A Study on Effectiveness of Performance Appraisal at City Motocorp Pvt. Ltd. Raipur

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Abstract- Performance appraisal is an important management process for measuring and evaluating the performance and abilities of employees in an organization. This content provides an overview of performance metrics, highlighting their importance, key points, challenges, and improvement strategies. It includes effective and measurable standards, accurate data collection procedures, fair and impartial evaluations, and positive feedback. The impact of various performance measures, such as rating scales, behavioral measures, and goal setting methods, was also investigated. Additionally, the disclosure suggests potential strategies for improving performance measurement. These strategies include creating a culture of continuous feedback, encouraging employees to engage in goal setting and self-assessment, technology-based performance management, and promoting support and transparency in the climate organization. Finally, it points to the importance of regular evaluation and the development of performance measures. It highlights the importance of integrating performance measurement with management skills and using data gathered from performance measurement to inform decision-making processes such as promotions, rewards and training interventions.

Indexed Terms- Performance Appraisal, Management, Promotions, Skills, Self-Assessment.

I. INTRODUCTION

Once the employee has been selected, trained and motivated, he is then appraised for his performance. Performance Appraisal is the step where the Management finds out how effective it has been at hiring and placing employees. If any problems are identified, steps are taken to communicate with the employee and remedy them.

"Performance Appraisal is a process of evaluating an employee's performance in terms of its requirements."

Performance Appraisal can also be defined as "the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for purposes of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally."

IMPORTANCE AND PURPOSE

Performance Appraisal has been considered as the most significant an indispensable tool for an organization, for an organization, for the information it provides is highly useful in making decisions regarding various personnel aspects such as promotion and merit increases. Performance measures also link information gathering and decision-making processes which provide a basis for judging the effectiveness of personnel sub-divisions such as recruiting, selection, training and compensation. Accurate information plays a vital role in the organization as a whole. They help in finding out the weaknesses in the primary areas.

Formal Performance Appraisal plans are designed to meet three needs, one of the organization and the other two of the individuals namely:

- They provide systematic judgments to back up salary increases, transfers, demotions or terminations.
- They are the means of telling a subordinate how he is doing and suggesting needed changes in his behavior, attitudes, skills or job knowledge. They let him know "where he stands with the Boss.
- Superior uses them as a base for coaching and counseling the individual.

On the basis of merit rating or appraisal procedures, the main objectives of Employee Appraisal are:

- To enable an organization to maintain an inventory of the number and quality of all managers and to identify and meet their training needs and aspirations.
- To determine increment rewards and to provide reliable index for promotions and transfers to positions of greater responsibility.
- To suggest ways of improving the employee›s performance when he is not found to be up to the mark during the review period.
- To identify training and development needs and to evaluate effectiveness of training and development programs.
- To plan career development, human resource planning based potentials.

The latest mantra being followed by organizations across the world is "getting paid according to what you contribute" – the focus of the organizations is turning to performance management and specifically to individual performance. Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goals.

PERFORMANCE APPRAISAL STRUCTURE IN THE ORGANIZATION

Summary of the Performance Analysis System Setting performance standards, observing and providing feedback, and conducting appraisals enables the Team Leader to achieve the best results through managing employee performance. To begin the process, the Team Leader and the employee collaborates on the development of performance standards. The Team Leader then develops a performance plan that directs the employee's efforts toward achieving specific results, to support organizational growth as well as the employee's professional growth. Discussion of goals and objectives throughout the year provides a framework to ensure that employees achieve results through One on One and mutual feedback. At the end of the rating period, the Team Leader appraises the employee's performance against existing standards, and establishes new goals together for the next rating period. As the immediate supervisor, the Team Leader plays an important role; his closest interaction with the employee occurs at this level. There are four key elements in the appraisal system:

1. Set objectives - Decide what the Team Leader wants from the employees and agree these objectives with them.
2. Manage performance - Give employees the tools, resources and training they need to perform well.
3. Carry out the appraisal - monitor and assess the employees' performance, discuss those assessments with them and agree on future objectives.
4. Provide rewards/remedies - Consider pay awards and/or promotion based on the appraisal and decide how to tackle poor performance.

