Chapter IV
Research Methodology

4.0 Introduction

The Researcher, being the student of Personnel Management and also associated with activities related to Human Resources, almost for two decades, had an opportunity to conduct some interviews of Employees and Officers in his organizations to understand their feelings about Performance Appraisal / Review Management; on many occasions. It was observed that Appraisers and Appraises were not satisfied with the Performance Appraisal / Review System in vogue and were criticizing the System for one or other reason.

The Appraisers (Sr. Managers) believed it was waste of time and had been introduced as a just gimmick by HRD Dept. for unnecessarily interfering in their Departments. The Appraisers did not trust usefulness and validity of the System itself and were always seen commenting “We know our people, why to go through all these hassles”. Appraises, on the other hand, usually felt that this was the another weapon in the hands of Managers to exercise their command and to mobilize evidence which could be used against subordinates. At the top of it, it was always said that Performance Appraisal System had become mainly a routine Form Filling Farce and hardly served the purpose that an Organisation wishes to achieve. During the British period, the promotions were not considered on the basis of Performance.

The System was very biased and partial. Perception, caste and creed, attitude ethics were the criteria for consideration. Generally, seniority was the main criteria at least in deciding the promotion policy. At a later stage, it was felt that the Performance Appraisal System would have a heavy leaning towards the development of the Employees and the evaluation to a greater degree can be taken care of by the potential Appraisal System. It was also assumed that the relationship between the Superior and the Subordinate is very crucial for the development. In early 80s, the system of Performance Appraisal was carried out once in a year, wherein Managers used to rate their subordinates on various attributes and their competencies. There were boxes in the Form prescribed for Performance Review, where one can fill the rating /grading about the areas with respect to individual’s performance during the completed year. The ratings showing the strengths and weaknesses of individual were
not discussed with him/her, as the same was kept very confidential. As there was no transparency in the process, the individual was not informed about the areas where he/she was lacking and necessitating improvement thereupon. The said Form was utilized only for the consideration of Promotion, Merit Increments, rewards and in any case without getting the major benefits for driving strong business results of the Organization and hence, the very purpose of the System was getting defeated to a large extent. However, now a-days, the Performance Management Systems are widely recognized as a key business strategy for creating Performance driven culture in the Organisation and in turn, for driving strong business results, thanks to Multinational Companies (MNCs) who ensure that their Performance Management / Appraisal Systems are very effective and meaningful process.

These facts obviously encouraged the researcher to undertake the research work related to recent trends in Performance Appraisal Systems and Practices followed in some selected Organisations for studying the following objectives:

4.1 Objective of the Study

- To study the existing Performance appraisal system in selected Large manufacturing Industries.
- To study the objectives for which the Performance appraisal system are used in the Selected Companies.
- To evaluate the content and design of the Performance Appraisal Forms used by them.
- To study the different techniques used for performance measurement and statistical methods employed.
- To study the performance counseling approach used by companies.
- To identify the different rating errors present in the rating system used by the companies.

4.2 Hypothesis

Development of Hypothesis:

Hypothesis provides the focal point for research. Hypothesis is a principal instrument in this research which sets forth as an explanation for the occurrence of some Specified phenomena to guide the investigation in the
light of established facts. The working Hypothesis was laid down in order to
test its logical consequences as follows,

*Performance Appraisal system provides competitive strength to an
organization.

*Performance Appraisal system facilitates positive motivation to the
employees.

Coverage and Methodology of the Study:

It was decided to conduct the study in selected large manufacturing
industries of Maharashtra state. 100 selected large manufacturing industries
from different sectors such as Engineering, Automobiles, Automobile
Components, Pharmaceuticals, Chemicals, Electronics, Food Beverages etc in
and around Nasik, Mumbai and Pune, Aurangabad, Jalgaon and Dhule were
taken. The Study was regarding Performance Appraisal Systems and practices
Level to find out its usefulness and effectiveness in these selected
organisations. The thesis has utilized both Primary as well as Secondary Data.

