

PERFORMANCE APPRAISAL SYSTEM AT MUTHRA GLOBAL AT CHENNAI

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EXECUTIVE SUMMARY:

The performance appraisal system ideally is an organisation designed programme involving both the organisation and the personnel to improve the capability of both. The elements of performance management include: purpose, content, method, appraiser, frequency, and feedback. The appraisal process involves determining and communicating to an employee how he or she is performing the job and establishing a plan of improvement. The information provided by performance appraisal is useful in three major areas: compensation, placement, and training and

development. Appraisal helps to improve performance by identifying the strengths and weaknesses; it helps to identify those with a potential for greater responsibility; and assists in deciding on an equitable compensation system. The methods of performance appraisal include rating scale, critical incident, ranking methods, and management by objectives. Several common errors have been identified in performance appraisal. Leniency occurs when ratings are grouped at the positive 7end instead of being spread throughout the performance scale. The central tendency occurs when all or most employees are ranked in the middle of the rating scale. The halo effect occurs when a manager allows his or her general impression of an employee to influence judgment of each separate item in the performance appraisal.

Keywords: Design, Appraisal, Rating scale, Judgement.

TYPES OF PERFORMANCE APPRAISAL

There are two types of performance appraisal systems which are normally used in organisations:

- close ended appraisal system,
- open ended appraisal system.

Performance appraisal has always been a hot and challenging issue for the managers across the world, HR managers as well as the line managers. These caselets discuss some of the common issues in designing and implementing a performance appraisal system. One of the caselets discusses not just performance appraisal, but the broader issue of performance management. The method of appraising using the balanced scorecard approach has been discussed in the last caselet.

INTRODUCTION:

Performance appraisal is a systematic evaluation of present potential capabilities of personnel and employees by their superiors, superior's superior or a professional from outside. It is a process of estimating or judging the value, excellent qualities or status of a person or thing. It is a process of collecting, analysing, and evaluating data relative to job behaviour and results of individuals. The appraisal system is organised on the principle of goals and management by objectives. Management decisions on performance utilise several integrated inputs: goals and plans, job evaluation, performance evaluation, and individual history. It connotes a two-dimensional concept - at one end of the continuum lies the goals set by the authority, and at the other end, the performance achieved by the individual or any given group.

Performance appraisal can be either formal or informal. Usage of former systems schedule regular sessions in which to discuss an employee's performance. Informal appraisals are unplanned, often just chance statements made in passing about an employee's performance. Most organisations use a formal appraisal system. Some organisations use more than one appraisal system for different types of employees or for different appraisal purposes. Organisations need to measure employee performance to determine whether acceptable standards of performance are being maintained. The six primary criteria on which the value of performance may be assessed are: quality, quantity, timeliness, cost effectiveness, need for supervision, and interpersonal

impact. If appraisals indicate that employees are not performing at acceptable levels, steps can be taken to simplify jobs, train, and motivate workers, or dismiss them, depending upon the reasons for poor performance.

The results of appraisal are normally used to:

- (1) estimate the overall effectiveness of employees in performing their jobs,
- (2) identify strengths and weaknesses in job knowledge and skills,
- (3) determine whether a subordinate's responsibilities can be expanded,
- (4) identify future training and development needs,
- (5) review progress toward goals and objectives,
- (6) determine readiness for promotion, and
- (7) motivate and guide growth and development.

OBJECTIVES OF PERFORMANCE APPRAISAL

Performance appraisal plans are designed to meet the needs of the organisation and the individual. It is increasingly viewed as central to good human resource management. This is highlighted in Cumming's classification of performance appraisal objectives. According to Cummings and Schwab (1973), the objectives of performance appraisal schemes can be categorised as either evaluative or developmental. The evaluative purpose have a historical dimension and are concerned primarily with looking back at how employees have actually performed over a given time period, compared with required standards of performance.

The developmental performance appraisal is concerned, for example, with the identification of employees' training and development needs, and the setting of new targets.

The broad objectives of performance appraisal are:

1. To help the employee to overcome his weaknesses and improve his strengths so as to enable him to achieve the desired performance.
2. To generate adequate feedback and guidance from the immediate superior to an employee working under him.

