



## A STUDY ON EMPLOYEES PERFORMANCE APPRAISAL SYSTEM IN MADURA COATS PVT LTD. TUTICORIN

T.Shathana\*      Dr.A.Abdhul Rahim \*\*

*\*Research Scholar-Manonmaniam Sundaranar University.*

*\*\*Assistant Professor, Department Commerce, Alagappa Govt. Arts College, Karaikudi.*

### **Abstract**

*The success of a business depends on the people who work, by working hard and exhibiting all their talents. The industries in India have seen an array of changes in the past one decade. The economic scenario which emerged after globalization, privatization and liberalization has thrown a new challenge before any sector. Performance appraisal system was started as a method for the justification of salary and wages. Every organization desires to develop a performance appraisal system, which consists of an established procedure for evaluating the work of employees on a regular basis. Effective appraisal system serves not only to determine how well an employee is working at his job, but also to decide on the ways to improve his performance. An appraisal program is a combination of specific procedures, methods, and requirements for planning, monitoring and rating performance.*

### **Introduction**

Performance appraisal has been one of the most debated management practices for several decades. In order to hold up with the assiduity of the modern day business situation, corporate India needs a new lineage of employees who can work smarter with much more contrivance than their early counterparts. So today's employees constantly need instructive and supportive performance feedback and desired rewards if they are to translate their knowledge into improved productivity and superior quality. So this study shows the employees perception about the performance appraisal practices followed in Madura coats Pvt. Ltd and also current performance appraisal followed in their organization that properly guide, teach and motivate at the same time stream line their potentiality in the right direction.

**Definitions:** The term - performance appraisal refers to the process by which an individual's work performance is assessed. Performance appraisal has been defined as the process of identifying, evaluating and developing the work performance of employees in the organization, so that the organizational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work needs and offering career guidance (Lansbury, 1988). Performance appraisal is the formal process of observing and evaluating an employee's performance (Erdogan, 2002).

**Different Methods:** Most appraisal methods used throughout the world today are based upon the following techniques namely, Graphic Rating Scales; Behaviourally Anchored Rating Scales (BARS), Behavioural Observation Scales (BOS); Mixed Standard Rating Scales; and Management by Objectives (MBO).

**360-degree Performance Appraisal System:** Whatever method of performance appraisal is used, it is necessary to decide whom to use as the source of the performance measures. Each source has specific strengths and weaknesses. We can identify five primary sources: managers, peers, subordinates, self and customers. Now, we can clearly see the development of multi-source appraisals, initially as a means of initiating effective organizational change, but eventually as part of what has been termed 360-degree appraisals. By the 1990s, this type of appraisal was extremely widespread and growing in popularity in both the research and practice arenas. Proponents of the 360-degree feedback approach offer it as a -progressive means of conducting performance appraisal, a means that addresses many procedural justice concerns. These systems appear well suited for the flexible, team-based, change-oriented organizational cultures of many organizations.

Today 360-degree systems are gaining popularity because they tend to reduce the problems of previous generations of assessment methods. The 360-degree appraisal method moves the manager back into a -comfort zone as she or he is now only one among a number of assessors. In addition, it greatly reduces the problems of central tendency, positive Skewness, and - halo effects, it reduces defensiveness on the part of the appraisee because there are a variety of assessors, and it recognizes that subordinates are best placed to assess -leadership or -people management skills. The technique is said to be helpful in defending legal challenges of the outcome of appraisals, it meets the demands for employee empowerment and involvement, and it is a useful tool in tapping employee opinions and attitudes.

**Different Purposes:** Firms engage in the performance-evaluation process for numerous reasons. Managers may conduct appraisals to affect employee behaviour through the feedback process, or to justify some sort of human resource management



action. However, many other benefits may also accrue from the information yielded by the appraisal. These benefits include increases in knowledge regarding the effectiveness of selection and placement programs, training and development needs, budgeting, human resource planning and reward decisions. Performance Appraisal systems can be done with following objectives in mind

1. To maintain records in order to determine compensation packages, wage structure, salaries raises, etc.
2. To identify the strengths and weaknesses of employees to place right men on right job.
3. To maintain and assess the potential present in a person for further growth and development.
4. To provide a feedback to employees regarding their performance and related status.
5. It serves as a basis for influencing working habits of the employees.
6. To review and retain the promotional and other training programmes.