Objective –

- To understand the effectiveness of performance appraisal system
- To examine the performance appraisal system by diagnosing the strength and weakness of the existing system.
- To find out the opinion of the employees about the present system.
- To ascertain the awareness level among the employees about the performance appraisal system.
- To know the ways to improve the performance appraisal system.

II. LITERATURE REVIEW

Devries, Morrison, Shullman and Gerlach (1981) define performance appraisal as a process by which an organization measures and evaluates an individual employee's behavior and accomplishments for a finite period.

Eichel and Bender (1984) Over the past quarter century, the purpose of performance appraisal has shifted from tools supporting the activities of management to an increasing trend towards personnel development.

Churchill et al., (1985) Appraisals are generally considered to have a positive influence on performance, hut they also may have a negative impact on motivation, role perceptions, and turnover when they are poorly designed or administered.

Scheneier, Richard & Lloyd (1986) is concerned with three possible measures namely assessing results, behaviors, and personal characteristics. Each dictates a specific type of appraisal format based on competency or job-related behavior. These forms of appraisals are made by single or multi rater (two or more of supervisor/ peer/self/subordinate/outsider)

Prince and Lawler (1986) found that the constructs "work planning and goal setting" and "discuss performance attributes" exerted a positive influence on employees' satisfaction with and perceived utility of the performance appraisal. In contrast, the construct "career development" showed little influence on performance appraisal satisfaction.

Cleveland, Murphy, and Williams, (1989) Development provided by the immediate supervisor has been shown to be an important and common use of performance appraisal.

Vroom (1990) states that formal performance appraisal plans can be designed to meet the following key needs: (a) the organization; (b) the supervisor; and © the employee. He stresses the need for effective evaluation as it can effectively serve these critical areas.

Denhardt (1991) defines performance appraisal as a specific evaluation with respect to an individual's progress in completing specified tasks.

Wanna et al (1992) define the objective of staff appraisals as "to improve planning and service delivery at the general level, but also to provide feedback to individual officers".

Cherry (1993) however sees the appraisal process as fundamental to the success of organizational change initiatives citing the work of the "powerful formative effects (of performance management) on the organisational power structure, on the workforce skill profiles and on corporate culture".

Blanchard et al. (1994) discusses the fact that leadership style is the pattern of behaviors you use with others as perceived by them. The critical part being that it is how others perceive your behaviors that determine your leadership style and that this perception will be based on how you communicate.

Moulder (2001) states that performance appraisals are valued for defining expectations and measuring the extent to which expectations are met. She goes on to state that appraisals can make clear to employees where they are having success and where they need to improve performance. Moulder indicates that appraisals are useful in setting goals and in fostering improved communications among work groups and between employees and supervisors

ICMA (2005) states that almost all employees are eager to know how well they are doing in their jobs, but many dread the meetings in which their performance is to be discussed.

According to Angelo S. DeNisi and Robert D. Pritchard (2006) "Performance appraisal" is a discrete, formal, organizationally sanctioned event, usually not occurring more frequently than once or twice a year, which has clearly stated performance dimensions and/or criteria that are used in the evaluation process. Furthermore, it is an evaluation process, in that quantitative scores are often assigned based on the judged level of the employee's job performance on the dimensions or criteria used, and the scores are shared with the employee being evaluated.

