

IMPACT OF PERFORMANCE APPRAISAL PROCEDURE OVER SELECT COMPANIES IN BHOPAL

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Abstract

Performance management of employees is the basic duty of human resource managers for which they used various techniques and methods for appraising efforts & efficiency of their staff. Now a day's performance appraisal goes beyond from providing rating to the workers for motivating them, performance appraisals become expensive duty for the management. The present study is focused & sought to investigate the impact of performance appraisal procedure & its effect on employee motivation over select companies in Bhopal, the study consist analysis of pre- pandemic data collected for my research work from the respondents of select companies in Bhopal. Data is collected voluntarily from the respondents of (Bharti airtel limited, The dainik bhaskar group, Mahindra group limited, Permali Wallace limited, Sriram finance limited bhopal and Sukhchain hire purchase limited) companies in bhopal city for the fulfillment of this research. The main objective of this study is to analyze impact of performance appraisal on select companies in which identification of performance appraisal system need, impact of performance appraisal methods over employees and its strength and weaknesses were identified for accomplishment of this study. The findings of study show positive outcomes towards development of appraisal process for companies along with suggestions which ensures significance of performance appraisals for identification of strength and weakness of workers.

Keywords: Performance Appraisal, Human Resource Management, Employee Motivation, Strength and Weakness of Workers, Management Skills

1. Introduction

The study of performance appraisal is based over management skills of employees over its procedure in select companies of Bhopal; the utility of performance appraisal identifies problems over the organization for improving productivity of employees and their level of motivation. The role of supervisor under this process is significant to analyze the positive and negative actions of workers, to maintain the efficiency of workforce supervisors need to work hard over this process of analyzing employees potential time by time to ensure further growth and development. Supervisors provide feedback of workforce performance and related status to management for analyzing employee's efficiency to improve employee morale, productivity, job satisfaction and training needs. This system enables management to identify areas of improvement which ensures improvement of company's productivity.

a. Significance of the Study

This study provides clear picture of performance appraisals about select companies from the data collected in pre-pandemic COVID 19 phase before March 2020 about select companies in Bhopal. The study shows how these practices significantly improves overall productivity of companies in this city, this research provides base for conducting further analysis on performance management practices by researchers in present context.

2. Review of literature

(Wright, Cheung, 2007) their study on performance management shows significant number of workers having desire to perform their jobs well as part of their individual goals, the demonstration of loyalty towards organization is done by workers through this way however organizations control employees to perform their jobs.

(Chen, Eldridge, 2012) their research shows that performance appraisal is a commonly discussed concept in performance management practices. The significance of this concept depends over factors of business environment, in which efficiency of the organization provides potential for survival of business in dynamic market conditions.

(Rowland, Hall, 2012) The study focused over the link between employee's motivation and performance appraisals in which theoretical applicability of this concept is observed by researchers. Under this study they try to ensure win-win situation for employees by eliminating traditional approach of appraising the employees on win or lose situation for motivation enhancement.

(Maley, 2013) His study over the aspects of performance management shows when performance appraisal done without clear goals, so the results of performance appraisal reflects dissatisfaction of employees and reduction in productivity and organization. It also reduces the worth of organization inside and outside the organization amongst various stakeholders.

3. Research methodology

The study covers various aspects concerned to the title impact of performance appraisal procedure over select companies in Bhopal and its research objectives. The nature of this research is micro which is based on 4 objectives; every research has required the primary and secondary data for the analysis of variables for fulfillment of research objectives. the data for this research is collected through primary as well as secondary sources from the target population. This data collected through convenience sampling voluntarily by the respondents from select companies in Bhopal through schedule. 2x2 chi squared test is applied to analyze the association between the variables for the testing the hypothesis. The secondary data is collected from various books and websites as mentioned in references.

a. Limitations

The sample is taken from employees working in human resource management department at select companies of Bhopal; companies of other cities are not included under this study. The sample size is limited to 50 which are equally collected from HR department professionals/ employees for reducing the chances of biased data collection, but there could be some chances of error. Sufficient data in literature is not available regarding this particular problem statement. The time constraint did not allow carry in-depth analysis for previous years. The research is done by taking price and services as one attribute. They may be different.

b. Research objectives

1. To analyze impact of performance appraisal on select companies of Bhopal.
2. To identify need of performance appraisal system over companies of Bhopal.
3. To analyze impact of performance appraisal methods over employees of companies.
4. To analyze strength and weakness of performance appraisal system.

c. Hypothesis of the study

(Ho.1) There is no significant association between impact of performance appraisal on employees in select companies of Bhopal.