### **Problems in Performance Appraisal**

The performance appraisal systems tend to have several problems. Raters evaluations are often subjectively biased by their cognitive and motivational states and supervisors often apply different standards with different employees which results in inconsistent, unreliable, and invalid evaluations. In order to create better systems, researchers have traditionally focused on validity and reliability by designing newer forms of performance appraisals (e.g., behavioural-based systems that better define specific essential job functions of employees or 360-degree feedback mechanisms that allow for cross-validation via multiple raters). However, despite these recent advances in evaluation design, critics continue to argue that performance appraisal systems are not consistently effective and argue that evaluations are often perceived by employees and supervisors with "fear and loathing". Two possible explanations for the fear and loathing are the absence of a "sense of ownership" and an absence of rewards for properly completing the process. As suggested by evaluation is a sensitive matter, often eliciting negative psychological responses such as resistance, denial, aggression, or discouragement, particularly if the assessment is negative. Thus high perceptions of evaluative performance appraisal use may result in negative feelings about the appraisal.

### **Revive of Literature**

A study by Praveen Ahmed and Kaushik resulted in balanced score card concept where information driven organization put a lot more trust on exploiting intangible assets rather than tangible assets because tangible assets are hard for the competitors to imitate and the organizations can make use of them for sustaining competition. He also added that Balance Score Concept puts strategy and vision not control at the centre. This concept puts the goals and gives the freedom of adopting suitable behaviour and actions to reach these goals.

Sasmitha Polo, conducted a study on improving the job performance feedback following this study, the author has found that the performance appraisal is still a major source of feedback to executives. Her study reveals that performance appraisal is a basic and vital record of the performance of an executive and input to judge his or her future in advancement in his or her career. It is considered not as a fault finding method, but a development process to enable an executive to realize his or her own potential.

A study on Prof. Bata.K.Dey reveals that when the appraise and appraiser being human beings, eminent and pre dominant the Performance Appraisal system need to be humanized. The new Performance Appraisal system should be the triumph of humans over the technical procedure.

Cardy and Dobbins (1994) in their study ascertain that Performance Appraisal is also seen as an important way to identify the Employees strength and weakness, evaluating transfer needs, set plan for future development and provide motivation by saving as a basis for determining rewards and career feedback.

### **Company Profile**

Coats Company founded nearly 250 years ago is now based in over 60 countries. With a group focus on core business, Madura Coats is in the perfect position to lead the way forward in textile crafts, using a brand strength, distribution and technical expertise, along with a dedicated and knowledgeable team.

### **Scope of the Study**

The performance appraisal has been defined as any personnel decision that affects the status of the employees regarding the retention, termination, promotion, demotion transfer salary increases or decreases or admission into a training program. The study take place within the organisation to find various dimensions of performance appraisal system in Madura coats PVT LTD. It is used to identify the performance of the employees and their satisfaction level on the current performance appraisal system. The organization gets benefited by reviewing on its current appraisal system. This also helps to identify the strength

and weakness of the performance of the employees and finally give suggestions to strengthen the existing performance appraisal system in the organization.

### Objectives of the Study

1. To understand the Employees Performance Appraisal system followed in the organisation.
2. To find out the satisfaction level of Appraisal system followed in the organisation.
3. To offer possible suggestions based on findings for improving the system.

### Research Methodology

The study is an empirical study of analytical nature including field survey. Primary data was collected by conducting personal interviews using structured interview schedule which has been prepared and used to have a personal contact to collect information from the employees. Secondary data have been collected from periodicals, text books, journals, and internet. The questionnaire highlighted the data identification as well as the satisfaction level by the respondents. The survey was conducted on 50 employees of the company and majority of them were selected from the sample unit which was selected on random basis. The collected data were analysed by using statistical tools like weighted average, Chi square test and Percentage analysis test the hypothesis and draw inferences. The study was conducted in Human Resource Management regarding Performance appraisal and Performance appraisal system.

**Hypothesis:** Ho: There is no relationship between satisfaction level and the age of respondent

### Observed frequency: (O<sub>i</sub>)

The degree of relationship between the satisfaction levels of staffs and the age group regarding the performance appraisal system.

