization really wants them to do. However, this is not enough to get good output from them. They should also be told how well they have done their duties and how can they improve their performance. They should be made clear about how near they are to do their expectation.

Identify area of weakness of employees:

All employees may not be all-rounder. Some employees may have weak points as well, which if not sorted out in time, might be a liability for the company. Performance appraisal helps in identifying such weak points.

Determine training and developmental needs:

Only determining weak points is not enough. A company should also make efforts to abolish them. A properly carried out performance appraisal is a tool to determine what necessary steps are to be taken in order to help the employees in improving their performance.

Provide career path:

Performance appraisal works as a mirror to employees and it clearly shows what they are professionally and where they stand. On the other hand, it helps the company in recognizing.

Take corrective actions employees with potential. Companies provide career development opportunities to such employees and pave their way to successful and stable career.

Determine promotion of employees:

Performance appraisal helps in charting progress of employees. Such charts can be used by the employers to determine whether or not to promote their employees. They also help in identifying the employees who most deserves to be promoted. Performance appraisal distinguishes excellent and poor performing employees. Results of performance appraisal help the employers in taking corrective actions. Such actions may be counseling or warning the poor performers to improve performance and to prevent occurrence of undesirable results.

Decide retention and termination of employees:

Progress report of employees does not only help in determining promotion but also in determining termination. Employees, with poor reports, are at first consulted. But, if the supervisors don't find any growth, they will be forced to take severe action like termination.

Decide salary and rewards:

Performance appraisal of employees helps the supervisors in knowing their job performance and the rightful amount to pay them. The employees will receive wages as per the contribution they have made. The impressive contributors are also rewarded by the company as per the organization's policy.

4. BENEFIT OF PERFORMANCE APPRAISAL¹³

Building Relationships:

Performance appraisals give the employer and employee the opportunity to sit down and discuss performance. In busy companies, where everyone is taking care of business, periodic meetings between supervisor and employee allow them to form or strengthen a relationship. Developing this rapport opens a line of communication for the employee to use in making future suggestions for the company or applying for promotions.

Motivating Employees:

Performance appraisals often serve as motivational tools for employees. The company may offer a bonus or other perk to employees who are able to improve their performance appraisals from one period to the next. It is important to offer

improvement opportunities, such as training seminars, mentorships or classes to employees desiring to improve their performance appraisals.

Objective of the study:

The main aim is that study to best practices of effective performance appraisal system could be applied in power sector organizations.

The specific objectives are:

1. To assess the awareness of the performance appraisal by the employees of organizations.
2. To determine the main purpose of performance appraisal in organizations.

Methodology:

