

A STUDY ON EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM IN MANUFACTURING SECTOR

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Abstract

Performance appraisal is said to be regular review of employer's contribution to organisation growth. Organisation growth can be termed in terms of volume of employers, level of sales, it can also be measured in terms of sales volume, from human resource management, and perspective the performance of staff should be measured. The performance of staff should be reviewed on periodical basis. Quarterly basis would be highly suggesting to analyse the performance of employees, it evaluates the employee's skills, achievement and growth. The study has been undertaken to understand how far the appraisal system is effective in specific to manufacturing sector, usually in service industry it is quite simple to measure service quality provided by employee as the customer nor the client gives feed back whereas in manufacturing sector the employer should make an extraordinary effort and apply various kinds of appraisal system. The objective of the study To study the performance appraisal system for managerial grade employer of manufacturing sector. To study the effectiveness and to offer suggestions from HR perspective. When employees possess a meaningful role in the appraisal process, employee acceptance and satisfaction with that process is strongly enhanced. An appropriately conducted appraisal process will result in better placement of employees, brings role clarity and leads to job satisfaction which is a great motivating factor for an employee.

Keywords - Appraisal, HR Perspective , Sales Volume

Introduction

Performance appraisal is said to be regular review of employer's contribution to organisation growth. Organisation growth can be termed in terms of volume of employers, level of sales, it can also be measured in terms of sales volume, from human resource management, and perspective the performance of staff should be measured. The performance of staff should be reviewed on periodical basis. Quarterly basis would be highly suggesting to analyse the performance of employees, it evaluates the employee's skills, achievement and growth. The companies use performance appraisal to provide feedback on their work, to increase bonus, to sophisticate with incentives and also to terminate. There are various kinds of appraisal like 90,180,270,360,540 and 720 degree appraisal. In 90 degree appraisal there is no self -evaluation, it is one way and top down. The 180 degree appraisal process involves the appraise filling the self-evaluation form, the appraiser and appraise sit together for the review meeting and go for signing off. The 270 degree of employee appraisal adds the three categories of people, the appraiser, appraise and the peers they sit for meeting to discuss about the performance of appraise, the next is 360 degree appraise involves four groups of people, the appraiser, appraise, the peers and subordinates.

REVIEW OF LITERATURE:

Nalini Leela (2001) investigated "Effectiveness of a performance appraisal system in the Mauritian Public Service" Eighty three interview were conducted started from top management to the rank and file officers.

The qualitative methodology was used in the study. Primary data consisted of structured open response interviews with officers in their capacity as rates while secondary data was obtained from government documents.

NEED FOR THE STUDY:

The study has been undertaken to understand how far the appraisal system is effective in specific to manufacturing sector, usually in service industry it is quite simple to measure service quality provided by employee as the customer nor the client gives feed back whereas in manufacturing sector the employer should make an extraordinary effort and apply various kinds of appraisal system.

OBJECTIVES OF THE STUDY:

1. To study the performance appraisal system for managerial grade employer of manufacturing sector.
2. To study the effectiveness and to offer suggestions from HRperceptive.

RESEARCH METHODOLOGY:

The research design for this study is descriptive in nature. This study is said to be descriptive in nature because it measure the effectiveness of performance appraisal system and it describes by whom it is conducted, how often it is conducted and type of appraisal followed by the organisation.

Source of data

The primary source of data is the response of the managerial grade employees in manufacturing sector, selected for the study to the questionnaire distributed. The questioner consists of sixteen variables and the personal details of respondents. The above said sixteen variables are considered to be the factors that determine the effectiveness of performance appraisal system. These factors are collected by referring to the previous studies and from the net source.

Sampling method

The population for the study include 130 managerial employees of manufacturing sector. The sample size drawn from the population is 50 which covers nearly half of the population representing the whole population.

Statistical tools used

The statistical tools used for the study is ANOVA. ANOVA stands for analysis of variance, the generic name given to a set of techniques for studying the cause and effect of one (or) more factors on a single dependent variable. As only one independent variable is applied for the study, it is called one way ANOVA

Analysis and Interpretation

Analysis of variance is used in this study to understand the performance appraisal system in manufacturing sector. It has been applied to all the 16 variables selected for the study. The significance level taken is .05.

H₀- denotes that there is no significant relationship between the respondents and the variables selected for the study.

H₁- denotes that there is significant relationship between the experience of the respondents and the variables selected for the study.

Table 1
In relation with years of service Identification of Training and development opportunities

Attribute / Years of Service	<2	3-10	11 - 20	>21
Strongly agree	0	6	1	2
Agree	4	18	6	3
Undecided	1	4	1	3
Disagree	0	0	1	0
Strongly disagree	0	0	0	0
Total	5	28	9	8

Anova Table					
Source of Variables	Sum of Squares	Degree of freedom	Mean Square	FC	FT
Between	65-80	4	16.45	.806	3.06
Within	307	15	20.4		

Interpretation

The calculated value is 8.06 and the tabulated value is 3.06. As the calculated value is lesser than the tabulated value , Ho is accepted.It is inferred that that there is no significant relationship between experience of the respondent in the industry and identification of training and development opportunities as the main purpose of the approval.

Table 2
Years of Services and the reward allocation as essential purpose of appraisal.

