



“Satisfaction of Employees towards Performance Appraisal in Organization: A Study on Aaiswarya Printing and Dying Pvt. Ltd.”

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ABSTRACT

Performance appraisal is a systematic and objective way of evaluating both work related behavior and potential of employees in the organisation. It is a process that involves determining and communicating to an employee regarding the way the job is done and ideally establishing a plan of improvement. This paper is an extensive report on how the company applies performance appraisal in organization in the best interest of company itself as well as in the best benefit of its employees. The study lays its focus on finding the employees' satisfaction towards performance appraisal system adopted by the organization. It is the descriptive analysis of primary data. From the study it is concluded that overall the respondents are satisfied with the performance appraisal method adopted by the organization. Effective application of performance appraisal system also increases the effectiveness and productivity of employees and organization as a whole.

INTRODUCTION:

Performance appraisal is a method of evaluating the behavior of employees in the work spot, normally including both quantitative and qualitative aspects of job performance.

The success of a company requires that both boss and subordinate staff regularly evaluate their on the job performance. If they don't know how well they are doing, then the manager would have missed a key step in developing an environment that will consistently produce cost effective, high quality, schedule beating output. A manager should also make sure that he/she conducts at least annual performance appraisal with each subordinate. The probability that one will earn consist promotion, obtain salary increases and lead a successful organization goes up every time you conduct a thorough performance boosting employee evaluating.

In order to get some insight to the topic under study some literature has been reviewed and referred.

REVIEW OF LITERATURE

Moulder (2001) states that performance appraisal are valued for defining expectations and measuring the extent to which expectations are met. She goes onto state that appraisals can make clear to employees where they are having success and where they need to improve performance. Moulder indicates that appraisals are useful to setting goals and in fostering improved communications among work groups and between employees and supervisors.

Cleveland, Mohammed, Skattebo and Sin (2003), described four purposes of PA: to make distinctions among people, distinguish a person's strengths from his or her weakness, implement and evaluate human resource systems in organizations, and document personnel decisions. This four pillars make performance appraisal of the organisation more effective.

Rohan Singh, Madhumit mohanty and A.K (2013) declared in his study that performance appraisal practices in Indian services and manufacturing sector organization at regular intervals is of utmost importance. Conducting periodical review of workforce performance by organizations has become a fundamental requirement which will help to shrink the gap between employee performance and successful attainment of its objectives.

Lalita Rani et al., (2014), in their study came to the crux that appraisal process is necessary as it focuses basically on improving the future performances of employees. The study clarifies that most of the banks uses 360 degree appraisal method and almost all of the employees settled on the grounds that performance appraisal helps in improving performance, achieving organization goals, helps in increasing motivation and satisfaction level of employees.

Neeti and Santosh.C (2015), studied that employees have good knowledge of performance appraisal and have a positive attitude towards it as their promotion is purely based on performance appraisal. Rating helps the organisation to fix increments. During the course of study suggestions came from the employees for the need of counseling. Performance appraisal should be made more transparent and rational.

Ramila Ram Sing & S. Vadivelu (2016), mentioned in their paper about the performance appraisal in India. Retention of employees in organization is a difficult task for management. Motivation plays a key role in this aspect. Performance appraisal is a tool to motivate employees. It is useful for salary increment, promotion, staff retention and to reinforce staff behavior. The above referred literature shows that performance appraisal is only tool in assessing the employee's tasks and responsibilities matching their capability. A comparison has been done in public and private sector enterprise where private sector appraisals have been more effective.

METHODOLOGY:

Objectives:

- To study the satisfaction of performance appraisal system of the organization.
- To find out whether gaps in performance appraisal system of the organization.
- To study whether performance appraisal has impact on employees performance or not.
- To come out with suggestion for improving performance appraisal system.

The present study is based upon descriptive type of research design in the sense that the purpose of the study has been to portray accurately the various dimensions of performance appraisal in the light of employees' performance in the organisation under study.

Sample Size:

The sample for the present study includes the workers, officers and executives of the Aaiswarya Printing and Dying Pvt. Ltd. The sampling frame consists of respondents above 18 years of age. Care has been taken to see that the respondents belonging to different age-groups, designation, income-group and educational qualifications are covered. Thus, population represents the broader demographic profile of the respondents. The conclusions are drawn on the basis of data collected and summarized. The interpretations have been based on those conclusions drawn from the analysis of data and formal as well as informal talks with the workforce.

