



PERFORMANCE APPRAISAL: A GAP ANALYSIS

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Abstract: In any organization employees want to and need to know where they stand. Managers are expected to improve performance and stimulate productivity and what more a better way than Performance Appraisal. The main focus is to study the different methods and implications of Performance appraisal in an automotive and manufacturing sector, where people are constantly engaged in manufacturing, performance appraisal becomes very important. This paper presents how better performing employees are identified for which they are placed at a higher post in the organization and the impact it has on various aspects which are crucial to the organization. Questionnaire method on a 5 point Likert-scale was used to collect the data. The data has been collected from 100 respondents. The frequency and descriptive statistical analysis of responses are carried out. The influence of age, education and company experience is studied. The statistical approach of Chi-square and Correlation is used for the analysis of responses. The result shows that employees undergo a 360 degree performance appraisal, in which the employees are evaluated by all other employees (foremen, lower level employees etc.) and the employers. This method not only improves their productivity but also improves employee-employer relationship. The analysis also showed that the various extra materials given to them during the performance appraisal period

had a considerable impact. Employees were being trained by both internal trainers and external experts.

1 INTRODUCTION

In almost every organization, every employee is subjected to periodic appraisal based on his performance. Through performance appraisal an organization can make the best use of its human resources which further brings rationality in the organization. It is a tool that is used to differentiate between an effective and ineffective employee. It is not something that can be used as a choice but it is compulsory.

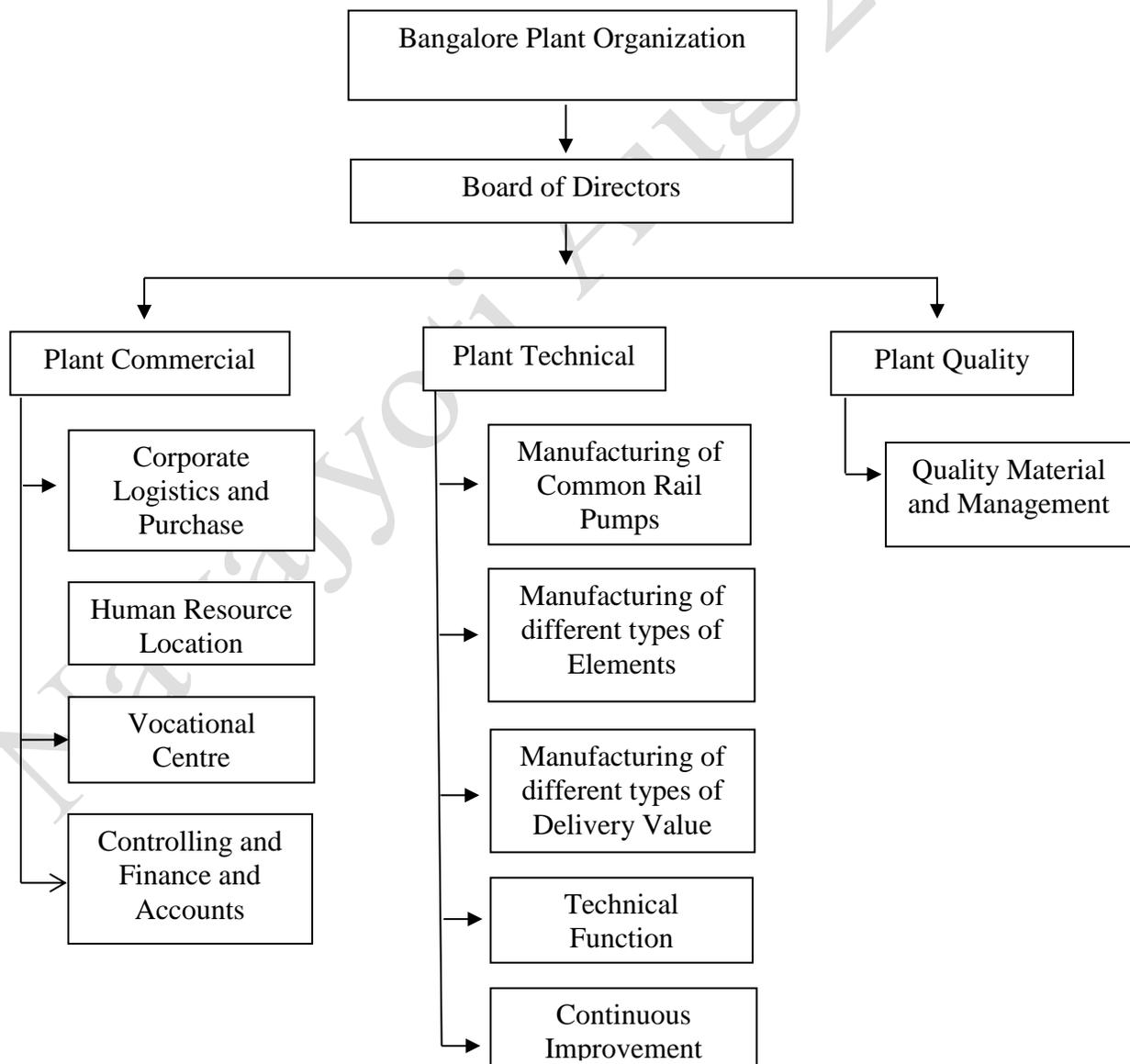
Therefore, it is a must for every organization for its growth and survival. The appraisal practices are in somewhere structured and formally sanctioned and in other instances they are an important and integral part of daily activities. It is a planned and systematic process.

