

# CHAPTER – 4

## PERFORMANCE MANAGEMENT SYSTEM

### 4.0 Introduction

We studied human resources planning and recruitment system in the previous chapter. The human resources planning and recruitment deals with procurement of human resources required for the organization. Once the organizations have required manpower, it is important that the human resources perform as per the requirement of the job and its roles and responsibilities. In order to identify the varied performance of employees and differentiate between good performers and others, it is important to have an effective performance management system. An effective performance management system plays very important role in any organization. In this chapter we shall study the performance management system. In the beginning of the chapter an introduction is given followed by theoretical aspects. After reviewing existing theories empirical evidence in form of data collected and analysis is presented. In this chapter data is analyzed by two methods, one by percentage of responses and other by factor analysis. The percentage measured at 5 point scale. The factor analysis is used to identify the most prominent factors. It helps to categories the responses under common factors and identifies the factors which are most important and make maximum impact on the performance of the organization. The focus of this chapter is to discuss the importance of the performance management system in an organization. In order to understand this, a theoretical discussion on performance management system is presented. The discussion on performance management system in these selected organizations is also presented on the basis of focus group discussions and

personal interviews with the employees. This is followed by the perceptions of employees about prevailing performance management system in their respective organizations on the basis of responses received through questionnaire.

The data collected represent the situation at the time of survey and gives a snapshot view. It is possible that the scenario in different organizations might have been drastically changed or may have improved or deteriorated.

Performance Management System is one of the most important systems as part of overall human resources system of the organization. This is a process of evaluating the performance of the employees in terms of requirement of the job and the role in which an employee is employed. The performance management system is the core for all development activities. The evaluation of performance is done with a view to identify the employees in terms of their level of performance.

In recent times, increasing emphasis is given to performance management system in the organization and this remains one of the most critical human resources systems in order to achieve the goals of the organization. In earlier days past performance was evaluated at the end of the year by conducting performance appraisals. Efforts were made to see what went right and what went wrong. This was more or less a lagging system which did not give opportunity to make correction during the year if the performance is not as per expectations.

The present system is more interactive and gives more flexibility to the organizations so that the organizations can change course and become more competitive as per market conditions. This agility is the one of the most important characteristics of the successful organizations. The system works on the basis of lead indicators and has built in capability to accept changes as required by the market and business realities.

On the basis of information and data collected during the performance evaluation process, administrative decisions with regards to increments, rewards, promotion and transfer etc are taken. The most important part of the process is to identify the development needs of employees in terms of his job requirement. The basic purpose of the human resources system is to make optimum use of all human resources available in the organization. The process also gives an opportunity to the immediate superiors and higher management to communicate the objectives and goals of the organization to the employee for a given period. The process helps in identifying the development needs of all the employees and provides an objective assessment of the employees and accordingly differential treatment is given to the employees on the basis of their performance.

#### **4.1 Performance Management and Reward System**

An organization can achieve its goal only when employees in the organization put their best effort. To know the best performers in the organization, performance measurement or evaluation system is put in place. Employee assessment is one of the most important functions of Human resources management but also a difficult one. No matter how objective the performance management system design is, ultimately a significant proportion of the system becomes subjective.

According to Weiss and Hartle (1997) performance management from human resources perspective is a process for establishing a shared understanding about what is to be achieved, and how it is to be achieved; an approach to managing people which increases the probability of achieving job-related success.

As social and economic pressures from most of the business sectors have become very important a renewed interest is developing in managing performance,

this subject has been very popular in recent times and has been picked up on the academic radar. In 2000 the UK's British Academy of Management formed a special interest group to consider performance management. The performance appraisal system may be understood as the assessment of an individual's performance in a systematic way, the performance is measured against such factors such as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, attitude, decision making, co-operation, judgment, versatility, health and the like. The performance is appraised for past as well as potential of the employee for future performance. There are many other terms used for performance appraisal: performance rating, employee assessment, employee performance review, personnel appraisal, performance evaluation etc. In a formal sense, employee evaluation is as old as concept of management, and in an informal sense, it is probably as old as mankind

Athey & Orth, (1999) studied the subject, according to them it is a common process for managing employees is the traditional practice of annual performance reviews. While these annual reviews have their shortcomings, companies around the globe continue to use them. Often the criteria on which employees are evaluated are not closely related to the true needs of the organization. Therefore, it is critical that employees are evaluated based on the behavioral competencies that are most critical for performing well in the job and promoting the goals of the organization. For the most accurate and legally defensible results, the behavioral competencies on which evaluations are based should be validated through a detailed review process developed by either the human resources department or an outside consultant to specifically address the needs of the organization.

## **4.2 Development of Performance Management System**

The concept of managing performance, both at an individual and organizational level has been in existence since many years. Fletcher (2002) has traced its origins as far back as the First World War, focusing on the period since the 1950s, a decade that involved personality based appraisal. Appraisal practice in the 1960s, he observes, shifted to a greater emphasis on goal setting and the assessment of performance related abilities (and, more, recently competencies) rather than personality. The late 1980s, and the whole of 1990s saw organizations undergo a process for rapid and successive change. Almost inevitably what Fletcher calls ‘performance appraisal’ became a central mechanism in a more holistic approach towards managing people and business in general. During the 1980s many organizations became more ‘performance oriented’. During the 1990s performance management began to be seen as more of a core management process – capable of delivering the business vision by developing and reinforcing the key behaviors/values. Thus performance management began to grow out of its ‘appraisal’ box, developing into the integrated and strategic.

## **4.3 Psychological perspective on Performance management**

Human beings are motivated on the basis of their psychological needs; these theories of motivation can be divided into two types: content theories and process theories. Content theories place emphasis on what motivates an individual; the non conscious aspects of people’s needs, their strengths and the goal they pursue in order to satisfy these desires. Content theories suggest that individual behave as they do in order to meet their needs. The main theories are:

Three motives theory (McClelland, 1973), describes the need for achievement, affiliation and power as three key social motives at work.

Hierarchy of needs (Maslow, 1943) which identifies a five level hierarchy of needs, starting with basic needs such as shelter and food, followed by safety and security, and then needs around belonging and feeling of association. If the lower three needs are fulfilled, higher needs of esteem and desiring approval and recognition from others are developed. They go up to self actualization, at the highest level when other needs are satisfied.

Goal setting theory (Locke, 1968) describes how people strive to achieve the goals to satisfy their emotions and desires, which in turn guides individual behavior.

Expectancy Theory (Vroom, 1964) suggests that individuals have different sets of goals and can be motivated if they believe there is a positive correlation between efforts and performance and that if they perform well they will receive the desirable reward.

Equity Theory (Adams, 1965) is based on the belief that people want to be treated fairly and they compare themselves with others.

Reinforcement theory is developed from many sources; it suggests that people will exert higher level of motivation in performance tasks that are reinforced.

Procedural and distributive justice theory given by (Chan Kim and Mauborgne, 2003) says that people are more concerned with quality of the decision making process and the outcome of decisions. If the process is seen to be fair then the outcomes will be more acceptable.

#### **4.4 Objectives of Performance Management**

In a Performance management system, data related to performance is recorded, stored and used for different purposes. The main purposes are:

- Make decisions related to promotion and up-gradation
- Confirm the services of trainees, probationary employees on completion of requisite period.
- Assess the training and development needs of the employees
- Make decisions with regards to salary raise
- Provide a feedback to employees on their performance, and help them achieve better performance
- Use the process to communicate with the employees on overall objectives and goals of the individual and organization
- To evaluate the effectiveness of selection, training and transfer decisions.

In short it has mainly four broad objectives: Developmental, administrative, organizational maintenance/objectives and documentation of performance. An effective appraisal system can contribute to competitive advantage by improving employee job performance in both ways; by directing employee behavior towards organizational goals, and by monitoring that behavior to ensure that the goals are met.

The system approach of performance management aims at *improving* the performance, instead of merely assessing it. The emphasis is not on individual assessment and rewards or punishment, but on how the work system affects the individual's performance. In order to use the system approach managers must learn to appreciate the impact that the system level factors have on individual performance, and subordinates must adjust to the lack of competition among individuals. Thus if a system approach is going to be successful, the employee must believe that by working towards shared goals, everyone will benefit.

#### **4.5 Performance Appraisal and competitive advantage**

Performance management systems are designed to provide the competitive edge to the organization. On one side these systems encourage better performance on other side it helps the individual employee to identify the areas which needs improvement. The performance management system helps the organization to gain a competitive edge in the following manner:

##### **4.5.1 *Improving Performance***

An effective performance management system can help employees improve their performance by focusing on the objectives of the organization. It can also direct the employee efforts in the right direction. The performance management system also monitors the performance to ensure it achieves the organization objectives.

##### **4.5.2 *Performance Management – Decision making***

Performance management system help in the organization take decisions on increments, salary revisions, promotion, transfer, discharge and regularization of probationary employees and trainees.

##### **4.5.3 *Performance Management System- Satisfaction and employee turnover***

Effective performance management system can help in providing job satisfaction to employees and reducing employee turnover. Talent retention strategy of the organization can be supported if objective performance management system exists.

The performance management system helps an organization realize its goals by aligning the behavior of the employee with business strategy of the organization. It motivates the employees to work towards achievement of the objectives. This



consistency of the performance of the employees with strategic objective of the organization provides the competitive edge to the organization.

The performance appraisal system serves many organizational objectives and goals. Besides encouraging high level performance, the effective evaluation system identifies high potential employees and helps in deciding proper rewards. The system also identifies the developmental needs of employees and help in individual developments. All these activities support the strategic aspect of the organization.

Assessment centers which are mainly used for executive recruitment are also now used in evaluation of executives or supervisory potential. An assessment center is a central location where managers may come together to have their participation in job related exercise, these exercises are evaluated by trained observers. The idea is to provide them simulation of work related exercises and observe their behavior. The decision regarding the performance of each assesses is based on the discussion among the observers. The self appraisal and peer appraisal is also used in the final ratings.

Human Resource professionals along with the business leaders are increasingly focusing on delivering solutions that show the impact of learning and training on both the individuals and the organizations performance. Historically organizations defined strategy and objectives and the measurement of employee and organizational performance as completely separate process. There was little connection between learning and development functions and the people management processes. Organization often rely on adhoc processes, communicated where possible, and assume that if each functional area performed well and met its objectives the organization would in turn perform well.

An integrated Performance Management System is a key component of emerging requirement to tie the strategy and organizational processes to human

resources processes. This allows organizations to define an organizational performance plan as the instrument that brings all the elements together.

#### **4.6 Performance Appraisal to Performance Management**

Annual performance appraisal of workers started with the advent of Industrial revolution in the late eighteenth century when the idea of division of labour was recognized. It subsequently gained prominence from a scientific management perspective, it was believed that each piece of work could be scientifically devised in the production line and the productivity of each worker could be accurately measured. This was because labour was viewed only as one of the many factors in the production process and could be scientifically manipulated to enhance productivity.

The purpose of Performance Appraisal was to assess the productivity of workers retrospectively with a view to find ways for improving individual performance. The appraisal process was primarily judgmental and practical in nature, with little or no attention being paid to the human aspect of worker.

The approach changed soon after Hawthorne studies which established that the relationship between fellow workers played a significant role at work and the only way to increase their productivity was to motivate them at work.

The focus of performance appraisal was still judgmental in nature and mainly depended on the perception of superiors it later changed in the other extreme of predominantly the personality traits of workers. More and more emphasis was given on the personality factors of the workers.

As a result in the 1950 merit rating became the dominant way of assessing the performance of individuals in organizations. This approach was criticized by McGregor (1960) as being too focused on the personality traits of the individual, it

was more backward looking than the forward looking. A manager perceives no consequences or any practical value from conducting appraisals. This method could not predict how a person would respond in a particular situation.