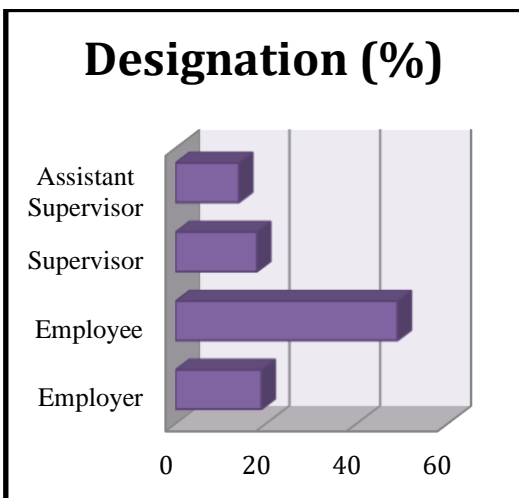
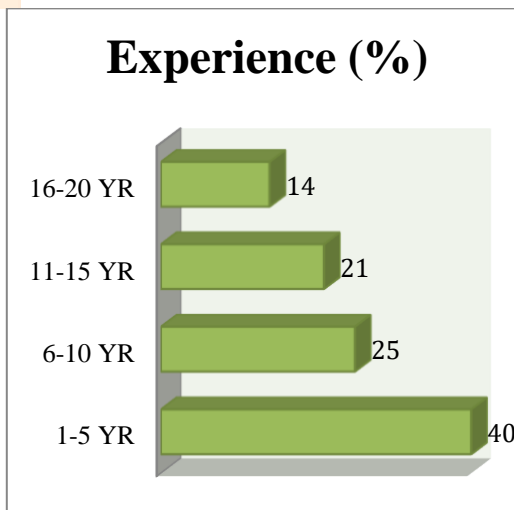
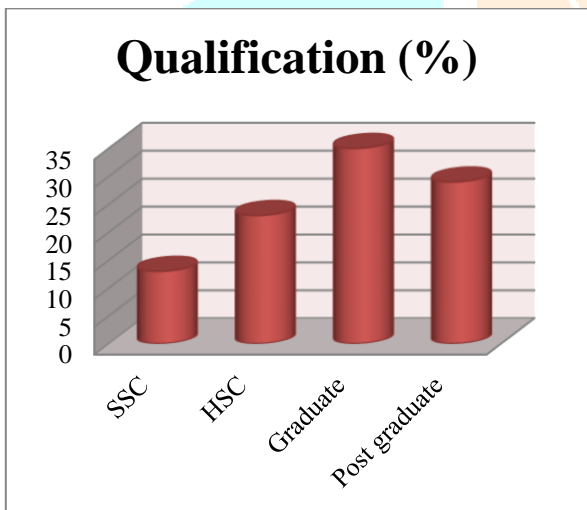
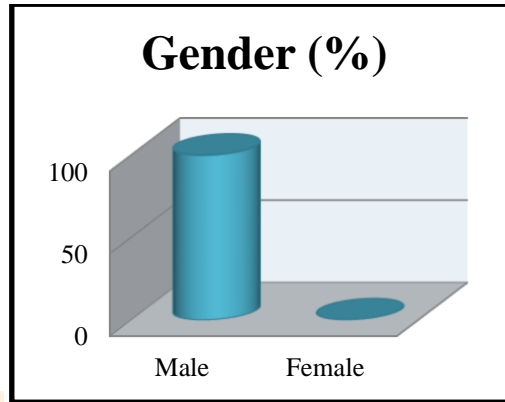
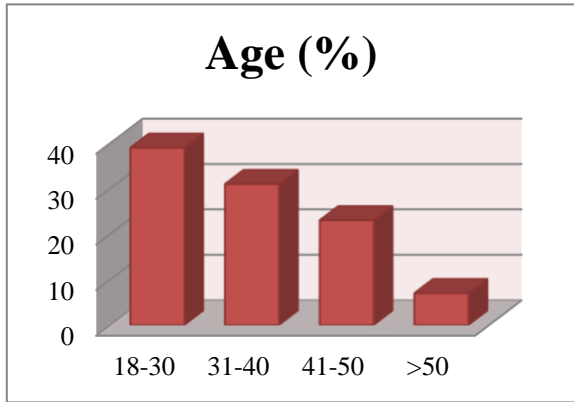
Research Instruments:

The data has been tabulated and suitable statistical tools such as percentages and averages have been used for the analysis of data. Also the statistical tools such as mean, mean ranks, standard deviation, kurtosis, skewness and chi square (at 0.05) have been applied. The Kruskal Wallis Test has also been applied to find out the significance of differences (at 0.05 level) wherever applicable. The Kolmogorov-Smirnov test of normality has been used to find out the normality of distribution or otherwise.

