

Performance Appraisal- Understanding the barrier between Appraiser and Appraisee with reference to valve industry in Hubli-Dharwad

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Abstract: Every organization performs its task with the help of resources as men, machine, materials and money. Except manpower other resources are non-living but manpower is a live and generating resource. Manpower utilizes other resources and gives output. If manpower is not available then other resources are useless and cannot produce anything. Out of all the factors of production manpower has the highest priority and is the most significant factor of production and plays a pivotal role in areas of productivity and quality. In case, lack of attention to the other factors those are non-living may result in reduction of profitability to some extent. But ignoring the human resource can prove to be disastrous.

This paper mainly focuses on Performance Appraisal the way it is carried out and the way how it is understood by the employees (from now called as Appraisees) and supervisors or shift in-charge (from now called as Appraisers), the period of conducting the appraisal etc. The main intention of this paper is to render the way the coordination that is existing between the appraises and appraisers and how it effects the productivity of the company and most important concept is how to improve the competency of the appraisees if performance appraisal is to be carried out in a effective and efficient manner.

Keywords: Performance Appraisal, Appraiser, Appraisee, Factors of production.

I. INTRODUCTION

Good news is now knocking the doors of the Indian Valve Industry. After a brief slow down in the activities for past few years, the Indian valve industry has now entered the growth phase of the business life cycle. Indian valve industry is now on the threshold of a major transformation. Its globalization in the true sense for the Indian valve industry with MNCs rushing to India to tap the growing valve market in India and to take advantage of the low cost labor, at the same time make India their export hub for global market.

As far as the Indian valve manufacturers go, they are gearing themselves up to explore the overseas markets and at the same time working hard to reach the top position in the domestic market. MNCs today are approaching India as a major outsourcing destination for valve manufacturing the reason being a large pool of technically qualified personnel, low manufacturing costs and a large English speaking population.

The world's best brands are also produced locally in the country through fully owned subsidiaries or joint ventures. India today produces world-class products and the country is emerging as a large exporter of valves. Like other countries India too has small manufacturers and almost all manufacturers have their own niche markets.

Pumps and Valves Manufacturing Industry in India is growing at the rate of 10-20% per annum. 500 large, medium and small-scale manufactures in India manufacture approximately 6,000 pumps and 20,000 valves per day in India.

Valves and Pumps are tremendous growth opportunity in the areas of chemical and process industries, Refineries, Petrochemical, Fertilizer plants, Pharmaceuticals, Oil exploration, Thermal and Nuclear plants, Food and Beverage industries Effluent Treatment & Sewage plants, Water treatment, Cooling Water & Water Supply plants, mining industries etc.

Speaking about the paper the research was done in valves companies of Hubli and Dharwad.

II. LITERATURE REVIEW

I. Rationale

Performance appraisals are one of the most important requirements for successful business and human resource policy (Kressler, 2003). Rewarding and promoting effective performance in organizations, as well as identifying ineffective performers for developmental programs or other personnel actions, are essential to effective human resource management (Pulakos, 2003). 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. Once the supervisor understands the nature of the job and the sources of information, the information needs to be collected in a systematic way, provided as feedback, and integrated into the organization's performance management process for use in making compensation, job placement, and training decisions and assignments (London, 2003). After a review of literature, a performance appraisal model will be described in detail. The model discussed is an example of a performance appraisal system that can be implemented in a large institution of higher education, within the Student Affairs division. The model can be applied to top level, middle-level and lower level employees. Evaluation instruments (forms) are provided to assist you with implementation of the appraisal system.

II. Introduction

Performance evaluations have been conducted since the times of Aristotle (Landy, Zedeck, Cleveland, 1983). The earliest formal employee performance evaluation program is thought to have originated in the United States military establishment shortly after the birth of the republic (Lopez, 1968). The measurement of an employee's performance allows for rational administrative decisions at the individual employee level. It also provides the raw data for the evaluation of the effectiveness of such personnel-system components and processes as recruiting policies, training programs, selection rules, promotional strategies, and reward allocations (Landy, Zedeck, Cleveland, 1983). In addition, it provides the foundation for behaviorally based employee counseling. In the counseling setting, performance information provides the vehicle for increasing satisfaction, commitment, and motivation of the employee. Performance measurement allows the organization to tell the employee something about their rates of growth, their competencies, and their potentials. There is little disagreement that if well done, performance measurements and feedback can play a valuable role in effecting the grand compromise between the needs of the individual and the needs of the organization (Landy, Zedeck, Cleveland, 1983).

