

A Study on Effectiveness of Performance Appraisal System in TVS Motors Limited

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Abstract: This study aims to examine the effectiveness of the performance appraisal system. Increasingly, performance appraisal has become part of a more strategic approach to integrating HR activities and business policies, and can now be viewed as a general term covering a variety of activities through which organizations attempt to evaluate employees and develop their competence to improve their performance upgrade and give out rewards. The aim of this study was to examine performance appraisal. To obtain results, descriptive statistics and chi-square techniques are applied to data collected from 80 respondents. The result of the study shows that the overall performance appraisal system is rated highly by the respondents. The respondents are very satisfied with their work. The recommendations were given based on the research results and analysis.

Keywords: HR Activities, Performance Appraisal.

I. INTRODUCTION

A performance appraisal is a systematic and regular process that evaluates an individual employee's work performance and productivity in relation to certain predetermined criteria and company goals. All organizations strive to be effective and achieve their goals. To achieve this, it is important to regularly monitor or measure employee performance. Effective monitoring also includes providing timely feedback, reviewing performance against established standards, and timely recognition of achievement, which motivates the employee to perform better every day. It is rightly said: "Encouraged people achieve the best; dominated people achieve second best; neglected people achieve the least." because recognition and reward at the right time is the best encouragement. People differ in their abilities and inclinations. There is always some difference between the quality and quantity of the same work in the same place performed by two different people. Employee performance reviews are necessary to understand each employee's skills, competencies, and relative merit and value to the organization. The performance appraisal evaluates employees based on their performance. According to a prominent figure in the human resources field, "Performance appraisal is the systematic, periodic, and impartial assessment of an employee's excellence in relation to their current job and their potential for a better job."

Performance appraisal is a powerful tool for measuring employee performance. Calibrate, refine and reward employees. It helps analyze its performance and evaluate its contribution to the achievement of overall corporate goals. Performance appraisal is necessary to measure the performance of the employees and the organization and to review the progress towards the desired goals and objectives. Performance appraisal continues to be an interesting and important topic for HR professionals. For decades, performance appraisal has received considerable attention in the literature, both by researchers and practitioners. The latest mantra followed by organizations around the world is "Pay for What You Contribute" – the focus of organizations is on performance management and more specifically on individual performance. The performance appraisal helps to evaluate the performance of the employees and assess their contribution to the company's goals.

II. REVIEW OF LITERATURE

Devries, Morrison, Shulman, and Gerlach (1981) define performance appraisal as a process by which an organization measures and evaluates the behavior and performance of an individual employee over a limited period of time.

Eichel and Bender (1984) Over the past quarter century, the purpose of performance appraisal has shifted from instruments supporting managerial activities to an increasing focus on people development.

Churchill et al., (1985) Appraisal is generally considered to have a positive impact on performance, but it can also have a negative impact on motivation, role perception and turnover if poorly designed or implemented.

Schneider, Richard & Lloyd (1986) consider three possible measures, namely assessment of outcomes, behavior and personal characteristics. Each prescribes a specific type of assessment format based on competency or job-related behavior. These forms of assessment are conducted by single or multiple raters (two or more superiors/peers/self/subordinates/outside).

Prince and Lawler (1986) found that the constructs "work planning and goal setting" and "discuss performance attributes" had a positive impact on employee satisfaction with and perceived usefulness of performance appraisal. The construct "career development", on the other hand, showed little influence on satisfaction with the performance appraisal.

Cleveland, Murphy, and Williams, (1989) Development by the immediate supervisor has emerged as an important and common application of performance appraisal.

Vroom (1990) states that formal performance appraisal plans can be designed to meet the following main needs: (a) the organization; (b) the manager; and © the employees. He stresses the need for effective evaluation as it can effectively serve these critical areas.

Denhardt (1991) defines performance appraisal as a specific assessment of an individual's progress in accomplishing specific tasks.

Wanna et al. (1992) define the goal of employee appraisal as "improving planning and performance at a general level, but also providing feedback for individual officers".

However, Cherry (1993) sees the evaluation process as fundamental to the success of organizational change initiatives, citing work on the "powerful formative effects [of performance management] on organizational power structure, on workforce skill profiles, and on organizational culture".

Blanchard et al. (1994) discusses the fact that leadership style is the pattern of behavior you engage in with others as perceived by them. The crucial part is that others' perception of your behavior determines your leadership style and that perception is based on how you communicate.

Moulder (2001) notes that performance appraisals are used to define expectations and measure the extent to which expectations are met. She goes on to say that appraisals can help employees understand where they're succeeding and where they need to improve their performance. Moulder notes that appraisals are useful for setting goals and promoting improved communication between work groups and between employees and managers

ICMA (2005) states that almost all employees would like to know how well they are doing their jobs, but many dread the meetings where their performance is discussed.

According to Angelo S. DeNisi and Robert D. Pritchard (2006), "performance appraisal" is a discrete, formal, organizationally sanctioned event, typically occurring no more than once or twice a year, with clearly defined performance dimensions and/or criteria that are im evaluation process are used. Additionally, it is an evaluation process in which quantitative ratings are often awarded based on the assessed level of employee job performance in relation to the dimensions or criteria used, and the ratings are shared with the employee being evaluated.

Lillian, Matchbook&Sitati (2011) The information collected and the performance appraisal form the basis for the recruitment and selection, the training and development of existing employees and the motivation and maintenance of a high quality human resource by correctly and appropriately rewarding their performance.

