

# ROLE OF PERFORMANCE APPRAISAL IN EMPLOYEE DEVELOPMENT AND ORGANIZATIONAL JUSTICE

Dr.E.Jogeswar Rao

*Associate Professor, Department of MBA,  
Horizon Institute of Technology,  
Keesara (md),R.R (dist)*

**Abstract:** In this article the effective function in the department of human resource are analyzed with the contribution of employees and their opinion about the works performed by the employees towards their development in Capgemini Pvt Ltd, Chennai. And also this article sets out to identify the gaps between expectations and experiences of the employees performance appraisal in the organization.

In this regard, The employees in the organization are directly interviewed and gather information and are collected through the questionnaire. The data are analyzed through the percentage analysis and chi-square method. From these inferences were drawn, based on the inference, the findings revealed that the performance appraisal system done by the organization is highly comfortable and satisfactory. From the study it is found that they are enriching their attitude, appearance, initiatives, achievements with appraisal system and necessary findings are made and suggestions were given.

The employees are aware about the various policies that are implemented by the organization and also it gain goodwill in the minds of employees. It is suggested that the company should introduce new methods to provide good services promptly and efficiently at the time of employees' measures. Thus the study is mainly focus on performance of the employee among executives, and their opinion efficiently and effectively.

## **Introduction:**

Performance appraisal is an internal and integral part of Human Resource Management (HRM). HRM is the strategic and coherent approach to the management of an organization's most valued assets—the "people" working there who individually and collectively contribute to the achievement of the company's objectives. Performance appraisal has been considered as most significant and indispensable tool for an organization in managing the Human resource, for the information it provides is highly useful in making decisions regarding various aspects like promotions and salary increases, suggestions needed changes etc... And also it is used as a base for coaching and Counseling the individual by the training & development methods. and HRM deals with people. "People" are the most important and valuable assets for every organization or institution have in the form of its employees. Dynamic people can build dynamic organization. Effective employees can contribute to their effectiveness of the organization in order to minimize the waste/cost in the form of achieving the organizational goals.

HRM has multiple goals, which include employee's competency development, employee career development, as well organization development. Employees may have variety of competencies like knowledge, attitude, skills, capabilities in Managerial areas, behavioral and human relations areas and conceptual area to perform different tasks or functions required by their jobs.

HRM mainly aims at constantly increasing the competencies of individuals to perform their job effectively and it provides opportunities for developing & improving the competencies in competitive world. As HRM deals with humans it is necessary to keep a check on their performance after regular interval of time given jobs, it is necessary to corrective actions term or there is need to appraisal their performance. The process of appraising for doing their work effectively is known as performance appraisal system.

It is very essential to understand and improve the employee's performance appraisal is the basis for HRD. Human resource development is continuous process to ensure the development of employee dynamism, effectiveness, competencies and motivation in a systematic and planned manner. It was viewed that performance appraisal was useful to decide upon employee promotion/transfer, salary determination and the like.

Its roots in the early 20th century can be traced to Taylor's pioneering Time and motion studies. As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War - not more than 60 years ago. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay claim to being the world's second oldest profession. Performance appraisal measures the qualitative and quantitative aspects of job performance.

For example, early motivational researchers were aware that different people with roughly equal work abilities could be paid the same amount of money .Pay rates were important, yes; but they were not the only element that had an impact on employee performance. It was found that other issues, such as morale and self-esteem, could also have a major influence.

As a result, the traditional emphasis on reward outcomes was progressively rejected. In the 1950s the potential usefulness of appraisal as tool for motivation and development was gradually recognized. The general model of performance appraisal, as it is known today, began from that time.

#### **Scope of the study:**

Identifying the parameters of performance and stating them very clearly;  
Identifying competencies and competency gaps that contribute/hinder to performance;  
Planning performance development activities; Recognizing and promoting performance culture;

It uses to know the performance of the employee and the performance feedback helps the employee to know their performances. To improve employee work performance by helping them to realize and use their potential in carrying out their company vision and mission.

The main aim of the study is to find out the effectiveness of appraisal & development system conducted at “capgemini Pvt ltd”.

#### **Need for the study:**

Performance management facilitates improvement of quality of relationship amongst the members of the organization by encouraging sharing of expectations and building a climate of openness and mutuality.

The significance of performance management has grown in recent times because most of the organizations are giving a lot of importance to employee development and talent management.

