PERFORMANCE APPRAISAL PRACTICES IN IT INDUSTRY
(A Comparative Study between selected IT Companies in Visakhapatnam, AP.)

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Abstract:

Every manager of an organization should focus constantly on their employee's performance because when their employee's performance is up to the mark at that time only they fulfill organizational requirement in this regard performance appraisal practices are essential. Today we have been seeing IT organizations bagging their employee who are not performing well in the organization. The aim of the present study is to measure the satisfaction level of the employees regarding performance appraisal practices and to compare the performance appraisal practices in select IT organizations in Visakhapatnam district in Andhra Pradesh. The study has conducted on 130 employees of Two IT organizations named as IBM Kenexa and Miracle software solutions in Visakhapatnam. From the statistical analysis it has observed that IBM Kenexa employees are more satisfied than miracle software solutions with regard to the comparison analysis it evidenced from the analysis that there is a significant difference between the performance appraisal practices in both the organizations.

Key Words: Information Technology, Performance Appraisal

1.1 INTRODUCTION:

Performance appraisal has come under Development function of HRM. Vibrant employees make the organization more dynamic ever. In 21 century performance appraisal has become an important practice in the organizational perspective. To enhance organizational performance and employee performance appraisal practices are essential. Every year at the end many firms indulge in the performance evaluation of their employees. Performance appraisal practices are conducted in the organizations to identify employee's strength and weaknesses. To give promotion, demotion and job enrichment opportunities evaluation of employee performance is essential. Performance appraisal practices intention is to encourage and to motivate potential talent of the employees. Those who perform well information technology organization keen at them those who did not perform well IT organization sacked them from their respective organization because IT organizations are completely intellectual based industry and today due to the advancements in technology such as automation many organization marginalized their work force in this regard the present study of comparative performance appraisal practices are important.

PERFORMANCE APPRAISAL

The Development and Corresponding of human resource capabilities used to overcome cutthroat competition and set to set business strategy. Performance appraisal extensively viewed as essential to enabling the insight of the an industry for specific competition (Wright & McMahan 1992; Schuler & Jackson 1987). to enhance their efficiency managements acts as an essential contributor to the expansion of the organization as a entire. It is not a different function but employee performance appraisal practices helps in attain the goal of the organization. Today the Performance appraisal practices have been used as a strategic approach for integrating of HR interventions

and business best practices. The practices of Performance Appraisal cover up various activities relating evaluation of employees and growth and improvement of their capabilities.

Performance appraisal in firm considered as a solution to HRM practices for assess efficacy and efficiency (Redman 2000). Performance appraisal forms a basic part of performance management. Performance appraisal can be measured as a process that includes knowledge of employees about what their managers expect of them, their inspiration to carry out well, mentoring and estimate of employee performance with an object of identifying areas where the improvements are needed. It is affirmed that performance appraisal is part of a organization system and it is crucial to understand the efficiency of the employee (Piggott- Irvine 2003). Thus Performance Appraisal has steps forward from appraisals and used as valuable tool to link performance to business strategy. Hence; employee appraisal practices in the organization should be well intended and practiced in the organizations.

IT -INDUSTRY IN INDIA

IT sector has helped the domestic economy to integrate with the world economy. It has made significant impact on the lives of many people. It has also helped people settled in far flung topographies to connect with the rest of the world. It has given birth to e-governance practices, as a result of which people get an easy access via e-health, e-education, e-ticketing etc. to the various governmental services.

Today almost everything can be done online whether it is shopping, ticketing, filing Income Tax returns etc. Though the year 2014 was full of challenges and uncertainties, the IT sector managed to achieve double digit growth rate and attained revenues of USD 154 billion in the fiscal year 2016-2017 and the exports raised from 7to 8 percent in 2017-18. In GDP the percentage of IT is 7.5% (www.ibef.org)

Information technology as an industry today occupies a strategic a place in Indian economy and business. Its origin and growth in India have been phenomenal during the last two decades. Not only the economic and business environment has undergone a change but one can also see changes in the social sector as well. The education and employment fields have changed. It has played a key role in putting India on the global map. It has contributed substantially to the economic power of the country - it is envisioned to become a US$225 billion industry by 202. With the new millennium, this industry has become the country`s premier growth engine, crossing significant milestones in terms of revenue growth, employment and value creation in addition to becoming the global brand ambassador for India

The information technology industry in India basically consists of the software development sector.The industry consists of a large and growing number of firms. According to NASSCOM the number of India software firms has grown from around 432 in 1996-97 to over 15.1 lakhs in 2017 (Economic Times of India). Many of these firms entered the industry after the economic liberalization and globalization of 1991. Today the industry consists of very big and leading companies like the Tata Consultancy Services (TCS), Infosys Technologies, and Wipro technologies as well as smaller ones like the KTwo Technologies. The top 2 companies account for over 60% of software exports revenue.