Gradually it was felt that productivity of workers can be increased by skillfully maneuvering both external factors including the organization structure and internal factors the psychological well being of workers.

The Management by objective, approach advocated by Peter F. Drucker. encouraged workers to set individual objectives at the commencement of the appraisal period and to review the progress at the end of the appraisal period.

Later there was a renewed interest in revising the performance appraisal process as practitioners were frustrated by the negative effects of both merit rating and Management by objectives focused either on aspects that the individual could not change (personality traits) or solely on the end results (objectives) to the exclusion of the process in between such as communication and training.

Experts advocated the scrapping of the formal Performance appraisal system. In their opinion an honest, fair, valid and objective assessment of all employees is was literally not possible. Over time the concept of Performance Management gradually evolved and gained increased attention of both practitioners and researchers, with both Performance appraisal and consequently training and development measure addressed. It encouraged two way communications during the process and active participation by removing problems of traditional Performance appraisal system. Appraisal becomes one element of Performance Management which plays a pivotal role. It provides a mechanism through which strategic goals can be transformed into performance at the individual level.

During this transition many Performance Management Systems were developed like Balance scorecard, Performance pyramid, etc.

**Conceptual evolution of performance management between 1991 and Present**

<b>From</b>	<b>To</b>
System	Process
Appraisal	Joint review
Outputs	Outputs/inputs
Reward oriented	Development oriented
Ratings common	Less rating
Top down	360 feedback
Directive	Supportive
Monolithic	Flexible
Profession/cadre based	Service based
Owned by HR professionals	Owned by users

**4.7 Performance Management Systems and Incentives**

One of the main objectives of performance management system is to link it with the reward system or the incentives. The basic advantage of incentives or rewards is motivation of employees so that they work with higher efficiency and productivity. It is possible to get employees who work on fixed remunerations. Once the remunerations are fixed employees tend to have a sense of security in their mind as what ever may be the performance their wages are fixed and they get paid irrespective of the performance of the organization or individual employees.

It is difficult to motivate the employees to have better efficiency with fixed wages. In order to motivate the employees and have better efficiency it is better to include incentives or rewards which are linked to the performance. Many times the employees have more incentives by way of production linked incentives or sales

target based incentives than their fixed wages. This helps the employees to work for better efficiency and earn more. Increased earnings enable the employees to improve their standard of living. The main advantage of having an incentive system is that employees himself/herself strive to achieve the desired target and there is reduced need to supervise the effort. It helps in better utilization of capacity, plant, equipment and machinery. Employees are also inclined to work safely and there is less wastage. The other advantage of incentive payments are reduced supervision, better utilization of equipment, reduced scrap, reduced lost time, reduced absenteeism and turnover, and increased output. Furthermore, terms of payment by results would, if accompanied by improved organization and work measurement, this practice enable firms to estimate labour costs more accurately than under the system of payment by time. This initiated the application of cost control techniques like standard costing and budgetary control.

#### **4.8 Performance Management System followed in Selected Industries**

Performance management system is one of the most important human resources systems. We have already looked at the theoretical aspects of the performance management system. The performance management system impacts the overall motivation in the organization. The design of performance management system and linking the same with incentive or rewards system plays a major role in over all work atmosphere of the organization. If the performance management system is fair, objective and employee friendly it helps in creating positive atmosphere. Selection process decides the quality of people in the organization, which ultimately results in having a competitive edge. The selection process followed in the sample organizations is as follows:

*Reliance Industries Limited:* Reliance follows a very elaborate performance management system for its supervisory staff. The performance system is online and also takes care of the learning aspects. The system is based on SAP ERP with special emphasis on measurement of all competencies.

*Blue Star Limited:* Blue star conducts half yearly appraisal for their technical employees and workmen. In case of managerial and supervisory staff performance appraisals are conducted once in year. The complete process of performance appraisal is totally transparent. The performance is measured against the agreed goals in the beginning of the year. Blue Star also has a very well defined incentive system for skill enhancement of its employees.

*Bilag Industries Limited:* Bilag conducts performance appraisal annually for employees in the level of staff, executives and managers. No performance appraisals are done for the employees in workmen cadre. The performance appraisal process is conducted manually presently. The performance appraisal system is very transparent and elaborate. In case of staff the performance appraisal is conducted by immediate superior and reviewed by the functional head. In case of executives and above, there is a self appraisal, appraisal by the immediate superior and review by a team which has members from senior management team and human resources

*Micro Inks Limited:* Micro Inks follows a very well defined performance management system. The system includes setting of goals at the beginning of the year. The performance management system is monitored every month by a review between appraisee and appraiser. The performance management system is managed by online web based system. The appraisal system is conducted twice in a year. In case of workmen performance appraisal is conducted annually.

*Aarti Industries Limited:* Aarti has an annual performance management system. The performance management system comprises of filling up annual appraisal forms. The performance criterion is defined in an informal manner. The decisions with respect to promotion, increments are decided by the top management team.

*Raymond Limited:* Raymond has a very elaborate performance management system. Performance Appraisal is conducted on quarterly basis. The objectives for the year are defined at the beginning of the year. During the process of performance appraisal ratings such as A, B and C are given. Raymond conducts four types of appraisals: a. Self appraisal b. Superior appraisal (90°) c. Peers appraisal (180°) d. Subordinate appraisal (360°). There is a process of for the development of key result areas for all management staff. Performance management audits are conducted quarterly and annual performance appraisal report is prepared at the end of the year.

*Hindustan UniLever Limited:* HUL follows Performance and Development Planning (PDP) process. This process helps the employees make the most of their working life at Unilever. The process supports the employees in identifying and delivering against challenging goals that impact the organization. It helps them plan how to develop skills and leadership behaviors in their current position and for the future. The system is designed to provide an opportunity to clarify expectations and discuss future opportunities. The performance cycle is followed annually. The process helps turn 'Strategy into Action' these plans are prepared by Unilever at the International level. On the basis of 'Strategy into Action' program on 'Must win battles are prepared at UniLever level. Business level balance score card is prepared and action points are prepared. The appraisals are done on three grading basis. In case of workers, settlement is done on a long term basis. The Performance and

Development Planning process provides a continual process that allows for a thorough evaluation of the performance. It's an approach designed to encourage clarity and transparency throughout the year.

The key thing to remember is that this is an ongoing dialogue between the employee and his manager. It's about listening, sharing and accepting feedback, and taking responsibility for the next step in the career.

*Enercon Limited:* Enercon has a performance management system that maintains the highest level of transparency. The objective of the performance management system is to provide an opportunity to the superior and subordinates to discuss about the expectations and role of individual employees regarding their responsibilities in the organization. All the employees are expected to follow the established guidelines and standard operating procedure. The performance policy is very clear is based on objective assessment of performance.

The Performance Management System of Enercon makes performance as the paramount factor of working in the company. The company deals with sophisticated technology hence it is very important to work as per laid down guidelines. Performance management system also takes into account the compliance to various quality and environment standards. Enercon's performance management system follows an annual cycle for performance evaluation.

*Blossom Industries Limited:* Blossom industries limited follows annual system of performance evaluation by use of a prescribed form. The form contains details of performance in terms of his job requirements, personality aspects and skill/competency aspects.

The evaluation is done by the immediate superior and the ratings given are considered for all the decisions related to increment, promotion etc.



*Paper Products Limited:* Paper Products Limited has an annual appraisal system. The basic purpose of an appraisal system is to provide employees (appraisees) with adequate feedback to help understand where they stand in an organization. All employees have fundamental needs of information that include

- Agreement between supervisor and subordinate on performance expectations
- Provide opportunity to perform by giving sufficient resources
- Periodical objective and transparent performance evaluation and feedback.

The focus of the entire performance management system is on self appraisal. The importance of a superior-subordinate relationship plays a very important role in conduct of performance evaluation in Paper products.

The appraisal system strictly concentrates on the achievements that have been recorded by the appraisee against clear-cut measurable objectives that have been agreed between himself and his superior at the beginning of the appraisal year.

It is also recognized that each individual has his own particular strengths and areas where he could improve. These strengths and areas of improvement do not deal with physiological factors, but with behavioural patterns which contribute to the achievement of agreed objectives. It is recognized that each individual must be aware of his own strengths and areas of improvement if he is to change his effectiveness and performance. The appraisal system would, therefore, require each appraisee to record strengths and areas of improvements which one sees applicable to oneself.

An overall assessment of performance would provide the appraisee answer to the question of how is he/she is performing in the job. The completed forms are sent

to the 1st appraiser who is normally supervisor of immediate superior of the employee.

The 2nd appraiser is normally a reviewer, who would normally be the supervisor of immediate superior. He puts in his comments with a view to improve the understanding of the expectations on part of appraisee and how improvement in performance could be brought about.

There could be a 3rd appraiser in certain cases, for eg. an accounts staff member at the plant reports to the plant accounts head (who will be the 1st appraiser) and 2nd appraiser will be the plant head. There could also be a 3rd appraisal by the vice president – finance (CHQ). Similarly, in case of quality assurance, CPP and commercial, engineering and maintenance, there could be a 3rd appraiser.

A key element of the appraisal process is the appraisal Interview which is conducted with both the 1st appraiser and the 2nd appraiser being present alongwith the appraisee. The organization ensures that the performance appraisal interview is objective and help the employee improve his/her performance.

During the performance management system, performance discussion focuses on performance and behavior at work and the development areas which would contribute to improved performance of the individual. The appraiser and the appraisee are encouraged to be open and forthright.

#### **4.9 Empirical evidence-Performance Management System**

In order to understand the perception of employees in sample organizations, with regards to how they view the performance management system in their organizations, we conducted a survey and asked the respondents to give ratings on a scale of 1 to 5. On this scale 1 means not true at all, 2 means rarely true, 3 means

sometimes true, 4 means mostly true and 5 means almost always true. In order to understand the data collected from the respondents the responses are analyzed according to each statement given as under. The ranking given by the respondents gives his perception of particular statement and what is the status of performance management system in sample organization.

The executive appraisal system in this organization provides an opportunity for each appraisee to have a clear understanding of what is expected from him / her by his/her reporting officer during the performance year.

**Table 4.1: Executive appraisal system provides understanding on expectations**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	0	0	167	100	0	0	167
Blue Star	0	0	0	0	3	4.35	3	4.35	63	91.3	69
Bilag Ind.	0	0	0	0	1	2	4	8	45	90	50
Micro Inks	6	4.32	7	5.04	27	19.42	69	49.64	30	21.58	139
Aarti Ind.	0	0	0	0	8	8.25	80	82.47	9	9.28	97
Raymond	5	4.03	0	0	46	37.1	57	45.97	16	12.9	124
Hindustan Lever	0	0	0	0	0	0	16	21.33	59	78.67	75
Enercon	0	0	0	0	13	13.4	60	61.86	24	24.74	97
Blossom Ind.	0	0	0	0	3	8.57	9	25.71	23	65.71	35
Paper Products	0	0	0	0	24	28.57	47	55.95	13	15.48	84
<b>Total</b>	<b>11</b>	<b>1.17</b>	<b>7</b>	<b>0.75</b>	<b>125</b>	<b>13.34</b>	<b>512</b>	<b>54.64</b>	<b>282</b>	<b>30.1</b>	<b>937</b>

One of the most important aspects of performance management system is the understanding of expectations from the reporting officer. In case of Reliance Industries Ltd 100 percent, Blue Star 95.65 percent, Bilag Industries 98.00 percent, Aarti Industries 91.75 percent, Hindustan Levers 100 percent, Blossom Industries at 91.42 percentage, and Enercon at 86.6 percent are the organizations in which executives are given clear understanding of what is expected from them. Micro Inks at 71.22 percent, Paper Products at 71.43 percent are the organizations where

respondents felt appraisal system required communication with the superiors. Raymond respondents at 58.87 percent stated that agreed with the statement; however 37.1 percent stated it was true sometimes. One can state that respondents feel appraisal system requires communication with the superiors. In this situation one can state that Reliance, Blue Star, Bilag Industries, Aarti Industries, Hindustan Lever, Blossom Industries and Enercon are the organization where appraisal system is well established. In case of Micro Inks, and Paper Products and Raymond the appraisal system needs improvement in communication with superiors so as to clear performance objectives.