III. Legal Implications

Any performance appraisal system used to make employment decisions about a member of a protected class (i.e. Based on age, race, religion, gender, or national origin) must be a valid system (an accurate measure of performance associated with job requirements). Otherwise, it can be challenged in the courts based on Title VII of the 1964 Civil Rights Act, the Civil Rights Act of 1991 and the Age Discrimination in Employment Act of 1975 (London, 2003).

Uniform Guidelines on Employee Selection 1978 is the controlling federal law in the area of performance appraisals. The Equal Employment Opportunity Commission (EEOC) requires that any measurement used to differentiate between employees must be valid and fairly administered. The Americans with Disabilities Act (ADA) suggests that performance appraisals for people with disabilities will not be conducted any differently than those for other employees.

Another important aspect to consider is the employee's right to privacy. Employees must have complete access to their personnel files, but others should have controlled access. The records should be accurate, relevant, and current.

Content of Performance Appraisal

Every organization has to decide upon the content to be appraised before the programme is approved.

Content to be appraised may be in the form of contribution to organizational objectives like production, cost saving, return on capital etc. Other measures are based on

- 1) Behavior which measure observable physical actions, movements.
- 2) Objectives which measure job related results like amount of deposits mobilized.
- 3) Traits which measured in terms of personal characteristics observable in employee's job activities.

Performance Appraisal Process

- Establish performance standards
- Communicate performance except action to employees
- Measure actual performance
- Compare actual performance with standards
- Discuss the appraisal with the employee
- If necessary, initiate corrective action

IV. METHODS OF APPRAISAL

The last to be addressed in the process of designing an Appraisal programme is to determine methods of evaluation

Classified into

1. Past oriented method
2. Future oriented methods

PAST ORIENTED METHODS

- Rating scales
- Check lists
- Forced choice
- Forced distribution
- Critical Incident
- BARS
- Field review
- Tests & observations
- Essay
- Cost account

FUTURE ORIENTED METHODS

- 1) 360 degree appraisal.
- 2) M.B.O.
- 3) Psychological appraisals.
- 4) Assessment centres.

Limitations of Performance Appraisal

The limitation for Performance Appraisal is the raters flaws in rating the appraise and the flaws may be anyone among the following

1. **Leniency or Severity:** Leniency or severity on the part of the rates makes the assessment subjective.
 - a) Ratings are lenient for following reasons.
 - b) The rates may feel that anyone under his or her jurisdiction who is rated unfavorable will reflect poorly on his or her own worthiness.
 - c) He or she may rate leniently in order to win promotions for subordinates and therefore, indirectly increase his or her hold over them.
 - d) He or she may be projecting.

2. Central Tendency

This occurs when employees are incorrectly rated near the average or middle of the scale. The attitude of the rater is to play safe.

3. Halo Error

A halo error takes place when one aspect of an individual's performance influences the evaluation of the entire performance of the individual.

4. Rater Effect

This includes favoritism, stereotyping and hostility. Excessively high or low scores are given to certain individuals or groups based on the rater attitude towards the ratee.

5. Primary and Recency effects

The raters rating are heavily influenced either by behavior exhibited by the ratee during the early stages of the review period (Primary) or by outcomes, or behavior exhibited by the ratee near the end of the review period (recency).

6. Perceptual set

This occurs when the rater's assessment is influenced by previously held beliefs. If the supervisor, for example, has a belief that employees hailing from one particular region are intelligent and hard working, his subsequent rating of an employee hailing from that region tends to be favorably high.

7. Spill over effect

This refers to allowing past performance i.e., appraisal ratings to unjustifiably influence current ratings.

V. RESEARCH DESIGN***Need For the Study***

This study is of most important because of its utility in the field of Human Resource in the company. A misfit who is not in tune with the organization's commitment and goals can damage production, customer satisfaction, and relationship with the suppliers and overall quality of the work. It can also adversely affect the name and fame of the organization. Counseling and training without proper Appraisal system is of no use.

