CHAPTER - II

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The cost of failure to provide such feedback may result in the loss of key professional employees, the continued poor performance of employees who are not meeting performance standards, and a loss of commitment by all employees. In sum, the myth that employees know how they are doing without adequate feedback from management, can be an expensive fantasy.

-- Wayne F Cascio (1986)

2.1 Need for the Study

In the HRD context, performance appraisal system is an important tool to develop the individuals. As the importance of the performance appraisal system is being realised as a significant component of the efforts to develop human resources, progressive organisations have started to have a relook into their performance appraisal practices and redesign the same if need be. But the realisation is still to catch up in many industries and organisations in India.

The researcher, while being Deputy Director of Personnel (Officers) at Air HQ during 1990-92 was looking after the appraisals and promotions of Air Force officers and took keen interest on the subject. Subsequent to the attending of a seminar at IIM Ahmedabad in Dec - Jan 92 on 'Designing and Implementing Performance Appraisal Systems for effective HRD' the researcher learnt that performance appraisal as a sub-system of HRD is yet to take off in Indian
industries. After getting posted as the Chief Instructor at Air Force Administrative College, Coimbatore, Tamilnadu in 1992, the researcher conducted many appraisal work shops, training programmes and seminars in IAF, civil institutions e.g. SITRA, Ministry of Labour (Training Wing), in industries e.g. HPF, ACC, etc and at many management institutions. The appraisal practices in the industries came to view when the researcher teamed up with Prof BR Patil of IIM Bangalore for conducting appraisal workshop and for redesigning the performance appraisal system of Hindustan Photo Films (HPF), Ooty as a part of review of its Manual of Human Resources - policies, procedures and systems. While discussing the subject of performance appraisal in industries in general and in Coimbatore particular at a function, a suggestion was made by Dr KM Marimuthu, the then Vice Chancellor of Bharathiar University to carry out an independent study of managerial performance appraisal system in Coimbatore based industries. It is learnt that no study had been undertaken previously on the subject in Coimbatore area and such a study would bring out a lot of information. Coimbatore is an industrial town with many a medium and few large industrial establishments and offered a good opportunity for the said study. After preliminary deliberations with various agencies and having learnt that the subject remains a grey area, the need to take up the study was felt by the researcher.

2.2 Statement of the Problem

Having got convinced that there is a need for study on the subject of Performance Appraisal Systems in industries in Coimbatore, the requirement was further looked into in detail to identify the problem areas.
The objectives and purposes of a performance appraisal system amply justify the need for the same in any organisation. Literature on the subject and previous studies indicate that attitudes of individuals viz. the appraisers and appraisees and the management of organisations towards the appraisals determine the utility and efficiency in the administration of any performance appraisal system. Preliminary discussions brought out a general belief that the management in Coimbatore based industries is conservative and do not adequately subscribe to development of human resources. The discussions, therefore, led to the feeling that performance appraisals in these industries may be non-existent or where existed, the patterns are mostly inadequate for performance of the personnel. More so, it appeared from the preliminary study that though many of the industries have some sort of managerial appraisal systems, formal performance appraisal for senior level managerial positions is practically non-existent.

Keeping the above in view, the problems were crystallised and identified as below :-

(a) The management in Coimbatore based industries is conservative and do not subscribe adequately to HRD philosophy.

(b) As a result, the existing pattern of performance appraisals in these industries is inadequate and that a formal and proper appraisal for senior level managerial positions is practically non-existent while there is a need for the same.
Accordingly, the research was taken up for studying in general the performance appraisal systems in operation for managers in Coimbatore based industries and in particular, the appraisal of performance of the senior level managerial positions.

2.3 Scope of the Study

The scope of the study is as below:

(a) The identification of the management’s philosophy on human resources will be useful to determine the attitude towards the Human Resources Development and the importance given to the Performance Appraisals.

(b) Also it will help in identifying the appraisal practices being followed in industries for assessing executives’ performance and to determine whether the objectives of appraisal, were being met or not. The study will in particular, focus on the appraisal systems followed for senior level managers.

(c) It will also help in knowing the view points of the appraisees, in this case, the executives, as to their reactions to appraisal systems in general and in particular to the systems followed in their organisations.

(d) It will further help in determining the factors of assessment on which the executives would like to be assessed.
Based on the above findings, it is possible to design a new performance appraisal system for the senior executives in industries keeping the HRD concept in view.

The study being empirical, will be relevant and necessary in sociological perspective and for further management research.

2.4 Limitations / Constraints of the Study

The limitations / constraints felt by the researcher on the study are given below:

(a) The study is restricted to the performance appraisal systems for top level managerial positions (senior executives) in the industry. For this purpose, the industries in and around the prosperous industrial town of Coimbatore have been considered. Coimbatore has a very large number of industries and next only to Madras in Tamilnadu. These industries can be grouped under Small Scale Industries, Medium sized industries and large scale industries. Small scale industries were excluded from the purview of the study since senior level managerial positions were mostly non-existent in these industries. Coimbatore has few large scale industries viz LMW Ltd and SIV Ltd. These have a large number of senior level managerial positions. Similarly most of the medium sized industries have many senior level managerial positions. Hence the study was limited to medium and large sized industries in Coimbatore during the period 1994-98.
(b) A major constraint felt is the type of initial response from the industries and executives themselves for the sensitive nature of the subject involved in the survey. Following are the salient aspects:

(i) Management in most industries in Coimbatore area is somewhat orthodox and conservative and it was a difficult proposition to get the permission from the Chairmen /Managing Directors of these companies for carrying out the study involving their organisations. It is presumably due to the background, status and persistence of the researcher many companies granted permission, that too with caution and reluctance.

(ii) Chairmen or Managing Directors of most of the companies work on tight work schedules and scheduling interviews unto them was very difficult to begin with and getting them to adhere to the schedules was even more difficult for the same reason.

(iii) Even the senior executives of the companies to whom the questionnaires were given for replying found it an added task to their already overburdened routine and many had to be requested, reminded and pleaded to respond.

(iv) While, the Personnel Managers in most companies extended assistance only on the specific direction from the Chairman or Managing Director, at few places reluctance was seen from the Personnel Department to fully cooperate with the researcher. This
difficulty cannot be ascribed to these organisations alone, but has its root in the widely prevalent oblique understanding of research activities, as the dividing line between academic and fault finding enquiries is too thin line. Fear of exposure of some of the organisations, particularly the Personnel Departments, may be one of the reasons in the instant case.