Variables	favor	against	Marginal Row Totals
objectivity of appraisal process	47	3	50
impact of performance appraisal	44	6	50
<i>Marginal Column Totals</i>	91	9	100 (Grand Total)

Significance Level: .05

Variables	favor	against	Marginal Row Totals
objectivity of appraisal process	47 (45.5) [0.05]	3 (4.5) [0.5]	50
impact of performance appraisal	44 (45.5) [0.05]	6 (4.5) [0.5]	50
<i>Marginal Column Totals</i>	91	9	100 (Grand Total)

Interpretation- The chi-square statistic is 1.0989. The p -value is .294507. *Not significant at $p < .05$.* The chi-square statistic with Yates correction is 0.4884. The p -value is .484642. *Not significant at $p < .05$.*

X^2 (degree of freedom 1, N = sample size 50) = chi-square statistic value, $p = p$ value 294507.

Conclusion- A chi-square test of independence showed that there was no significant association between objectivity of appraisal process and impact of performance appraisal hence null hypothesis is rejected. Rejection of null hypothesis clarifies that there is significant association amongst impact of performance appraisal on employees in select companies in Bhopal.

Analysis interpretation conclusion

1. To analyze impact of performance appraisal on select companies of Bhopal.

NO.	Variables	Favor	Against	Favor/ Against %	
1	Appraisal done due to its requirement	31	19	62%	38%
2	Objectivity of entire process	47	03	94%	06%
3	Improvement in overall performance	44	06	88%	12%
4	Authorized for Performance planning	36	14	72%	28%
5	Separate system of appraisal for various groups	26	24	52%	48%
6	It's valid to give overall rating	32	18	64%	36%

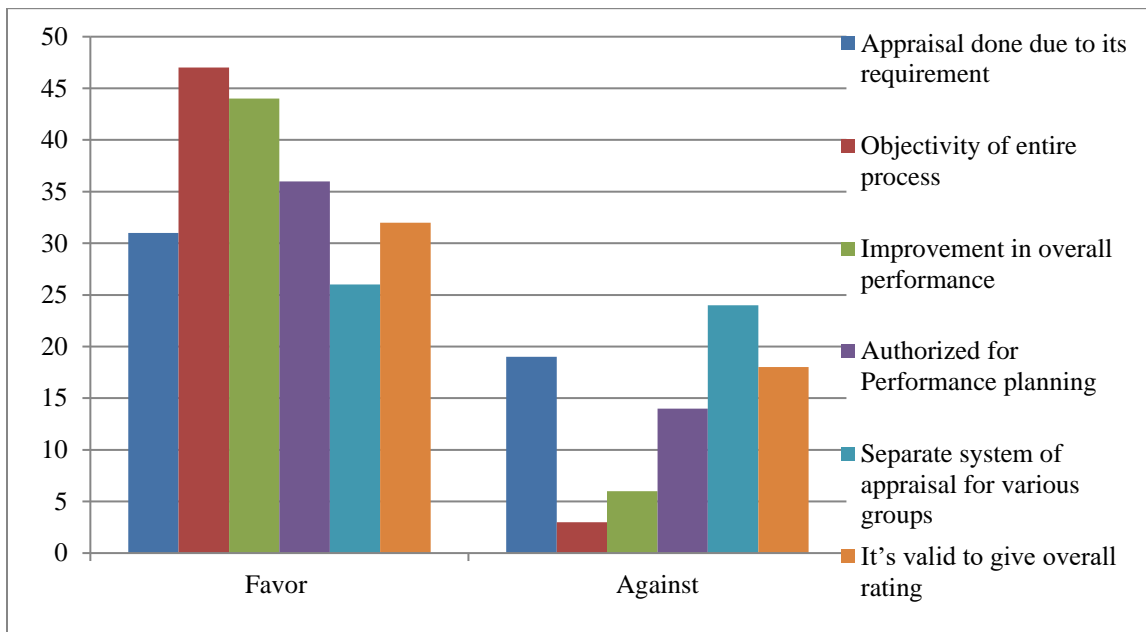


Figure 1: Impact of performance appraisal on select companies of Bhopal

Interpretation: - Below mentioned are opinions of management staff members as per above chart details which are significantly favorable towards:

