Effectiveness of Performance Appraisal System in the Indian Railways: A Study

Abstract

One of the optimum vehicles of bringing about sustainable competitive advantage through human resource management of public sector organizations is to design and implement appropriate management control systems, in general and the Performance Appraisal System, in particular. The effectiveness of Performance Appraisal System will be jeopardized unless both the raters and ratees have shared perceptions about its functions. Indian Railways, one of the largest public sector organizations in India, thrives to achieve the organizational objectives with reduced number of employees. An evaluation of the annual Performance Appraisal System followed by Indian Railways and suggested corrective measure will ensure that the organizational HR objectives are being fulfilled. Literature provides that a PAS may achieve its objectives only when it follows a balanced methodology, has trained raters and is free from errors. This exploratory research aims to gain insights about the effectiveness of Performance Appraisal System in Indian Railways based on the perceptions of both raters and ratees. A structured questionnaire is framed to collect primary data from 400 respondents in the zone of South Eastern Railways. The responses of 395 respondents were selected for analysis comprising of 309 Group C supervisory category (who responded only as ratees) and 86 respondents in Group A and B category (who responded as raters). Firstly, the ratees are evaluated by the Gr. B reporting officers and then this evaluation is reviewed by the Gr. A officers. The rater respondents comprised of 51 Group B officers and 35 Group A officers of the 309 ratees. The results of the study revealed significant majority of both the raters and ratees opine that the Performance Appraisal System does not comply with the functions it is meant to serve. Both raters and ratees also perceive that the appraisal system is under the influence of different rating errors mostly central tendency error. It is inferred that the appraisal methodology and credibility of raters may be significantly improved to ensure the effectiveness of the Performance Appraisal System in Indian Railways. Finally this study suggests ways of improving the effectiveness of this Performance Appraisal System.