The market leaders among the Indian Software firms are relatively new. With a few exceptions, notably Wipro, these firms specialize in software alone. This is in marked contrast to early entrants who had close links with computer hardware development. TCS was the first firm to agree in 1974 to export software in return for being able to import hardware. TCS, currently the largest Indian software firm, employs over 12,000 persons. Once the software exports gained ground a large number of entrepreneurial firms entered the industry.

The software industry in India gained recognition in the early eighties, as companies took up posting of trained software manpower, especially to USA. Very soon several companies started taking up software projects at customer sites, and sent their professionals to carry out this task. Staring with routine jobs, most companies graduated to more and sophisticated tasks and India started getting recognized as having special talent for software development and management of software projects.

It was only in the early nineties, after the Indian software industry go sufficient recognition, that Indian companies were able to win contracts in a large way to carry out software projects off-shore (in India). From then on, projects have gotten more sophisticated and bigger. Today, even though the software tasks carried out by India for the West may amount to a small portion of the worldwide IT industry, Indian companies and professionals are regarded as amongst the best in the world.

1.2 STATEMENT OF THE PROBLEM:

Performance appraisal is a significant task of superior; IT organizations are completely in the hands of private individuals, in such highly competitive private sector industries IT employees are not constantly working for an extended period of time, they are switching the organizations for better growth and benefits. to measure whether an employee is valuable to the organization or not if so whether he supposed to receiving extrinsic and intrinsic rewards his performance needs to be evaluated from every periodical time; in this regard it is needed to find out how IT organizations measuring employees performance.

1.3 REVIEW OF LITERATURE:

Greenberg (1993) proposed four factor model of organizational justice based on studies and research by considering all previous studies, which was summarized as: systemic (structural procedural); configure (structural distributive);informational (social-procedural); and, interpersonal (social-distributive), based on these four factors many researchers considering effectiveness of performance appraisal system.

VSP Rao (2007) given three approaches to measure performance appraisals according to him employer appraised against 1) absolute standards 2) Relative standards 3) objectives. According to him employees have been evaluated by how well they accomplish a specific set of objectives which are essential to fulfillment of their jobs. A successful performance appraisal system require more than good technique such as clear standards, measures, and un biased ratings.

Rohan sing and madhumita mahanty (2013) Conducted comparative research on performance appraisal practices in service and manufacturing sector with the objective to find performance appraisal practices have relation with employee performance or not . They had conducted their study over 500 respondents from different organizations. A 5 point likert scale used to measure the data. They had found in their study that there had a close association between employee performance appraisal and employee job performance and they had suggested in their study that employees must know what makes them to fit in the organization further they opinioned that periodical appraisal ensures and employee to put his attention on performance development.

Kiran kumar Thoti (2015) made a study on performance appraisal system with the objectives to study the performance appraisal systems in the organization and to find the relationship between performance appraisal and organizational effectiveness. The sample size for the study was 100 and the sampling units were software industries in Bangalore. To measure the data he performed chi-square test .In his study he had found that performance appraisal system helps the employees to find their strength and weaknesses further he had suggested that evaluator must clearly indicate where the employee supposed to develop his skills and the evaluator must discuss with the policies and procedure with the employees.

Rajput, (2015) in their article titled 'overall performance Appraisal System' provide an explanation for that the overall performance appraisal has been conducting on an annual basis for existing employees whereas for trainee and new recruits it has completed on quarterly basis in many agencies. right here writer research about the multidimensional nature of job where the nurse supervisor offers score to different process of nursing technique for that reason, employees who have notably less opposition or lenient appraisers have better appraisal than to equally competent worker.