3. To contribute to the growth and development of an employee through helping him in realistic goal setting.
4. To provide inputs to system of rewards (comprising salary increments, transfers, promotions, demotions or _terminations) and salary administration.
5. To help in creating a desirable culture and tradition in the organisation.
6. To help the organisation to identify employees for the purpose of motivating, training and developing them.
7. To generate significant, relevant, free, and valid _information about employees.

In short, the performance appraisal of an organisation provides systematic judgments to backup wage and salary administration; suggests needed changes in one's behaviour, attitudes, skills, or job knowledge; and uses it as a base for coaching and counseling the individual by his superior. Appraising employee performance is, thus, useful for compensation, placement, and training and development purposes.

PLANNING THE APPRAISAL

A meaningful performance appraisal is a two-way process that benefits both the employee and the manager. For employees, appraisal is the time to find out how the manager thinks they are performing in the job. For a manager, a formal appraisal interview is a good time to find out how employees think they are performing on the job. The planning appraisal strategy has to be done:

Before the appraisal

1. Establish key task areas and performance goals.
2. Set performance goals for each key task area.
3. Get the facts.
4. Schedule each appraisal interview well in advance.

During the appraisal

- 1 Encourage two-way communication.
2. Discuss and agree on performance goals for the future.
3. Think about how you can help the employee to achieve more at work.

4. Record notes of the interview.
5. End the interview on an upbeat note.

After the appraisal

1. Prepare a formal record of the interview.
2. Monitor performance.

APPROACHES TO PERFORMANCE APPRAISAL

George Odiorne has identified four basic approaches to performance appraisal.

Personality-based systems: In such systems the appraisal form consists of a list of personality traits that presumably are significant in the jobs of the individuals being appraised. Such traits as initiative, drive, intelligence, ingenuity, creativity, loyalty and trustworthiness appear on most such lists.

Generalised descriptive systems: Similar to personality-based systems, they differ in the type of descriptive term used. Often they include qualities or actions of presumably good managers: “organises, plans, controls, motivates others, delegates, communicates, makes things happen,”

SAMPLING UNIT:

The area, which is taken for study, is Muthra Global, Chennai.

SAMPLE SIZE:

DESIGNATION	SAMPLE SIZE
Employees	150
TOTAL	150

The sample size taken for the project is 150.

SAMPLING PROCEDURE

Convenience sampling has been used to collect the data from the respondents. Convenience sampling as the name implies is based on the convenience of the researcher who is to select the sample. This type of sampling is also called accidental sampling as the respondents in the sampling are included in it merely on account of that being available on the spot where the survey is in process. Thus the researcher may stand at a certain prominent point and interview all those or selected people who pass through that place.

Period of study

The study was conducted for 3 months at Muthra Global, and data was collected in the month of February 2021.

STATISTICAL TOOLS

The statistical tools used for analysis are:

- **Percentage method**
- **Weighted average**

DATA ANALYSIS AND INTERPRETATION

Appraisee Survey

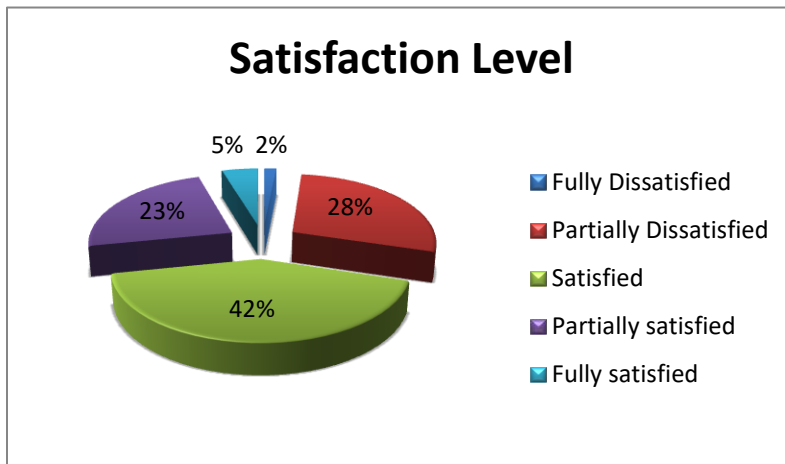
Expectations from Appraisal System :

Respondents were asked to rank the various options according to their preference. (Rank 1 being most preferred and rank 6 being least preferred). Then scoring was given on the basis of ranks. 1 mark was allotted to rank 1, 2 marks for rank 2 and so on.

