

A THEORETICAL STUDY ON MODERN ASPECTS OF PERFORMANCE APPRAISAL

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ABSTRACT

In the modern competitive world, the greatest asset of any organization is its "Employees". Employee is an individual who delivers his service to the workplace where he is being employed. Today, there is a new way for reaping the best of the organization through "Performance Appraisals". "Evaluate what you want - because what gets measured gets produced" ~ James A. Belasco. Performance appraisal is a concept that started in the early 20th Century. It is the process of obtaining, analyzing and recording information about an employee to evaluate and improve their performance. Performance appraisal is evaluated in terms of Quality, quantity, time and cost and also analyses the value that the employee adds to the goals of the organization. "Encouraged people achieve the best; dominated people achieve second best; neglected people achieve the least." Best HR Practices comprises one of the important elements known as "Performance Appraisal" which is the most popular mantra for high organizational performance, which are believed to raise the morale and energy level of the employee. It becomes critical to every organization to improve the appraisal methods in order to increase the productivity. The present study focuses on modern methodologies of performance appraisal with special reference to the most recently introduced "720 Degree performance appraisal." It sheds some light on how the modern methods of appraisal are different from that of the traditional methods. The study is based on the Secondary sources of information obtained from Journals and website articles, in order to analyze the modern methodologies of performance appraisal, to focus mainly on 360 degree and 720 degree performance appraisal, and to differentiate between the traditional and modern methods of performance appraisal.

INTRODUCTION

A performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. Other aspects of individual employees are considered as well, such as organizational citizenship behavior, accomplishments, potential for future improvement, strengths and weaknesses, etc. To collect PA data, there are three main methods: objective production, personnel, and judgmental evaluation. Judgmental evaluations are the most commonly used with a large variety of evaluation methods. A PA is typically conducted annually. The interview could function as "providing feedback to employees, counseling and developing employees, and conveying and discussing compensation, job status, or disciplinary decisions". PA is often included in performance management systems. Performance management systems are employed "to manage and align" all of an organization's resources in order to achieve highest possible performance. "How performance is managed in an organization determines to a large extent the success or failure of the organization. Therefore, improving PA for everyone should be among the highest priorities of contemporary" organizations.

Some applications of PA are performance improvement, promotions, termination, test validation, and more. While there are many potential benefits of PA, there are also some potential drawbacks. For example, PA can help facilitate management-employee communication; however, PA may result in legal issues if not executed appropriately as many

employees tend to be unsatisfied with the PA process. PAs created in and determined as useful in the United States are not necessarily able to be transferable cross-culturally.

A major concern of every organization should be to contribute positively towards the achievement of its objective. Organizational effectiveness is often equated with managerial efficiency. A manager can ensure organizational effectiveness only by guaranteeing the full utilization of human resource available through individual employees under his guidance. Hence, it is always required for a manager to monitor and measure the performance of employees.

Moreover, since the organization exists to achieve the goals, the degree of success that individual employees have in reaching this individual goal is important in determining organizational effectiveness. The assessment of how successful employees have been at meeting their individual goal to come a critical part of human resource management. This leads to concept of performance appraisal.

A performance appraisal system functions as definitions of performance.

0 Assessment can be used to:

- Provide a '**gap analysis**' between personal perception and others' perceptions of individual and team performance.
- Focus managers and staff on performance areas that need development.
- Recognize and maintain areas of individual and team strength.
- Approach performance issues in a non-confrontational, constructive manner (due to the confidentiality and anonymity of the process).
- Develop performance improvement plans for individuals and teams.
- Develop individual or teams-based training needs analysis programmers.

Performance appraisal is a method of evaluating the behavior of employees in the work spot, including both qualitative and quantitative aspects of job performance indicates how an individual is fulfilling the job demands and it is always in terms of results. Under performance appraisal not only the performance of an employee but also his potential for development is evaluated.

“Performance Appraisal is a systematic description of an employee’s job relevant strengths and weaknesses”.

In performance appraisal or merit rating refers to all the formal procedures used in working organizations to evaluate the personalities and contributions and potential group members. In appraisal system the employee’s merits like initiatives, dependability, personality etc., are compared with others and ranked to rated. Appraisals might be based on the criteria of employee’s skills, educational

Qualifications, knowledge, abilities to delegate plans, supervise; assume responsibility, exercise leadership, personal qualities, creativity, decision making and interpersonal skills.

An appraisal motivates an employee into increased effort aimed at enhancing the outcome of the assessment. It tells an employee what set of activities or what qualities are considered desirable by the organization.

It is the systematic method of obtaining, analyzing & recording information about an employee that is needed:

- For effective management of business.

- By the manager to help him improve the jobholder's performance and plan his career.
- By the jobholder to assist him to evaluate his own performance and develop himself.