K. Chandhana and Dr. David T Easow (2016) in their research titled as appraising the appraisal process they observed that 'performance Appraisal tool in select IT companies had loop holes in their overall performance appraisal which had been used in their respective groups inclusive of – 360 degree appraisal & Balanced score Card: in a review' it had determined that the both 360degree remarks and balanced score card had its personal loopholes, thru those techniques are being used via pinnacle IT businesses. The level of satisfaction of the manpower appraisal techniques have been very low and there had a new appraisal approach required to prevent such errors and has the advantages of these methods.

1.4 OBJECTIVES OF THE STUDY

- To examine the prevailing performance appraisal practices in selected IT Organizations.
- To combatively assess the satisfaction level of employees in both the IT Organizations
- To offer better suggestions to improve performance appraisal practices in selected IT organizations

1.5 Hypothesis:

Null hypothesis

Ha0: There is no significant difference between satisfaction levels of performance appraisal practices in selected IT companies.

Alternative Hypothesis

Ha1: There is significant difference between satisfaction levels of performance appraisal practices in selected IT companies.

1.5 RESEARCH METHODOLOGY:

The present study of the performance appraisal practices observed in Visakhapatnam Andhra Pradesh, India. The nature of the sample is restricted to only two IT organizations (IBM Kenexa and Miracle Software solutions). The sampling method involves random sampling method. The study also involves the collection of data by convenience random sampling method hence; both the probability and non-probability sampling techniques were applied. In order to maintain the consistency of responses basing on isometric psychological revelations a total of 145 questionnaires were dispatched to the respondents out of which only 132 questionnaires were received for data consistency two questionnaires were eliminated. This study involves both primary and secondary data. Primary data was collected through field survey with the help of a structured questionnaire with closed end questions. The questionnaire consists of definite, concrete and pre- ordered questions. The scaling technique instilled in the questionnaire was 5-point Likert-scale. The Secondary data was collected by, Journals, and published data of varied nature.In order to draw meaningful inferences from the collected data the following statistical tools were applied. The collected data was reduced to the form of tables on which statistical tools like Mean scores, Percentage scores and Standard Deviations were applied in order to know the nature of the variations in responses. In order to test the relevancy of the proposed Hypotheses, statistical tools t- test was performed. The research study was completely based on the opinions of the selected IT employees. Due to the heavy workloads they did not given full information and suspect of superiors is another reason for non disclosure of full information, we cannot justify other IT employees have the same responds. Further, due to the busy schedules the employees were given very little response for the questionnaire.

1.6 DATA ANALYSIS

Findings of objective -1

Table No-1.6.1Comparative analysis by frequency distribution

s.no	approaches	percentage of respondents		MD	Effectiveness
		Org-1	Orga2		
1)	**ABSOLUTE STANDARDS**				
	a) Performance expectation forecast				
	Superiors analyses plans carefully	58.61	62.75	4.14	Org-2
	Performance appraisal system measure relative worth of job	60.28	65.13	4.85	Org-2
	Performance appraisal system useful to estimate SWOT analysis of employees	53.89	60.63	6.74	Org-2
	Mean value percentage	**57.59**	**62.83**		
	b) About performance rater				
	Qualified evaluator is appointed for you	62.50	73.13	10.63	Org-2
	Qualified evaluator has sufficient knowledge	58.75	60.38	1.63	Org-2
	Evaluator understand practical requirement and problems	64.72	71.13	6.41	Org-2
	Evaluator knows to evaluate performance as per format	63.06	65	1.94	Org-2
	Evaluator knows procedures and rating formats	62.36	62.38	0.02	Org-2
	Mean value percentage	**62.27**	**66.40**		
	c) Appealing for justice				
	I have opportunity to appeal	61.39	69.63	8.24	Org-2