**Table 4.2: Appraisal system helps managers plan their performance**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	4	2.4	159	95.21	4	2.4	<b>167</b>
Blue Star	0	0	0	0	5	7.25	16	23.19	48	69.57	<b>69</b>
Bilag Ind.	0	0	0	0	0	0	8	16	42	84	<b>50</b>
Micro Inks	5	3.6	7	5.04	33	23.74	62	44.6	32	23.02	<b>139</b>
Aarti Ind.	0	0	0	0	7	7.22	72	74.23	18	18.56	<b>97</b>
Raymond	0	0	6	4.84	14	11.29	23	18.55	81	65.32	<b>124</b>
Hindustan Lever	0	0	0	0	0	0	31	41.33	44	58.67	<b>75</b>
Enercon	0	0	0	0	13	13.4	72	74.23	12	12.37	<b>97</b>
Blossom Ind.	0	0	0	0	0	0	24	68.57	11	31.43	<b>35</b>
Paper Products	0	0	9	10.71	30	35.71	38	45.24	7	8.33	<b>84</b>
<b>Total</b>	<b>5</b>	<b>0.53</b>	<b>22</b>	<b>2.35</b>	<b>106</b>	<b>11.31</b>	<b>505</b>	<b>53.9</b>	<b>299</b>	<b>31.91</b>	<b>937</b>

In response to the question of appraisal system helps managers to plan their performance well, Reliance Industries with 97.61 percent, Blue Star with 92.76 percent, Bilag Industries with 100 percent, Aarti Industries with 92.79 percent, Raymond with 83.87 percent, Hindustan Levers with 100 percent, Enercon with 86.6 percent, and Blossom Industries at 100 percent are the organizations where respondents agreed with appraisal system helps managers to perform their

performance well. Micro Inks at 67.62 and Paper products with 53.57 where most of the respondents stated they agreed with the statement. However at Paper Products at 35.71 and Micro Inks at 23.74 percent respondents stated it was some times true for them. Making it clear that in these two organizations need to improve in the area where appraisal system should help the managers to performance well.

**Table 4.3: The appraisal system provides communication opportunities to seek support from superiors**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	4	2.4	163	97.6	0	0	167
Blue Star	0	0	0	0	3	4.35	29	42.03	37	53.62	69
Bilag Ind.	0	0	0	0	0	0	9	18	41	82	50
Micro Inks	5	3.6	8	5.76	24	17.27	67	48.2	35	25.18	139
Aarti Ind.	0	0	7	7.22	33	34.02	57	58.76	0	0	97
Raymond	0	0	7	5.65	15	12.1	16	12.9	86	69.35	124
Hindustan Lever	0	0	0	0	0	0	16	21.33	59	78.67	75
Enercon	0	0	0	0	8	8.25	52	53.61	37	38.14	97
Blossom Ind.	0	0	0	0	12	34.29	14	40	9	25.71	35
Paper Products	0	0	0	0	23	27.38	54	64.29	7	8.33	84
<b>Total</b>	<b>5</b>	<b>0.53</b>	<b>22</b>	<b>2.35</b>	<b>122</b>	<b>13.02</b>	<b>477</b>	<b>50.91</b>	<b>311</b>	<b>33.19</b>	<b>937</b>

In case of communication of support from superiors to do their job well , Reliance Industries with 97.61 percent, Blue Star with 95.65 percent, Bilag Industries with 100 percent, Raymond with 82,25 percent, Hindustan Levers with 100 percent, Enercon with 91.75 percent, Micro Inks with 73.38 percent and Paper products at 72.62 percent are the organizations where majority of the respondents state that they receive the required support from superiors to do their job well. Aarti industries at 58.76 percent and Blossom industries at 65.71 percent are the organizations where respondents stated that they get required support mostly still 34.02 percent in Aarti Industries and 34.29 percent respondents in Blossom Industries stated that the support

was received some time. Therefore one can state that in these organization supports from superior needs to be improved.

**Table 4.4: The appraisal system encourages common understanding of the factor affecting performance**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	4	2.4	159	95.21	4	2.4	167
Blue Star	0	0	0	0	3	4.35	23	33.33	43	62.32	69
Bilag Ind.	0	0	0	0	0	0	25	50	25	50	50
Micro Inks	5	3.6	3	2.16	27	19.42	69	49.64	35	25.18	139
Aarti Ind.	0	0	0	0	32	32.99	65	67.01	0	0	97
Raymond	3	2.42	3	2.42	14	11.29	26	20.97	78	62.9	124
Hindustan Lever	0	0	4	5.33	0	0	12	16	59	78.67	75
Enercon	0	0	0	0	9	9.28	58	59.79	30	30.93	97
Blossom Ind.	0	0	0	0	9	25.71	18	51.43	8	22.86	35
Paper Products	0	0	7	8.33	31	36.9	39	46.43	7	8.33	84
<b>Total</b>	<b>8</b>	<b>0.85</b>	<b>17</b>	<b>1.81</b>	<b>129</b>	<b>13.77</b>	<b>494</b>	<b>52.72</b>	<b>289</b>	<b>30.84</b>	<b>937</b>

On the question whether appraisal system encourages to have a common understanding between appraiser and appraisee on the factors affecting the performance, respondents at Reliance Industries at 97.61 percent, Blue Star at 95.65 percent, Bilag Industries at 100 percent, Micro Inks at 74.82 percent Raymond at 83.87 percent, Hindustan lever at 94.67 percent, Enercon at 90.72 percent, Blossom industries at 74.29 percent are the organizations where most of the respondents agreed with the statement. In order to arrive at the percentage responses in column 4 and 5 have been combined. Percentages above 70 percent are considered as having proper system of communication so as to bring an understanding between appraisee and appraiser. In case of Paper products at 54.76 is the only organization showing low agreement among the respondents. 36.9 percent respondents in Paper products stated that it was some time true for them. This clearly shows that nine out of ten organizations have proper system in which appraisal system encourages to have

common understanding of factors affecting performance between appraiser and appraisee.

**Table 4.5: The appraisal system provides an opportunity for a discussion between the appraiser and appraisee on the expectations, achievements, failures and improvements required**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	0	0	163	97.6	4	2.4	167
Blue Star	0	0	0	0	5	7.25	23	33.33	41	59.42	69
Bilag Ind.	0	0	0	0	0	0	32	64	18	36	50
Micro Inks	5	3.6	6	4.32	26	18.71	58	41.73	44	31.65	139
Aarti Ind.	0	0	7	7.22	43	44.33	47	48.45	0	0	97
Raymond	0	0	3	2.42	11	8.87	34	27.42	76	61.29	124
Hindustan Lever	0	0	4	5.33	6	8	25	33.33	40	53.33	75
Enercon	0	0	0	0	25	25.77	25	25.77	47	48.45	97
Blossom Ind.	0	0	0	0	9	25.71	9	25.71	17	48.57	35
Paper Products	0	0	0	0	8	9.52	61	72.62	15	17.86	84
<b>Total</b>	<b>5</b>	<b>0.53</b>	<b>20</b>	<b>2.13</b>	<b>133</b>	<b>14.19</b>	<b>477</b>	<b>50.91</b>	<b>302</b>	<b>32.23</b>	<b>937</b>

One of the most important aspect of performance management system is to provide an opportunity for a discussion on expectations, achievements, failures, constraints and improvements between appraisee and appraiser. This provides helps in managing performance improvement. On this question, respondents at Reliance industries at 100 percent, Blue Star at 92.75 percent, Bilag at 100 percent, Micro Inks at 73.38 percent, Raymond at 88.71 percent, Hindustan Lever at 86.66 percent, Enercon at 74.22, Blossom Industries at 74.28 percent and Paper products at 90.48 percent are the organizations where respondents agreed with these statements. Responses of mostly true and almost always true have been combined. Organizations having more than 70 percent respondents agreeing to the statements are said to have a system where opportunities are provided for having a discussion on performance expectations, achievements, failures constraints and improvements. Only in case of

Aarti Industries the responses were at 48.45 percent respondents agreeing and 44.33 percent respondents stating that it was some time true for their organization. That shows Aarti Industries has to work in this area and improve the communication between appraisee and appraiser on these aspects.

**Table 4.6: The appraisal system has scope for reflection and assessment of each appraisee on the personality factors and attributes required for the current job of the assessee**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	0	0	158	94.61	9	5.39	167
Blue Star	0	0	0	0	7	10.14	22	31.88	40	57.97	69
Bilag Ind.	0	0	0	0	0	0	23	46	27	54	50
Micro Inks	3	2.16	6	4.32	25	17.99	72	51.8	33	23.74	139
Aarti Ind.	0	0	0	0	66	68.04	31	31.96	0	0	97
Raymond	3	2.42	2	1.61	11	8.87	39	31.45	69	55.65	124
Hindustan Lever	0	0	0	0	0	0	33	44	42	56	75
Enercon	0	0	0	0	13	13.4	71	73.2	13	13.4	97
Blossom Ind.	0	0	0	0	12	34.29	12	34.29	11	31.43	35
Paper Products	0	0	0	0	39	46.43	33	39.29	12	14.29	84
<b>Total</b>	<b>6</b>	<b>0.64</b>	<b>8</b>	<b>0.85</b>	<b>173</b>	<b>18.46</b>	<b>494</b>	<b>52.72</b>	<b>256</b>	<b>27.32</b>	<b>937</b>

The question whether appraisal system has scope for reflection and assessment of each appraisee on the personality factors and attributes required for the current job of the assessee is very important as it gives us insight in the completeness of the process, taking care of both personality as well as competency part of it. Reliance Industries with 100 percent, Blue Star with 89.85 percent, Bilag Industries with 100 percent, Micro Inks with 75.54 percent Raymond at 87.1 percent, Hindustan lever at 100 percent and Enercon at 86.6 percent are the organizations in which respondents stated that it was mostly true and almost always true for their organizations. The responses in 4 and 5 column have been clubbed and responses above 70 percent are considered as positive indication of presence of the system. The respondents in organizations like Aarti Industries at 31.96 percent Blossom Industries at 65.72



percent and Paper products at 53.58 percent are the organizations in which the appraisal system needs to take care of the areas of personality factors and other attributes required for the job. According to the respondents in these three organizations this aspect of performance management system needs improvement.