Objectives Of The Study

1. To understand the current practices related to Performance Appraisal of employees in the company.
2. To examine why an appraisal system is important.
3. To study existing appraisal system in the organization.
4. To find the expectation of appraiser and Appraisee
5. To determine the satisfaction level of the Appraisee
6. To reveal the various loopholes in the appraisal system if any

Type of Research

The research is descriptive type. Descriptive research provides the researchers with a general understanding of the problem and seeks conclusive data to answer question necessary to determine a particular cause of action.

Sampling Method

The respondents were chosen on the basis of non probability method of sampling called convenient sampling.

Sample Size

The data is prepared based on the gathered information. The sample size of 35(30 Appraisees and 5 Appraisers) respondents was evaluated, collected and considered.

Sample Unit

The study was conducted in Hubli Dharwad various valve companies.

Statistical Tools For Analysis

Statistical tools such as tabulation, percentage calculation, and construction of bar charts and pie charts column charts are used.

VI. LIMITATIONS OF THE STUDY

1. The data collected from the respondents is assumed to be true.
2. As the sample size was only 35, the interference drawn from the study may not be applicable for large sample size.
3. The information was collected through questionnaire and the actual perception of the respondents may differ.

Analysis and Interpretation

QNO.1 Are you aware of Performance Appraisal at your organization

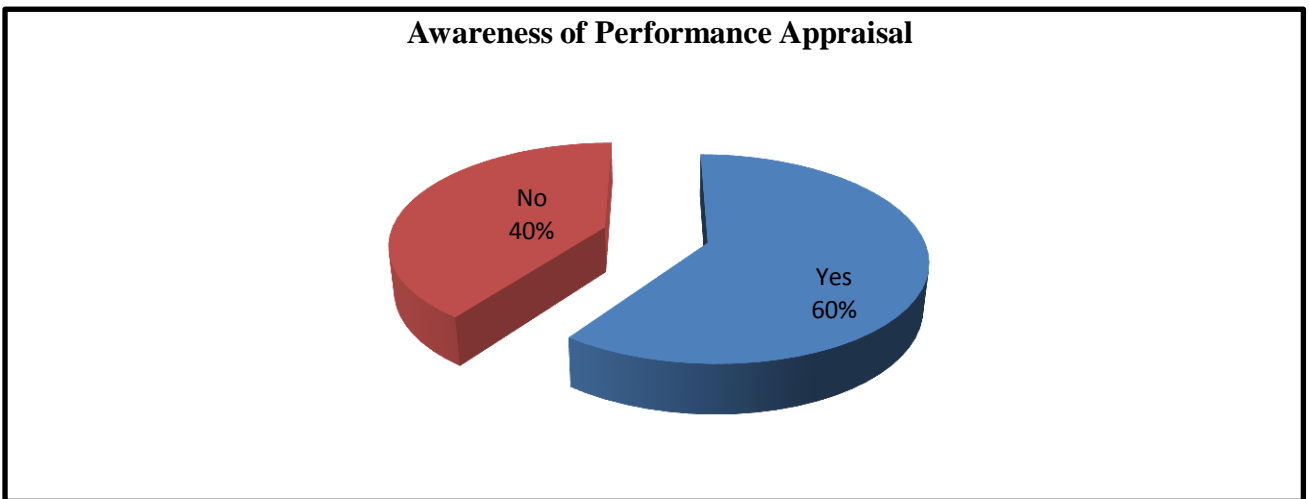


Fig.1 Appraisee

Findings: From the above graph it can be interpreted that 60% of the respondents are aware of the performance and the rest are unaware.

QNO.2 i) Do you know what exactly is expected from you at work.(Appraisee)

ii) Is the Performance Appraisal successful in giving a clear understanding of the Appraiser's by the appraiser? (Appraiser)