	I have confident about my review	62.92	60.63	2.29	Org-1
	I can object if appraisal is unbiased	61.39	62.63	1.24	Org-2
	My appraisal report revaluated if I apply	62.50	63.25	0.75	Org-2
	I have no stress to appeal	66.94	62.69	4.25	Org-1
	I have opportunity to communicate my feelings	61.49	68.63	7.14	Org-2
	Mean value percentage	**62.77**	**64.57**		
2)	**CONFIGURABLE JUSTICE**				
	D) Accuracy of performance ratings				
	Performance appraisal Represent how well work has performed	58	68.63	10.63	Org-2
	Performance appraisal exactly reflecting what the work I did in the organization	61	65	4	Org-2
	Performance rating involves my overall effort that I give	62.06	64.31	1.036	Org-2
	My current performance ratings was based on my effort that i put in the work	61.14	68.01	6.87	Org-2
	Mean value percentage	**60.55**	**66.47**		
	E) Concern over all performance rating				
	Actual performance rating given even if it might upset me	63.19	69.25	6.06	Org-2
	Performance rating is the result of application of performance standards	62	71.94	9.94	Org-2
	Performance rating does not reflect raters personal likes and dislikes	61.69	66.37	4.68	Org-2
	Mean value percentage	**62.29**	**69.18**		
3)	**INFORMATIONAL JUSTICE**				
	F)Understanding performance expectations				
	Performance Targets are clearly mentioned	61	66.13	5.13	Org-2
	Standards used while evaluating performance	58.21	67.23	9.02	Org-2
	Mean value percentage	**59.6**	**66.68**		
	G) In process performance feedback				
	Performance improvement changes are explained	61.89	66.75	4.86	Org-2
	Regular feedback is given by the superior	55.64	65	9.36	Org-2
	Supervisors giving suggestions to increase performance	62.21	74.79	12.58	Org-2
	Performance evaluator gives progress about your work	50.83	70.13	19.3	Org-2
	Evaluator suggest changes to improve my performance	61.67	70.38	8.71	Org-2
	Mean value percentage	**55.44**	**69.41**		
4)	**INTERPERSONAL JUSTICE**				
	H) Rater's behavior				
	Supervisor plans carefully	62.31	67.7	5.39	Org-2
	Superior is polite and kind towards me	61	77.63	16.63	Org-2
	Superior treat me with dignity and respect	60.97	67.1	6.13	Org-2
	Superior always gives guidance and rectify my mistakes	63.86	66.88	3.02	Org-2
	Mean value percentage	**62.02**	**69.82**		

Table No-1.6.1 Shows the data on Comparative analysis by frequency distribution. to measure the satisfaction level of employees regarding performance appraisal practices four dimensions were analyzed. Under the dimension **Absolute Standards** there were four sub variables were analyzed with regarding to the variable **Performance expectation forecast** it can be seen that organization 2 employees were more (62.83%) satisfied than organization one (57.59%) employees . with regarding to the variable **About performance rater** it can be seen that organization 2 employees were more (65.57%) satisfied than organization one (62.77%) employees .with regarding to the variable **Appealing for justice** it can be seen that organization 2 employees were more (66.40%) satisfied than organization one (62.27%) employees .

Under the dimension **Configurable justice** there were two sub variables were analyzed with regarding to the sub variable **Accuracy of performance ratings** it can be identified that organization 2 employees were more (66.47%)

satisfied than organization one (60.55%) employees. with regarding to the variable **Concern over all performance rating** it was evident that organization 2 employees were more (69.18%) satisfied than organization one (62.29%) employees.

Under the dimension Informational **Justice** there were two sub variables were analyzed. with regarding to the sub variable **Understanding performance expectations** it can be observed that organization 2 employees were more (66.68%) satisfied than organization one (59.60%) employees . with regarding to the variable **In process performance feedback** it was evident that organization 2 employees were more (69.41%) satisfied than organization one (55.44%) employees. Under the dimension Interpersonal **Justice** it was evident that organization 2 employees were extremely (69.82%) satisfied than organization one (62.02%) employees

Table No 1.7 Comparison of performance appraisal practices between organization one and two

FACTOR	IT industry	N	MS	t-Value	2tailed P-Value	Sig/NS
A. Performance expectation forecast	**org-1**	**65**	**2.30**	-2.2667	0.86	NS
	org-2	**65**	**2.51**			
B. About performance rater	org-1	65	2.49	-1.5533	0.158	NS
	org-2	65	2.65			
C. Appealing for justice	**org-1**	**65**	**2.51**	-1.0445	0.320	NS
	org-2	**65**	**2.58**			
D. Accuracy of performance ratings	org-1	65	2.42	-4.2706	.005	SIG
	org-2	65	2.65			
E. Concern over all performance rating	**org-1**	**65**	2.49	-4.122	.0145	SIG
	org-2	**65**	2.76			
F. Understanding performance expectations	org-1	65	2.38	-4.718	0.042	SIG
	org-2	65	2.67			
G. In process performance feedback	**org-1**	**65**	**2.21**	-3.8850	0.004	SIG
	org-2	**65**	**2.77**			
H. Rater's behavior	org-1	65	2.48	-2.8916	0.027	SIG
	org-2	65	2.79			