DEMOGRAPHIC DETAILS OF RESPONDENTS

Any study is incomplete without a detailed outline of demographic profile of respondents. Keeping in mind this fact, an effort has been made to seek background information of respondents.

FREQUENCIES



The demographic details collected from respondents have been presented in the form of various graphs. The study indicates that 39% of employees fall in the age group of 18-30 years. The graph of this age group is highest. Thus, it can be inferred that maximum staff is quite young.

The senior staffs that have crossed 50 years of age are least in the above table. This indicates that highly experienced staff is quite less.

Besides, the entire staff consists of male employees. It presents the clear picture that organization has all male employees. Surprisingly, the company does not have a single female employee. This shows the biased attitude of company towards females.

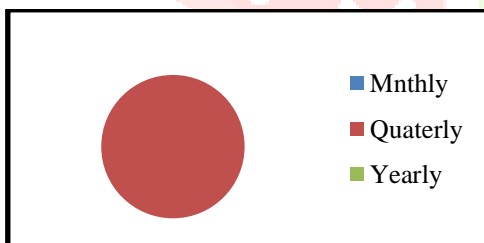
The organization has more proportion of graduate and post graduate staff. This indicates that the organization has more preference for graduate people.

29% of its staff is post graduates. Thus, more educated people get first preference for employment in the organization.

The company completed 19 years in market yet it has highest proportion (40%) of least experience [1-5yr] staff. Staff with more than 10 years of experience is 35%.

A large chunk of respondent (49%) is employees. The proportion of Supervisors and Assistant Supervisors is 18% and 14% respectively.

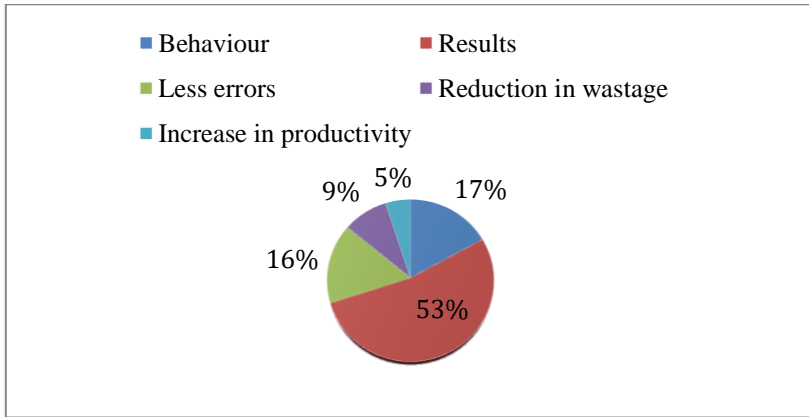
Frequency of Performance Appraisal being done in the Organization



Source: Various Questionnaires from Respondents

Organization has adapted the quarterly policy for declaration of performance appraisal. 100% respondents responded that performance appraisal in their organization is done on quarterly basis.

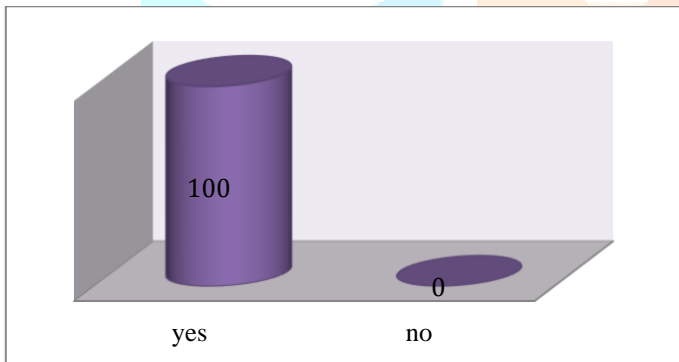
The Base on which Performance Appraisal of Employees is done in Organization.



Source: Various Questionnaires from Respondents

More than 50% of respondents believe that company considers results (final outcome) as the base of PA declaration. Behavior of employees in organization as well as less errors committed while performing tasks have almost equal weight. Few of the respondents believe that their performance appraisal depends on their productivity and less wastage.