2 INDUSTRY FOCUS

This paper focuses on performance appraisal in “The Conglomerate Industry” which comprises of expansive associations occupied with numerous business lines inside the mechanical part, where something like two business lines involve a generous segment of the organizations’ absolute task. Organizations in the business ordinarily do direct business on a world wide scale.

The Industrial Conglomerate Industry avoids monetary holding organizations over different areas, arranged in financial services- Diversified and associations working inside modern segment. This

industry has various car innovations, mechanical innovation, shopper products and vitality and building innovation. It makes and exchanges items, for example, diesel and gas fuel infusion frameworks, car secondary selling items, starters and generators, modern gear, bundling machines, electrical power devices, security frameworks, and mechanical and buyer vitality items and arrangements. Performance appraisal in such industry tends to be very difficult because of tough work, no targets, production time etc.



3 PERFORMANCE APPRAISAL

People are the most valuable asset of an organization but yet, the reality for many organizations is that their people remain undervalued, undertrained and underutilized.

Performance appraisal is the process of assessing the performance and progress of an employee or a group of employees on a given job and his/her potential for future development. It consists of all formal procedures used in the working organizations to evaluate personalities, contributions and potentials of employees. Thus keeping it very simple.

3.1 CHARACTERISTICS

1. Performance appraisal is a process.
2. It is the systematic examination of the strengths and weakness of an employee in terms of his job.
3. It is scientific and objective study. Formal procedures are used in the study.
4. It is an on-going and continuous process wherein the evaluations are arranged periodically according to a definite plan.
5. The main purpose of Performance appraisal is to secure information necessary for making objective and correct decision on an employee

3.2 PROCESS

1. Establishing performance standards
2. Communicating the Standards
3. Measuring Performance
4. Comparing the actual with the standards
5. Discussing the appraisal

6. Taking Corrective Action

3.3 LIMITATIONS

1. Errors in Rating
2. Lack of reliability
3. Negative approach
4. Multiple objectives
5. Lack of knowledge

3.4 METHODS OF PERFORMANCE APPRAISAL

The different methods of performance appraisal are:

1. **Essay Appraisal:** In this method the rater is asked to write a paragraph about the ratee highlighting their potential, strength and weakness. It is a simple method.
2. **Graphic Rating Scale:** In this technique the ratee is assessed on the quality and quantity of his/her work.
3. **Field Review:** In this method the ratee is assessed by someone outside the department.
4. **Forced-Choice Method:** In this method the rater answers a set of questions about the ratee in terms of Yes or No.
5. **Forced-Distribution Method:** In this method the performance of an employee is distributed statistically which reduces biases.
6. **Check-List Method:** In this method the rater is given a set of questions regarding the employees being appraised and they need to check the appropriate ones.