The contemporary organizations are working towards grooming the competencies of the employees for maintaining a leadership in the competitive market and performing outstandingly

The PMS is used in strategic purpose to achieve the strategies in the system must be flexible because when goals and strategies change then results and behaviours, employee characteristics need to change correspondingly.

It helps in administrative decisions like salary, promotions, retention termination, lay-off and recognition of individual performance.

It is help's to develop employees who are effective at their jobs.  
It very much useful to the employees to improve their performance.

#### **Objectives of the Study:**

To identify the relationship between the strength and weakness of an employees and management and provide employee counseling through appraisal System.

To identify the value of opinion regarding the promotion is purely based on performance appraisal system and the rating helps to give salary increments and other benefits.

To identify the relation between the effectiveness of appraisal system & development program given by the organization & to know the satisfaction level of current appraisal done by organization.

#### **RESEARCH METHODOLOGY:**

Research Methodology is the process of systematic investigation of any problem it deals with research design, data collection method, sampling plan, sampling method. ,,

Research” means the systematic investigation into and study of materials and sources in order to establish facts. Research is a careful investigation or inquiry especially through search for new facts in any branch of knowledge. Research comprises defining and redefining problems, formulating hypothesis or suggested solution; collecting, organizing and evaluating data, making deductions and reaching conclusions; and at last carefully testing the conclusions to determine whether they fit the formulating hypothesis.

„Methodology” is defined as “a system of methods used in a particular area of study or activity. It may gain knowledge, and it deals with the cognitive processes imposed on research to the problem arising from the nature of its subject matter”.

#### RESEARCH DESIGN:

The study is to measure effectiveness of the performance appraisal system provided by the employees.

Descriptive research is also called statistical research. The main goal of this type of research is to describe the data and characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages and other statistical calculations. Although this research is highly accurate, it does not gather the causes behind situation. Descriptive research is mainly done when a research wants to gain a better understanding of a topic.

Descriptive research answer the questions who, what, where, when and how.

#### DATA COLLECTION METHOD:

##### PRIMARY DATA:

Primary data is known as data collected for the first time through survey. Such data are collected with specific set objectives. Primary data always reveals the cross section picture of anything studied. This is needed in research to study the effect or impact any policy.

##### SECONDARY DATA:

Secondary data refers to the information or facts already collected for some purpose or for future reference. Such data are collected with the objectives of understanding the past status of any variable data collected and reported by some source is accessed and used for the objectives of the study. The secondary data were collected from:

- Magazine
- Books
- Journals
- Records maintained by HR department
- Company websites.

#### SAMPLING DESIGN:

##### STRATIFIED RANDOM SAMPLING:

Stratified random sampling is a method of sampling that involves the division of a population into smaller groups known as strata. In stratified random sampling, the strata are formed based on members' shared attributes or characteristics. ... These subsets of the strata are then pooled to form a random sample.

##### SAMPLE SIZE:

Due to time and resource constraint the sample size is taken as 100 for the survey from the total population of 600 employees.

#### RESEARCH INSTRUMENT: QUESTIONNAIRE:

A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. Although they are often designed for statistical analysis of the responses.

#### RESEARCH PLAN:

Data source : Primary Data & Secondary Data

Research approach : Survey method

Research Instrument : Questionnaire

Method of contact : personal

Sample size : 100

#### TOOLS FOR ANALYSIS:

Chi-square Analysis

Rank correlation method

ANOVA

STATISTICAL TOOLS USED:

The main of the analysis is to determine the relationship between the various factors potential and to determine which factor is significant in enhancing the same .various statistical tools are of:

1. Chi-Square Analysis:

Chi square test is non-parametric test used most frequently by marketing research to test hypothesis. The main aim is to determine whether significant difference exist among the groups of data or whether difference due to sampling when a small number of degree of freedom is involved is greater skewed. As the degree of freedom increases, distribution curve became most significant and resembles the nominal curve.

$$\chi^2 = \sum \frac{(O_i - E_i)^2}{E_i}$$

Chi-Square test:

Where,

$O_i$  = Observed frequency of the cell in the row column

$E_j$  = Expected frequency of the cell in the row column.

Chi-Square test:

$\chi^2$  Test is based on the chi-square distribution and it is parametric test. It is used for comparing a sample variance to a theoretical population variance. In a non parametric test, no assumption about the parameters of the population is made. The non – parametric tests originally were applied in sociological and psychological research.

Conditions to be satisfied for applying chi-square test.

Data should have been collected random.

2. Items constituting the sample should be independent

The total number of items should at least be 50.