1. Objectivity of appraisal process gets favorable responses by 94% which shows presence of structured appraisal protocol in select companies of Bhopal, which increases authenticity of entire process.
2. Improvement in overall performance gets favorable responses by 88% shows significance of its appraisal process in development of employees overall performance.
3. 72% respondents are found Authorized for Performance planning which is satisfactory presence of personnel indulged in this process in select companies of Bhopal.
4. 64% respondent's gives favorable responses towards overall rating to employee's shows rating issues are not commonly raised towards appraisal process.
5. Appraisal done due to its requirement gets favorable responses by 62% shows appraisal process is relevant and significant for employee welfare & development.
6. Separate system of appraisal for various groups gets favorable responses by 52% shows need of appraisal procedure development in near future.

2. To identify need of performance appraisal system over companies of Bhopal.

7	The need of performance management system	Favor	Against	Favor/ Against %	
A	Retention strategy	37	13	74%	26%
B	Reward allocation	47	03	94%	06%

C	motivational strategy	39	11	78%	22%
D	Identification of training and development needs	48	02	96%	04%
E	Decisions of promotions, transfers and termination	47	03	94%	06%
F	Clarification of job requirements	41	09	82%	18%
G	Identification of performance barriers	43	07	86%	14%

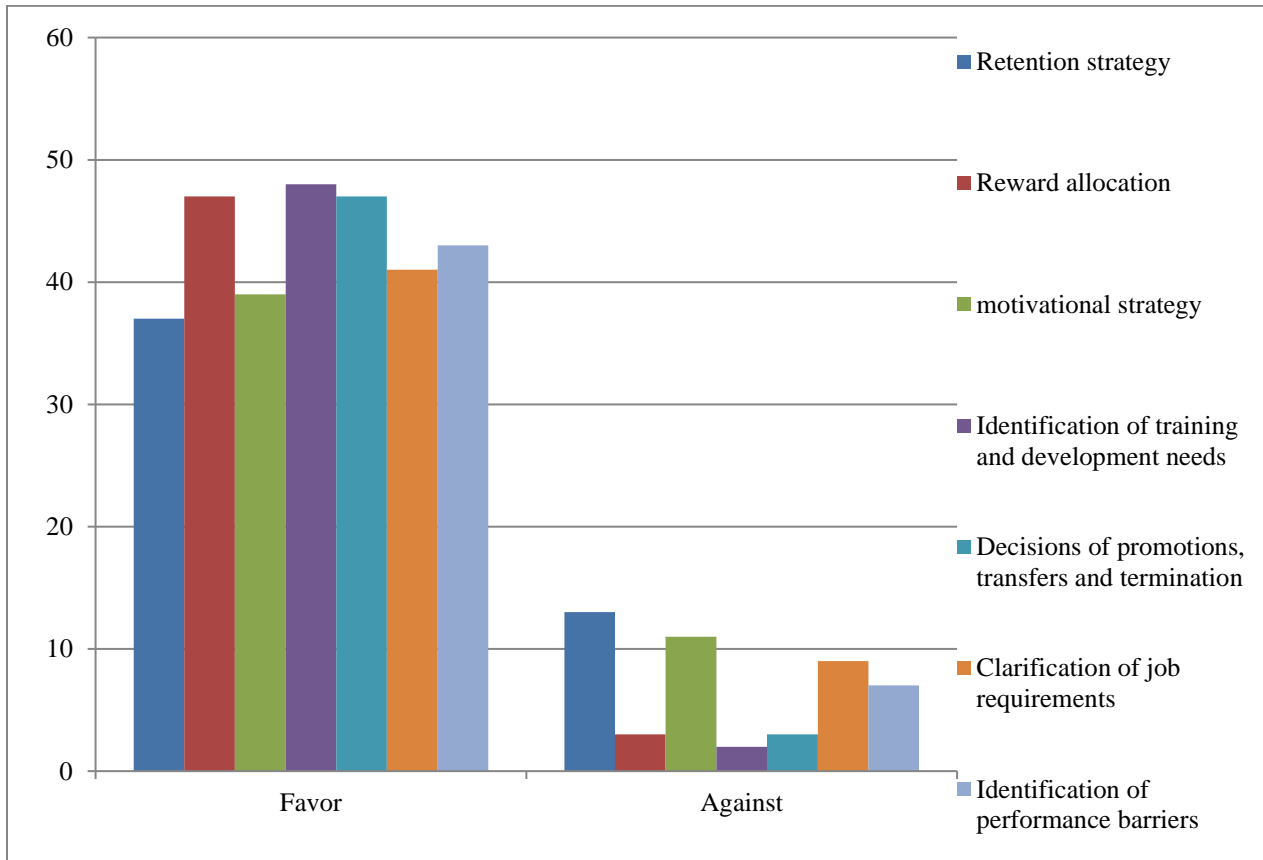


Figure 2: Need of performance appraisal system over companies of Bhopal

Interpretation: - Below mentioned are opinions of management staff members as per above chart details which are significantly favorable towards:

1. Identification of training and development needs gets favorable responses by 96% shows companies are taking career development initiatives at prior level.
2. Decisions of promotions, transfers and termination & Reward allocation gets favorable responses by 94% separately in both cases shows companies are strictly follows its protocols towards entertaining performers and non performers.
3. Identification of performance barriers & Clarification of job requirements gets favorable responses by 86% and 82 % shows companies are effectively works towards maintaining healthy working environment & transparency towards employees.

4. Motivational strategy & retention strategy gets favorable responses by 78% and 74% shows high morale & dedication of employees towards select companies of Bhopal.

3. To analyze impact of performance appraisal methods over employees of companies.

Table 3: Impact of performance appraisal methods over employees of companies					
8	Method of performance appraisal	Favor	Against	Favor/ Against %	
A	360 degree appraisal	44	06	88%	12%
B	Behavioral assessment	13	37	26%	74%
C	Balance Score card	11	39	22%	78%
D	Critical incident assessment	26	24	52%	48%
E	Graphic rating scale	37	13	74%	26%
F	Paired comparison method	04	46	08%	92%
G	Self appraisal	21	29	42%	58%
H	Ranking method	08	42	16%	84%
I	Written Easy method	12	38	24%	76%