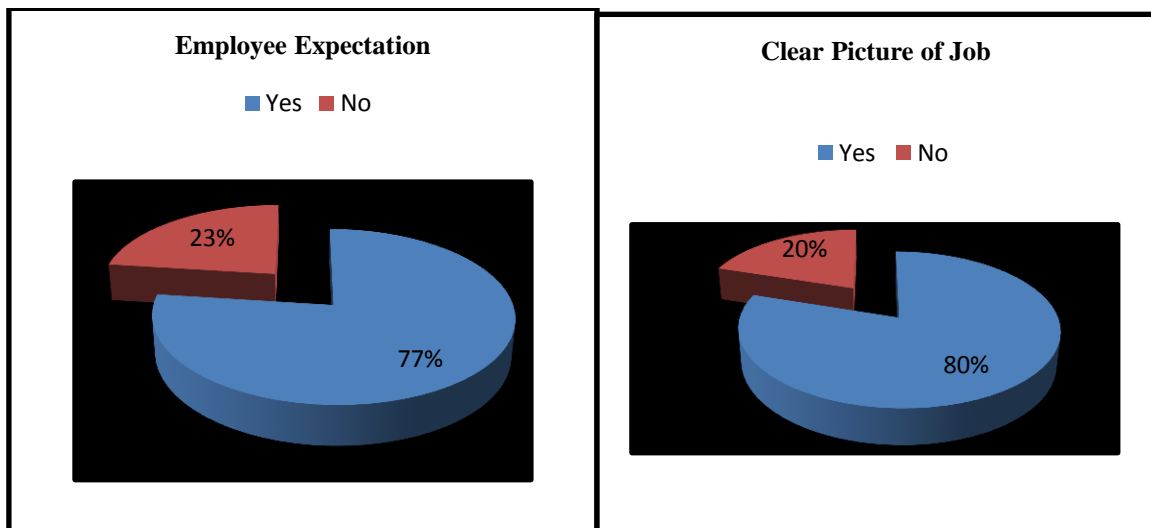


Fig.2 (i) Appraisee

Fig. 2 (ii) Appraiser

Finding: i) As per Appraiser's from the valve industry maximum number of respondents say that they exactly know what is expected from the work.

ii) As per the appraiser maximum number of the appraisers say that they are successful in giving clear understanding to the appraise about the expectation.

QNO.3. i) Performance Appraisal system helps to identify the strength and weakness of the employee. (Appraiser)

ii) Does it give insight to Appraiser regarding his strength or weakness?