OBJECTIVES OF THE STUDY:

- The objective is to know how effective is the execution appraisal system in **Dr Reddy's laboratories limited (Dr Reddy's)** Hyderabad.
- The aim of most performance appraisal programming is to encourage the employees to set his own objective for the next time period following the review of his past performance. It enables the management to make effective decisions/ to modify earlier decisions based on the evaluation of the existing plans, information system, job analysis, and internal and external environment factors influencing employee performance.
- The objectives is to identify the common goals of the organization, define each individuals major areas of responsibility in terms results expected of him, review the individual performance progress in a job and his potential for future improvement. It aims at providing data to managers with whom they may judge future job assignments and compensation.
- To establish an objective basis from the different levels of performance and to identify executives with potential to grow in the organization.
- To counsel the employees appropriately regarding their strengths and weaknesses and asses in developing them to realize they are full potential in line with the company's objectives and goals. Always emphasize that the role of a manager is to offer constructive support and not condemn. Give the employees many opportunities to ask guidance to air grievances and discuss anxieties
- To creating a work environment that promotes safety, people training and development and performance orientation in line with Dr Reddy's values and policies.
- To Improvement in supply and availability of utilities and time bound repair of m/c and equipment's (along with the relevant records as per site objectives).
- Ensure that the equipment and related systems (both old and new) are (re)qualified / (re)validated as per schedule.
- Reduce utilities consumption in line with the site objectives. To identify and implement energy conservation measures.
- To ensure that all the drawings and technical specifications of the equipment and system in his/her area is updated.
- To ensure clean room performance (checks, calibration, qualification and maintenance, along with documentation, of filters and other related equipment's) as per SOP.

SCOPE OF THE STUDY:

- In the present study an attempt has been made to know the actual implementation of performance appraisal techniques in general and some other aspects such as awareness of the workers, effectiveness of the performance appraisal system in particular.
- Human resource projections are valid on appraisals. By improving job skills, the employees have lot of scope for development and prepare themselves for higher responsibilities.

- A thorough analysis of the performance appraisal system will help the management to know the short comings, if any. It also helps the company in knowing whether the performance appraisal techniques are used to full extent or not, there by the researcher can understand the effective implement of the performance appraisal system.

NEED OF THE STUDY:

- The need of the study of **performance appraisal** is to determine what aspects of performance are required to be evaluated.
- To identify those who are performing their assigned task well and those who are not and the reason for such performance.
- To provide information about the performance ranks basing on which decisions regarded salary fixation, conformation, promotion, demotion and transfer are taken.
- To provide feedback information about the level of achievements and behavior of an employee.
- To provide information and counsel the employee.
- To compare actual performance with the standards and in out deviations (positive and negative)
- To create and maintain satisfactory level of performance.
- To prevent grievance and in disciplinary activity.
- To facilitate fair and equitable compensation.
- To ensure organizational effectiveness.
- It guarantees useful information about employees and the nature of their duties.
- We can briefly say that performance appraisal systems are necessities to assess performance at regular intervals with consistency to study improvements, deviation and to take corrective actions to bridge gaps and improve performance over a period of time.

RESEARCH AND DEVELOPMENT:

The research and development division, established in the late 2080's, is central to the active pharmaceutical ingredients business. It contributes significantly to our business by creating intellectual property, providing research to reduce the cost of production of the products and playing an active role in the selection and development of new products.

The analytical research group supports the development activity by carrying out impurity profiling, structure elucidation and stability studies.

DATA COLLECTION

The research methodology is a systematic way to solve the problem and it is an important component of the study without which researcher may not be able to obtain the facts and figures from the employees.

SOURCE OF DATA:

The study is based on primary as well as secondary data collected from different sources:

A). Primary Data:

The primary data is collected with the help of questionnaires, which consists of twenty questions each. The questionnaires are chosen because of its simplicity and liability. Researcher can expect straight answers to the questions. The respondents are informed about the significant of the study and requested to give their fair opinions.

B). Secondary Data:

Secondary data is collected through the documents provided by the personnel department. The documents include personnel manuals, books, reports, journal, etc.

SAMPLING PROCESS/TECHNIQUES:**A). Sample Unit:**

The executives and employed at **DR REDDYS LABORATORIES LIMITED.**, Hyderabad constitute 'universe' of the present study. A part of it is taken as sample unit for the present study. It includes JGMS, AGMS, manager and other employees of **DR REDDYS LABORATORIES LIMITED** Hyderabad.

B). Sample Size:

The sample size consists of 100 respondents employed in **DR REDDYS LABORATORIES LIMITED**, Hyderabad. Of these 30 are executives, 20 are senior executives and the remaining 50 are employees.

PERIOD OF THE STUDY:

Since so many years **DR REDDYS LABORATORIES LIMITED** Hyderabad has been following the same procedure of appraisals for their executives and employees and for the study of my project last on-year data has collected on performance appraisals.

LIMITATIONS OF THE STUDY:

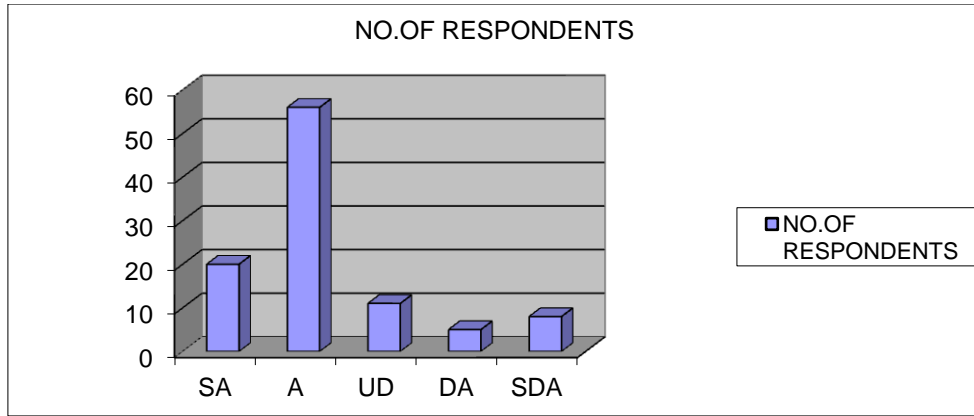
- ❖ Due to time constraints the study was limited only for 45 days.
- ❖ Random sampling method has been adopted and all limitations applicable to that method are applicable here also.
- ❖ The authenticity of information provided by the New Entrant Manager cannot be assured.
- ❖ Analysis of the data has been done based on the assumptions that the information provided by the respondents is genuine.
- ❖ The sample size is small when compared to total universe, Hence the capability of study to the whole universe is constraint.

CHAPTER-IV**DATA ANALYSIS & INTERPRETATION****DATA ANALYSIS & INTERPRETATION**

1. Appraisal here is purely based on work performances.

Workers opinion	No.of Respondents	Scale	Aggregate values
Strongly Agree	28	2	56
Agree	40	1	40
UnDecided	12	0	0
Disagree	20	-1	-20
Strongly Disagree	0	-2	0
Total	100		76

Graph 1:



INTERPRETATION

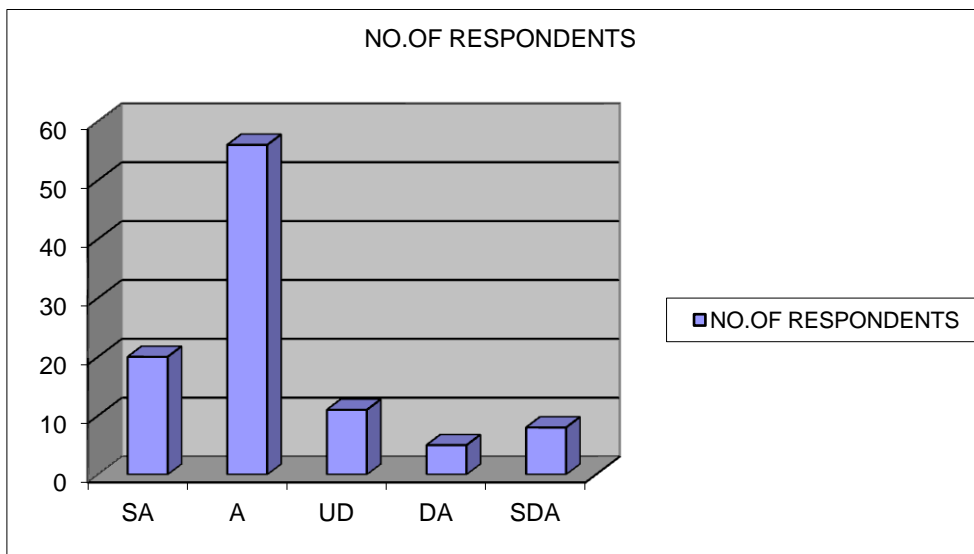
From the above graph it is informed that 68% of the employees feel that appraisal is purely based on work performance and 12% are undecided, 20% are disagree with it.

From the table the mean is 0.76 & S.D is 1.0 ie most of the respondents are Satisfied with the aspect of quality of work factor

2. We feel performance Appraisal is very significant for organizational development.

Workers opinion	No.of Respondents	Scale	Aggregate values
Strongly Agree	20	2	40
Agree	56	1	56
UnDecided	11	0	0
Disagree	5	-1	-5
Strongly Disagree	8	-2	-16
Total	100		75

Graph 2:



INTERPRETATION

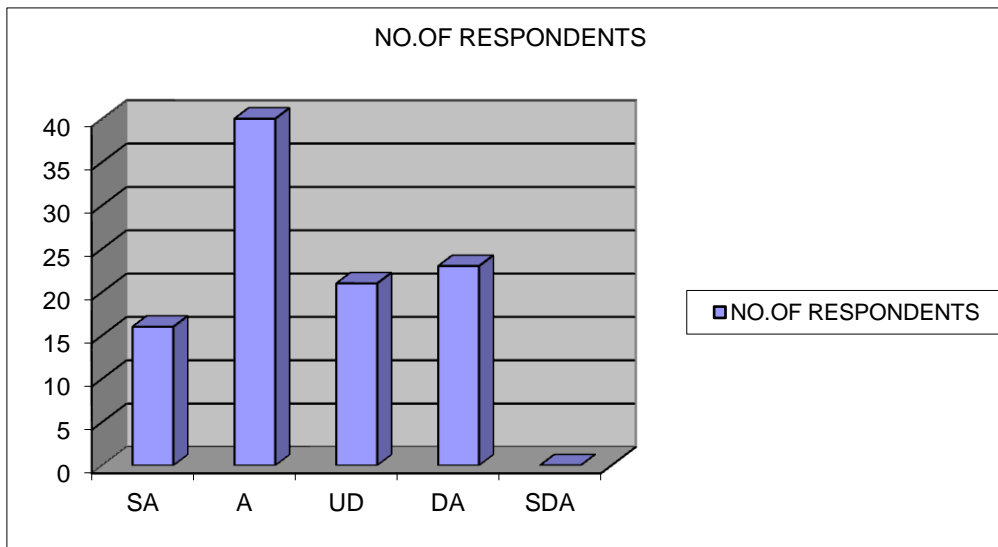
From the above graph it is informed that 76% of the employees feel that Performance appraisal is significant for organizational development and 11% are undecided, 13% are disagree with it.