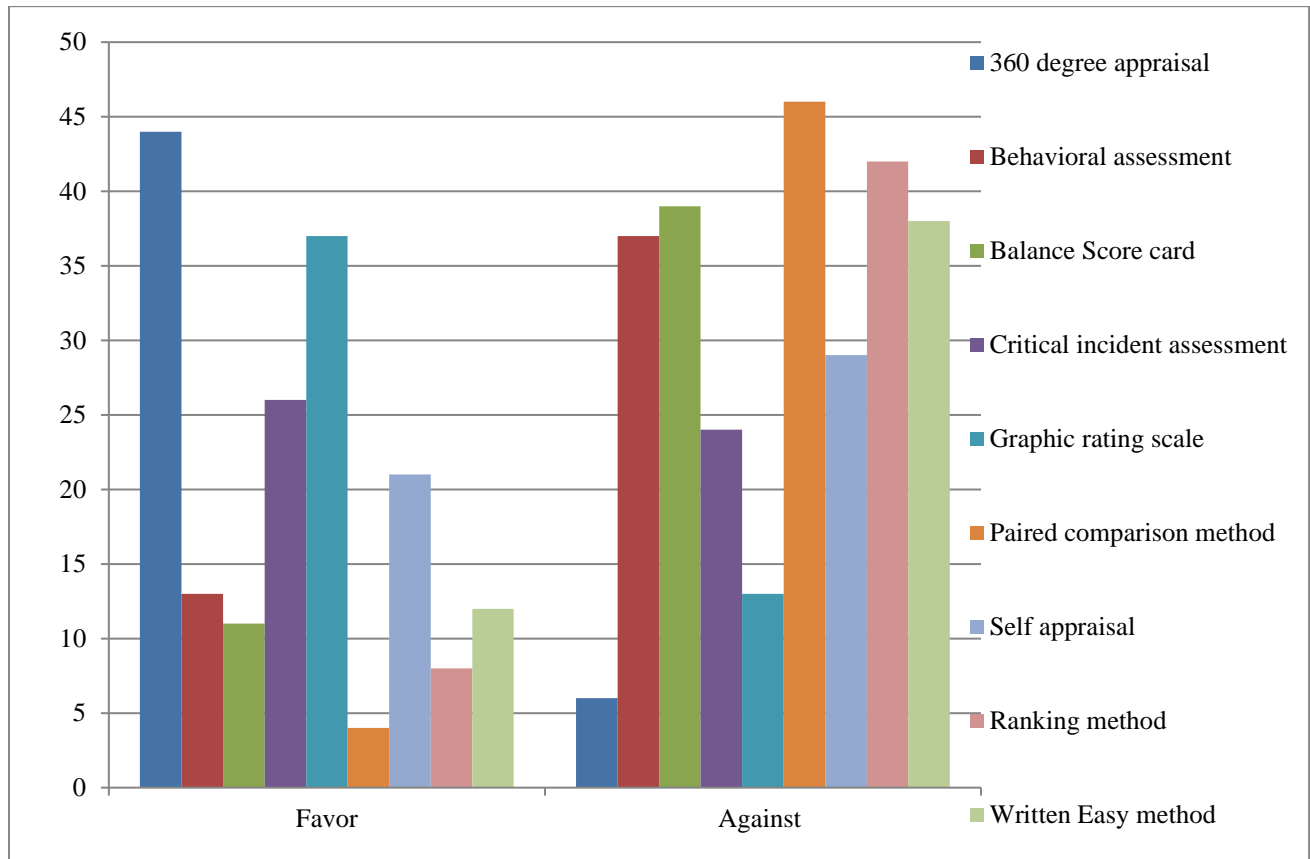


Figure 3: Impact of performance appraisal methods over employees of companies

Interpretation: Below mentioned are opinions of management staff members as per above chart details which are significantly favorable towards:-

- 360 degree appraisal gets highest favorable responses by 88% which is 14% & 36% more as compare with Graphic rating scale and critical incident assessment method shows companies are dedicatedly giving efforts to ensure employee participation in appraisals.
 - The other methods mentioned above are moderately effective towards appraisals as per the observations of this study in select companies of Bhopal; these methods are specifically used for appraising some groups made for any specific tasks respectively.
4. To analyze strength and weakness of performance appraisal system.

9	Feedback to employees	Favor	Against	Favor/ Against %	
A	Numerically /Alphabetically	24	26	48%	52%
B	Verbally mostly positive	29	21	58%	42%
C	Verbally somehow negative	01	49	02%	98%