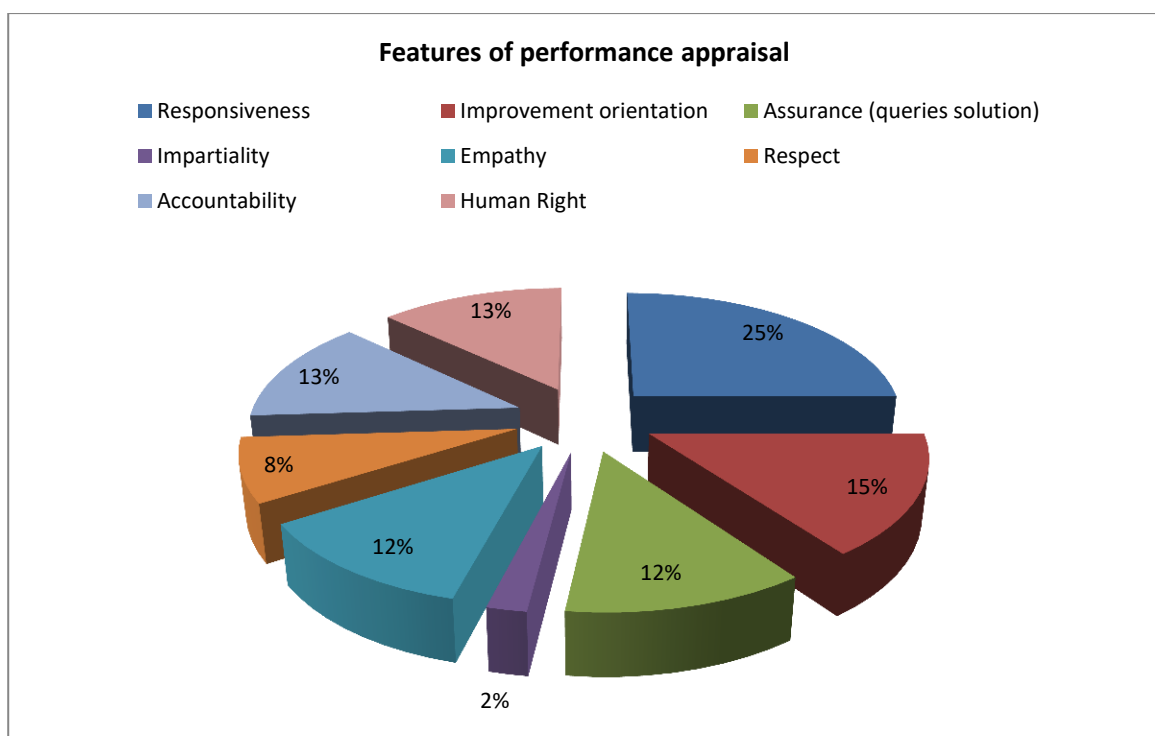
The study will be based on survey research method. The methodology adopted will be analytical. In this study, primary data will be collected through questionnaire and interview methods. The secondary data will be collected through library sources, magazines, records, journals, booklets, record books of organization and electronic sources.

The focus of the research study is corporate organizations. The 200 respondents out of 500 would be selected from organization. Suitable, need-based, sampling techniques will be adopted.

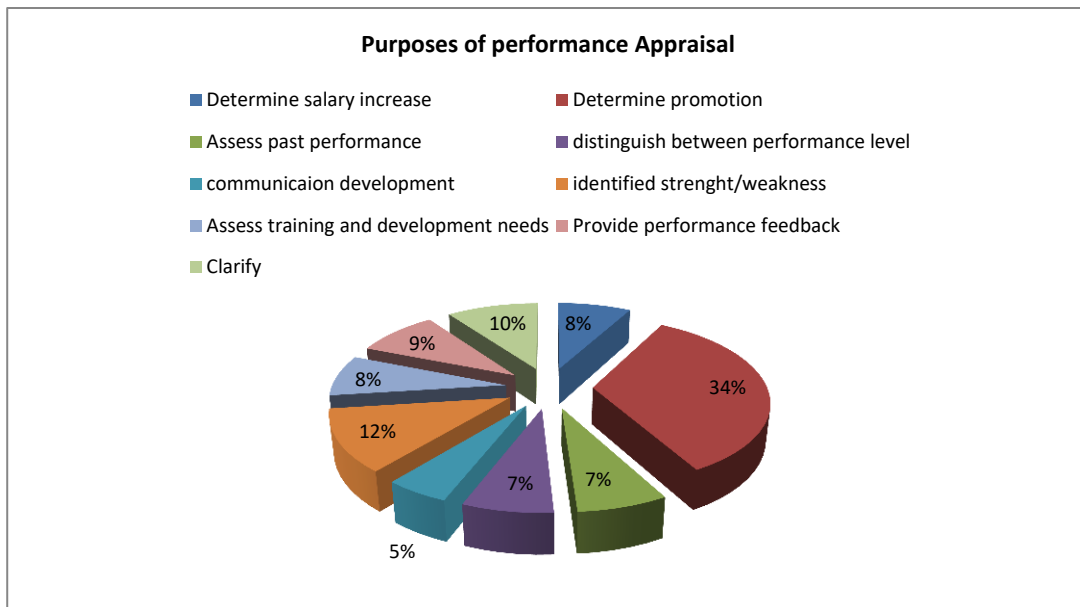
5. RESULT AND DISCUSSION

Features of performance appraisal:

25% of employees gave importance to responsiveness as features of performance appraisal. 15% of employees thought that performance appraisal is improvement orientation view. 15% of employees believed that the raters have the knowledge to answer the rate queries related their performance appraisal. 2% of employees gave importance to impartiality features, they thought that performance appraisal system is based on full of pre-indicate mind and bias. 12% of employees gave importance to empathy such as the raters will have the rates' best interest at heart and understand the specific needs of the rates. 8% of employees gave importance to respect as raters/ leadership courteous & equitable as features view. 13% of employees gave importance to accountability; they thought that Performance appraisal is open and transparent system. 13% of employees gave importance to human right feature as principles of natural justice followed – equity, right to be heard.



Purposes of performance appraisal

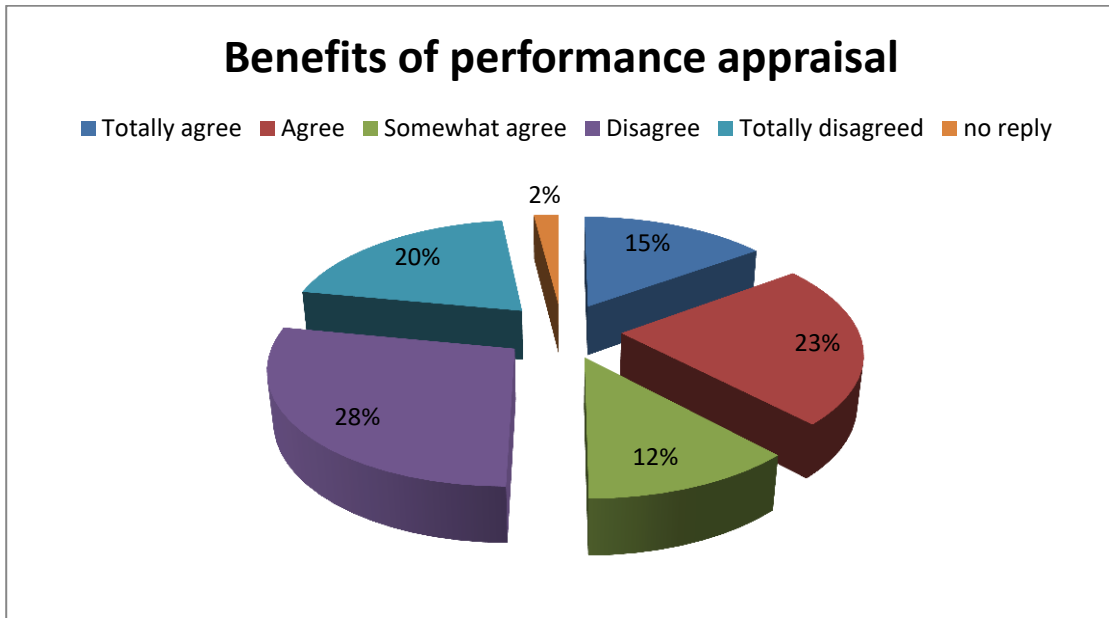


34% of employees gave first priority to determine promotion. 12% of employees gave second priority to identified strength and weakness. 10% of employees gave third priority to clarify job objectives. 9% of employees gave fourth priority to provide performance feedback. 8% employees gave fifth priority to assess training and development needs and determine salary increment. 7% of employees gave sixth priority to assess past performance and distinguish between performance levels. 5% of employees gave seventh priority to communication development.