From the table the mean is 0.75 &S.D is 1.07 ie most of the respondents are satisfied with the aspect of Organizational Development factor.

3. Group Characteristics Affect My Appraisal

Workers opinion	No.of Respondents	Scale	Aggregate values
Strongly Agree	16	2	32
Agree	40	1	40
UnDecided	21	0	21
Disagree	23	-1	-23
Strongly Disagree	0	-2	0
Total	100		49

Graph 3:



INTERPRETATION

From the above graph it is informed that 56% of the employees of the appraisal is affected by the group characteristics and 21% are undecided and 23% are disagree with it.

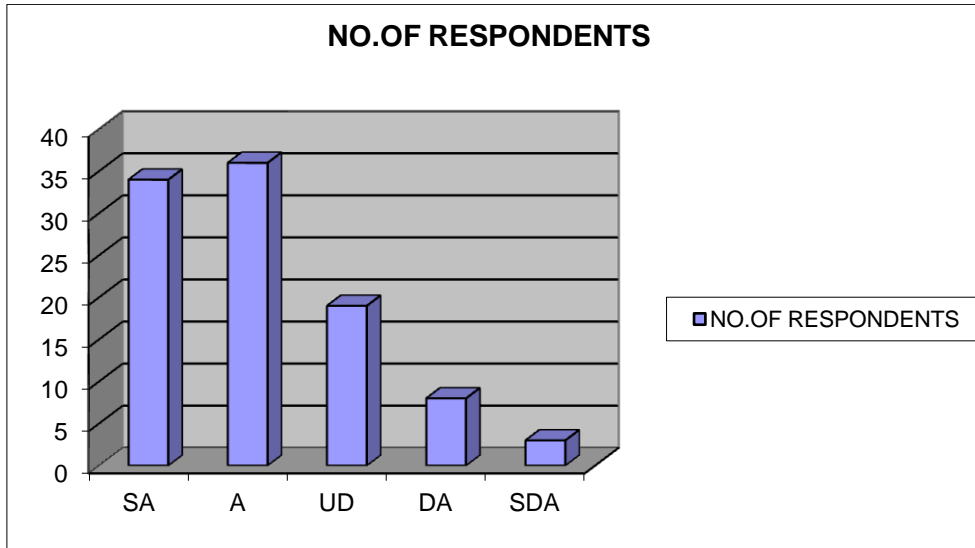
From the table the mean is 0.49 &S.D is 1.07 ie most of the respondents are satisfied with the aspect of Group characteristics.

4. I prefer a reviewing officer to reduce bias

Workers opinion	No. of Respondents	Scale	Aggregate values
Strongly Agree	34	2	68

Agree	36	1	36
Undecided	19	0	0
Disagree	8	-1	-8
Strongly Disagree	3	-2	-6
Total	100		90

Graph 4:



INTERPRETATION

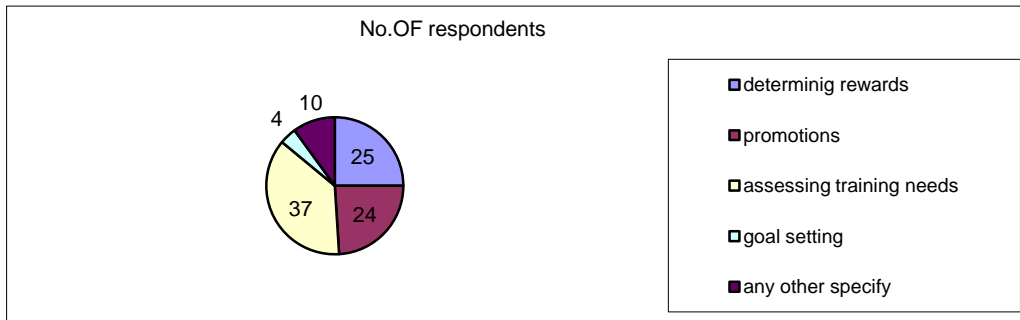
From the graph it is inferred that 70% of employee prefer a reviewing Officer and 19% are undecided and 11% do not prefer reviewing officer.

From the table the mean is 0.90 & S.D is 1.07 ie most of the respondents are preferring reviewing officer to reduce bias.