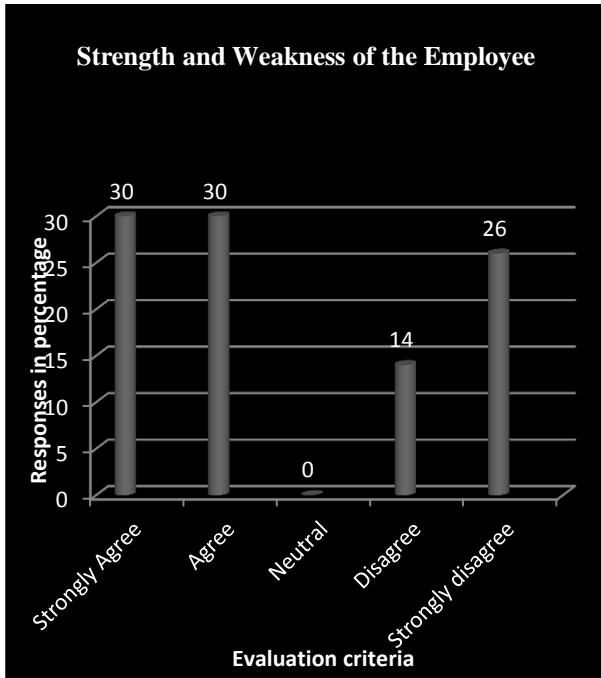


Fig. 3 (i) Appraiser

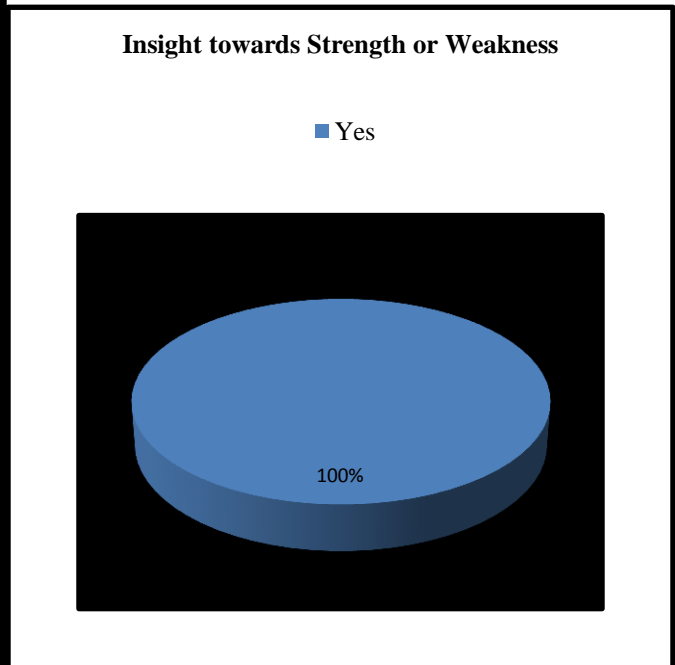


Fig. 3 (ii) Appraiser

Findings: i) As per the appraiser maximum number of respondents strongly agree that the performance appraisal system helps to identify strengths and weaknesses of the employees .

ii) All the appraisers say that the appraisal system provides an insight towards strength and weakness of the employees.

QNO.4. i) Do you think you should be given an opportunity to rate your own performance?

ii) Do you think appraiser should be given an opportunity to rate his own performance?

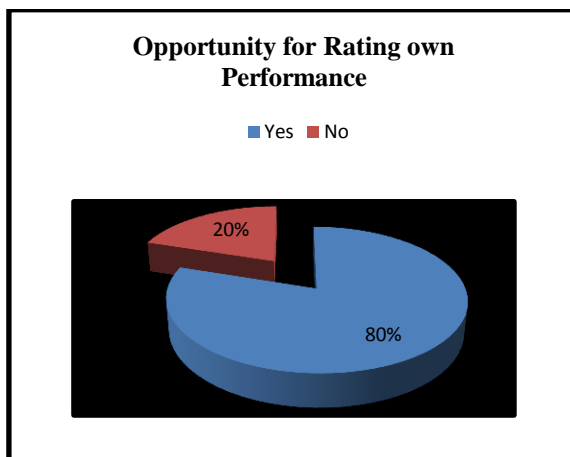


Fig. 4(i) Appraiser

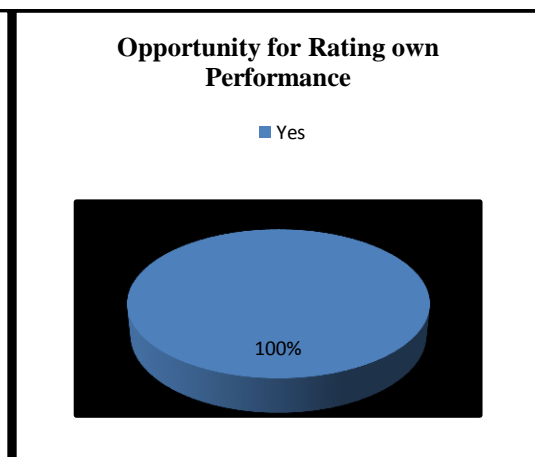


Fig.4(ii) Appraiser

Findings: i) From the appraiser's point of view most of the respondents say that they should be given an opportunity to rate their own performance.

ii) All the appraisers say that the appraisee's should be given an opportunity to rate the performance.

QNO.5 i) When does the Appraisal take place (Timing of Appraisal)