Benefits of performance appraisal:

Sr . no	Detail	Totally agree	Agree	Somewh at agree	Disagree	Totally disagreed
1	The Appraisal system has increased my motivation to improve my performance.	2.5%	4%	2%	5%	3.5%
2	The performance appraisal system does a good a job indicating how an employee has performed in the period covered by the review.	1%	0.5%	0.5%	3%	2%
3	I received annual formal feedback about performance.	1%	2.5%	2.5%	3.5	2.5%
4	I received regular coaching and feedback about performance	3.0%	4%	1.5%	2.5%	5%
5	The work is reviewed with development in mind.	3.5%	4.5%	2.5%	3%	0.5%
6	I received training when performance weakness identified	3%	5%	2%	4%	0.5%
7	when performance is outstanding I received a performance rlated one time bonus.	0.5%	1.5%	0.5%	4%	4%
8	when performance is outstanding I received a performance rlated salary increase.	0.5%	1%	0.5%	3%	2%

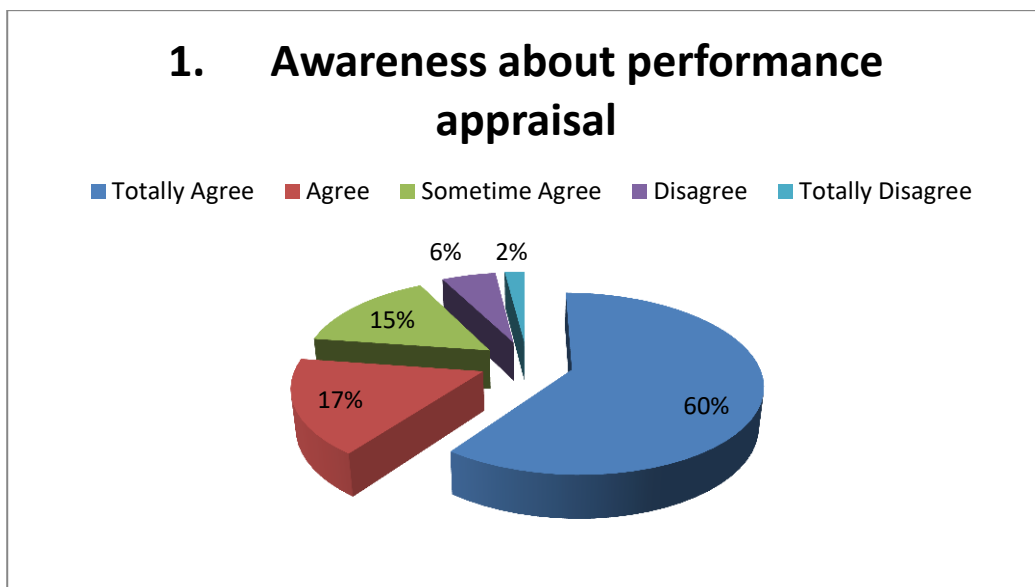
The tables shown that 15% of employees are totally agree that Appraisals have the power to motivate employees as clarify job role, build sense of personal value and satisfaction. 23% of employees are agree with benefits which achieved by performance system. 12% employees give neutral reply. 28% of employees disagreed with readiness of an organism to pursue some destined goal. 20% of employees were totally disagree that performance appraisal system is not motivational and development tools. 2% of employees were not given reply.



Awareness about performance appraisal:

Sr. NO	Detail	Totally agree	Agree	Somewhat agree	Disagree	Totally disagreed
1	I am satisfied with the performance rating I received for the most recent rating period	10	8	11	3	2
2	I understand the purpose of the appraisal system	75	12	11	2	2
3	I understand the performance appraisal policies and procedures	20	5	5	5	-
4	My most recent performance rating reflected how I did on the job.	14	9	3	1	-

