CHAPTER 7

SUMMARY

7.1 Summary

7.2 Recommendations
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The history of performance appraisal system can be traced back to as early as the third century A.D. It is believed that formal appraisal of an individual's performance began in Wei dynasty (A.D. 221-265) in China with an Imperial ratter appraising the performance of members of the official family. As far as the use of appraisal system for managerial personnel in Indian industries is concerned, researches reveal that Union carbide had such a system in operation as far back as 1940. The Tata Iron and Steel Company (TISCO) and Volta's introduced such systems in 1953 and 1954 respectively.

Many of the early research on performance appraisal are based on the test theory perspective. This perspective focuses on the issues of reliability and validity of performance constructs (e.g., Austin et al. 1993; Smith, 1967), performance standards (e.g., Bobko & Collela, 1991; Huber), rating format (e.g., Latham & Sarri) and so on. With regard to the reliability and validity of performance constructs, Smith (1976) proposes the importance of "criterion-problem". Campbell and his colleagues (e.g., Campbell, 1990) proposed the theory of performance, which suggests that performance is basically multidimensional and behavioral. Research on influence tactics (e.g. Wayne & Liden, 1995; Ferris et al. 1999) shows that rate's' impression management such as supervisor focused tactics (e.g., ingratiation) increases performance rating through liking and perceived similarities. Also, research shows that the use of influence tactics leads to the perceived fairness because of their "voice" effect. Therefore, these researches suggest that organizational context and political behaviors should be considered seriously in order to increase accuracy and fairness of performance appraisal.

The importance of performance appraisal is being increasingly realized in industrial and service organizations both in India and abroad. A great deal of knowledge available in this regard is found in research results abroad. Indian researches are rather few; a few of these are not published as companies conduct them for internal consumption.

This study examined the effectiveness of performance appraisal system for the various HRM decision like incentives, promotions, wages, transfer, training and development. This research is regarding various types of appraisal systems adopted by various industrial units selected for research.
This study was designed to identify the negative aspects of the present systems and to suggest methods for the improvement in the existing system with introduction of improved appraisal system. It is revealed that appraisal system is required a lot of improvement and awareness among the employees at various industrial units in Yamuna Nagar. Majority of employees do not know about the true meaning of performance appraisal.

A stratified random sample of 300 appraisees and 200 appraisers are taken from selected Large Scale Industrial units of Yamuna Nagar for the present study. The selected Large Scale Industrial units are Indian Sugar and General Engineering Corporation, Yamuna Nagar, Yamuna Gases and Chemicals Limited, Yamuna Nagar & Ballarpur Industries Limited, Yamuna Nagar.

This research work is based on primary data. Information was obtained from the personnel departments concerned and through informal interviews with the managerial personnel, supervisors and workers. On the basis of information thus obtained two types of structured interview schedules were constructed, one for the appraisers and the other for the appraisees.

Performance Appraisal is done annually in the ISGEC. It is called annual appraisal report in the case of an officer, merit rating for the supervisors and annual confidential report for the workers. An annual schedule of appraisal is also different for the different categories.

It is found that most of the employees unaware about the parameters and criteria on which they are appraised. Most of the employees considered it as a form filling exercise. Only few employees are aware of the basis on which their supervisor evaluated their work in the annual confidential reports. Appraisees are appraised on the
various parameters like job knowledge, intelligence, team spirit, enthusiasm and devotion to duty, reliability, quality of work done, quality of work done, safety and personal care.

The collected data was statistically tested and analyzed with the help of SPSS 1.5 computer aided programmer. Spearman’s rank correlation is applied to compare the ranks given by appraisers and appraisees to various traits/attributes adopted for evaluating the performance of workers, supervisors and managers. The data and information collected through questionnaires and interviews is used for analysis. Separate questionnaires are administered for appraisers and appraisees to collect required information.