ii) Timing of Appraisal

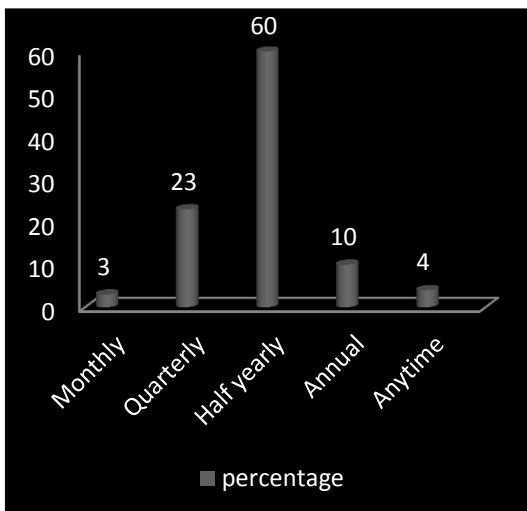


Fig.5(i) Appraisee

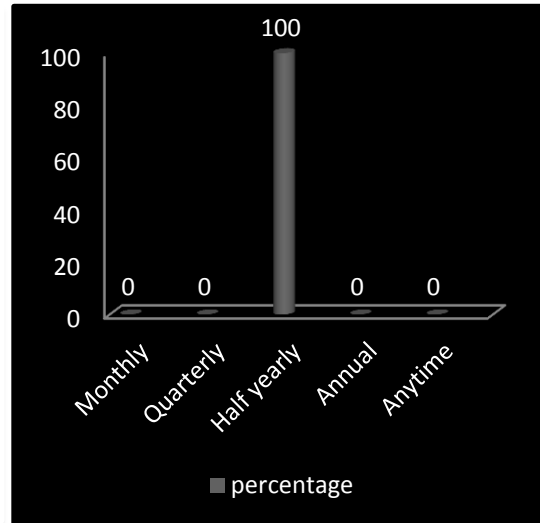


Fig. 5 (ii)Appraiser

Findings: i) From the appraisees point of view majority of them say that the appraisal takes place half yearly.

ii) From the point of view of appraiser all the respondents say that appraisal takes place half yearly.

QNO.6) i) Are the standards on the basis of which the Performance Appraisal is carried out communicated to the employees before hand?

ii) Are the standards on the basis of which the Performance Appraisal is carried out communicated to the employees before hand?

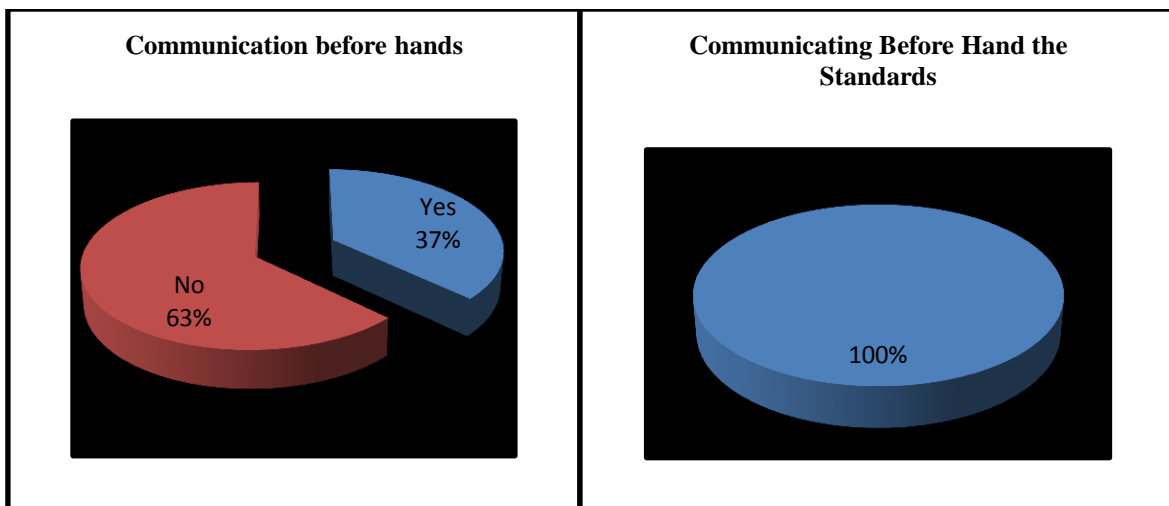


Fig. 6(i) Appraisee

Fig. 6(ii) Appraiser

Findings: i) Majority of the Appraisees say that the standards on which their performance are measured are not conveyed before.

ii) All the appraisers say that standards are communicated in advance.

QNO.7) i) Who conducts the performance appraisal?

ii) Who is given the responsibility to conduct performance appraisal?