Attribute / Age	<2	3-10	11 - 20	>21
Strongly agree	2	6	0	2
Agree	2	20	5	3
Undecided	1	1	4	3
Disagree	0	1	0	0
Strongly disagree	0	0	0	0
Total	5	28	9	8

Anova Table					
Source of Variables	Sum of Squares	Degree of freedom	Mean Square	FC	FT
Between	65-80	4	16.45	0.773	3.06
Within	319.20	15	21.28		

Null Hypothesis

There is no significant relationship between years of service of respondent and the reward allocation as the main purpose of the appraisal

Alternative hypothesis

There is a significant relationship between years of service of respondents and the record allocation, as the main purpose of the appraisal.

Interpretation

The calculated value is .773 and the tabulated value is 3.06. As the calculated value is lesser than the tabulated value, H_0 is accepted, It is inferred that there is no significant relationship between experience of the respondents and the allocation. So, it is evident that the purpose of the appraisal is clear irrespective of the difference seen between the variables.

Table 3
Years of Service of the respondents and the appraisal to be unbiased if 360 degree appraisal takes place.

Attribute / Age	<2	3-10	11 - 20	>21
Strongly agree	1	5	1	2
Agree	2	16	6	2
Undecided	2	7	2	3
Disagree	0	0	0	1
Strongly disagree	0	0	0	0
Total	5	28	9	8

Anova Table					
Source of Variables	Sum of Squares	Degree of freedom	Mean Square	FC	FT
Between	65-80	4	16.45	1.190	3.06
Within	319.20	15	13.81		

Null Hypothesis: (H_0)

There is no significant relationship between years of service of respondents and the appraisal to be unbiased if 360 degree appraisal takes place.

Alternate Hypothesis: (H_1)

There is no significant relationship between years of service of respondents and the appraisal to be unbiased if 360 degree appraisal takes place.

Interpretation :

The calculated value is 1.190 and the tabulated value is 3.06. As the calculated value is lesser than the tabulated value, H_0 is accepted, It is inferred that there is no significant relationship between experience of the respondents in ICL and the appraisal to be unbiased if 360 degree appraisal takes place. Irrespective of the difference seen between the variables., it is clear tha the appraisal is said to be unbiased if 360 degree appraisal.

Table 4
Years of Service of the respondents and the appraisal to be unbiased if 360 degree appraisal takes place.

Attribute / Age	<2	3-10	11 - 20	>21
Strongly agree	1	5	1	2
Agree	2	16	6	2
Undecided	2	7	2	3
Disagree	0	0	0	1
Strongly disagree	0	0	0	0
Total	5	28	9	8

Anova Table					
Source of Variables	Sum of Squares	Degree of freedom	Mean Square	FC	FT
Between	65-80	4	16.45	1.190	3.06
Within	319.20	15	13.81		

Null Hypothesis: (H₀)

There is no significant relationship between years of service of respondents and the appraisal to be unbiased if 360 degree appraisal takes place.

Alternate Hypothesis: (H₁)

There is no significant relationship between years of service of respondents and the appraisal to be unbiased if 360 degree appraisal takes place.

Interpretation :

The calculated value is 1.190 and the tabulated value is 3.06. As the calculated value is lesser than the tabulated value, H₀ is accepted, It is inferred that there is no significant relationship between experience of the respondents in ICL and the appraisal to be unbiased if 360 degree appraisal takes place. Irrespective of the difference seen between the variables., it is clear tha the appraisal is said to be unbiased if 360 degree appraisal.

Findings and suggestions

The employees selected for the study have the same option about performance appraisal system of a manufacturing sector, irrespective of the difference exists between their experience and the variables chosen to study the performance appraisal system in manufacturing sector.

1. Most of the respondents (78%) believe that he purpose of appraisal set by the company is for their potential development which includes training, promotional increase in the salary package.

2. Most of the respondents (62%) agreed that they have participated determining the standards for evaluation and informed about their job responsibilities which gives them a clear idea about their performance after performance appraisal.
3. Majority of the respondent (70%) say that they have cordinal relations with the superior because they feel that they are free to get suggestions at any time from the superior.
4. Nearly 65% of the respondent are satisfied with the evaluative done by the superior and the criteria used for it.
5. Nearly 65% of the respondents are stratified with the feedback received from the superior. They feel that the feedback received from their support is encouraging.
6. Most of the respondents (72%) agree that the objective framed for the system has been justified to some extent. The main purpose of the appraisal system is manufacturing sector is to develop the potential of an individual and to reward them if there performance is seemed to be satisfied.
7. Nearly 62% of the respondents are satisfied with their improvement after each appraisal process. It shows that performance

CONCLUSION

Performance appraisal system is an important tool for motivating and improving employee performance. If it is accompanied with the employees participation from the first stage of the appraisal process till the final one., the appraisal system meets the objectives of appraisal system. Participatory performance appraisal is an essential component of a fair and ethical evaluation of an employees's performance. When employees possess a meaningful role in the appraisal process, employee acceptance and satisfaction with that process is strongly enhanced. An appropriately conducted appraisal process will result in better placement of employees, brings role clarity and leads to job satisfaction which is a great motivating factor for an employee.

Suggestions

The existing performance appraisal system has been found to be effective based on the response of the study unit, yet the following suggestions are stated to make the system more effective.

Usually performance appraisal system in the organisation is conducted once in a year mostly for administrative reasons like promotions, salary increase and retention and termination.

It is suggested that performance appraisal system, it is important that each and every employee should participate in determining the standards for evacuation so it is suggested that are employee could be given chances to participate in determining the standards.