5. Appraisal here serves the following purposes

S.No	Options	No of respondents
1	Determining rewards	25
2	Promotions	24
3	Assessing training needs	37
4	Goal setting	4
5	Any other specify	10

Graph 5:



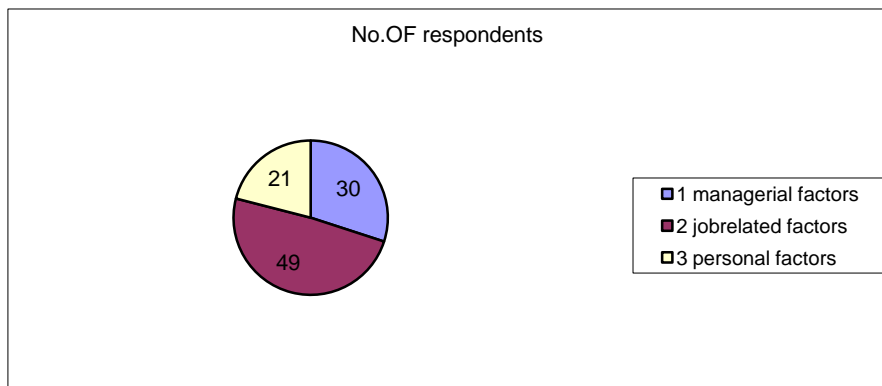
INTERPRETATION

Majority of the employees opine that appraisal serves for assessing training needs.

6. What factors are being considered in appraising the performance of the existing system.

S.No.	Options	No of respondents
1	Managerial factors	30
2	Job related factors	49
3	Personal factors	21

Graph 6:



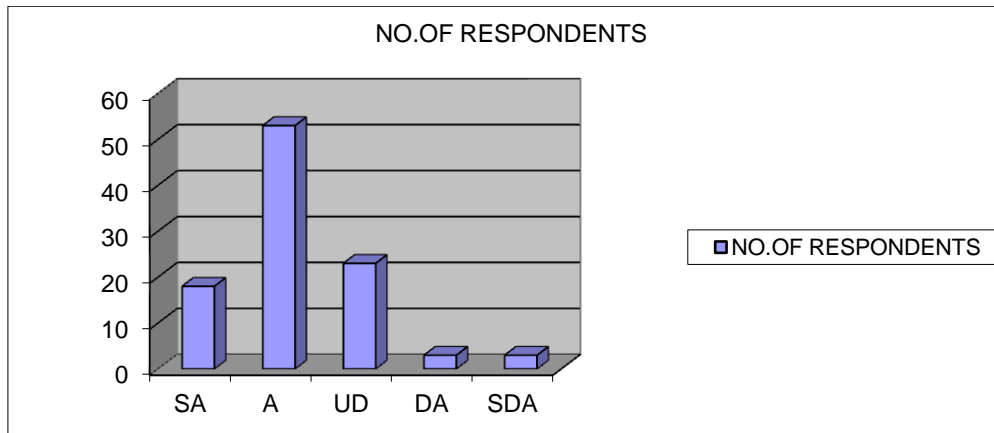
INTERPRETATION

From the above table majority of the employees opine that managerial factors are being considering in appraising the performance of the existing system

7. My superior notices always good performances

Workers opinion	No.of Respondents	Scale	Aggregate values
Strongly Agree	18	2	36
Agree	53	1	53
UnDecided	23	0	0
Disagree	3	-1	-3
Strongly Disagree	3	-2	-6
Total	100		80

Graph 7 :



INTERPRETATION

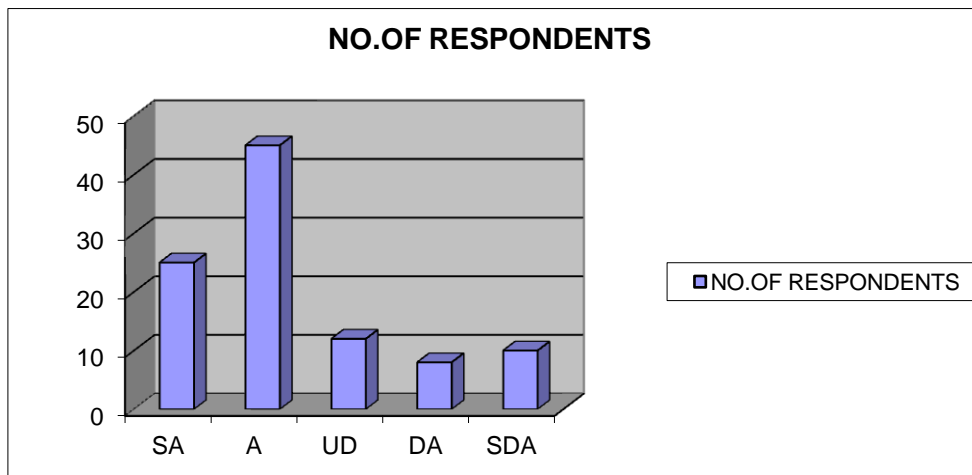
From the graph it is inferred that 71% of the employee opine that superiors appraise their performance and 23% are undecided and 9% are disagree with it.

From the table the mean is 0.80 & S.D is 0.83ie most of the respondents are satisfied with the aspect of Performance factor.