Rocio de Andres (2010) looked into Distance function approaches are used to evaluate performance. Some companies use performance appraisal to analyse their employees' efficiency and production in order to plan their promotion, wage, and layoff policies, among other things. Initially, only the executive staff carried out this procedure, but it has since grown into an evaluation process based on the opinions of many reviewers, supervisors, collaborators, consumers, and the employees themselves (360-degree method). Reviewers analyse several signs connected to an employee's performance appraisal in such a process. The authors of this research proposed an evaluation system in which diverse groups of reviewers participate in the evaluation process. Given that reviewers have varying levels of knowledge about the employee being evaluated, it appears reasonable to provide a flexible framework in which reviewers can express their opinions on multiple finite scales based

on their expertise. The ultimate goal is to create a global appraisal for each employee that the management team may use to make decisions about human resources strategy. In this way, the authors suggested a mechanism for aggregating individual valuation in a framework measure in order to achieve a global evaluation for each employee. The underlying optimization problems can be simplified to a fairly simple Extended Goal Programming formulation in this application.

Lillian, Mathooko & Sitati (2011) The information gathered and performance appraisal provide basis for recruitment and selection, training and development of existing staff, and motivating and maintaining a quality human resource through correct and proper rewarding of their performance.

Sharma (2012) these methods are less structured than the traditional method which is less focuses on the rankings and ratings and more emphasis on arranging meetings between employees and supervisor.

Yoganandan, Saravanan and Priya (2013) A pilot study of 56 employees focused on the performance evaluation system and the organization's growth. It looked at how the present PAS aids employee career development as well as employee participation in the performance evaluation process. The current evaluation method, which uses the IBHAR software, is well received by employees. Participation of employees in the development of performance assessment goals and priorities. The value of an employee's strengths and faults is underlined during the appraisal process. The result is good, indicating that employees are always improving in order to reach the company's growth goals.

Aguinis (2013) Aguinis conducted a meta-analysis of 607 studies and found a small-to-moderate positive relationship between performance appraisal and job performance. He emphasized the importance of clear performance criteria, effective feedback, and accountability for improving appraisal effectiveness.

Manish Khanna (2014) Performance appraisal is significant since it is an important part of any company's human resource strategy. Managing individual and team performance to accomplish corporate goals has a clear value. Performance appraisal is a significant instrument in the hands of personal management because it achieves the department's major goal of appraising the individual's worth, which is the major goal of the department of people development. Employees and their supervisors can collaborate to improve job results and satisfaction through the performance management process. When both the employee and the supervisor take an active role and work together to achieve the organization's goals, this approach is most effective. The management and the employee meet once a year for an appraisal. However, various trends are altering the appraisal's style and interaction. The authors reviewed certain unstructured appraisal methodologies, classic methodologies, and new performance appraisal strategies in this paper.

Schleicher et al. (2017) Schleicher and colleagues examined the effectiveness of different appraisal approaches. They found that a developmental approach, focusing on coaching and employee growth, yielded better outcomes than a traditional evaluative approach focused solely on ratings and rankings.

III. RESEARCH METHODOLOGY

Research comprises defining and redefining problem, formulating hypothesis or suggested solutions; collecting, organizing and evaluating data; making deductions and research conclusions; and at last, carefully testing the conclusions to determine whether they fit the formulating hypothesis. Research is thus an original contribution to the existing stock of knowledge making for its advertisement. It is pursuit of truth with the help of study, observation, comparison and experiment. In short, the search for knowledge through objective and systematic method of finding solution to problem is research.

Data Interpretation
How do you find the Performance Appraisal Model in this Organization? (Mark all the relevant options)
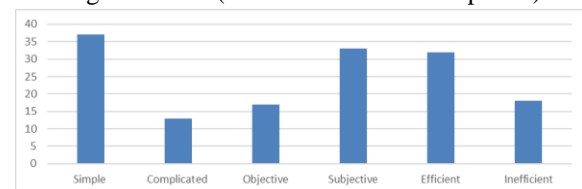
Data
1) Simple-37
2) Complicated-13
3) Objective - 17
4) Subjective - 33
5) Efficient - 32
6) Inefficient - 18

Analysis

From the above chart it can be inferred that, a majority of the sample respondents have found the Appraisal Model to be simple and efficient on one hand but also subjective on the other hand. The Appraisal model has been thoroughly dealt with during the training so the employees know exactly what is expected of them. The HR department follows an open door policy which ensures that any queries regarding the policy can be clarified to the employee s satisfaction. But the employees are of the opinion that the subjective nature of the Appraisal system is one of the main disadvantages. The fact remains that due to the kind of work carried out by City Motocorp Pvt. Ltd., it becomes quite irrelevant to appraise on an objective basis.