**Table 4.7: The appraisal system encourages open communication between each appraiser-appraisee pair through performance review discussions**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	5	2.99	149	89.22	13	7.78	167
Blue Star	0	0	0	0	8	11.59	23	33.33	38	55.07	69
Bilag Ind.	0	0	0	0	0	0	18	36	32	64	50
Micro Inks	5	3.6	8	5.76	26	18.71	68	48.92	32	23.02	139
Aarti Ind.	0	0	13	13.4	65	67.01	19	19.59	0	0	97
Raymond	2	1.61	5	4.03	12	9.68	37	29.84	68	54.84	124
Hindustan Lever	0	0	0	0	6	8	23	30.67	46	61.33	75
Enercon	0	0	0	0	16	16.49	34	35.05	47	48.45	97
Blossom Ind.	0	0	0	0	15	42.86	6	17.14	14	40	35
Paper Products	0	0	0	0	44	52.38	18	21.43	22	26.19	84
<b>Total</b>	<b>7</b>	<b>0.75</b>	<b>26</b>	<b>2.77</b>	<b>197</b>	<b>21.02</b>	<b>395</b>	<b>42.16</b>	<b>312</b>	<b>33.3</b>	<b>937</b>

The key to a good appraisal system is that it should provide and encourages open communication between appraiser and appraisee. On this question Reliance Industries at 97 percent, Blue Star at 88.4 percent, Bilag Industries at 100 percent, Micro Inks at 71.94 percent, Raymond at 84.68 percent, Hindustan lever at 92 percent and Enercon are the organizations where there is a culture of having open communication between appraisee and appraiser on performance issues. Responses in column 4 and 5 are combined for analysis purpose and organizations having above 70 percent positive responses are considered as organizations in which communication takes place. Aarti Industries at 19.59 percent, Blossom Industries at 57.14 percent and Paper products are the industries in which respondents stated the appraisal system

needs to be strengthened in terms of encouraging open communication between appraiser and appraisee.

**Table 4.8: The appraisal system has scope for correcting the biases of the reporting officer through a review process**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	5	2.99	156	93.41	6	3.59	167
Blue Star	0	0	0	0	9	13.04	21	30.43	39	56.52	69
Bilag Ind.	0	0	0	0	0	0	21	42	29	58	50
Micro Inks	6	4.32	4	2.88	38	27.34	59	42.45	32	23.02	139
Aarti Ind.	0	0	7	7.22	71	73.2	19	19.59	0	0	97
Raymond	1	0.81	5	4.03	13	10.48	42	33.87	63	50.81	124
Hindustan Lever	0	0	0	0	19	25.33	23	30.67	33	44	75
Enercon	0	0	0	0	18	18.56	63	64.95	16	16.49	97
Blossom Ind.	0	0	0	0	15	42.86	9	25.71	11	31.43	35
Paper Products	0	0	8	9.52	15	17.86	42	50	19	22.62	84
<b>Total</b>	<b>7</b>	<b>0.75</b>	<b>24</b>	<b>2.56</b>	<b>203</b>	<b>21.66</b>	<b>455</b>	<b>48.56</b>	<b>248</b>	<b>26.47</b>	<b>937</b>

Another important feature of a robust performance management system is that the system should have scope for correcting the biases of reporting officers. This aspect should be taken care through design of the performance management system. Reliance industries at 97.00 percent, Blue Star at 86.95 percent, Bilag Industries at 100 percent, Raymond at 84.68 percent, Hindustan lever at 74.67 percent, Enercon at 81.44 percent and Paper products are the organization in which the respondents agreed with the statement that their performance appraisal system has scope for correcting biases of the reporting officers. For analysis purpose responses in column 4 and 5 are combined and organizations having above 70 percent positive responses are considered as organizations having the system to correct the biases of the reporting officers. Organizations like Micro Inks at 65.47 percent, Blossom Industries at 57.14 percent and Aarti Industries at 19.59 percent are the organizations in which

respondents stated that the performance management system needs improvement in this aspect.

**Table 4.9: The appraisal system helps interested appraisees to gain more insight into their strengths and weaknesses**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	7	4.19	160	95.81	0	0	167
Blue Star	0	0	0	0	9	13.04	25	36.23	35	50.72	69
Bilag Ind.	0	0	0	0	0	0	24	48	26	52	50
Micro Inks	5	3.6	9	6.47	23	16.55	72	51.8	30	21.58	139
Aarti Ind.	0	0	0	0	57	58.76	35	36.08	5	5.15	97
Raymond	0	0	4	3.23	14	11.29	38	30.65	68	54.84	124
Hindustan Lever	0	0	4	5.33	12	16	22	29.33	37	49.33	75
Enercon	0	0	0	0	4	4.12	65	67.01	28	28.87	97
Blossom Ind.	0	0	0	0	9	25.71	9	25.71	17	48.57	35
Paper Products	15	17.86	0	0	24	28.57	33	39.29	12	14.29	84
<b>Total</b>	<b>20</b>	<b>2.13</b>	<b>17</b>	<b>1.81</b>	<b>159</b>	<b>16.97</b>	<b>483</b>	<b>51.55</b>	<b>258</b>	<b>27.53</b>	<b>937</b>

On the question whether the performance management system, helps the interested appraisees to gain more insight into their strengths and weaknesses, In Reliance industries at 95.81 percent, Blue Star at 86.95 percent, Bilag Industries at 100 percent, Micro Inks at 73.38 percent, Raymond at 85.49 percent, Hindustan lever at 78.66 percent, Enercon at 95.88 percent, and Blossom Industries at 74.28 percent respondents agreed with the statement, responses in column 4 and 5 are grouped together for analysis purpose. Organizations having positive responses above 70 percent are considered to be having the presence of performance appraisal system which helps the interested appraisees to gain more insight into their strengths and weaknesses. Aarti Industries at 41.23 percent and Paper products at 53.58 percent are the organization where system needs to be strengthened.

**Table 4.10: The appraisal system has scope for helping each employee discover their potential**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	0	0	163	97.6	4	2.4	167
Blue Star	0	0	2	2.9	7	10.14	29	42.03	31	44.93	69
Bilag Ind.	0	0	0	0	1	2	20	40	29	58	50
Micro Inks	6	4.32	7	5.04	34	24.46	65	46.76	27	19.42	139
Aarti Ind.	0	0	0	0	55	56.7	40	41.24	2	2.06	97
Raymond	0	0	4	3.23	14	11.29	37	29.84	69	55.65	124
Hindustan Lever	0	0	0	0	6	8	14	18.67	55	73.33	75
Enercon	0	0	0	0	9	9.28	67	69.07	21	21.65	97
Blossom Ind.	0	0	0	0	9	25.71	9	25.71	17	48.57	35
Paper Products	0	0	7	8.33	23	27.38	11	13.1	43	51.19	84
<b>Total</b>	<b>6</b>	<b>0.64</b>	<b>20</b>	<b>2.13</b>	<b>158</b>	<b>16.86</b>	<b>455</b>	<b>48.56</b>	<b>298</b>	<b>31.8</b>	<b>937</b>

One of the most important aspects of good performance management system is that it should have a scope to help employee discover their potentials. This is only possible when the design of appraisal system takes care of this aspect. In reply to this question Reliance with 100 percent, Blue star with 86.96 percent, Bilag Industries with 98 percent Raymond with 85.49 percent, Hindustan lever with 92 percent, Enercon with 90.72 percent and Blossom industries with 74.28 percent are the organizations in which respondents stated the performance appraisal system had the scope to help employees discover their potentials. Respondents in Micro inks at 66.18 percent, Aarti industries at 43.3 percent and Paper products at 64.29 percent are the organization in which the respondents stated the performance appraisal system needs to be strengthened to take care of these aspects. Responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

**Table 4.11: The appraisal system has scope for communicating the plans of the top management and the business goals to the staff.**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	0	0	167	100	0	0	167
Blue Star	0	0	0	0	8	11.59	21	30.43	40	57.97	69
Bilag Ind.	0	0	0	0	0	0	21	42	29	58	50
Micro Inks	7	5.04	10	7.19	47	33.81	41	29.5	34	24.46	139
Aarti Ind.	0	0	7	7.22	40	41.24	48	49.48	2	2.06	97
Raymond	3	2.42	2	1.61	16	12.9	40	32.26	63	50.81	124
Hindustan Lever	0	0	0	0	6	8	29	38.67	40	53.33	75
Enercon	0	0	0	0	38	39.18	34	35.05	25	25.77	97
Blossom Ind.	0	0	0	0	9	25.71	14	40	12	34.29	35
Paper Products	0	0	7	8.33	29	34.52	32	38.1	16	19.05	84
<b>Total</b>	<b>10</b>	<b>1.07</b>	<b>26</b>	<b>2.77</b>	<b>193</b>	<b>20.6</b>	<b>447</b>	<b>47.71</b>	<b>261</b>	<b>27.85</b>	<b>937</b>

Another most important component of a good performance appraisal system is that the system should be designed in such a way that it communicates the plans of top management and business goals to the employees. Once this aspect of performance management system is taken care, the employees understand the organizational goal and can channelize their efforts for achievement of the goal. It also makes the employees clear about their own role in the organization. On this question, Reliance industries with 100 percent, Blue star with 88.4 percent, Bilag industries with 100 percent Raymond with 83.07 percent and Hindustan lever with 92 percent and Blossom Industries with 74.29 percent are the organizations in which respondents stated that the appraisal system is designed in such a manner that the plans and business objectives are communicated to the employees. Some of these organizations like Reliance, Blue star, Raymond and Hindustan lever even displayed the objectives and plan of the month on the notice boards. Organizations like Micro Inks with 53.96 percent, Aarti industries with 51.54 percent, Enercon with 60.82

percent and Paper products with 57.15 percent are the organizations in which this feature of performance management system needs to be strengthened. Responses in column 4 and 5 are combined and positive responses above 70 percent are taken as presence of system for communication of goals and business objectives to the employees.

**Table 4.12: The objectives of the appraisal system are clear to all employees**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	0	0	153	91.62	14	8.38	167
Blue Star	0	0	0	0	5	7.25	26	37.68	38	55.07	69
Bilag Ind.	0	0	0	0	0	0	24	48	26	52	50
Micro Inks	6	4.32	6	4.32	27	19.42	68	48.92	32	23.02	139
Aarti Ind.	0	0	0	0	10	10.31	57	58.76	30	30.93	97
Raymond	1	0.81	4	3.23	9	7.26	42	33.87	68	54.84	124
Hindustan Lever	0	0	0	0	7	9.33	18	24	50	66.67	75
Enercon	0	0	0	0	9	9.28	59	60.82	29	29.9	97
Blossom Ind.	0	0	0	0	3	8.57	14	40	18	51.43	35
Paper Products	0	0	0	0	17	20.24	30	35.71	37	44.05	84
<b>Total</b>	<b>7</b>	<b>0.75</b>	<b>10</b>	<b>1.07</b>	<b>87</b>	<b>9.28</b>	<b>491</b>	<b>52.4</b>	<b>342</b>	<b>36.5</b>	<b>937</b>

On the question whether the objectives of the appraisal system are clear to all the employees almost all the respondents were positive and stated that it is true for their organizations. Reliance industries with 100 percent, Blue Star with 92.75 percent, Bilag industries with 100 percent, Micro inks with 71.94 percent, Aarti industries with 89.69 percent, Raymond at 88.71 percent, Hindustan lever at 90.67 percent, Enercon at 90.72 percent, Blossom industries at 91.43 percent and Paper products at 79.76 percent respondents stated that it was true for their organization. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

**Table 4.13: Periodic orientation programmes are conducted to explain the objectives and other details of appraisal system**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	70	41.92	89	53.29	8	4.79	167
Blue Star	0	0	0	0	3	4.35	13	18.84	53	76.81	69
Bilag Ind.	0	0	0	0	0	0	23	46	27	54	50
Micro Inks	8	5.76	13	9.35	51	36.69	49	35.25	18	12.95	139
Aarti Ind.	0	0	0	0	64	65.98	33	34.02	0	0	97
Raymond	2	1.61	3	2.42	15	12.1	36	29.03	68	54.84	124
Hindustan Lever	0	0	0	0	23	30.67	7	9.33	45	60	75
Enercon	0	0	0	0	12	12.37	73	75.26	12	12.37	97
Blossom Ind.	0	0	0	0	12	34.29	11	31.43	12	34.29	35
Paper Products	0	0	0	0	37	44.05	25	29.76	22	26.19	84
<b>Total</b>	<b>10</b>	<b>1.07</b>	<b>16</b>	<b>1.71</b>	<b>287</b>	<b>30.63</b>	<b>359</b>	<b>38.31</b>	<b>265</b>	<b>28.28</b>	<b>937</b>