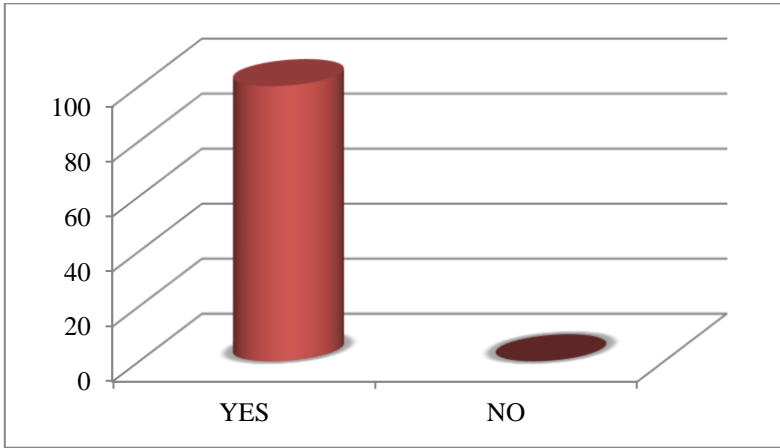
Informing Employees about the Criteria of Performance Evaluation



Source: Various Questionnaires from Respondents

It is clear that all respondents believe that they are informed about their performance after the announcement of performance appraisal. They are made aware beforehand that they are going to be evaluated. Besides, they are also informed about the criteria on the basis of which they are evaluated.

Attitude of Top Management towards Performance Appraisal

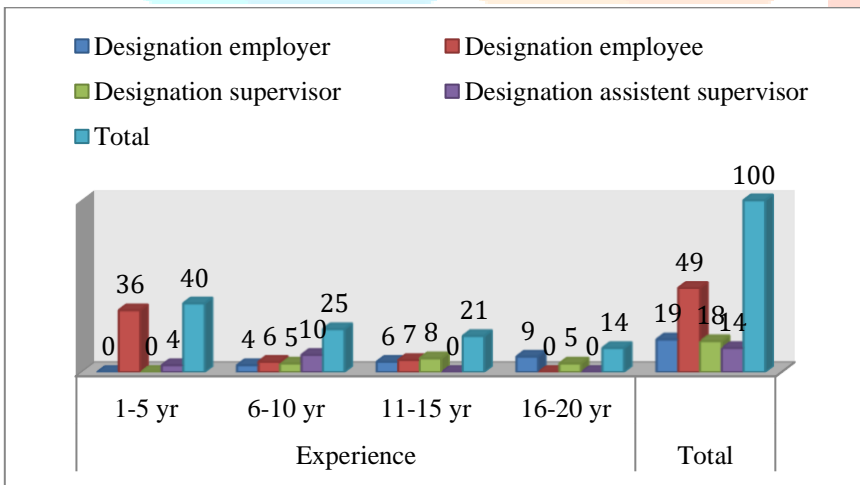


Source: Various Questionnaires from Respondents

All respondent agree to the statement that top management is not partial in performance appraisal system of organization. The organisation follows unbiased method of evaluating their employees.

CROSS TABULATION

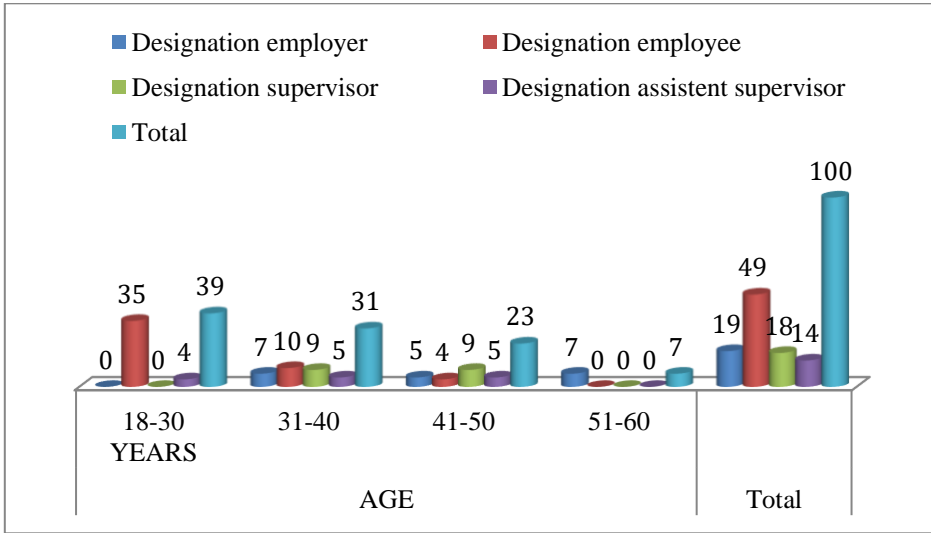
Experience and Designation



Source: Various Questionnaires from Respondents

Organization has maintained the good combination of experience and designation. From above, we can analyze that most of employer and employee has experience of up to 5 years and other senior employers get job after 5 years of experience.