7. **Ranking Methods:** In this method the employees are ranked in the order of priority where the number one position is the highest.
8. **Critical Incidents Method:** In this method the rater has to identify critical incidences i.e. situations of good and bad behaviour of employees and they are rated.
9. **Grading Method:** In this method the employees are graded as: outstanding, satisfactory and unsatisfactory.
10. **Paired-comparison ranking:** In this technique the employee is compared with other employees based on each aspect.
11. **Management by objectives:** In this method the superior appraises the employee keeping in mind the objectives of the organization and not for any personal greed.
12. **Behaviourally Anchored Rating Scale (BARS):** In this method the qualitative and the quantitative aspects of the employees are rated based on the bench mark set by other already appraised employees.
13. **Assessment centres:** It is a location where the managers of all departments are assessed on their behaviour.
14. **360 degree feedback:** In this method the ratee is rated by the superior, subordinates, peers and customers.

3.5 BENEFITS OF PERFORMANCE APPRAISAL

- Measures an employee's performance.
- Helps in clarifying, defining and redefining priorities and objectives.
- Motivates the employee through achievement and feedback.
- Facilitates assessment and agreement of training needs.
- Helps in identification of personal strengths and weaknesses.
- Plays an important role in Personal career and succession planning.

- Clarifies team roles and facilitates team building.
- Plays major role in organizational training needs assessment and analysis.
- Improves understanding and relationship between the employee and the reporting Manager and also helps in resolving confusions and misunderstandings.
- Plays an important tool for communicating the organization's philosophies, values, aim, strategies, priorities, etc. among its employees.

3.6 RATING ERRORS IN PERFORMANCE APPRAISALS

The various rating errors in Performance appraisals are:

1. **Leniency or Severity:** -The rater might be very lenient in rating the employees because of his/her personal relation with the appraisee.
2. **Central Tendency:** - This happens when the appraisee is incorrectly rated near the average statistical scale.
3. **Halo Error:** -This error occurs when one aspect of an employee affects the overall appraisal system of that employee.
4. **Rater Effect:** -Since an employee is a favourite employee of an employer he/she may be rated with favouritism. Mistakes of such employees are overlooked.
5. **Primacy and Regency Effect:** - The Manager or the rater is influenced greatly by the behaviour possessed by the ratee post primacy period and after Regency period.
6. **Performance Dimension Order:** - In this method the rater gets confused with two or more dimension on a performance scale and might rate each one of them because of proximity.
7. **Spillover Effect:** - The past good and bad performance appraisal of an appraisee influences the present appraisal of that employee.

4 PROBLEM STATEMENT

The Research is based on "Performance Appraisal in Conglomerate Industry". The thought has been grown simply in the wake of concentrate the audit of writing and discussion with specialists. The point of the examination is to contemplate the purposes for the disappointment towards Performance Appraisal among workers of Conglomerate industry. The examination centers about the predominant Performance Appraisal in Conglomerate industry with uncommon reference to a portion of the real Conglomerate which are picked by land territory. The examination intends to:

- a. Study the Performance appraisal.
- b. Impact of superior subordinate relationship
- c. Participation of employee in performance appraisal
- d. Staff development

4.1 OBJECTIVES

Each research is done with some intention. The purpose of this research is to get answers of some problems through using statistical tools and measures. The objectives under my study are given below:

1. To determine the factors desired by the employees to be included in the existing system.
2. To know whether superior-subordinate relationship affects the performance appraisal of an employee.
3. To find the relationship between Performance appraisal and development of employees.
4. To determine the increase in productivity due to Performance appraisal.
5. To find if Performance appraisal is a waste of time and money.