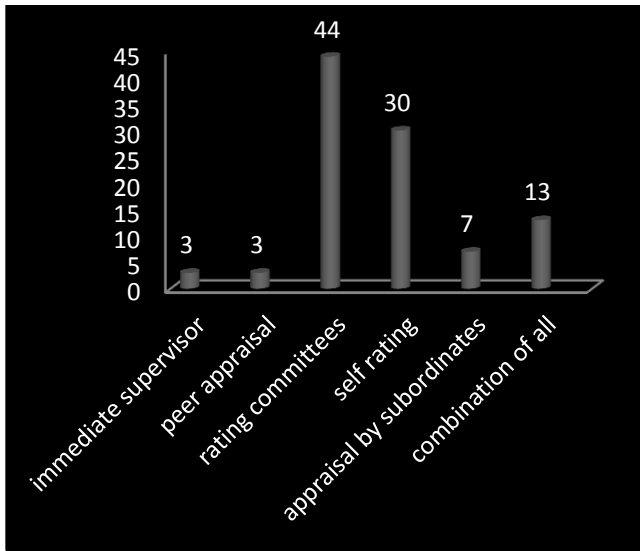


Fig. 7 (i) Appraisee

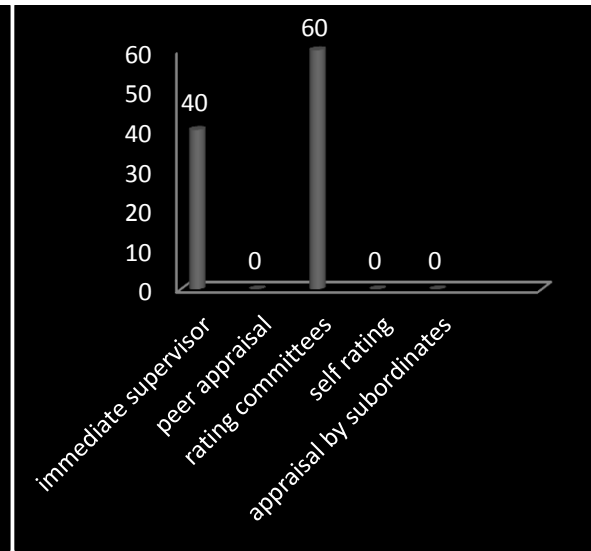


Fig. 7 (ii) Appraiser

Findings: i) Most of the respondents say that appraisal is carried out by rating committees

ii) The appraiser say that the rating committees carry out appraisal .

QNO.8) i) Does the appraisal system provide a good communication between the top-management plans and business goals to staff below?

ii) Does the appraisal system provide a good communication between the top-management plans and business goals to staff below?

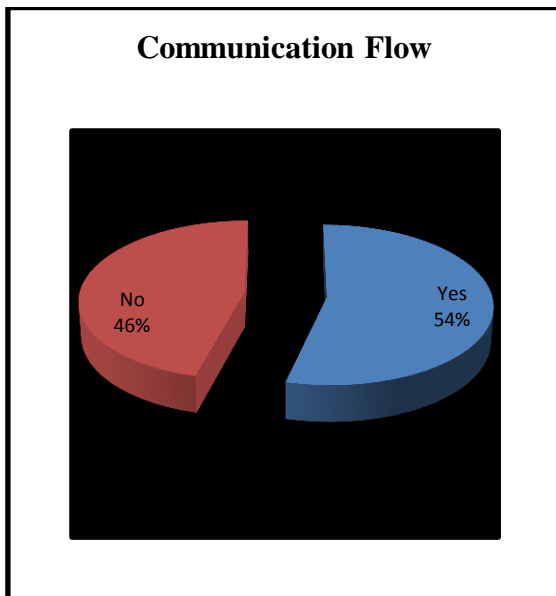


Fig. 8 (i) Appraisee

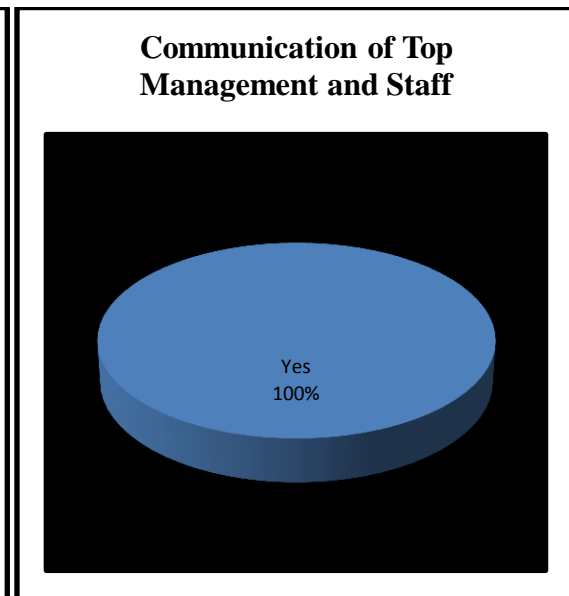


Fig. 8 (ii) Appraiser

Findings: i) More than half of the respondents say that appraisal system provides a good communication between top and staff below.

ii) All the respondents say there is good communication between the top management and staff.