On the question of periodic orientation programmes are conducted to explain the objectives and other details of appraisal system. Respondents in only four organizations out of ten organizations stated that it was true for their organizations. This clearly shows that most of the organizations conducted this process annually or half yearly. Blue star at 95.65 percent, Bilag at 100 percent, Raymond at 83.87 percent, and Enercon at 87.63 percent are the organizations in which respondents answered in positive. Reliance industries at 58.08 percent, Micro inks at 48.2 percent, Aarti industries at 34.02 percent, Hindustan lever at 69.33 percent, Blossom industries at 65.72 percent and Paper products at 55.95 percent are the organization where respondents stated it is some times true. On asking this question in a focus group discussion answer was wherever the needs changes frequently as in case of engineering firms, periodic orientation programmes are conducted to explain the objectives and other details of the performance management system. Only Bilag industries came out as an exception where they did this to monitor exact performance parameters due to high value of the products manufactured. For analysis purpose

responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

**Table 4.14: Line managers generally spend time with their subordinates and discuss their performance**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	69	41.32	88	52.69	10	5.99	167
Blue Star	0	0	2	2.9	5	7.25	15	21.74	47	68.12	69
Bilag Ind.	0	0	0	0	3	6	5	10	42	84	50
Micro Inks	6	4.32	8	5.76	34	24.46	69	49.64	22	15.83	139
Aarti Ind.	0	0	8	8.25	22	22.68	67	69.07	0	0	97
Raymond	1	0.81	6	4.84	8	6.45	40	32.26	69	55.65	124
Hindustan Lever	0	0	0	0	0	0	46	61.33	29	38.67	75
Enercon	0	0	0	0	29	29.9	39	40.21	29	29.9	97
Blossom Ind.	0	0	3	8.57	3	8.57	20	57.14	9	25.71	35
Paper Products	0	0	0	0	8	9.52	56	66.67	20	23.81	84
<b>Total</b>	<b>7</b>	<b>0.75</b>	<b>27</b>	<b>2.88</b>	<b>181</b>	<b>19.32</b>	<b>445</b>	<b>47.49</b>	<b>277</b>	<b>29.56</b>	<b>937</b>

One of the most important way to develop employees is to spend time with them and discuss their performance related issues. This helps in improvement of performance of the subordinates. On this question, Blue star with 89.86 percent, Bilag industries with 94 percent, Raymond with 87.91 percent, Hindustan lever with 100 percent, Enercon with 70.11 percent, Blossom with 82.85 percent and Paper products are the organizations in which line managers generally spend time with their subordinates and discuss their performance. Reliance industries with 58.68 percent, Micro Inks with 65.47 percent, Aarti industries with 69.07 are the organizations in which line managers communication on performance matters with the subordinates is less than 70 percent, On talking to concerned organizations it was noticed that organizations like Hindustan lever had this aspect of performance management built in the appraisal system of the line managers, hence 100 percent respondents stated it is true. For analysis purpose responses in column 4 and 5 are clubbed together to get



the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

**Table 4.15: Reporting officers help their appraisees to plan their performance in the beginning of the year.**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	8	4.79	153	91.62	6	3.59	167
Blue Star	0	0	0	0	5	7.25	6	8.7	58	84.06	69
Bilag Ind.	0	0	0	0	5	10	3	6	42	84	50
Micro Inks	4	2.88	10	7.19	20	14.39	59	42.45	46	33.09	139
Aarti Ind.	0	0	0	0	7	7.22	87	89.69	3	3.09	97
Raymond	1	0.81	5	4.03	80	64.52	25	20.16	13	10.48	124
Hindustan Lever	0	0	0	0	0	0	11	14.67	64	85.33	75
Enercon	0	0	0	0	17	17.53	58	59.79	22	22.68	97
Blossom Ind.	0	0	0	0	3	8.57	18	51.43	14	40	35
Paper Products	0	0	0	0	32	38.1	40	47.62	12	14.29	84
<b>Total</b>	<b>5</b>	<b>0.53</b>	<b>15</b>	<b>1.6</b>	<b>177</b>	<b>18.89</b>	<b>460</b>	<b>49.09</b>	<b>280</b>	<b>29.88</b>	<b>937</b>

One of the important activity which is carried out as part of performance management system is planning of performance at the beginning of the year and if reporting officers help the employees plan their performance for the year. Respondents from most of the organizations agreed on this and stated that it was true for them. Reliance industries at 95.21 percent, Blue star at 92.76 percent, Bilag industries at 90 percent, Micro Inks at 75.54 percent, Aarti industries at 92.78 percent, Hindustan lever at 100 percent, Enercon at 82.47 percent, Blossom industries at 91.43 percent are the organizations where most of the respondents agreed that reporting officer help them plan their performance at the beginning of the year. Raymond and Paper products with 30.64 percent and 61.91 percent respectively are the organizations in which respondents feel this activity needs to be strengthened. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive

responses. Responses above 70 percent are taken to be an indication of presence of the system.

**Table 4.16: A discussion on key performance areas / key result areas/ tasks/ targets between appraiser-appraisee pairs is very educative to both the appraisees and appraisers**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	13	7.78	154	92.22	0	0	167
Blue Star	0	0	0	0	5	7.25	14	20.29	50	72.46	69
Bilag Ind.	0	0	0	0	2	4	8	16	40	80	50
Micro Inks	5	3.6	8	5.76	22	15.83	63	45.32	41	29.5	139
Aarti Ind.	0	0	0	0	40	41.24	56	57.73	1	1.03	97
Raymond	2	1.61	2	1.61	82	66.13	29	23.39	9	7.26	124
Hindustan Lever	0	0	0	0	5	6.67	17	22.67	53	70.67	75
Enercon	0	0	0	0	8	8.25	60	61.86	29	29.9	97
Blossom Ind.	0	0	0	0	15	42.86	6	17.14	14	40	35
Paper Products	0	0	7	8.33	23	27.38	27	32.14	27	32.14	84
<b>Total</b>	<b>7</b>	<b>0.75</b>	<b>17</b>	<b>1.81</b>	<b>215</b>	<b>22.95</b>	<b>434</b>	<b>46.32</b>	<b>264</b>	<b>28.18</b>	<b>937</b>

Discussion on key performance areas, key result areas, tasks or target helps the employee clear goal and objectives. Outcome of this discussion results in normally a focused and motivated employee. On this question respondents in Reliance industries with 92.22 percent, Blue star with 92.75 percent, Bilag industries with 90 percent, Micro inks with 75.54 percent, Aarti industries with 92.78 percent, Hindustan lever at 100 percent, Enercon at 82.47 percent, and Blossom industries at 91.43 percent are the organizations in which the respondents agreed with the statement. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

Raymond with 30.65 percent, Aarti industries with 58.76 percent, Blossom industries with 57.14 percent and Paper products with 64.28 percent are the organization which have lower responses. This shows that these organizations need to

work towards having a discussion in the area of key performance areas and make it educative for the appraisee so that he can perform well.

**Table 4.17: The managers take the performance review seriously**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	13	7.78	143	85.63	11	6.59	167
Blue Star	0	0	0	0	12	17.39	15	21.74	42	60.87	69
Bilag Ind.	0	0	0	0	0	0	24	48	26	52	50
Micro Inks	5	3.6	4	2.88	24	17.27	55	39.57	51	36.69	139
Aarti Ind.	0	0	7	7.22	43	44.33	46	47.42	1	1.03	97
Raymond	5	4.03	3	2.42	65	52.42	39	31.45	12	9.68	124
Hindustan Lever	0	0	0	0	0	0	39	52	36	48	75
Enercon	0	0	0	0	21	21.65	47	48.45	29	29.9	97
Blossom Ind.	0	0	0	0	9	25.71	15	42.86	11	31.43	35
Paper Products	0	0	15	17.86	8	9.52	29	34.52	32	38.1	84
<b>Total</b>	<b>10</b>	<b>1.07</b>	<b>29</b>	<b>3.09</b>	<b>195</b>	<b>20.81</b>	<b>452</b>	<b>48.24</b>	<b>251</b>	<b>26.79</b>	<b>937</b>

No matter how well designed your performance management system is, do the managers take the performance review seriously is the key question for the success of any performance management system. Reliance industries with 92.22 percent, Blue star with 82.61 percent, Bilag industries at 100 percent, Micro inks at 76.26 percent, Hindustan lever at 100 percent, Enercon at 78.35 percent, Blossom industries at 74.29 percent, and Paper products at 72.62 percent are the organizations in which respondents agreed with this statement. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system. Aarti industries at 41.13 percent, and Raymond at 41.13 are the organizations in which the employees stated that the managers some time take the performance review seriously.

**Table 4.18: Executives do a thorough job on self appraisal in terms of reviewing, reflecting and analyzing the factors affecting their performance**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	78	46.71	77	46.11	12	7.19	167
Blue Star	0	0	0	0	5	7.25	10	14.49	54	78.26	69
Bilag Ind.	0	0	0	0	0	0	40	80	10	20	50
Micro Inks	2	1.44	5	3.6	32	23.02	67	48.2	33	23.74	139
Aarti Ind.	0	0	7	7.22	38	39.18	51	52.58	1	1.03	97
Raymond	2	1.61	3	2.42	71	57.26	37	29.84	11	8.87	124
Hindustan Lever	0	0	0	0	0	0	37	49.33	38	50.67	75
Enercon	0	0	0	0	9	9.28	63	64.95	25	25.77	97
Blossom Ind.	0	0	0	0	9	25.71	12	34.29	14	40	35
Paper Products	0	0	0	0	46	54.76	18	21.43	20	23.81	84
<b>Total</b>	<b>4</b>	<b>0.43</b>	<b>15</b>	<b>1.6</b>	<b>288</b>	<b>30.74</b>	<b>412</b>	<b>43.97</b>	<b>218</b>	<b>23.27</b>	<b>937</b>

On the question whether executives do a though job on self appraisal in terms of reviewing, reflecting and analyzing the factors affecting their own performance or not, Respondents in Blue star at 92.75 percent, Bilag industries at 100 percent, Micro inks at 71.94 percent, Hindustan lever at 100 percent, Enercon at 90.72 percent, and Blossom industries at 74.29 percent are the organizations in which respondents agreed with the statement and accepted that executives in their organizations take sufficient care and do self appraisal. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

Reliance industries at 53.3 percent Aarti industries at 53.61 percent, Raymond at 38.71 percent, and Paper products are the organizations in which the respondents stated that the executives will have to look at themselves and strengthen the performance management process.

**Table 4.19: Performance review discussions are taken seriously by the managers and devote sufficient time to them**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	22	13.17	130	77.84	15	8.98	167
Blue Star	0	0	0	0	10	14.49	18	26.09	41	59.42	69
Bilag Ind.	0	0	0	0	0	0	26	52	24	48	50
Micro Inks	6	4.32	5	3.6	22	15.83	62	44.6	44	31.65	139
Aarti Ind.	0	0	7	7.22	51	52.58	38	39.18	1	1.03	97
Raymond	1	0.81	5	4.03	64	51.61	44	35.48	10	8.06	124
Hindustan Lever	0	0	4	5.33	0	0	38	50.67	33	44	75
Enercon	0	0	0	0	25	25.77	42	43.3	30	30.93	97
Blossom Ind.	0	0	0	0	9	25.71	21	60	5	14.29	35
Paper Products	0	0	9	10.71	31	36.9	25	29.76	19	22.62	84
<b>Total</b>	<b>7</b>	<b>0.75</b>	<b>30</b>	<b>3.2</b>	<b>234</b>	<b>24.97</b>	<b>444</b>	<b>47.39</b>	<b>222</b>	<b>23.69</b>	<b>937</b>

Performance reviews discussions are taken seriously by the managers and they devote sufficient time to them is a question which gives an insight into how much importance is given to performance management system by the managers. On this question respondents in Reliance with 86.82, Blue star with 85.51 percent, Bilag industries with 100 percent, Micro inks with 76.25 percent, Hindustan lever with 94.67 percent, Enercon with 74.23 percent and Blossom industries with 74.29 percent stated and agreed with the statement. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

Aarti industries with 40.21 percent, Raymond with 43.54 percent and Paper products with 52.38 percent are the organizations in which respondents stated this area needs improvement.