It has been already stated that chi-square is used for different purpose .These are explained below:

Often, researchers choose significance levels equal to 0.01, 0.05, or 0.10; but any value between 0 and 1 can be used. Test method. Use the chi-square goodness of fit test to determine whether observed sample frequencies differ significantly from expected frequencies specified in the null hypothesis.

Chi-square as a goodness of fit.

Chi –Square as a test of independence

RANK CORRELATION OF CO-EFFICIENT:

The Spearman correlation coefficient,  $r_s$ , can take values from +1 to -1. A  $r_s$  of +1 indicates a perfect association of ranks, a  $r_s$  of zero indicates no association between ranks and a  $r_s$  of -1 indicates a perfect negative association of ranks. The closer  $r_s$  is to zero, the weaker the association between the ranks.



$$r_s = 1 - \frac{6 \sum d^2}{n(n^2 - 1)}$$

$\Sigma$  = notation meaning “the sum of”

n = the number of paired observations

r = coefficient of rank correlation.

The correlation is one of the most common and most useful statistics. A correlation is a single number that describes the degree of relationship between two variables.

Advantage of rank correlation:

1. We do not assume the underlying relationship between x and y to be linear and, therefore when data possesses a distinct curvilinear relationship, the rank correlation coefficient will likely be more reliable than the conventional measure.
2. The greatest advantage occurs when one is unable to make meaningful numerical measurements but nevertheless can establish rankings.

## ANOVA

Another test of significance is analysis of variance test (ANOVA). The primary purpose of ANOVA is to test for the differences between multiple means. It can be calculated by comparison of two tools of data with difference in sample. It can be calculated as Identify the independent and dependent variables.

Describe the variation by breaking it into parts the total variation.

The portion that is within groups and the portion are between groups (or among groups for more than two groups). Measures the difference between each group's mean and the grand mean.

Perform a significance test on the difference & interpret the results. The above steps can be interpreted as follows.

| Source of variation |   |                         |
|---------------------|---|-------------------------|
| SSC                 | - | Sum of squares          |
| SSR                 | - | Sum of squares of rows. |
| E SS                | - | Error sum of squares.   |

By taking degree of freedom and taking into consideration the above variation, the variance is calculated and the F-ratio is got from the mentioned variants. ANOVA at last is accepted by comparing the calculated and tabulated value.

ANOVA is accepted when the calculated value is less than the tabulated value and rejected vice versa. ANOVA is efficient for analyzing data using relatively few observations and can be used with categorical variables.

## DATA ANALYSIS AND INTERPRETATION:

Analysis and interpretation of various statements gives a skilled and experienced for a better understanding and the performance of the firm.

Analysis means it is the process of considering something carefully or using statistical methods in order to understand it or explain it. Where the term “interpretation” means expanding the meaning and significance of the data so simplified.

## STATISTICAL ANALYSIS(Tools)

### HYPOTHESIS TEST -1

### CHI-SQUARE

To find out or identify any significant difference between the appraisals systems helps to identify the strength and weakness of employees and management and rating helps for management to provide employee counseling.  
Hypothesis

Null Hypothesis (H0) : there is no significant relationship between the strength and weakness of an employees and management and provide employee counseling through appraisal System.

Alternate Hypothesis (H1): there is a significant relationship between the strength and weakness of an employees and management and provide employee counseling through appraisal System.

**TABLE SHOWING THE APPRAISAL SYSTEM IDENTIFY THE STRENGTH AND WEAKNESS OF EMPLOYEES AND MANAGEMENT AND PROVIDE EMPLOYEE COUNSELING**

| OPTION               |                    | STRENGTH AND WEAKNESS OF EMPLOYEES |           |           |           |          | TOTAL      |
|----------------------|--------------------|------------------------------------|-----------|-----------|-----------|----------|------------|
| EMPLOYEE COUNSELLING | OPINION            | VERY GOOD                          | GOOD      | NEUTRAL   | BAD       | VERY BAD |            |
|                      | HIGHLYSATISFIED    | 11                                 | -         | -         | -         | 3        | 14         |
|                      | SATISFIED          | -                                  | 15        | -         | 21        | -        | 36         |
|                      | NEUTRAL            | -                                  | -         | 27        | 1         | -        | 28         |
|                      | DISSATISFIED       | 2                                  | -         | 16        | -         | -        | 18         |
|                      | HIGHLYDISSATISFIED | 1                                  | -         | -         | -         | 3        | 4          |
| <b>TOTAL</b>         |                    | <b>14</b>                          | <b>15</b> | <b>43</b> | <b>22</b> | <b>6</b> | <b>100</b> |