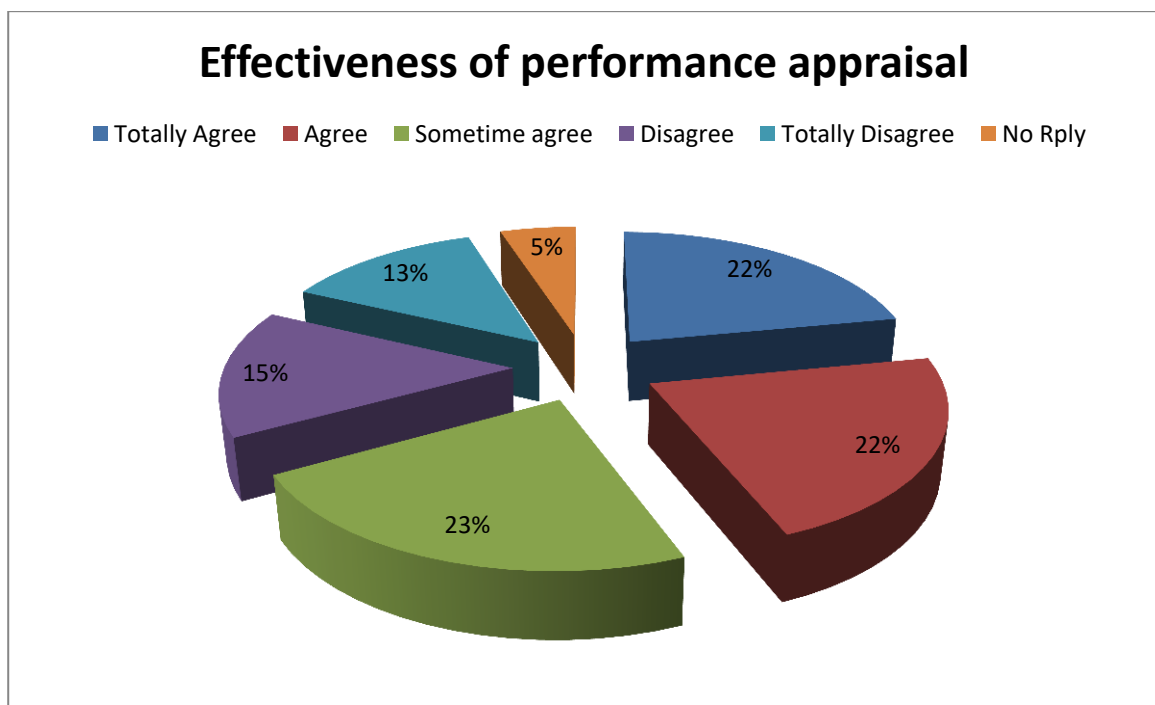
The majority 59.5% employees were fully agree and 17% of employees were agreed and found to be well aware of the existence system which is based on rating points, know about purpose its terms and conditions and its reactions 15% of employees somewhat agreed but 5.5% and 2% of employees were not agree, performance appraisal criteria and form. Some employees gave view that performance appraisal should be 100 percent focused on employees as unique individuals.



Effectiveness of performance appraisal:

Sr. NO	Detail	Totally agree	Agree	Somewhat agree	Disagree	Totally disagreed
1	I think the Performance Appaisal process is a waste of time	8	11	10	10	8
2	The Performance Appraisal rating form was easy to use.	9	8	19	4	5
3	The feedback I received from my supervisor was helpful in improving my job performance.	10	8	5	5	2
4	The performance appraisal has a favourable impact in opening/bettering communication with my supervisor.	5	9	3	4	6
5	My manager conducts a very effective discussion with me.	12	8	9	7	5

The effectiveness of each system depends on each individual organization's chosen methods and the metrics used to indicate success. 22% of employees were totally agreed with system. 22% of employees were agreed. But this agreed employee's percentage is very low. The poor effectiveness of the performance appraisal process is on partiality and not conducts the review meeting. 23% of employees were somewhat agree. 28% of employees gave negative view where as 15 % employees disagree and 13% employees totally disagreed. And 5% of employees did not give reply.



6. CONCLUSION

We concluded that Performance appraisal is played a vital role as management tool for the measurement of employees and organizational performance. In corporate sector, promotion and identified strengths and weakness are important purpose. The research findings have shown that the employees have facing the problem of dissatisfaction from their current performance appraisal system. This research also shows that the performance appraisal of corporate sector lacks motivation and communication. Performance appraisal system is done well but for getting effectiveness, employees should be involved when supervisor appraisal fills up form. The performance appraisal system is very important for the efficient functioning of the organization.

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