It is found that appraisers and appraisees of selected companies have given first rank to ‘Work knowledge’ while appraising the performance of workers and managers. It is observed that ‘Knowledge ability and skill in taking down professional work’ is given priority by appraisers and appraisees to evaluate technicians. It is found that appraisers have given first rank to ‘contribution towards work planning and setting up of targets for the departmental performance appraisal, self and subordinates’ to appraise managerial skills.

It is observed that 68.6 percent appraisers are aware about the true meaning of performance appraisal. It is found that 31.4 percent appraisers consider it as a form filling exercise. 65.0 percent appraisers responded that they are aware of the new annual appraisal report forms introduced in the organization.

Regarding various sources of information it is found that 64.5 percent appraisers have given priority to the ‘Personal records’ and second to the ‘Self appraisal’ last priority has been given to ‘Appraisers notes on critical incidents’ by the appraisers of selected companies performance appraisal. Only 12.5 percent appraisers felt that
‘appraiser’s memory is a possible source of information in the performance appraisal system.

It is found that only 38.0 percent appraisees and 60.0 percent appraisers of selected companies believe that appraisers evaluate personal loyalty of the subordinate rather than his actual job performance.

It is found that 87.0 percent appraisers and 65.0 percent appraisees are of the view that personal relationships of the appraisers influence the ratings. It is believed that those appraisees who are liked by the appraisers are given high ratings. A very great majority of appraisees (76.3 percent) and (76.5 percent) appraisers believe that the last few months before the appraisal date are crucial in influencing the assessment of the appraiser. Some of the appraisers believe that appraisees do not perform seriously throughout the year. It is only towards the end when the time of writing a report is close; the appraisees start doing well and try to impress the boss.

It is found that 84 percent appraisers avoid negative ratings. It is found from the results that a large number of appraisers believe that they avoid giving negative rating since they have to take work form the subordinate.

This study also revealed that appraisers generally avoid giving negative feedback to appraisees since they want to take work from them. It is found that 70.0 percent appraisers believe that negative feedback results in frustration among appraisees and 83.0 percent are of the view that negative feedback results in job dissatisfaction. 58.0 percent appraisers are of the view that it leads to poor relations between appraiser and appraisees.
It is found that from the responses of appraisers that they try to handle poor performers in the best manner. Appraisers usually do counselling to improve the performance of employees. It is also found that 61.0 percent appraisers found change in the behaviour of subordinates after giving them negative feedback.

Self appraisal in all the selected companies' is applicable to managerial staff only. Every officer/manager has the freedom in this system to write about highlights of his performance during the year, areas in which he feels he has not done well, constraints faced and any outstanding performance outside the company. It is found that 44.27 percent appraisers believe that self-appraisal is successful in the organization. It is a common belief that there is a tendency to be lenient on oneself. Result shows that 64.0 percent appraisers believe that there is leniency in self appraisal.

Regarding the success of MBO in organization it is found that 48.33 percent appraisees and 35.5 percent appraisers felt that MBO system is successful.

Performance appraisal system can be used in taking many decisions like promotions, transfers, increment, training and development of employees. In selected companies', it is found that more than 18.0 percent appraisees responded that promotions are always based on performance appraisal results, whereas 47.05 percent appraisers felt that promotion are based on performance appraisal result. With regards to placement and transfer only 9.6 percent appraisees and 28.5 percent appraisers responded that this decision is taken on performance appraisal results. It is found that majority of appraisees (52.0 percent) and appraisers (54.5 percent) believe that most of the increment decisions are based on the performance appraisal results.
Decision on identifying training need is not given much importance by the appraisees. Less than fifty percent (44.0 percent) appraisees and more than fifty percent (51.0 percent) appraisers of selected companies felt that identification of training need is based on performance appraisal results. It is further found that decision on career planning, (36.0 percent appraisees), special recognition of employees for meritorious service (25.33 percent appraisees and 47.0 percent appraisers) are given less importance by the appraisers and appraisees of selected companies.