$$E=R*C/N$$

Where R = sum of row total

C = sum of column total

N = sample size

Calculation value

| Observed frequencies(o) | Expected Frequencies(E) | (O-E) <sup>2</sup> | (O-E) <sup>2</sup> /E |
|-------------------------|-------------------------|--------------------|-----------------------|
| 11                      | 1.96                    | 81072              | 41.69                 |
| 3                       | 0.84                    | 4.66               | 5.54                  |
| 15                      | 5.4                     | 92.16              | 17.06                 |
| 21                      | 7.92                    | 171.08             | 21.60                 |
| 27                      | 12.04                   | 223.80             | 18.58                 |
| 1                       | 6.16                    | 26.62              | 4.32                  |
| 2                       | 2.52                    | 0.27               | 0.10                  |
| 16                      | 7.74                    | 68.22              | 8.81                  |
| 1                       | 0.56                    | 0.193              | 0.34                  |
| 3                       | 0.24                    | 7.617              | 31.73                 |
| Calculated Value        |                         |                    | 149.77                |

Calculated value of chi-square =149.77

#### Table value of chi-square

Degree of freedom = (row-1)\*(column -1)

$$= (5-1)*(5-1)$$

$$= 4*4$$

$$= 16$$

Critical value: the table value of chi-square at 5% and for 16 degree of freedom is (0.05, 16) = 26.296

#### INTERPRETATION:

Since the calculated value of  $\chi^2 = 149.77$  is  $> (0.05, 16) = 26.296$ , so the null hypothesis (H0) is rejected and the alternate hypothesis (H1) is accepted.

#### RESULT:

From the above test we find it that there is a relationship between the appraisal system identify strength and weakness of employees and rating helps to provide employee counseling.

**HYPOTHESIS TEST -2****SPEARMAN'S RANK CORRELATION CO-EFFICIENT.**

The observed value of opinion regarding the promotion is purely based on performance appraisal and the rating helps to fix increments

| opinion             | No. of Respondents | Rank(X) |
|---------------------|--------------------|---------|
| Highly satisfied    | 39                 | 1       |
| Satisfied           | 18                 | 3       |
| Neutral             | 25                 | 2       |
| Dissatisfied        | 10                 | 4       |
| Highly dissatisfied | 8                  | 5       |

The observed value regarding the organization provides additional benefits for your work development.

| Opinion           | No. of Respondents | Rank (Y) |
|-------------------|--------------------|----------|
| Strongly agree    | 18                 | 3        |
| Agree             | 9                  | 4        |
| Neutral           | 42                 | 1        |
| Disagree          | 25                 | 2        |
| Strongly disagree | 6                  | 5        |

**Calculation of correlation:**

| Rank (x) | Rank(y) | D= x-y | D <sup>2</sup> |
|----------|---------|--------|----------------|
| 3        | 4       | -1     | 1              |
| 4        | 3       | 1      | 1              |
| 1        | 2       | -1     | 1              |
| 2        | 5       | -3     | 9              |
| 5        | 1       | 4      | 16             |
|          |         |        | 10             |

$$r_s = 1 - \frac{6 \sum d^2}{n(n^2 - 1)}$$

$$= 1 - \frac{6(10)}{5(25-1)}$$

$$= 0.5$$

**RESULT:**

Also  $r = 0.5$  indicates a high positive correlation between the promotion is purely based on appraisal and the rating helps to fix increment and also the organization provide additional benefit for your work development.

**HYPOTHESIS TEST -3****ANOVA**

To find out any significant relationship between the effectiveness of performance appraisal & development programme and satisfaction of present appraisal system done by organization.

**Hypothesis**

Null Hypothesis (H0) – There is no significant relationship between the effectiveness of appraisal & development programme and satisfaction of present appraisal done by organization.

Alternate Hypothesis (H1) – There is a significant relationship between the effectiveness of appraisal & development programme and satisfaction of present appraisal done by organization.