8. A committee should discuss your performance and counsel accordingly.

Workers opinion	No.of Respondents	Scale	Aggregate values
Strongly Agree	25	2	50
Agree	45	1	45
UnDecided	12	0	0
Disagree	8	-1	-8
Strongly Disagree	10	-2	-20
Total	100		67

Graph 8:



INTERPRETATION

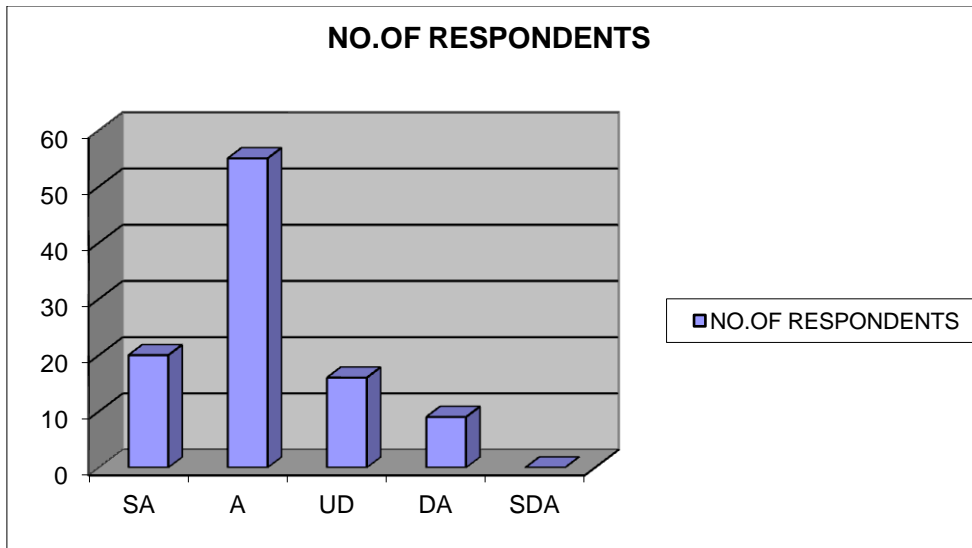
From the above graph it is informed that 70% of the employees feel a committee discusses our performance and counsel accordingly and 12% are undecided, 18% are disagree with it.

From the table the mean is 0.87 & S.D is 1.2 i.e. most of the respondents are satisfied with the aspect of Counseling Factor.

9. Performance appraisal identifies my training needs and therefore facilitates development.

Workers opinion	No.of Respondents	Scale	Aggregate values
Strongly Agree	20	2	40
Agree	55	1	55
Undecided	16	0	0
Disagree	9	-1	-9
Strongly Disagree	0	-2	0
Total	100		86

Graph 9:



INTERPRETATION

From the above graph it is inferred that 75% of the employees are agreed that PAS identify the training needs and facilitates development and 9% are disagree with it.

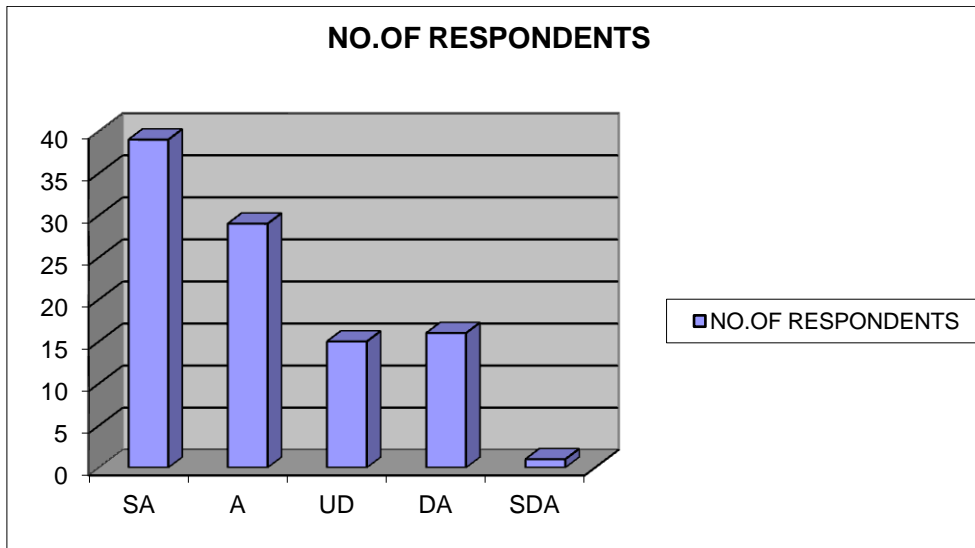
From the table the mean is 0.86 & S.D is 0.85 ie most of the respondents are satisfied with the aspect of Training and Development factor.

10. We would prefer a change in the current appraisal method.

Workers opinion	No.of Respondents	Scale	Aggregate values
Strongly Agree	39	2	78

Agree	29	1	29
UnDecided	15	0	0
Disagree	16	-1	-16
Strongly Disagree	1	-2	-2
Total	100		89

Graph 10:



INTERPRETATION

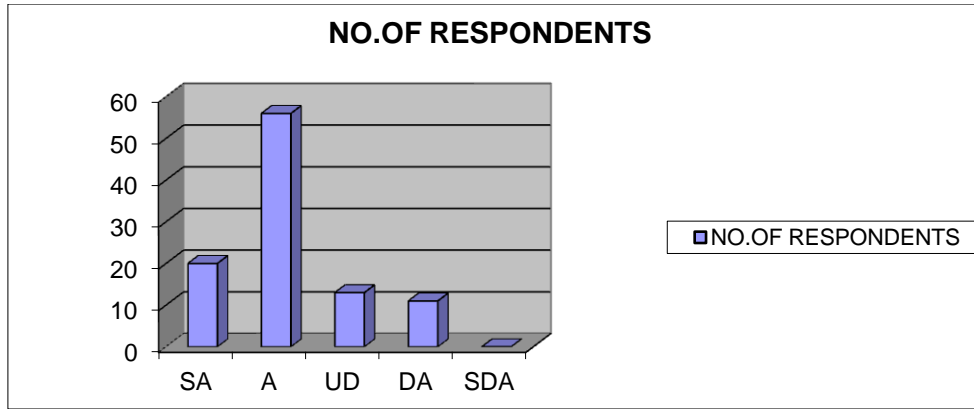
From the above graph 68% of the employees feel that prefer a change in the current appraisal method and 15% are undecided and 17% are disagree with it.