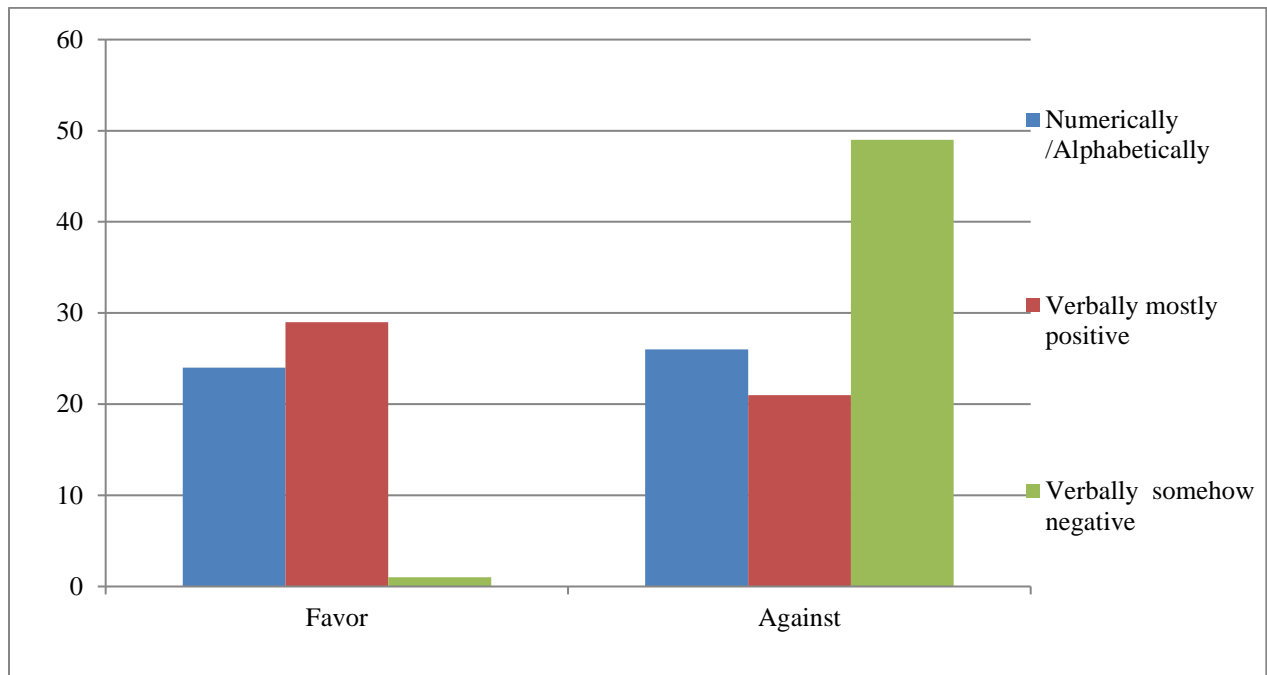


Figure 4: Strength and weakness of performance appraisal system

Interpretation: - below mentioned are opinions of management staff members as per above chart details which are significantly favorable towards:-

1. Verbally mostly positive gets favorable responses by 58% show presence of moderately good performer employees amongst select companies of Bhopal, it also indicates that appraisal method is effective to analyze efficiency of workers through numerically /alphabetically gets favorable responses which gets 48% opinions.
2. 1% of verbally somehow negative feedbacks are given in the case of nonperformers in select companies respectively.