**Table 4.20: The appraisers make special efforts to be objective in their appraisals**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	0	0	158	94.61	9	5.39	167
Blue Star	0	0	0	0	5	7.25	13	18.84	51	73.91	69
Bilag Ind.	0	0	0	0	0	0	26	52	24	48	50
Micro Inks	3	2.16	11	7.91	19	13.67	80	57.55	26	18.71	139
Aarti Ind.	0	0	0	0	24	24.74	62	63.92	11	11.34	97
Raymond	3	2.42	3	2.42	75	60.48	31	25	12	9.68	124
Hindustan Lever	0	0	0	0	6	8	30	40	39	52	75
Enercon	0	0	0	0	9	9.28	54	55.67	34	35.05	97
Blossom Ind.	0	0	0	0	3	8.57	12	34.29	20	57.14	35
Paper Products	0	0	7	8.33	24	28.57	40	47.62	13	15.48	84
<b>Total</b>	<b>6</b>	<b>0.64</b>	<b>21</b>	<b>2.24</b>	<b>165</b>	<b>17.61</b>	<b>506</b>	<b>54</b>	<b>239</b>	<b>25.51</b>	<b>937</b>

One important question is related to appraiser makes special efforts to be objective in their appraisals. Do they make efforts to be objective by providing data for the observations etc. In response to this question, Reliance industries with 100 percent, Blue star with 92.75 percent, Bilag industries with 100 percent, Micro inks with 76.26 percent, Aarti industries with 75.26 percent, Hindustan lever with 92.00 percent, Enercon with 90.72 percent and Blossom industries with, 91.43 percent are the organizations in which respondents accepted the statement. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

Raymond with 34.68 percent and Paper products with 63.1 percent are the organizations in which the respondents stated that the appraisers have to make efforts to be objective while conducting appraisals and need efforts in this direction.

**Table 4.21: The HR department follows up the training needs identified during the appraisals seriously**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	11	6.59	144	86.23	12	7.19	167
Blue Star	0	0	0	0	5	7.25	22	31.88	42	60.87	69
Bilag Ind.	0	0	0	0	0	0	27	54	23	46	50
Micro Inks	7	5.04	12	8.63	49	35.25	49	35.25	22	15.83	139
Aarti Ind.	0	0	8	8.25	62	63.92	27	27.84	0	0	97
Raymond	2	1.61	5	4.03	87	70.16	17	13.71	13	10.48	124
Hindustan Lever	0	0	0	0	21	28	37	49.33	17	22.67	75
Enercon	0	0	0	0	4	4.12	67	69.07	26	26.8	97
Blossom Ind.	0	0	3	8.57	9	25.71	12	34.29	11	31.43	35
Paper Products	0	0	31	36.9	15	17.86	15	17.86	23	27.38	84
<b>Total</b>	<b>9</b>	<b>0.96</b>	<b>59</b>	<b>6.3</b>	<b>263</b>	<b>28.07</b>	<b>417</b>	<b>44.5</b>	<b>189</b>	<b>20.17</b>	<b>937</b>

In order to look for effectiveness of Human resources department in following up the training needs identified during the appraisals, the question is asked. In response to this question it can be observed that in 5 or 10 organizations respondent stated that Human resources department normally does not make follow up for the training needs identified during appraisal process. Reliance industries with 93.42 percent, Blue star with 92.75 percent, Bilag industries with 100, percent, Hindustan lever with 72.00 percent and Enercon with 95.87 are the organizations in which respondents accepted that their Human resources department follows up the training needs identified during the appraisal process. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

Micro inks with 51.08 percent, Aarti industries with 27.84 percent, Raymond with 24.19 percent, Blossom industries with 65.72 percent and Paper products with 45.24 percent are the organizations in which respondents stated that the Human

resources department should do more follow up for the training needs identified during performance appraisal system.

**Table 4.22: The appraisal data are used by the HR department for other development decisions like job rotation, job enrichment and the like**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	83	49.7	59	35.33	25	14.97	167
Blue Star	0	0	0	0	15	21.74	11	15.94	43	62.32	69
Bilag Ind.	0	0	0	0	3	6	23	46	24	48	50
Micro Inks	7	5.04	17	12.23	41	29.5	55	39.57	19	13.67	139
Aarti Ind.	0	0	16	16.49	71	73.2	10	10.31	0	0	97
Raymond	0	0	8	6.45	25	20.16	83	66.94	8	6.45	124
Hindustan Lever	0	0	0	0	7	9.33	35	46.67	33	44	75
Enercon	0	0	0	0	8	8.25	60	61.86	29	29.9	97
Blossom Ind.	0	0	6	17.14	12	34.29	9	25.71	8	22.86	35
Paper Products	0	0	0	0	31	36.9	33	39.29	20	23.81	84
<b>Total</b>	<b>7</b>	<b>0.75</b>	<b>47</b>	<b>5.02</b>	<b>296</b>	<b>31.59</b>	<b>378</b>	<b>40.34</b>	<b>209</b>	<b>22.31</b>	<b>937</b>

To measure the effectiveness of Performance management system and how Human resources department uses the data collected during the process this question is asked. In response to this question, Blue star with 78.86 percent, Bilag industries with 94.00 percent, Raymond with 73.39 percent, Hindustan lever with 90.67 percent and Enercon with, 91.76 percent are the organizations which had a score above 70 percent., one can state that the Human resources department in these organizations are using the data collected during the performance appraisal process for job rotation, job enrichment etc. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

Reliance industries with 50.30 percent, Micro inks with 53.24 percent, Aarti industries with 10.31 percent, Blossom industries with 48.57 percent, and Paper products with 63.10 percent are the organizations in which data collected during the



performance appraisal system is used some time for job rotation and job enrichment. During the interview the respondents in these organizations mentioned that jobs in these organizations require special skills and hence the job rotation may not be the right answer for these organizations.

**Table 4.23: The appraisal data are used as inputs for recognition and encouragement of high performers and desirable behavior**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	10	5.99	118	70.66	39	23.35	167
Blue Star	0	0	0	0	5	7.25	12	17.39	52	75.36	69
Bilag Ind.	0	0	0	0	0	0	26	52	24	48	50
Micro Inks	5	3.6	14	10.07	37	26.62	59	42.45	24	17.27	139
Aarti Ind.	0	0	3	3.09	77	79.38	17	17.53	0	0	97
Raymond	0	0	4	3.23	21	16.94	90	72.58	9	7.26	124
Hindustan Lever	0	0	0	0	16	21.33	29	38.67	30	40	75
Enercon	0	0	0	0	13	13.4	59	60.82	25	25.77	97
Blossom Ind.	0	0	0	0	15	42.86	6	17.14	14	40	35
Paper Products	0	0	7	8.33	32	38.1	25	29.76	20	23.81	84
<b>Total</b>	<b>5</b>	<b>0.53</b>	<b>28</b>	<b>2.99</b>	<b>226</b>	<b>24.12</b>	<b>441</b>	<b>47.07</b>	<b>237</b>	<b>25.29</b>	<b>937</b>

On question if appraisal data are used for recognition and encouragement of high performers and desirable behavior, respondents in Reliance industries with 94.01 percent, Blue star with 92.75 percent, Bilag industries with 100 percent, Raymond with 79.84 percent, Hindustan lever with 78.67 percent and Enercon with 86.59 percent are the organizations in which respondents accepted the statement and stated that it was true for their organizations.

Organizations like Micro inks with 59.72 percent, Aarti industries with 17.53 percent, Blossom industries with 57.14 percent and Paper products with 53.57 percent are the organizations in which respondents gave a low ranking. One can state that in these organizations Human resources department should make more efforts to use the

appraisal data as inputs for recognition and encouragement of high performers and desirable behavior. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

**Table 4.24: The reviewing officers take the appraisals seriously and educate their subordinates to overcome their personal biases and favoritism**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	20	11.98	125	74.85	22	13.17	167
Blue Star	0	0	0	0	4	5.8	28	40.58	37	53.62	69
Bilag Ind.	0	0	0	0	0	0	29	58	21	42	50
Micro Inks	6	4.32	10	7.19	34	24.46	61	43.88	28	20.14	139
Aarti Ind.	0	0	10	10.31	66	68.04	21	21.65	0	0	97
Raymond	6	4.84	1	0.81	63	50.81	41	33.06	13	10.48	124
Hindustan Lever	0	0	0	0	17	22.67	30	40	28	37.33	75
Enercon	0	0	0	0	16	16.49	48	49.48	33	34.02	97
Blossom Ind.	0	0	0	0	12	34.29	15	42.86	8	22.86	35
Paper Products	0	0	0	0	7	8.33	51	60.71	26	30.95	84
<b>Total</b>	<b>12</b>	<b>1.28</b>	<b>21</b>	<b>2.24</b>	<b>239</b>	<b>25.51</b>	<b>449</b>	<b>47.92</b>	<b>216</b>	<b>23.05</b>	<b>937</b>

On the question if the reviewing officers take the appraisals seriously and educate their subordinates to overcome their personal biases and favoritism, Reliance industries with 88.02 percent, Blue star with 94.20 percent, Bilag industries with 100 percent, Hindustan lever with 77.33 percent, Enercon with 83.5 percent and Paper products with 91.66 percent respondents agreed with the statement and stated that it was true for their organizations. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

Micro inks with 64.02 percent, Aarti industries with 21.65 percent, Raymond with 43.54 percent and Blossom industries with 65.72 percent are the organizations in which respondents stated that it was some time true for their organizations. One can

state that in these organizations efforts has to be made to ensure that the reviewing officers take the performance management system seriously and make efforts to overcome personal biases and favoritism.

**Table 4.25: The HR department actively reviews each appraisal and discusses them with line managers**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	13	7.78	133	79.64	21	12.57	167
Blue Star	0	0	0	0	12	17.39	24	34.78	33	47.83	69
Bilag Ind.	0	0	0	0	4	8	40	80	6	12	50
Micro Inks	12	8.63	25	17.99	38	27.34	48	34.53	16	11.51	139
Aarti Ind.	0	0	37	38.14	60	61.86	0	0	0	0	97
Raymond	0	0	5	4.03	82	66.13	29	23.39	8	6.45	124
Hindustan Lever	0	0	0	0	26	34.67	16	21.33	33	44	75
Enercon	0	0	0	0	13	13.4	62	63.92	22	22.68	97
Blossom Ind.	0	0	6	17.14	18	51.43	3	8.57	8	22.86	35
Paper Products	0	0	0	0	54	64.29	23	27.38	7	8.33	84
<b>Total</b>	<b>12</b>	<b>1.28</b>	<b>73</b>	<b>7.79</b>	<b>320</b>	<b>34.15</b>	<b>378</b>	<b>40.34</b>	<b>154</b>	<b>16.44</b>	<b>937</b>

For successful implementation of performance management system it is essential that Human resources department actively reviews each appraisal and discuss them with the line managers. This helps bring out the best in the employee by focusing on the strengths and overcoming the weaknesses of employee with the use of development activities. It is observed that respondents only in 4 out of total 10 organizations had their scores above 70 percent, clearly one can state that this is an area for improvement for Human resources department of these organizations Reliance industries with 92.21 percent, Blue star with 82.61 percent, Bilag industries with 92.00 percent and Enercon with 86.6 percent respondents agreed that their Human resources department actively reviews the appraisals with line managers. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive

responses. Responses above 70 percent are taken to be an indication of presence of the system.