Age Group (in years)	Highly Satisfied	Satisfied	Dissatisfied	Highly Dissatisfied	Total
Below 25	2	3	2	4	11
26 – 35	5	6	1	2	14
36 – 45	10	4	2	2	18
46 -55	2	1	1	3	7
56 and above	0	0	0	0	0
Total	19	14	6	11	50

Expected Value for the satisfaction levels of staffs = Row total\*Column total/Grant total

O <sub>i</sub>	E <sub>i</sub>	(O <sub>i</sub> -E <sub>i</sub> )	(O <sub>i</sub> -E <sub>i</sub> ) <sup>2</sup>	(O <sub>i</sub> -E <sub>i</sub> )/E <sub>i</sub>
2	4.18	-2.18	4.7524	1.137
5	5.23	-0.23	0.0529	0.010
10	6.84	3.16	9.9856	1.460
2	2.66	-0.66	0.4356	0.164
3	3.08	-0.08	0.0064	0.002
6	3.92	2.08	4.3264	1.104
4	5.04	-1.04	1.0816	0.215
1	1.96	-0.96	0.9216	0.470
2	1.32	0.68	0.4624	0.350
1	1.68	-0.68	0.4624	0.275
2	2.16	-0.16	0.0256	0.012
1	0.84	0.16	0.0256	0.030
4	2.42	1.58	2.4964	1.032
2	3.08	-1.08	1.1664	0.379
2	3.96	-1.96	3.8416	0.970
3	1.54	1.46	2.1316	1.384
Total				8.994

Calculating Chi Square value = (O<sub>i</sub>-E<sub>i</sub>)<sup>2</sup>/E<sub>i</sub>

Degree of freedom = (no of rows - 1)\*(no of columns - 1)  
= (4-1)\*(5-1)



$$= (3) (4) \\ = 12$$

Since calculated chi - square value is 8.994 at 5% level of significance at 12 degrees of freedom which is less than table value 21.026. Hence, we accept the null hypothesis framed. So it is inferred that there is no relation between age and satisfaction level of the staffs about the performance appraisal system.

### Findings

1. Majority (36%) of the employees in the organization are in the age group of 26 to 45 years and it is followed by 28% of employees age is between 26 to 35 years 22% of the employees are below 25 years and only 14% from the total amount of the respondent fall in the age group of 46-55 years.
2. The organization has been conducting the Performance Appraisal twice in the year.
3. 94% of the employees are aware about the performance appraisal system which is followed by them in the organization only 4% of the employees are not aware of the appraisal system.
4. 36% of the employees are highly satisfied with the current appraisal method which has been followed in the organization and 44% of the employees are satisfied only 20% employees are not satisfied.
5. 46% of the employees in the organization say that the performance appraisal is conducted for the promotion based activities but 28% of the employees suggest the appraisal is conducted for training and development and 14% understood it has been for wages and salary administration.

### Suggestions

1. The management should give more importance to the employee's performance and should identify all the factors for the motivation of the employees and special care should be given to each employees working in the organization.
2. The management should concentrate on the training and development programs of employees and the management should implement the training facilities within the organisation.
3. The management should review whether the current performance appraisal system helps the employees to improve their performance or the system has to be remodelled.
4. The management should immediately collect the feedback about the satisfaction of the employees whether they like or dislike the current appraisal system.
5. The company should provide more monetary and non monetary reward based on the performance of the employees to motivate and increase their performance.

### Conclusion

The employees in the Madura coats respond more wisely with the standards expected. The management has to strongly consider the feedback of the employees with their appraisal objectives. The management has to mutually discuss the management objectives set by the management and individual objectives that collectively reach the goal of the organization. The problem such as discrimination of employees based on sex, age race has to be completely eliminated from the organization. The yield and the resource get affected and the real potential would not be got accessed due to these factors. We would optimistically suggest that the organization is growing and got developed in terms of implementing and utilizing the performance appraisal as a major tool for the employee's performance. The principal purpose of an appraisal system should be to improve the employee and the organizational performance. The system must be based on a deep regard for people and recognize that employees are the most important resource. The system should first of all contribute to the satisfaction of all the employees. This tenet will require a continuous effort in counselling, coaching and honest, open communications between the employee and supervisors.

### References

1. Sasmitha polo- national journal on personal Management –VOL XXII, NO.3 Pg.NO 16 -20.
2. Praveen Ahmed Alan and Mr.Kaushik – Personal Today – Indian Journal on Personal Management VOL.XXIX, No.2 Pg.No 13 -15.
3. Prof.Bata.k.Dey – Indian Journal on Personnel Management VOL.XXIX – Pg. No2, Pg.No 9 -12 .
4. R.N.Long – A new context for Performance Appraisal Health care Management, VOL 3(1)Pg.No 3-8.
5. Cardy and Dobbins(1994) Performance Appraisal- Academy of Management urnal,VOL - 35 Pg.No 19 – 23.