In your opinion, does the Performance Appraisal System give a proper assessment of your contribution to the Organization?
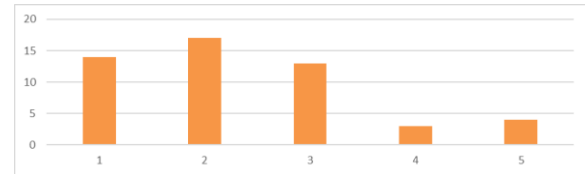

Data
1) Yes 27
2) No - 23

Analysis

About 54% of the respondents say that the Performance Appraisal System does give a true and fair view of their contribution to the Organization. This does include employees who think that their rating does not always turn up to be correct as per their opinion.The group of respondents who have replied in the negative, also include candidates who say that the appraisal does not turn out to be right most of the times but do show a fair view sometimes. Since the appraisal

is done o a quarterly basis and most of the candidates have not gone through more than 2-3 rounds of appraisals, the data may not be entirely sufficient to reach any conclusions.

According to you, how often should the Performance Review take place?

Data
1) Once in a week - 14
2) Once a month – 17
3) Every 3 months - 12
4) Every 6 Months - 3
5) Once a Year - 4

Analysis

Performance appraisal review is a constant process and lesser the frequency between the appraisals, the better. The majority want (i.e. 86% which includes the first 3 options only) the frequency of the appraisal to less than 3 months. The employees say that the longer the frequency between appraisals, the more the chances of the appraisal not matching up to their expectations because many performances get overlooked. If the appraisal is done on a more frequent basis, the employee has a chance to find out the gaps in his / her performance on a more regular basis which will help them to improve more on their performance and thereby eliminate waste. The appraisal does not necessarily have to be a formal one. Even informal performance appraisals done between formal appraisals but on a more frequent level will most certainly help and go a long way in improving performance.

What is your Satisfaction level with the current Appraisal System?

Data
1) Very Low - 0
2) Low - 4
3) Average 13
4) High - 28
5) Very High - 5

Analysis

The satisfaction level of the Appraisal system is quite high as can be seen from the graph. This is a good sign as increased level of satisfaction is the main emphasis of any appraisal system. The curve tops at the rating of high and this includes about 56% of the population. The bell curve shows that 92% have rated the Appraisal system as average ,high or very high . The high Satisfaction level in the System could also be due to various reasons like monetary or non-monetary incentives or growth parameters.The satisfaction level also brings to light the efficiency of the management in devising an acceptable Appraisal system.

IV. FINDINGS AND CONCLUSIONS

The following are the suggestions and conclusions derived from this particular research study:

Effective Communication

One function of performance appraisals is to help employees develop so they can contribute more effectively. In order for the employees to develop and learn they need to know what they need to change, where (specifically) they have fallen short, and what they need to do. If a manager assigns a 1(unsatisfactory) on a scale of 5, it does not convey much information to an employee. It just says the manager is dissatisfied with something. In order to make it meaningful and promote growth, far more information must be added to the appraisal process and the related information should be transparently shared with the employee.

Fairness

Most employees resist being classified at the low end of the scale. Employees who are low rated are more likely to resist the evaluation of the superior and argue, claiming that personal bias was involved in the ratings.

Managerial Efficiency

The implementation of a Performance Appraisal System rests on the shoulders of the manager and he must ensure that it is done properly. A good manager can make an average appraisal system work and vice-versa.

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