Regarding effectiveness of the performance appraisal system, it is found that around 70.0 percent appraisees and 49.5 percent appraisers responded that present performance appraisal system is effective in improving the present performance of the employees.

7.2- RECOMMENDATIONS

After study of the Performance appraisal system of the selected companies, it is realised that some recommendations and suggestions are required to improve the present system. The company wise recommendations are given as under:-

**ISGEC:** - Workers, supervisors and appraisers should be rated under single system and time, the organization should provide supporting environment and other facilities required to write self-appraisal. Appraisers should be given training before writing appraisal report of an individual, while writing an appraisal report. Weightage should be given to actual performance, rather than personal loyalty and interpersonal relation. There should be a provision of giving feedback to both poor and good performers to improve their performance. It is necessary that before fixing the targets every manager should discuss the key performance areas and targets with the subordinates. This
type of involvement highly motivates the subordinates. Training programmes should be designed by trainers to achieve certain goals. Care must be taken while designing training programs and learning objectives.

**YGCL:** There is a need for a shift from increments and promotions oriented appraisals to developmental oriented appraisals. Self appraisal should be free and open, so that everyone gets chance to evaluate him fairly. Leniency in self appraisal can be avoided by imparting training of writing skills of appraisal. The separate appraisal Performa should be introduced for the supervisors and workers. Their traits should also be considered along with other criteria of evaluation. Appraisers should avoid assessment on the basis of a few recent incidents of success or failure. Extreme ratings on either side of the scale should be supported by justification and examples. It is recommended that feedback system should be introduced for each category of appraisees. Managers should be encouraged to discuss performance related matters with the employees rather than shy away from the problems. Discuss the areas of the poor performers with the appraisees and try to elicit ways to improve their performance. Aptitude and interest tests should be conducted so that inherent work performances of employees can be known. Designer training system can be implement by trainers to meet the learning goals typically includes identifying learning objectives, needed facilities, necessary funding course content, lessons and sequence of lessons.

**BILT:** The true meaning of performance appraisal system should be communicated to the appraisees, so that appraisees should be aware about the present performance appraisal system of the company. Every employee should know how it is conducted, why it is conducted and along with the purpose of the appraisal system. There should be an involvement of non-managerial staff also along with managerial
staff in fixing the targets. Involvement of workers in goal setting results in motivation. Supportive behaviour should be used by appraisers while giving negative feedback to appraisees. Counselling, boosting of morale, giving proper guidance and hearing their genuine problems are another way to improve poor performers. Personal problems if any, can be discussed and try to share their difficulties. If they are affected by any problems then suggest solutions in friendly way and motivate them to perform better. Rating should be done on the basis of actual performance of appraisees during the appraisal period. Personal relation, personal loyalty and memory should not be considered while appraising an individual. Appraiser should avoid assessment on the basis of a few recent incidents of success or failure. It is recommended that appraisers should write appraisal report after evaluating the personal records, traits and self appraisal of the appraisees.

After studying the appraisal systems of various industrial units, the study reveals that different methods are used to evaluate the performance of employees. The present study will help the selected companies to take various types of administrative and development decisions regarding the promotions, transfers, increments, selection, training and development. Employees will come to know about the true meaning and working of Performance Appraisal System. The employee’s participation in appraisal system will lead to better clarification and satisfaction towards the effectiveness of appraisal practices. The study focuses on the short comings in existing system and improvements in appraisal system are suggested to the management of the selected companies. Improved Performance Appraisal System will be a development oriented instead of just form filling exercise.
Further, this study facilitates the organizations to overcome the deficiencies in the employee's assessment methods and reduce intentional and unintentional human errors in appraisal. If improved Performance Appraisal System will be utilized in its true sense, and rightly perceived and implemented in the light of conclusion of the study along with the suggestions and policies implications will certainly yield very good results in the area of Human Resource Development.

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