QNO.9) i) Do you want your comments and suggestions to be taken into consideration during appraisal?

ii) Are employee’s comments and suggestions taken into consideration before the appraisal?

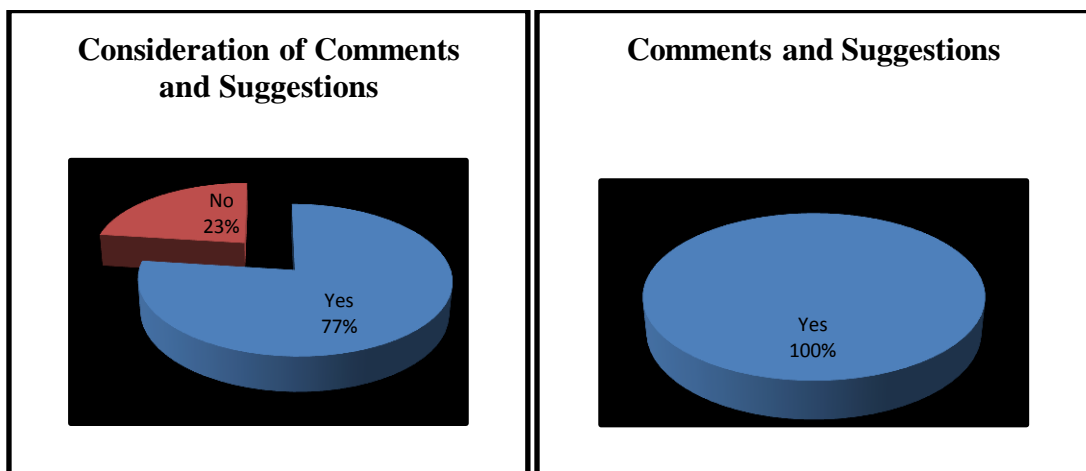


Fig. 9 (i) Appraisee

Fig. 9(ii) Appraiser

Findings: i) Majority of the employees say that most of their comments and suggestions are taken into consideration during appraisal

ii) All the respondents say that they take into consideration the comments and suggestions.

Findings

Findings act as the bases for the project carried out which will lead to recommendations.

1. a) The current practice is M.B.O
- b) Most of the employees are unaware of performance rating.
- c) Distribution of work to departments
- d) Most of the employees are unaware of the time of Appraisal.
- e) There is difference of opinion between Appraisers and Appraisee with the matters concerned to communication of standards on which the Performance Appraisal is carried out.
2. The importance of Performance Appraisal is inculcated in different way by the Appraisees.
3. a) The post Appraisal methods are not satisfactory in the company.
- b) The Appraisees are expecting a better complaint channel for resolving their grievances.
4. Appraisees want their comments and suggestions to be taken into consideration during the Appraisal.
5. Major loophole in the Appraisal system is Appraisee are not guided properly about the Appraisal system that is both post and pre session of the Appraisal like information regarding the following
 - a) The ratings of the system carried out.
 - b) The Timing of Appraisal
 - c) Grievance Redressal system
 - d) Standards on which Appraisal system is carried.

Recommendations

Recommendations are things extracted from the findings with solutions which will be beneficial to the company regarding various loopholes identified in the survey.

1. Create awareness about Performance Appraisal.
2. Proper class room training should be given.

3. a) Proper Complaint Channel.
b) Above things are taken care bad will get a reciprocal called good.
c) Appraiser should be source of inspiration.
4. a) Appraisers should not be indulged in showing favoritism.
b) Appraisers should understand the loopholes and try to sort out the same of grieved and unproductive employee.
c) Appraisers should make clear the Key Result Area's and Key Performance Area's to the Appraisees before the beginning of the appraisal period.
5. a) Post appraisal benefits employee for his next expedition.
b) Appraiser should be one who up raises the standard of Appraisal system by giving proper feedback and suggestions to Appraisee

VII. CONCLUSION

To conclude, Both Appraiser and Appraisee are of utmost importance for Performance Appraisal. One has to cope with the other for better and effective results which will in turn increase the productivity, There by achieving the goals of the organization.

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