Table 5: Performance Reviews

10	Documentation of performance reviews done by	Favor	Against	Favor/ Against %	
A	Human resource department	46	04	92%	08%
B	Line managers	38	12	76%	24%
C	Individual	16	34	32%	68%

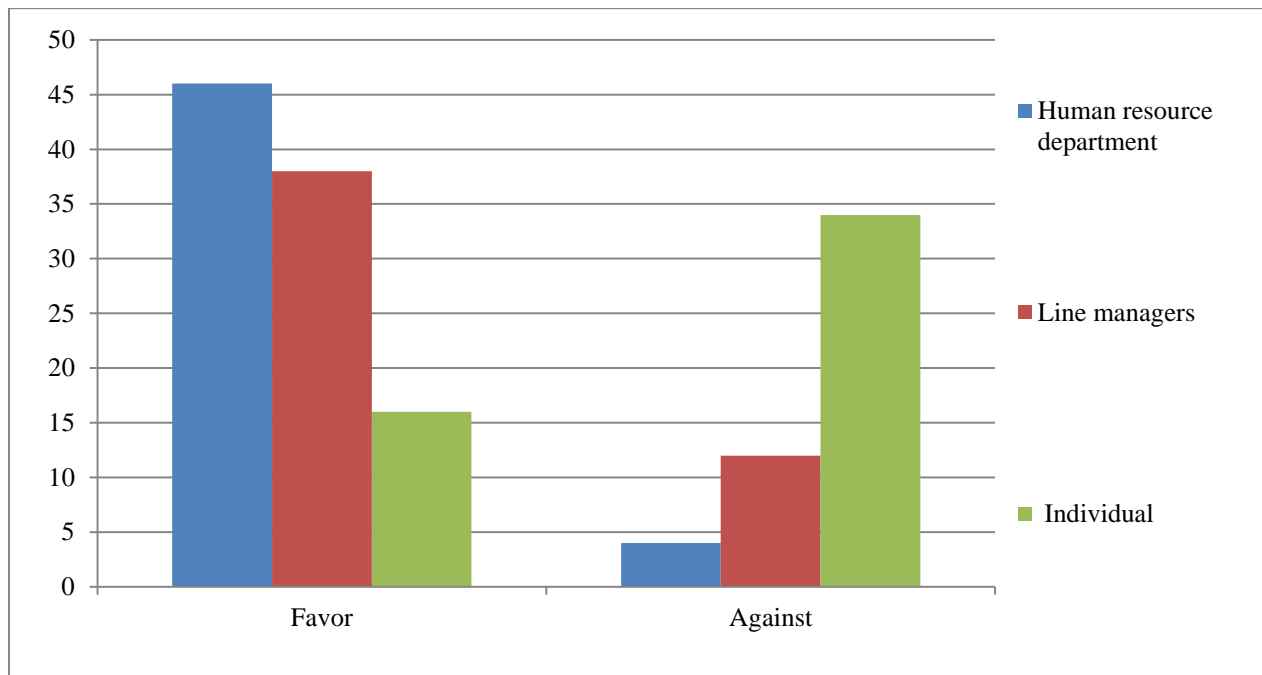


Figure 5: Performance Reviews

Interpretation: - below mentioned are opinions of management staff members as per above chart details which are significantly favorable towards:

1. Human resource department & Line managers gets favorable responses by 92% and 76% shows good coordination amongst these authorities in accomplishment of performance reviews documentation process.
2. Moderately low participation of individuals by 32% is observed respectively.