4.3.1 (a) Primary Data: (Through Field Survey, Questionnaires, Interviews
& Discussions, Observations). The Primary Data for this purpose was collected
on the basis of field survey. Two questionnaires were prepared for this
purpose, and were filled on the basis of interview, free and frank discussions
with selected respondents, available relevant literatures of Company /
Organisation and through Observation method. selected Company /
Organisation, in order to get their valued views / comments / information
about the practised Performance Appraisal System in the Company
/Organisation. in order to conduct the field survey, interview and questionnaire
filled in by the HR Executive and Managers / Officers / Supervisors/workers
have been taken as the Study area. The views / opinions / comments of the
respondents from each category have been taken into consideration. Sampling
has been done on the basis of sectorial distribution. statistical techniques are
used to interpret the data, as per requirement.

4.3.2 (b) Secondary Data: In order to conduct the research, the relevant and
concerned books, reports, literatures from various libraries have been referred.
Further, important contributions in the subject matter, from various journals,
magazines, periodicals, reports, bulletins, survey material, newspapers published in India & abroad were also used for the study. The same has been acknowledged at various relevant points in the thesis and listing has been made at Bibliography, at the end.

4.4 Scope of the Study

Based on how human capital is organized and managed to meet the cultural and productive needs of an organization, some individuals inevitably emerge as “key” or “critical” employees, but it is not always obvious who these important people are [Prietula & Simon, 1989]. Accordingly, it may not always be leaders and managers who are obvious key contributors, but rather those everyday actors who offer “something absolutely unique, with a special history in every respect” [Barnard, 1938]. Our objective in this study is to introduce and evaluate task- and knowledge-based measures that can be coupled with traditional social network analysis to more accurately identify hidden yet potentially valuable human resource assets.

This research makes important contributions to knowledge by offering new measures that can be used in evaluating potential human resource assets and risks. Losing such assets can be very costly in terms of both direct financial impacts and indirect effects on morale and knowledge retention. In addition, hidden “assets” can unfortunately become hidden “risks” associated with security breaches, theft of intellectual property and malicious retribution on the part of disgruntled employees [Sparrow, 1991]. A second contribution of our work is in providing measures that can be more easily calculated in realistic, evolving organization settings. Finally, our research is employs a unique and detailed combination of case study analysis, statistical techniques and multi-agent computer simulation, demonstrating how integrated empirical and theoretical methodologies may be applied in real-time human resource management applications as well as in other sociological and business research domains. To find out the performance appraisal system of employee, for this purpose employee working in different selected large scale manufacturing organization located at Maharashtra State region will be contacted and studied. 10 years (1st April 2001:31st March 2002 to 1st April 2010:31st March 2011) research period will be taken to perform this research.
4.5 Limitations of Research Study -:

The research study is also having some limitations. The researcher has undertaken the study within these limitations.

These limitations are mentions as follows:-

- The research work covers a limited span of time i.e. from 1st April 2001:31st March 2002 to 1st April 2010:31st March 2014.
- This research work is the geographical limitation i.e. research work undertaken in the area of selected large scale manufacturing industries of Maharashtra State only

4.6 Research Methodology

<table>
<thead>
<tr>
<th>a. Type of Research</th>
<th>Research has Quantitative, Descriptive, and exploratory type.</th>
</tr>
</thead>
<tbody>
<tr>
<td>b. Method of Study</td>
<td>Research approach has Quantitives. Library as well as field research methods has been used to analyze the impact performance appraisal of human asset.</td>
</tr>
</tbody>
</table>
II. Literature survey has helped clearly state the working hypothesis/hypotheses.  
III. Primary data has been collected by researcher through personal interview, questionnaire method on field survey. The secondary data has been collected from academic journals, conference proceedings, books, magazines, websites, and newspapers etc.  
IV. The next stage comprises of data collection, analysis & interpretation.  
V. The last stage has drawing conclusion & Suggestions from the collected data. |
| d. Source of Data    | I. Primary Data:  
Primary data has collected by researcher through personal interview, questionnaire method on field survey. Such data in |
raw form and must be refined before use.