5 RESEARCH METHODOLOGY:

Primary data: The essential information is only the direct information gathered from the field and in this manner comprises of unique data accumulated for a particular reason. Data was collected through administration of questionnaires from respondents.

Secondary data: The data which is already collected by other sources are used for study as a basis in order to proceed forward. So the secondary data involves past records which talks about past only and do not provide up to date information about the topic. Some of the data is also collected from books, magazines, websites.

Sampling Techniques:

My research study is based on random sampling. In this method, the population, age and gender is divided into groups after survey, and sample is drawn according to the survey.

Sample unit - The sample universe for my study are consumers in Bangalore.

Sample size - The sample size is 100.

6 HYPOTHESIS

Hypothesis is an assumption which is tested for its rightness or wrongness.

H₀: A Performance Appraisal play does not play an important role in increasing productivity. In fact it is a waste of time and money.

H₁: Performance Appraisal plays a very important role in increasing productivity.

7 ANALYSIS OF OBJECTIVES

A questionnaire was prepared and was distributed to 100 respondents. Based on the feedback obtained from them and after applying various tests, the following results were obtained:-

- ➔ Performance appraisal leads to increase in productivity proved by -Chi square test.
- ➔ Performance appraisal leads to development of employees proved by- Correlation test.
- ➔ Performance appraisal does not affect superior-subordinate relationship proved by- Chi square test.
- ➔ Supply of reading material is not affective during performance appraisal period proved by - T test.

8 SUMMARY OF FINDINGS:

1. 56% of the employees are working from 1-3 years in the Conglomerate industry.
2. Company will provide performance appraisal for both current employees and new employees.
3. Company has been conducting performance appraisal programs ranging from 1 to 6 months in a year.
4. 92% of the respondents agree that the performance appraisal program will make them do their jobs more effectively.
5. Company has been using both On-the-job and Off-the-job performance appraisal methods.
6. The performance appraisal classes are handled by both external and internal trainers.
7. Employees feel that the reading material provided during performance appraisal program is good.
8. 88% of the employees said that the trainers have used all the techniques of performance appraisal like lecturer, demonstrations and coaching in performance appraisal classes.
9. 76% of the employees from respondents agreed that none of the things will trouble very much while they are in performance appraisal.
10. 100% of the respondents agreed that feedback has been collected after the performance appraisal program.
11. 88% of the respondents agreed that, performance of the job has increased after performance appraisal program.
12. 70% of the employees agree that performance appraisal helps in learning and sharing information.
13. 90% of the respondents agree that performance appraisal method will focus on developing team work and leadership skills.