Sharma (2012), these methods are less structured than the traditional method, which focuses less on rankings and evaluations and places more emphasis on organizing meetings between employees and managers.

Performance appraisals are a periodic review of employee performance within the organization. For a people-first

company, employee satisfaction is always a priority and industry studies have shown that this aspect is highly dependent on the performance appraisal system in place in the company. The management would like to know the quality of the evaluation criteria parameters and duration from the point of view of the employees. This forms the need for study. The study was conducted in relation to the performance appraisal system in place in the organization, which is useful to know the strengths and weaknesses of the appraisal as well as the employees. Therefore, management can update the system with necessary changes.

Objectives of the Study:

- To understand the effectiveness of performance appraisal system
- To examine the performance appraisal system by diagnosing the strength and weakness of the existing system.
- To find out the opinion of the employees about the present system.
- To ascertain the awareness level among the employees about the performance appraisal system.
- To know the ways to improve the performance appraisal system.

III. NATURE OF RESEARCH

The study is designed to be descriptive in nature. Descriptive study attempts to obtain a complete and accurate description of a situation. The methodology involved in this design is mostly qualitative in nature and produces descriptive data.

A. Data Collection

Primary Data Collection: The primary data are those that are new and collected for the first time and thus coincidentally have an original character. The research has obtained the primary data through questionnaire surveys, face-to-face interviews, telephones, etc., the data collected are first-hand data through which to participate in the analysis and interpretation.

Secondary Data: Secondary data, on the other hand, is data that has already been collected by someone else and has already gone through the statistical process. The researcher has to decide what kind of data he wants to use for his study and accordingly he has to decide on one method of data collection or another. The researcher collected the secondary data collection. The researcher collected the secondary data from the company's records, the internet, previous project reports, etc.

B. Research Instrument

Questionnaire: Here the respondents are asked the question and required to answer by choosing between a number of alternatives. The main advantage of this is that they are easy to complete and easy to analyze. The research has adopted this type of survey.

Statistical Tools: The researcher has used mainly statistical tools to analysis the data and draw Interpretation.

Chi –Square Analysis: In this project chi-square test was used. This is an analysis of technique which analyzed the

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stated data in the project. It analysis the assumed data and calculated in the study. The Chi-square test is an important test amongst the several tests of significant developed by statistical.

Weighted Average Method: Tabulation, diagram and percentage were also used to make the study more valid, reliable and understandable.

Limitations of the Study:

- As the study was to be completed in a short time, the time factor acted as a considerable limit on the scope and the extensiveness of the study.
- The information provided by respondents may not be fully accurate due to unavoidable biases.
- Since this is a one person survey, the number of respondents is relatively small for this kind of study. However, this could not be helped due to constraints on time and money.
- The technique for collecting the data is convenience sampling due to monetary and manpower constraints.

Findings:

- 91% of the employees are male.
- 47% of the employees are 20 -30 years.
- 66% of the employees are married.
- 39% of the employees have finished Diploma.
- 36% of the employees are having 2 - 6 years of experience.
- 38% of the employees are earning 15, 0000 – 20,000.
- 85% of the respondents agree with performance appraisal helps to reduce grievance.
- 70% of the respondent that they agreed with chance to improve their personal skill.
- 81% of the respondent says promotion is the positive performance appraisal.
- 46% of the respondent opinion about performance appraisal is promotion of employees.
- 86% of the respondent said grading method of performance appraisal is implemented.
- 76% of the respondent told yes increment in salary after performance appraisal.
- 70% of the respondents are agreed with the performance appraisal helps people set and achieve meaningful goals.
- 76% of the employees are satisfied with performance improved after performance appraisal.
- 91% of the employees are aware about the performance appraisal system.
- 56% of the employees says yes for observation, 34% of the employees says skills/ job related test.
- 30% of the respondents are area suggested to improve in performance appraisal is training and knowledge transformation.
- 78% of the respondents are satisfied with the training programs.
- 69% of the employees are agreed with appraisal system strengthening the relationship between employee and employers.

- 83% of the employees say yes for performance appraisal help to identify strength and weakness in job.
- 81% of the employees say yes they received performance feedback from supervisor on a regular basis.
- 84% of the employees say yes the supervisor discuss their strength and weakness.

Statistical Findings:

- There is significance relationship between Gender respondents and Performance appraisal system.
- There is significance relationship between age and opinion about performance appraisal.
- There is no significance relationship between age and opinion about performance appraisal.
- There is 3.825 nearly 4 either neutral or agree with Performance appraisal helps people set and achieve meaningful goals.

Suggestions:

- From the findings it is identified that 69% of the employees are agreed with appraisal system strengthening their relationship but 41% of the employees want to improve and maintain smooth their relationship with employers.
- Performance appraisal wants to improve the employees training and knowledge transformation and it should improve job satisfaction level and self- development for the employees.
- Performance appraisal system should motivate the employees and increase their performance level in their work.
- Provide proper training for the employees for the better performance the performance appraisal should identify strength and weakness in their job.
- Increase the strength and reduce the weakness through the performance appraisal system.
- Performance appraisals make chance to improve the employees personal skills through training and regular supervisor suggestions.
- Performance appraisal helps to improve the personal skills for the individual employees.

IV. CONCLUSION

The study is concluded that the Performance appraisal system in company is effective but there exist certain criteria like seniority merits. Potentials of the employees that are too considered for effective functions. Based on the findings of the study some valuable suggestions have been offered. It is hoped that the findings and suggestions will be useful in improving the existing employee performance annual appraisal system.

V. REFERENCE

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