**Secondary Data:**

The secondary data has collected from academic journals, conference proceedings, books, magazines, websites, and newspapers etc. for certain selected research period i.e. 1\textsuperscript{st} April 2001:31\textsuperscript{st} March 2002 to 1\textsuperscript{st} April 2010:31\textsuperscript{st} March 2011.

e. **Area of Research**

Selected large scale manufacturing industries of Maharashtra State

<table>
<thead>
<tr>
<th>Type of Industries</th>
<th>Maharashtra State Region</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Nashik</td>
</tr>
<tr>
<td></td>
<td>Available</td>
</tr>
<tr>
<td>Large Scale Industries</td>
<td>292</td>
</tr>
</tbody>
</table>


Approximately 15 respondents per organization, total number of respondent will be approximately 1500.

g. **Sampling method**

Random Sampling Method

h. **Analysis of Data**

Analysis of data has been done using cross-tabulation, graphs and pie charts, correlation, factor, scientific method SPSS software etc.

Researcher aims to make significant contribution giving insights into a study of work environment and its impact on employee performance in selected LSI Manufacturing industries in Maharashtra State.
Approximately 15 respondents per organization, total number of respondent has been approximately 1440.

<table>
<thead>
<tr>
<th>Maharashtra Region</th>
<th>Respondents Approx 15 per Organisation</th>
<th>Selected Organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>Nashik</td>
<td>720</td>
<td>50</td>
</tr>
<tr>
<td>Mumbai Pune</td>
<td>300</td>
<td>20</td>
</tr>
<tr>
<td>Aurangabad</td>
<td>210</td>
<td>15</td>
</tr>
<tr>
<td>Jalgaon And Dhule</td>
<td>209</td>
<td>15</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1439</strong></td>
<td></td>
</tr>
</tbody>
</table>

![Bar chart showing respondents and selected organisations by region.](chart.png)
4.7 Utility of the Study

All organizations have assets. Assets are used to produce output - either products or services. Standard accounting techniques allow monetary values to be put to many of these assets - buildings, machinery, transportation, and stock and so on. Management uses this and other information in order to make the most efficient and productive use of their assets. The employees of an organization represent an additional asset - they too are there to produce output and they too have an inherent value. For many good reasons, a human asset value does not appear on the balance sheet - it is intangible and it cannot be sold to raise cash. But for managers to run human assets as efficiently as they can other assets, they need equivalent information. In many businesses, this does not exist - in fact there is often a complete vacuum in this area. Far sighted companies, however, are increasingly using human asset value. Human asset value is a tool which provides managers with new information which can improve decisions on how best to optimize the industry's human a Performance management systems provide an in-depth look at an organization's overall performance in several different areas. Three main reasons for utilizing this system are motivating employees to perform, fostering ethics in administrative action and defining organizational goals.
1. **Increased Motivation to Perform**
   When an employee receives quality feedback about his performance, he can
develop and increase his skills over time. This can provide an increased sense
of confidence, which is necessary to performing well. Being recognized and
valued is a basic human need, so it is critical to an effective performance
management system.

2. **Ethical Administrative Actions**
   Administrative actions include promotions, raises, terminations and transfers.
It is important to make sure that such decisions are handled in the most ethical
way possible. Performance management systems can provide accurate
information about the company's performance to reduce the amount of
administrative errors and increase trust and productivity.

3. **Well-Defined Organizational Goals**
   Goals are made clearer due to the understanding of how the employee's job
relates to the organization's overall success. Performance management systems
clearly define and communicate each employee's role to make sure that all
employees conform to what the organization wants to accomplish. This helps
create goals that are both well-designed and realistic.