14. The 82% of the respondents feel that performance appraisal is compulsory for the employees.

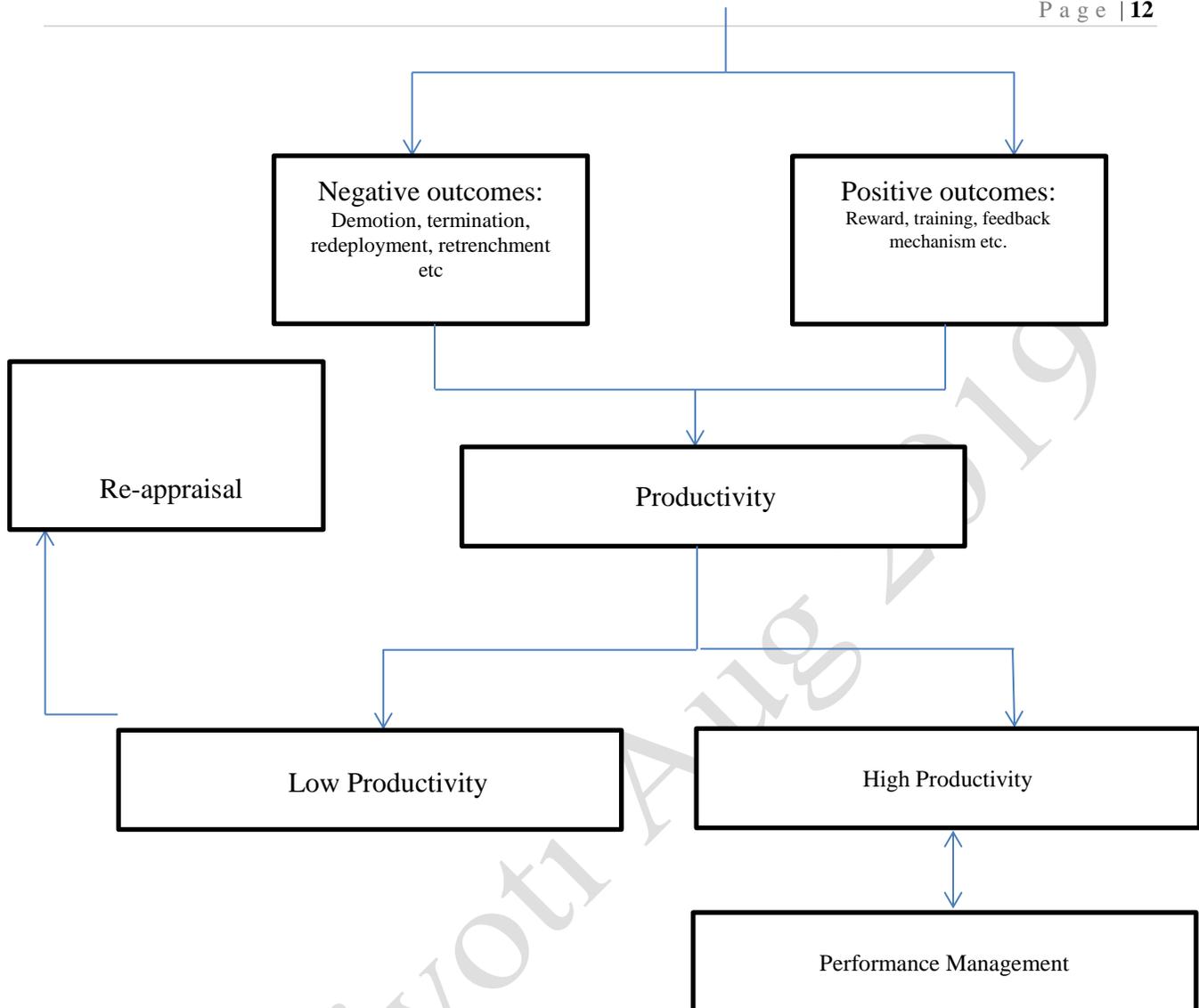
15. 98% of the employees said that performance appraisal helps to improve employee employer relationships.

9 SUGGESTIONS:

1. Certificate should be given to the trainees at the end of performance appraisal program which will motivate the employees.
2. Performance appraisal programmes should not only be conducted on need basis but should focus on technology and market change conditions.
3. The company should concentrate more on development programs to improvise economic growth.
4. It is suggested that manufacturing industry should provide the performance appraisal rooms/ venue with updated technology.
5. The T & D program can be done in order to measure the outcomes or the success on monitory basis.
6. Proper scheduling of job and the targets should be provided for employees to find time to attend the performance appraisal programs without any constraints.

10 SUGGESTION MODEL





11. CONCLUSION:

From the above observation and findings, it can be seen that the subjects as employees' whole have more or less responded equally to all the statements. The subjects felt that they have been appraised about the performance appraisal before and after the performance appraisal, that means enhancing their skills, while the methodologies adopted are good. With regard to attitudinal changes on exposure to performance appraisal it is believed by the training and development that such programs would have influence to some extent. Employees are able to distinguish the effect of performance appraisal programs and they had agreed the performance appraisal programs would benefit employees for better performance rather than giving them recognition.

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