**TABLE SHOWING THE EFFECTIVENESS OF APPRAISAL & DEVELOPMENT PROGRAMME AND SATISFACTION OF PRESENT APPRAISAL DONE BY ORGANIZATION.**

| S.NO  | EFFECTIVENESS      | SATISFACTION OF APPRAISAL DONE BY ORGANIZATION |       |         |          |                   |       |
|-------|--------------------|--|-------|---------|----------|-------------------|-------|
|       |                    | Strongly agree                                 | Agree | Neutral | Disagree | Strongly disagree | Total |
| 1     | Highly effective   | -  | -     | -       | 9        | 16                | 25    |
| 2     | Effective          | 11   | 19    | 14      | -        | 6                 | 50    |
| 3     | Neutral            | 4  | 6     | -       | -        | -                 | 10    |
| 4     | Ineffective        | -  | 5     | -       | -        | -                 | 5     |
| 5     | Highly Ineffective | 5  | -     | -       | -        | 5                 | 10    |
| Total |                    | 20   | 30    | 14      | 9        | 27                | 100   |

**Calculation**

$$\begin{aligned} \text{Correction Factor (C.F)} &= T^2/N \\ &= 10,000/25 \\ &= 400 \end{aligned}$$

**Sum of Square of Total Variance: (SST)**

$$\begin{aligned} &= \text{sum of squares of all items} - \text{C.F} \\ &= [9^2+16^2+11^2+19^2+14^2+6^2+4^2+6^2+5^2+5^2]-400 \\ &= 1178-400 \\ &= 778. \end{aligned}$$

**Sum of Squares between rows (SSR)**

$$\begin{aligned} &= [(25^2/5)+(50^2/5)+(10^2/5)+(5^2/5)+(10^2/5)]-400 \\ &= 670 - 400 \\ &= 270 \end{aligned}$$

**Sum of Squares between the columns (SSC)**

$$\begin{aligned} &= [(20^2/5) + (30^2/5) + (14^2/5) + (9^2/5) + (27^2/5)] - 400 \\ &= 441 - 400 \\ &= 41 \end{aligned}$$

**Error Sum of Squares = SST - (SSR+SSC)**

$$\begin{aligned} &= 778 - (270+41) \\ &= 467. \end{aligned}$$

**ANOVA TABLE**

| SOURCE OF VARIANCE | SUM OF SQUARES | DEGREE OF FREEDOM | VARIANCE         | F                      |
|--------------------|----------------|-------------------|------------------|------------------------|
| Between rows       | 270            | 5-1= 4            | 270/4 = 67.5     | 67.5/29.1875= 2.3126   |
| Between columns    | 41             | 5-1=4             | 41/4 =10.25      | 10.25/29.1875 = 0.3511 |
| Residual           | 467            | (4)*(4) =16       | 467/16 = 29.1875 |                        |



Calculated Value:

$F_1=2.3126$

$F_2=0.3511$

#### **Table Value**

Critical value: The table value of ANOVA at 5% and the degree of freedom is (4, 16) =3.01

#### **RESULT**

The table value of  $F_1$  at 0.05 level of significance is 3.01. Calculated value is 2.3126. Hence calculated value is lesser than table value, so  $H_0$  is accepted. Since there is no significant relationship between the effectiveness of appraisal & development programme and satisfaction of present appraisal system done by organization.

The table value of  $F_2$  at 0.05 level of significance is 3.01. Calculated value is 0.3511. Hence calculated value is lesser than table value, so  $H_0$  is accepted. Since there is no significant relationship between the effectiveness of appraisal & development programme and satisfaction of present appraisal system done by organization.

#### **FINDINGS:**

As per **chi-square test** based on there is a relationship between the appraisal systems identifying strength and weakness of employees and rating helps to provide employee counseling.

As per **rank correlation coefficient** based on the high positive correlation between the promotion is purely based on appraisal and the rating helps to fix increment and also the organization provide additional benefit for your work development.

As per **ANOVA**, there is no significant effectiveness of appraisal system and its satisfaction of present performance appraisal system done by the organization.

#### **SUGGESTIONS:**

When performance standards are in place, both the managers and employee should know what performance expectations are essential for achieving the goals or related tasks. This mutual understanding provides the basis for ongoing feedback and performance counseling. And it is also important to explain to everyone what are performance Standards, why they are important, how they will be used. Ensure that employees should understand the process, if so required solicit their comments & questions. Company must give them a message that we would like to work together to develop standards for their positions and their recommendations and concerns will be considered.

The performance appraisal technique prevailing in the organization is good. Employees are satisfied with the present performance appraisal system that is a traditional one now as many new appraisal techniques are evolved, the organization may introduce new modern techniques which would be more effective. and set some performance expectations. The welfare measures of company is at par with the policies and has brought a great sense of involvement among the employees of the organization. If the suggested measures are taken into consideration it will increase the effectiveness of performance appraisal system.

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