From the table the mean is 0.89 & S.D is 1.12 i.e. most of the respondents are agreed with that they prefer a change in the current performance appraisal system.

11. Self- appraisal is allowed and is a useful to give a picture of my achievements.

Workers opinion	No. of Respondents	Scale	Aggregate values
Strongly Agree	20	2	40
Agree	56	1	56
UnDecided	13	0	0
Disagree	11	-1	-11
Strongly Disagree	0	-2	0
Total	100		85

Graph 11:



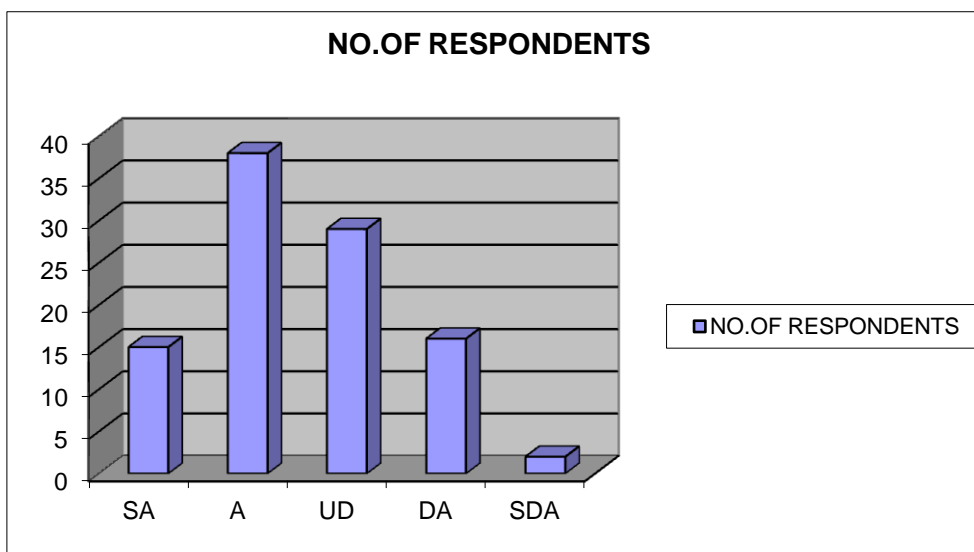
INTERPRETATION

From the graph 76% are agreed that self appraisal is allowed and is a useful to give a picture of my achievements and 11% are disagree with it. From the table the mean is 0.85 & S.D is 1.0 i.e. most of the respondents are satisfied with the aspect of Self Appraisal factor.

12. Performance appraisal is done to get the feedback.

Workers opinion	No.of Respondents	Scale	Aggregate values
Strongly Agree	15	2	30
Agree	38	1	38
UnDecided	29	0	0
Disagree	16	-1	-16
Strongly Disagree	2	-2	-4
Total	100		48

Graph12:



INTERPRETATION

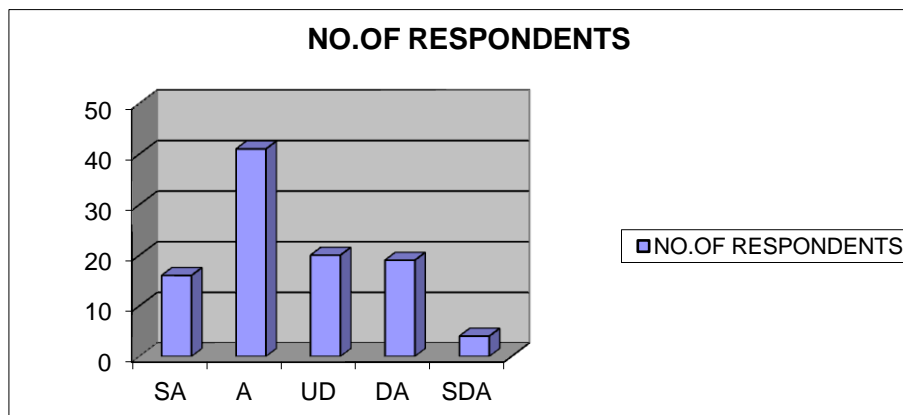
From the above table it is informed that 53% of the employees feel Performance appraisal is done to get the feedback and 29% are undecided , 18% are disagree with it.

From the table the mean is 0.48 & S.D is 1.0 ie most of the respondents are satisfied with the aspect of feedback factor.