N= Number of respondents, MS= mean score Sig= Significance, NS= Not Significant
Org-1= miracle software solutions
Org-2= IBM Kenexa

P< 0.05= Significant
Findings of objective-2

The Table No 1.7 Shows the data on Comparison of performance appraisal practices between organization one and two. From the table it can be seen that organization one (miracle software solutions and organization two (IBM Kenexa) were have the difference. With regard to the variable performance expectation forecast the p-value is 0.86 and the t value is -2.2667, hence alternative hypothesis is rejected and null hypothesis accepted. That means there is no significant difference between organization one and two.

The dimension about performance rater the p-value is not significant (0.158) and the t value is -1.55, hence alternative hypothesis is rejected and null hypothesis accepted. That means there is no significant difference between organization one and two.

The dimension appealing for justice the p-value is not significant (0.320) and the t value is -1.0445, hence alternative hypothesis is rejected and null hypothesis accepted. That means there is no significant difference between organization one and two.

The dimension about performance rater the p-value is not significant (0.158) and the t value is -0.158 hence alternative hypothesis is rejected and null hypothesis accepted. That means there is no significant difference between organization one and two.

With regard to the Dimension **Accuracy of performance** ratings the p-value is significant (0.05) and the t value is -4.2706, hence alternative hypothesis is accepted and null hypothesis rejected. That means there is significant difference between organization one and two. With regard to the dimension **concern over all performance rating** the p-value is significant (0.0145) and the t- value is -4.122, hence alternative hypothesis is accepted and null hypothesis

rejected. That means there is significant difference between organization one and two. With regard to the dimension **Understanding performance expectation** the p-value is significant (0.042) and the t value is -4.2706, hence alternative hypothesis is accepted and null hypothesis rejected. That means there is significant difference between organization one and two. With regard to the dimension **in process performance feedback** the p-value is significant (0.042) and the t value is -3.8850, hence alternative hypothesis is accepted and null hypothesis rejected. That means there is significant difference between organization one and two. With regard to the dimension **Rater's behavior** the p-value is significant (0.027) and the t value is -2.8916, hence alternative hypothesis is accepted and null hypothesis rejected. That means there is significant difference between organization one and two. Further it can be observed that the data on **factors which have differences in both the organizations** It was evidenced from the test that both companies differ on view of effectiveness and thus finally it was concluded that organization two IT employees were moderately satisfied than organization IT employees.

Suggestions
The following suggestions are given for better development of performance appraisal practices

- Employee participated feedback mechanism should be implement in the organizations
- Continuous feedback should implement in the organization because of employees attritions in IT organizations.
- Provide well timed feedback so that employee can plan his self development
- Employer should give formal and informal feedback to the employees so that employee can trust employer
- Performance appraisal should be motivation oriented not punishment oriented in the organization
- Organization should set culture to develop employees
- Organization should clearly state what they are expecting from the employees.
- Adoption and implementation of an improved performance appraisal system at both Technological organizations should implant and management should support to the process which are designed by them in any circumstances.
- Implement an opportunity for free and regular feedback by the open and crystal clear system which can easily be implemented by making it on-line.
- Allocate both positive and negative feedbacks in the same meeting with appraise

CONCLUSION:

The aim of the study was to compare performance appraisal practices in the selected two IT organizations in Visakhapatnam. Numerous researches were examined and measured in an attempt to identify key factors influence performance appraisal usefulness, and its impact on organization. From the survey it has been identified that standards of performance Appraisal systems has been practicing at IBM Kenexa, but there are still required to manipulate certain practices. Whereas in miracle software solutions practicing old techniques of performance appraisal practices which does not completely satisfying the employee. Hence; it requires some modification to be implemented for employee development as well as organizational development.

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