11	Parameter to reduce subjectivity and biasness	Favor	Against	Favor/ Against %	
A	Critical incidents	38	12	76%	24%
B	Continues observations	36	14	72%	28%
C	Multiple raters	16	34	32%	68%
D	Peer review outcomes	37	13	74%	26%
E	Selective Evaluation	31	19	62%	38%
F	Training evaluations	42	08	84%	16%

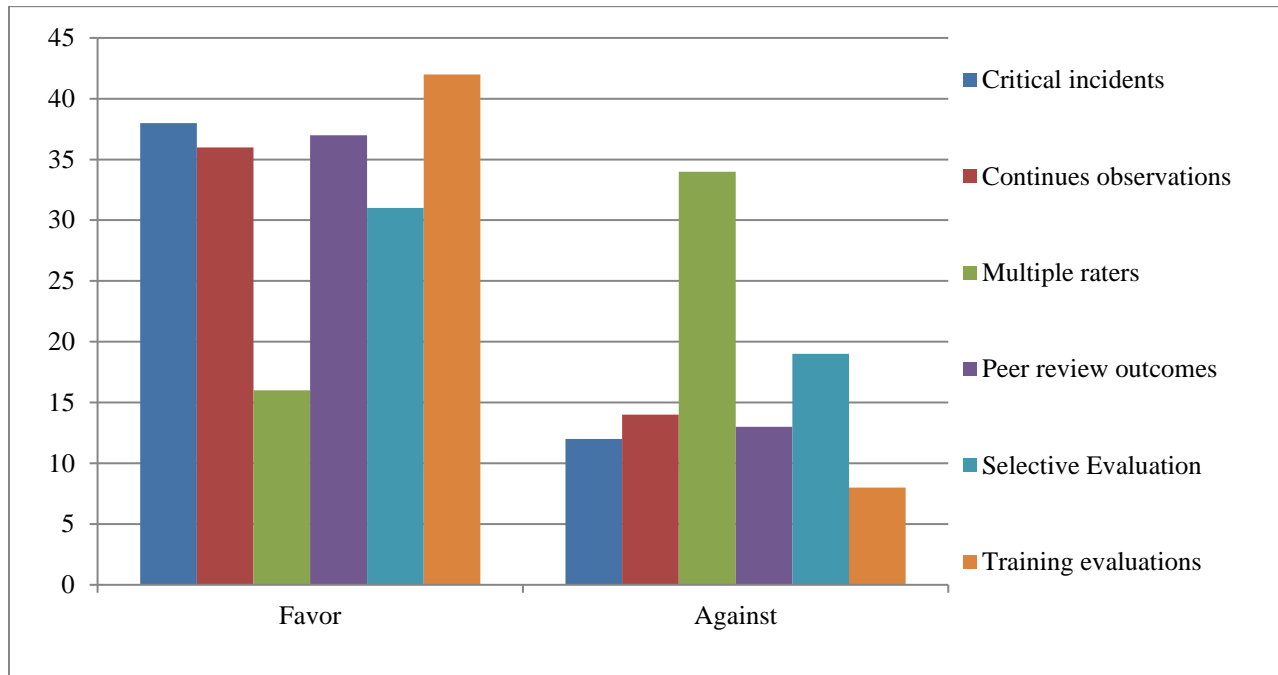


Figure 6: Parameter to reduce subjectivity and biasness

Interpretation: - below mentioned are opinions of management staff members as per above chart details which are significantly favorable towards:

1. Training evaluations, Critical incidents, Peer review outcomes, Continues observations & Selective Evaluation gets favorable responses by (84%,76%,74%, 72% and 62%) are significant parameters to reduce subjectivity and biasness
2. Moderately low responses towards multiple raters by 32% are observed respectively.