Micro inks with 46.04 percent, Aarti industries with 0.00 percent, Raymond with 29.84 percent, Hindustan lever with 65.33 percent, Blossom industries with 31.43 percent and Paper products with 35.71 percent are the organizations where Human resources departments will have to make an effort and ensure that they discuss and review the appraisal with line managers.

**Table 4.26: The HR department provides adequate feedback to the line managers on their rating behavior and the decisions taken on their ratings**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	10	5.99	142	85.03	15	8.98	167
Blue Star	0	0	0	0	8	11.59	15	21.74	46	66.67	69
Bilag Ind.	0	0	0	0	2	4	28	56	20	40	50
Micro Inks	15	10.79	21	15.11	41	29.5	42	30.22	20	14.39	139
Aarti Ind.	0	0	23	23.71	72	74.23	2	2.06	0	0	97
Raymond	2	1.61	3	2.42	73	58.87	34	27.42	12	9.68	124
Hindustan Lever	0	0	6	8	14	18.67	26	34.67	29	38.67	75
Enercon	0	0	0	0	20	20.62	44	45.36	33	34.02	97
Blossom Ind.	0	0	6	17.14	9	25.71	3	8.57	17	48.57	35
Paper Products	0	0	0	0	17	20.24	53	63.1	14	16.67	84
<b>Total</b>	<b>17</b>	<b>1.81</b>	<b>59</b>	<b>6.3</b>	<b>266</b>	<b>28.39</b>	<b>389</b>	<b>41.52</b>	<b>206</b>	<b>21.99</b>	<b>937</b>

On the question if Human resources department provides adequate feedback to the line managers on their rating behavior and the decision taken on their ratings, Reliance industries with 94.01 percent, Blue star with 88.41 percent, Bilag industries with 96 percent, Hindustan lever with 73.34 percent, Enercon with 79.38 percent and Paper products with 79.77 percent are the organizations in which respondents agreed with the statement and stated that it was true for them. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

Micro inks with 44.61 percent, Aarti industries with 2.06 percent, Raymond with 37.1 percent, and Blossom industries with 57.14 percent are the organizations in which respondents gave a low ranking and stated that it was some times true for them. Micro inks with 25.09 percent, Aarti industries with 23.71 percent and Blossom industries with 17.14 percent respondents stating that it was not true for them. One can state that more efforts on part of Human resources departments is required in these organizations so that line managers are given feedback on the rating behavior and the decision taken on ratings

**Table 4.27: The performance review committees do a thorough job in reviewing and using the appraisal data**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	12	7.19	132	79.04	23	13.77	167
Blue Star	0	0	0	0	7	10.14	21	30.43	41	59.42	69
Bilag Ind.	0	0	0	0	4	8	28	56	18	36	50
Micro Inks	7	5.04	14	10.07	41	29.5	55	39.57	22	15.83	139
Aarti Ind.	0	0	4	4.12	91	93.81	2	2.06	0	0	97
Raymond	1	0.81	4	3.23	25	20.16	80	64.52	14	11.29	124
Hindustan Lever	0	0	0	0	14	18.67	37	49.33	24	32	75
Enercon	0	0	0	0	30	30.93	46	47.42	21	21.65	97
Blossom Ind.	0	0	3	8.57	12	34.29	8	22.86	12	34.29	35
Paper Products	0	0	24	28.57	20	23.81	25	29.76	15	17.86	84
<b>Total</b>	<b>8</b>	<b>0.85</b>	<b>49</b>	<b>5.23</b>	<b>256</b>	<b>27.32</b>	<b>434</b>	<b>46.32</b>	<b>190</b>	<b>20.28</b>	<b>937</b>

On the question whether performance review committees do thorough job in reviewing and using the appraisal data, Reliance industries with 92.81 percent, Blue star with 89.85 percent, Bilag with 92.00 percent, Raymond with 75.81 percent, and Hindustan lever with 81.33 percent are the organizations wherein the respondents agreed with the statement and stated that it was true for them. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

Micro inks with 55.40 percent, Aarti industries with 2.06 percent, Enercon with 69.07 percent, Blossom industries with 57.15 percent and Paper products with 47.62 percent are the organizations in which the respondents gave a low ranking. One can state that in these organizations performance review committees will have to take the performance management system seriously.

**Table 4.28: The appraisals facilitate growth and learning of both appraisees and appraisers**

Organization	Not True At All		Rarely True		Sometimes True		Mostly True		Almost Always True		Total
	Resp	%	Resp	%	Resp	%	Resp	%	Resp	%	
Reliance Ind.	0	0	0	0	9	5.39	138	82.63	20	11.98	167
Blue Star	0	0	0	0	11	15.94	16	23.19	42	60.87	69
Bilag Ind.	0	0	0	0	0	0	33	66	17	34	50
Micro Inks	6	4.32	9	6.47	25	17.99	71	51.08	28	20.14	139
Aarti Ind.	0	0	4	4.12	86	88.66	7	7.22	0	0	97
Raymond	5	4.03	2	1.61	22	17.74	80	64.52	15	12.1	124
Hindustan Lever	0	0	0	0	31	41.33	38	50.67	6	8	75
Enercon	0	0	0	0	20	20.62	44	45.36	33	34.02	97
Blossom Ind.	0	0	3	8.57	20	57.14	6	17.14	6	17.14	35
Paper Products	0	0	7	8.33	37	44.05	23	27.38	17	20.24	84
<b>Total</b>	<b>11</b>	<b>1.17</b>	<b>25</b>	<b>2.67</b>	<b>261</b>	<b>27.85</b>	<b>456</b>	<b>48.67</b>	<b>184</b>	<b>19.64</b>	<b>937</b>

On the question of performance appraisals facilitate growth and learning of both appraisee and appraiser, Reliance industries with 94.61 percent, Blue star with 84.06 percent, Bilag with 100 percent, Micro inks with 71.22 percent, Raymond with 76.62 percent, and Enercon with 79.38 percent respondents agreed to the statement and stated that it was true for them. For analysis purpose responses in column 4 and 5 are clubbed together to get the positive responses. Responses above 70 percent are taken to be an indication of presence of the system.

Aarti industries with 7.22 percent, Hindustan lever with 58.67 percent, Blossom industries with 34.28 percent and Paper products with 47.62 percent are the organizations in which the respondents stated that it was some time true for their

organizations clearly showing that this is one of the areas of performance management system which needs improvement.

There are 29 statements in the questionnaire for looking in the effectiveness of performance management system. In order to classify these statements under few factors and reduce the number of variables factor analysis method is used. The factor analysis is very important to identify and name the factors having major impact from performance management and its impact on the overall performance of the organization.

#### **4.9.1 Factor Analysis**

Factor analysis is a very widely used technique in research for reducing data complexity by reducing the number of variables being studied. Factor analysis is used to identifying latent or underlying factors from an array of seemingly important variables. In a more general way, factor analysis is a set of techniques which by analyzing correlations between variables, reduces their number into fewer factors which explain much of the original data economically. Even though a subjective interpretation can result from a factor analysis output, the procedure often provides an insight into relevant psychometric variables, and results in economical use of data collection efforts.

#### **4.9.2 Factor Analysis for Performance Management Systems**

The adequacy of the data is evaluated on the basis of the results of Kaiser-Meyer-Olkin (KMO) measures of sampling and Bartlett's test of sphericity (homogeneity of variance).

**KMO and Bartlett's Test**

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.945
Bartlett's Test of Sphericity	Approx. Chi-Square	20380.67
	df	378
	Sig.	.000

The KMO measure of sampling adequacy is 0.945, indicating that the present data are suitable for Factor Analysis. Similarly Bartlett's test of sphericity is statistically significant ( $p < 0.001$ ), indicating sufficient correlation exists between the variables to proceed with the analysis.

All the extracted communalities are acceptable and all variables are fit for the factor solution, as their extraction values are large (extraction > 0.500). To compute the extracted values we have used Principal Component Analysis (PCA) method.

**Table 4.29: Communalities**

Statements	Initial	Extraction
The executive appraisal system in this organization provides an opportunity for each appraisee to have a clear understanding of what is expected from him / her by his/her reporting officer during the performance year.	1.000	.661
The appraisal system helps managers to plan their performance well.	1.000	.636
The appraisal system provides an opportunity for each appraisee to communicate the support he needs from his superiors to perform his job well.	1.000	.761
The appraisal system encourages the appraiser and appraisee to have a common understanding of the factors affecting the performance of the appraisee.	1.000	.643
The appraisal system provides an opportunity for a discussion between the appraiser and appraisee on the expectations, achievements, failures, constraints and improvements required.	1.000	.646
The appraisal system has scope for reflection and assessment of each appraisee on the personality factors and attributes required for the current job of the assessee.	1.000	.681
The appraisal system encourages open communication between each appraiser-appraisee pair through performance review discussions.	1.000	.667
The appraisal system has scope for correcting the biases of the reporting officer through a review process.	1.000	.602
The appraisal system helps interested appraisees to gain more insights into their strengths and weaknesses.	1.000	.588
The appraisal system has scope for helping each employee discover his / her potential.	1.000	.589
The appraisal system has scope for communicating the plans of the top management and the business goals to the staff.	1.000	.606
The objectives of the appraisal system are clear to all employees.	1.000	.543
Periodic orientation programmes are conducted to explain the objectives and other details of appraisal system.	1.000	.630
Line managers generally spend time with their subordinates and discuss their	1.000	.594



Statements	Initial	Extraction
performance.		
Reporting officers help their appraisees to plan their performance in the beginning of the year.	1.000	.716
A discussion on key performance areas / key result areas/ tasks/ targets between appraiser-appraisee pairs is very educative to both the appraisees and appraisers.	1.000	.630
The managers take the performance review seriously.	1.000	.559
Executives do a through job on self appraisal in terms of reviewing, reflecting and analyzing the factors affecting their performance.	1.000	.648
Performance review discussions are taken seriously by the managers and devote sufficient time to them.	1.000	.667
The appraisers make special efforts to be objective in their appraisals.	1.000	.648
The HR Department follows up the training needs identified during the appraisals seriously.	1.000	.554
The appraisal data are used by the HR department for other development decisions like job rotation, job enrichment and the like.	1.000	.575
The appraisal data are used as inputs for recognition and encouragement of high performers and desirable behavior	1.000	.618
The reviewing officers take the appraisals seriously and educate their subordinates to overcome their personal biases and favoritism.	1.000	.618
The HR department actively reviews each appraisal and discusses them with line managers.	1.000	.664
The HR department provides adequate feedback to the line managers on their rating behavior and the decisions taken on their ratings.	1.000	.697
The performance review committees do a through job in reviewing and using the appraisal data.	1.000	.533
The appraisals facilitate growth and learning of both appraisees and appraisers in this organization.	1.000	.553

Extraction Method: Principal Component Analysis.

