CHAPTER – II

2.1 OBJECTIVES OF THE STUDY :

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 Appraisors and Appraisees were not satisfied with the Performance Appraisal / Review System in vogue and were criticizing the System for one or other reason.

The Appraisors (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 Appraisors 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”.

Appraisees, 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:

a) To understand the specific purpose, if any, behind practising Performance Appraisal System in the selected organizations with reference to Supervisory / Managerial level.

b) To study the systems of Performance Appraisal practised in selected Organisations with reference to Supervisory / Managerial level.

c) To examine whether Performance Appraisal System is served as tool for communicating the Top Management’s Plans and Business Goals to Employees.

d) To examine the usefulness of Performance Appraisal System to the Management and Employees in the prescribed areas.

e) To study and compare the effectiveness of Performance Appraisal System among the selected Organizations with respect to achieving Organisational Goals and Developments as a whole and if possible, to develop the model which might have universal application.

2.2. **HYPOTHESES:**

Performance Appraisal is an integral part of most of the organizations and is the most significant and indispensable tool for an organization. It provides information which helps in taking decisions for the development of an employee and also creates performance-driven culture in the organization.

The following hypotheses are framed for their verification and validity in the light of the research being carried out.
1) Performance Appraisal System is a very useful tool to bring out Employee Development.

2) Performance Appraisal System helps in creating the performance-driven culture in the Organisation with respect to Organisational / Business goals and Top Management’s Plans.

3) Management is benefited by Performance Review of Employees, for the purpose of recognition and reward in respect of High Performers and High Potential Employees, as a motivating factor.

4) Top Management’s Commitment plays a very vital role in the effectiveness of Performance Appraisal System.

2.3 Coverage and Methodology of the Study:
It was decided to conduct the study in 10-12 selected Companies / Organisations from different sectors such as Engineering, Automobiles, Automobile Components, Pharmaceuticals, Chemicals, Electronics, Information Technology, Hotel, Hospital, Banking, Media, R&D, Food & Beverages etc. in and around Pune; regarding Performance Appraisal Systems and practices with respect to Managerial & Supervisory Level to find out its usefulness and effectiveness.

The thesis has utilized both Primary as well as Secondary Data.

(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. One questionnaire was specifically prepared for the Executive from Personnel / HR, responsible for carrying out the Performance Appraisal System in Company / Organisation for expressing his/her opinion regarding common points raised in the questionnaire.

Other questionnaire was earmarked for 4-5 responsible personnel from Managerial / Supervisory level; of every 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 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 sectoral distribution. Various statistical techniques are used to interpret the data, as per requirement.

(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.