12	Goal setting & job role is decisions depends on	Favor	Against	Favor/ Against %	
A	Individual	04	46	8%	92%
B	Superior & peer	16	34	32%	68%
C	Line managers/ team leaders	28	22	56%	44%
D	HR Professionals	26	24	52%	48%
E	Senior managers	37	13	74%	26%

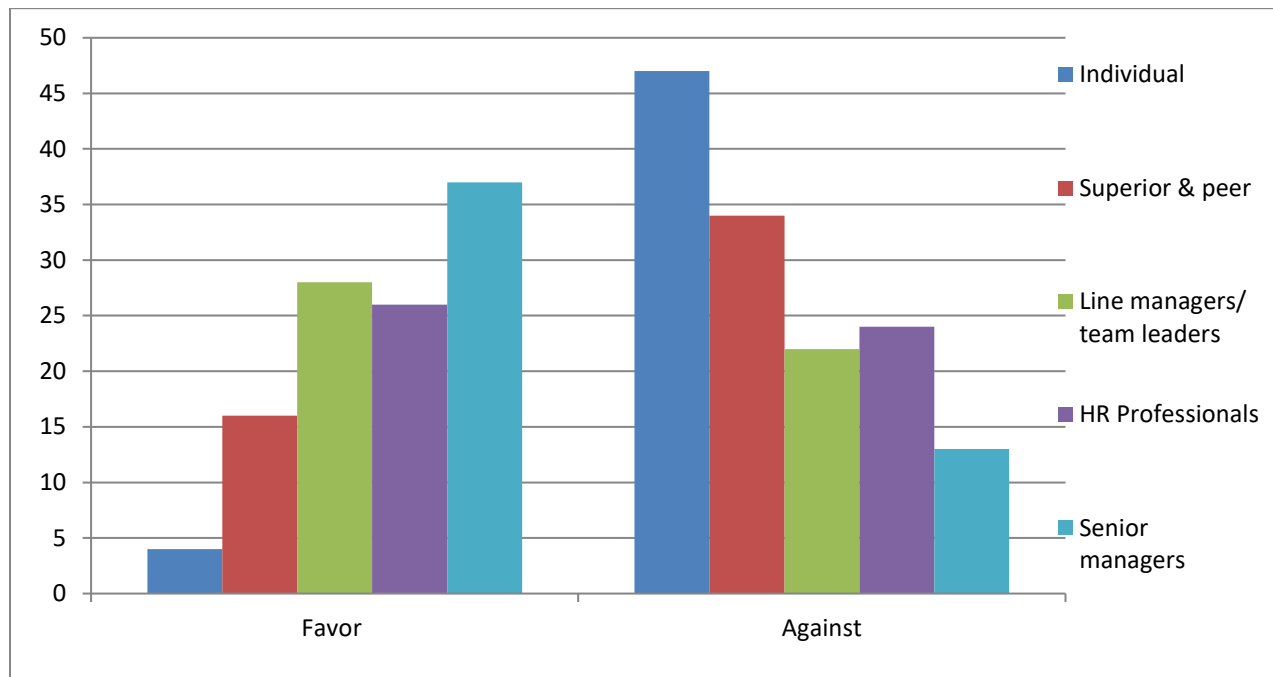


Figure 7: Parameters of Goal setting & job role

Interpretation: - Below mentioned are opinions of management staff members as per above chart details which are significantly favorable towards:

1. Senior managers & line managers/ team leaders gets favorable responses by 74% and 56% are taking goal setting & job role is decisions which shows command of business department over these decisions
2. Role of HR Professionals in this decision is low as compare with senior management & business department by 18%.
3. Superior and peer & individual participation 32% & 8% is satisfactory towards goal setting & job role is decisions.

Findings

1. There is significant impact of performance appraisal on employees in select companies.
2. Variables show favorable responses of management staff members.
3. There is significant need of performance appraisal system towards following processes:-
 - a. Identification of training needs is prior, trainings enriches employees potential for uplifting of business activities and also for controlling attrition rate.
 - b. Decisions of promotions, transfers and termination for treating various employees as per their performance level in company.
 - c. Reward allocation for increase the morale of performers in company.
 - d. Identification of performance barriers for reducing wastage of time and efforts.
4. Requirement of 360 degree appraisal is most found significant.
5. Feedback system is found appropriate & motivational towards workers.
6. Coordination of line managers & individuals along with Human resource department in documentation process of appraisal is fruitful for trust building over appraisal process.



7. Human resource department gives significant efforts towards reducing subjectivity and biasness in appraisal process.
8. Participation of HR Professionals in Goal setting & job role decisions is lesser as compare with senior management & business department.

Suggestions

1. There is significant need of increasing Human resource department participation in goal setting and job role decisions along with business department for setting targets.
2. Selection of appropriate appraisal method for different groups of employees is a subject of analysis in future as per requirement of business.

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