**Table 4.30: Total Variance Explained**



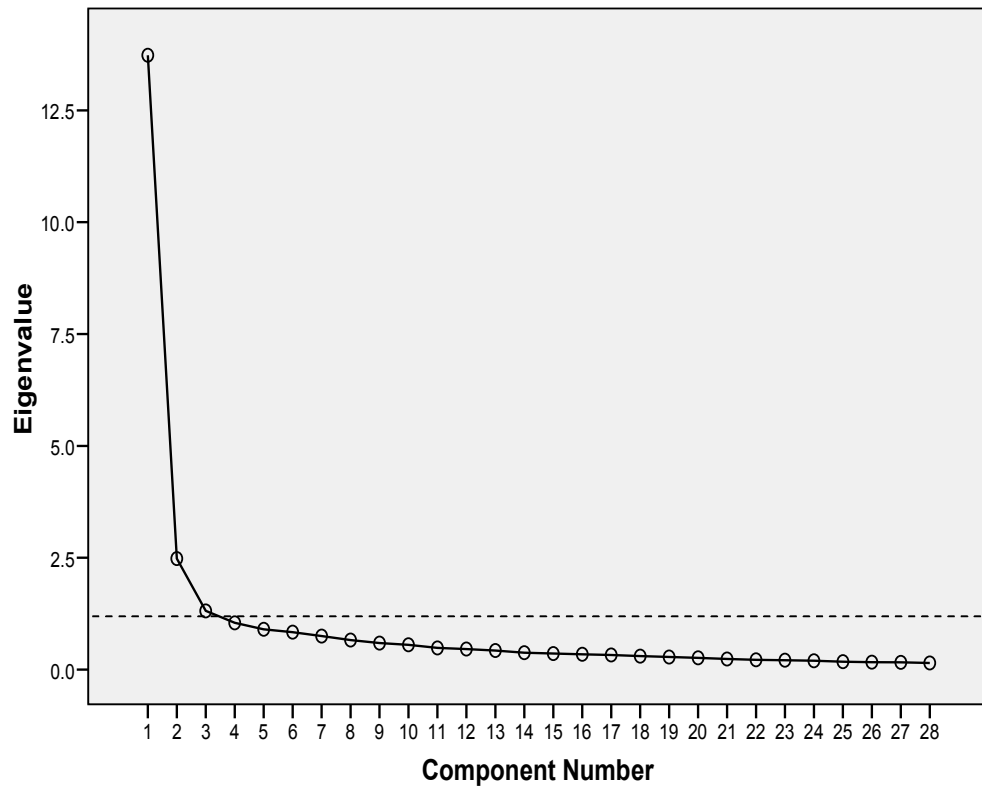
Component	Initial Eigenvalues			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	13.732	49.041	49.041	13.732	49.041	49.041	7.711	27.539	27.539
2	2.481	8.860	57.901	2.481	8.860	57.901	5.060	18.072	45.611
3	1.312	4.687	62.588	1.312	4.687	62.588	4.754	16.977	62.588
4	1.045	3.733	66.321						
5	.901	3.219	69.540						
6	.837	2.990	72.529						
7	.749	2.676	75.206						
8	.660	2.355	77.561						
9	.593	2.117	79.678						
10	.555	1.981	81.659						
11	.485	1.731	83.390						
12	.459	1.640	85.030						
13	.426	1.521	86.551						
14	.377	1.348	87.899						
15	.359	1.282	89.181						
16	.343	1.223	90.404						
17	.327	1.167	91.571						
18	.301	1.076	92.647						
19	.281	1.005	93.651						
20	.263	.940	94.591						
21	.237	.847	95.439						
22	.218	.779	96.218						
23	.210	.749	96.966						
24	.198	.705	97.672						
25	.176	.629	98.301						
26	.166	.592	98.893						
27	.162	.579	99.472						
28	.148	.528	100.000						

Extraction Method: Principal Component Analysis.

The first three components (factors) in the initial solution have an Eigen values over 1 and they account for about 62 per cent of the observed variation in the Performance Management System of selected industries. According to Kaiser Criterion, only first three factors should be used because subsequent Eigen values are all less than 1. This is further confirmed by the scree plot.



### Scree Plot



The Scree Plot is a graphical representation of number of factors extracted. It can be seen from the scree plot that there are only three components with eigen value over 1, which indicates that three factors are extracted.

**Table 4.31: Rotated Component Matrix (a)**

	Component		
	1	2	3
The appraisal system provides an opportunity for each appraisee to communicate the support he needs from his superiors to perform his job well.	.790		
The appraisal system has scope for reflection and assessment of each appraisee on the personality factors and attributes required for the current job of the assessee.	.753		
The appraisal system encourages the appraiser and appraisee to have a common understanding of the factors affecting the performance of the appraisee.	.744		
The appraisal system provides an opportunity for a discussion between the appraiser and appraisee on the expectations, achievements, failures, constraints and improvements required.	.744		
The appraisal system helps interested appraisees to gain more insights into their strengths and weaknesses.	.713		
Line managers generally spend time with their subordinates and discuss their performance.	.711		
The appraisal system helps managers to plan their performance well.	.705		
The appraisal system has scope for helping each employee discover his / her potential.	.692		
The appraisal system has scope for correcting the biases of the reporting officer through a review process.	.678		
The appraisal system encourages open communication between each appraiser-appraisee pair through performance review discussions.	.674		
Periodic orientation programmes are conducted to explain the objectives and other details of appraisal system.	.671		
The appraisal system has scope for communicating the plans of the top management and the business goals to the staff.	.671		
The objectives of the appraisal system are clear to all employees.	.657		
Reporting officers help their appraisees to plan their performance in the beginning of the year.		.796	
Performance review discussions are taken seriously by the managers and devote sufficient time to them.		.723	
Executives do a through job on self appraisal in terms of reviewing, reflecting and analyzing the factors affecting their performance.		.722	
The appraisers make special efforts to be objective in their appraisals.		.703	
A discussion on key performance areas / key result areas/ tasks/ targets between appraiser-appraisee pairs is very educative to both the appraisees and appraisers.		.691	
The executive appraisal system in this organization provides an opportunity for each appraisee to have a clear understanding of what is expected from him / her by his/her reporting officer during the performance year.		.655	
The managers take the performance review seriously.		.648	
The HR department actively reviews each appraisal and discusses them with line managers.			.733
The HR department provides adequate feedback to the line managers on their rating behavior and the decisions taken on their ratings.			.727
The reviewing officers take the appraisals seriously and educate their subordinates to overcome their personal biases and favoritism.			.629
The appraisal data are used as inputs for recognition and encouragement of high performers and desirable behavior			.624

	Component		
	1	2	3
The appraisals facilitate growth and learning of both appraisees and appraisers in this organization.			.598
The appraisal data are used by the HR department for other development decisions like job rotation, job enrichment and the like.			.593
The performance review committees do a through job in reviewing and using the appraisal data.			.582
The HR Department follows up the training needs identified during the appraisals seriously.			.569

Extraction Method: Principal Component Analysis.

Rotation Method: Varimax with Kaiser Normalization.

a Rotation converged in 7 iterations.

Factor loadings are used to measure correlation between variables and factors. A loading close to 1 indicates a strong correlation between a variable and the factor, while a loading closer to zero indicates weak correlation. Unrotated solutions of factors loading might not suitable for interpretation purpose since the variables generally tend to load on multiple factors. In above table factors are extracted using the Varimax (with Kaiser Normalization rotation) method. In table 4.31 we have reported only those loading whose value is greater than 0.5 for interpretation purpose. Looking at Table 4.31 (Rotated Component Matrix) one can find that following statements are grouped as factor 1:

- The appraisal system provides an opportunity for each appraisee to communicate the support he needs from his superiors to perform his job well.
- The appraisal system has scope for reflection and assessment of each appraisee on the personality factors and attributes required for the current job of the assessee.
- The appraisal system encourages the appraiser and appraisee to have a common understanding of the factors affecting the performance of the appraisee.

- The appraisal system provides an opportunity for a discussion between the appraiser and appraisee on the expectations, achievements, failures, constraints and improvements required.
- The appraisal system helps interested appraisees to gain more insights into their strengths and weaknesses.
- Line managers generally spend time with their subordinates and discuss their performance.
- The appraisal system helps managers to plan their performance well.
- The appraisal system has scope for helping each employee discover his / her potential.
- The appraisal system has scope for correcting the biases of the reporting officer through a review process.
- The appraisal system encourages open communication between each appraiser-appraisee pair through performance review discussions.
- Periodic orientation programmes are conducted to explain the objectives and other details of appraisal system.
- The appraisal system has scope for communicating the plans of the top management and the business goals to the staff.
- The objectives of the appraisal system are clear to all employees.

This suggests that factor 1 is combination of these thirteen variables. Therefore this Factor can be interpreted as '*Effectiveness of Performance Management System*'. Factor 1 independently contributes 27.53 percent variation in Performance Management System in selected industries.

Looking at table 4.31 (Rotated Component Matrix) one can find that following statements are constitute factor 2:



- Reporting officers help their appraisees to plan their performance in the beginning of the year.
- Performance review discussions are taken seriously by the managers and devote sufficient time to them.
- Executives do a thorough job on self appraisal in terms of reviewing, reflecting and analyzing the factors affecting their performance.
- The appraisers make special efforts to be objective in their appraisals.
- A discussion on key performance areas / key result areas/ tasks/ targets between appraiser-appraisee pairs is very educative to both the appraisees and appraisers.
- The executive appraisal system in this organization provides an opportunity for each appraisee to have a clear understanding of what is expected from him/her by his/her reporting officer during the performance year.
- The managers take the performance review seriously.

Therefore this Factor can be interpreted as '*Quality of Performance Feedback System*'. Factor 2 independently contributed 18.07 percent variation in Performance Management System in selected industries.

Looking at table 4.31 (Rotated Component Matrix) one can find that following statements from factor 3:

- The HR department actively reviews each appraisal and discusses them with line managers.
- The HR department provides adequate feedback to the line managers on their rating behavior and the decisions taken on their ratings.
- The reviewing officers take the appraisals seriously and educate their subordinates to overcome their personal biases and favoritism.

- The HR Department follows up the training needs identified during the appraisals seriously.
- The appraisals facilitate growth and learning of both appraisees and appraisers in this organization.
- The appraisal data are used by the HR department for other development decisions like job rotation, job enrichment and the like.
- The performance review committees do a thorough job in reviewing and using the appraisal data.
- The appraisal data are used as inputs for recognition and encouragement of high performers and desirable behavior.

Therefore this Factor can be interpreted as '*Use of Performance review data for employee development*' Factor 3 independently contributed 16.98 percent variation in Performance Management System in selected industries.

#### **4.10 Summary**

Performance Management system is one of the most important human resources system in any organization. If the organization has an effective performance management system it can achieve its goal, by managing the performance of employees. All other human resources system such as employee development, human resources climate etc depends on performance management system. It is observed that all the organizations under the study have performance management system in one form or other. There are specific areas which need improvement in the system in different organization. If one looks at the experience from all the organizations it is clear that certain basic aspects such as goals of performance management system, clarity of employee roles and responsibility, opportunity to use performance

management system as opportunity to communicate expectations, achievements, failures, constraints and improvement required.

Most of the organizations under study have implemented their performance management system by taking care of these basics. There are certain areas which needs improvement according to the statements of respondents. Major findings are that objectives of performance management system are clear to most of the respondents, performance management system do provide an opportunity for communication between appraiser and appraisee regarding performance issues.

On the basis of factor analysis it is observed that factors such as: effectiveness of performance management system contributed 27.53 percent independently, Quality of performance feedback contributed 49.34 percent independently and use of performance review data for employee development contributes to 64.23 percent independently.

This clearly shows if any organization has to improve their overall performance, first they have to use the performance review data for employee development purpose, improve quality of performance feedback and make their performance management system effective.

Having studied performance management system, the next logical step is to take inputs from performance management system as a logical sequence in the next chapter we shall study the employee development system.