Particular	Score	Overall Rank
Salary Administration and Benefits	87	1
Determination of promotion or transfer	109	2
Assistance in goal	228	3
Guideline for training plan	254	4
An insight into your strengths and weakness	312	5
Decision to layoff	354	6

From the above table it can be seen that employees expect “Salary Administration and Benefits” to be the main reason for conducting a Performance Appraisal. “Decision to layoff” is of least importance as per the appraisee.

Satisfaction Level among appraise regarding Appraisal System :



From graph it can be seen that majority of the respondents are satisfied with the appraisal system. Only a meager 30% were dissatisfied with the Performance Appraisal programs.

Findings

- ☞ There is a separate appraisal system for each level of employees. These appraisal systems differ on the factors on which a person is rated and the nature of duties handled by him.
- ☞ It is seen that the employees are not satisfied with the way they are appraised or they haven't been appraised properly.
- ☞ The frequency of appraisal is done every year. Where appraisal is based on Key Result Areas, a mid-term review is also undertaken. This data is then compiled and the final appraisal is conducted at the end of the year.
- ☞ The immediate supervisors is the appraiser but sometimes it is also the HR department .
- ☞ On an average 85% of the employees in an organization are motivated by performance appraisal.
- ☞ The data is maintained for every employee to compare the performance over a period of time. Muthr globalalso use this data for making decision regarding retrenchment as proof of poor performance.
- ☞ A good deal of respondents felt that appraisal is likely to be more successful when it is linked with financial and semi-financial incentives like promotion, bonus, increments. This increases the commitment from the parties concerned the appraisal and the appraisee.
- ☞ The employees are satisfied with the current performance appraisal system and do not require any changes. They would like to provide more training to appraisers, weightage to few traits of employee need to be rewarded, if possible appraisal form should be standardised.
- ☞ Performance appraisal is surly a good indicator (about 80%) for the training and developmental need of the employees.

- ☞ No monitoring is done to find out any loop holes in the performance appraisal system and if it exists, it is on informal basis (feedback every year).
- ☞ Awareness sessions about the performance appraisal (objectives and importance) are conducted. It is normally done for new employees.

Conclusion and Suggestions

- ☞ Performance appraisal should not be perceived just as a regular activity but its importance should be recognized and communicated down the line to all the employees.
- ☞ There should be a review of job analysis, job design and work environment based on the performance appraisal.
- ☞ It should bring more clarity to the goal and vision of the organisation.
- ☞ It should provide more empowerment to the employees.
- ☞ New methods of appraisal should be adopted so that both appraiser and the appraisee take interest in the appraisal process.
- ☞ The employees who have excellent performance should be used as a mentor for other employees which would motivate others to perform better.
- ☞ Employees should be given feedback regarding their appraisal. This will help them to improve on their weak areas.
- ☞ Financial and non-financial incentives should be linked to the annual appraisal system so that employees would be motivated to perform better.
- ☞ New mechanisms should be evolved to reduce the time factor involved in the procedure of appraisal. Introducing online-appraisal can do this.
- ☞ The frequency of training program for the appraiser should be increased and these sessions should be made interactive.
- ☞ The awareness sessions for the employees/appraisees should be made more interactive and the views and opinion of the appraisees regarding appraisal should be given due consideration.

- ☞ Assistance should be sought from specialists for framing a proper appraisal system that suits the organisation climate. Constant monitoring of the appraisal system should be done through discussions, suggestions, interactions.
- ☞ Combining the different methods of appraisal can minimize the element of biasness in an appraisal. Like the Rating method combined with assessment center method would give an evidence of poor/unfavorable or outstanding behaviour of the appraisee, if any.
- ☞ Use of modern appraisal techniques like 360° appraisal, assessment centers which are more effective.
- ☞ More transparency should be brought about in the appraisal system.
- ☞ The appraisal system should cover all employees in the organisation both white collar and blue-collar jobs.
- ☞ Recognizing the good performers i.e., appraisees who have accomplished the targets for the year can help in getting more commitment from the employees.
- ☞ Information regarding the performance of the employees should be kept in proper manner.

- ☞ Some of the performance appraisals should be conducted by the top management so that they can understand the employees and their needs, behaviour better and to find out the loopholes.
- ☞ Performance appraisal should be effectively link to the performance management system of the organisation.
- ☞ The organisation is still following the traditional methods of appraisal that should be transformed into the modern one.

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