13. Team work is considered as a factor in appraising our performance

Workers opinion	No.of Respondents	Scale	Aggregate values
Strongly Agree	16	2	32
Agree	41	1	41
UnDecided	20	0	0
Disagree	19	-1	-19
Strongly Disagree	4	-2	-8
Total	100		46

GRAPH 13



INTERPRETATION

From the graph 57% of the employees opine that team work is considered as a factor in appraising our performance, 20% are undecided and 23% are disagree with it.

From the table the mean is 0.46 & S.D is 1.0 ie most of the respondents are satisfied with the aspect of Team work factor.

CHI-SQUARE TEST

This test is performed to analysis the given hypothesis

Ho:- Self Appraisal is helpful to know the strengths and weaknesses & realization of potential of employees.

H1:- Self Appraisal is not helpful to know the strengths and weaknesses & realization of potential of employees.

	SA	A	UD	DA	SDA	Total
Opportunity for self review	25	53	18	2	2	100
Achievement	20	56	13	11	0	100
Total	45	109	31	13	2	200

O	E	(O-E)	(O-E) ²	(O-E) ² /E
25	22.5	2.5	6.25	0.27
30	22.5	7.5	56.25	2.5
53	54.5	-1.5	2.25	0.04
56	54.5	1.5	2.25	0.04
18	15.5	2.5	6.25	0.40
13	15.5	-2.5	6.25	0.40
2	6.5	-4.5	20.25	3.11
11	6.5	4.5	20.25	3.11
2	1	1	1	1
0	1	-1	1	1
				11.87

$$(r-1)(c-1) = (2-1)(5-1)$$

$$= 1 \times 4 = 4$$

$$4df = 9.48$$

$$\text{Critical value} = 9.48$$

$$\text{Calculated value} = 11.87$$

$$\text{Calculated value} > \text{Critical value}$$

Thus H_0 is rejected

Inference:

Self Appraisal is helpful to know the strengths and weaknesses & realization of potential of employees is accepted.

**CHAPTER V
FINDINGS, SUGGESTIONS AND CONCLUSION**

FINDINGS:

- Performance does not affect reward system as majority of the employees feel that their reward system is not based on performance.
- Performance Appraisal seems to be more effective in the organisation development as majority of the employees feel that performance appraisal shows the impact in the individual development and thus leads to organisational development.

- Majority of the employees feel that the appraisal is affected by the group characteristics.
- Majority of the employees preferring a reviewing officer to reduce bias in appraising employee's performance.
- Most of the respondents opined that performance appraisal is just like a small factor for assessing training needs to higher jobs.
- Most of the respondents opined that performance appraisal is based on specific job related technologies, 30% of the respondents opined that uniform for all.
- Most of the respondents agreed that their superior is the right person to assess their performance.
- Majority of the employees agreed that committee discussing their training needs and counseling them accordingly.
- Majority of the employees are satisfied with the type of recognition upon them and according to the majority of respondents feel that there is a good recognition for good performance.
- There exists interrelation ship between performance appraisal and training needs in the organization. Because majority of the employees feel that performance appraisal identifies their training needs and therefore facilities development.
- 38% Of the respondents stated that present appraisal system is very good, 30% of the respondents stated that excellent, 17% of the respondents opined that satisfactory.
- According to the majority of respondents, in organizational development self appraisal system is playing a major role through providing a picture of individual achievements.
- Majority of the employees feel that inhibiting factors should be considered while setting targets.
- Majority of the employees opine that their always work by the tasks they perform.
- Most of the respondents Annually assessed their performance more objective.
- Appraisal system always improves performance of employees as majority of the employees feel that the appraisal system provides an opportunity for self review and realization of potential.
- Most of the respondents agreed that the performance appraisal system has scope for communicating strategies, policies etc. to employees.

SUGGESTIONS:

- The management may design an appraisal system in such a way that appraisal should be purely based on work performance.
- Training programs shall be improved by conducting career counseling.
- The management design a more effective appraisal than the existing system and reveal the factors they consider to appraise the performance of all employees .
- An effective performance appraisal system which facilitates mutual goal setting and feedback should be designed.
- The management may appoint a reviewing officer so as to reduce bias in appraising employee's performance.
- Management should consider inhibiting factors while setting targets.
- Management should reward employees based on performance.

CONCLUSION

- To summarize our discussion we can say that the "Performance Appraisal" is an integral part of performance management and has become the important component of the HRM. Performance management includes activities to ensure that goals are consistently being met in an effective and efficient manner. Performance management can focus on performance of the organization, banks, a department, processes to build a product or service, employees, etc
- Performance management reminds us that being busy is not the same as producing results. It reminds us that training, strong commitment and lots of hard works alone are not results. The major contribution of performance management is its focus on achieving results -- useful products and services for customers inside and outside the bank and organization. Performance management redirects our efforts away from busyness toward effectiveness.
- Recently, organizations have been faced with challenges like never before. Increasing competition from businesses across the world has meant that all businesses must be much more careful about the choice of strategies to remain competitive. Everyone (and everything) in the organization must be doing what they're supposed to be doing to ensure strategies are implemented effectively.
- This situation has put more focus on effectiveness, that systems and processes in the organization be applied in the right way to the right things: to achieve results. All of the results across the organization must continue to be aligned to achieve the overall results desired by the organization for it to survive and thrive. Only then it be said that the organization and its various parts are really performing.

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