Age and Designation



Source: Various Questionnaires from Respondents

As per the above chart it is clear that company has good balance of age and designation. Most of the employees are younger with the age-range between 18 to 30 years. Whereas employer and supervisor of company are select as per their experience and the age range is 31-40, it shows that experience is necessary for higher designation.

ANALYSIS AND INTERPRETATIONS:

Reliability Analysis: An analysis was conducted for checking the reliability of the questionnaire and the results were obtained. The Cronbach’s alpha (a measure of reliability) was calculated for the questionnaire. This co-efficient (0.726 for 09 items) indicates reliability as it meets the minimum acceptable level of 0.7 (Hair *et al.*, 2009).

Reliability Test

Table 1: Reliability Test

Variables	No. of Items	Cronbach’s Alpha
Attributes measuring Performance Appraisal	09	0.726

Runs Test to find out Normality of Distribution: This test helps to find out the normality of distribution or otherwise with the help of which suitable statistical tools can be applied for further analysis. The following null hypothesis and alternative hypothesis were developed for the study:

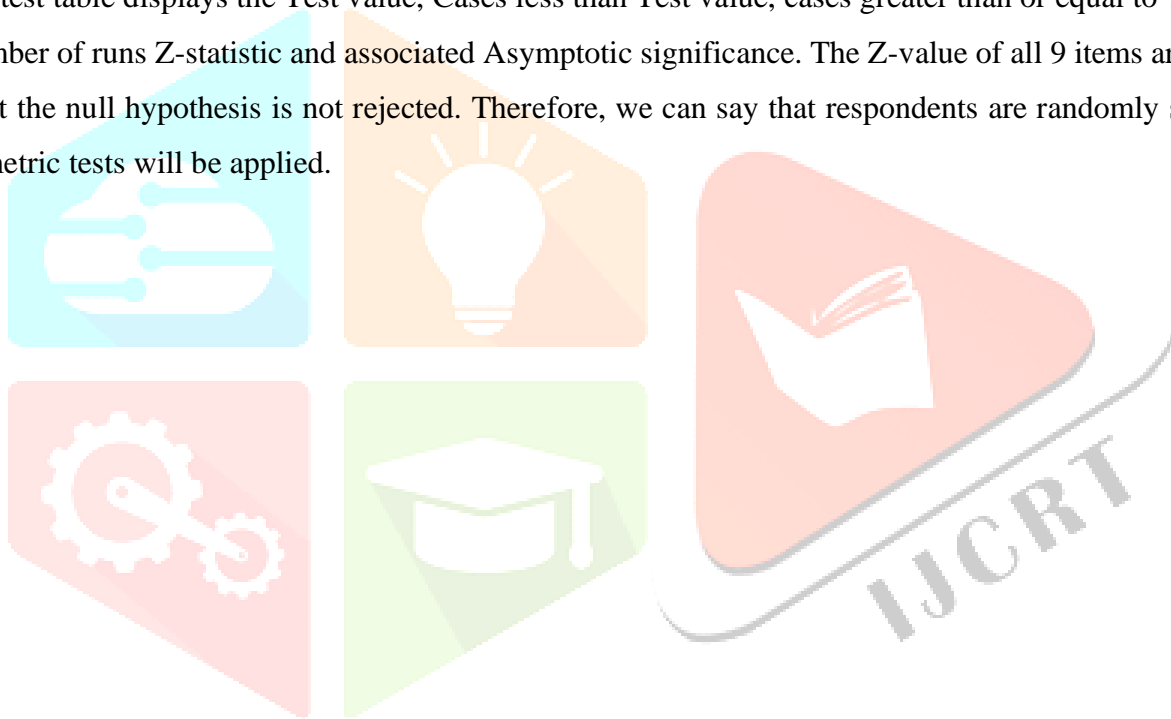
H0 Distribution for sample is random

H1 Distribution for sample is not random

Table 2: Runs Test

	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13
Total Cases	100	100	100	100	100	100	100	100	100
Number of Runs	45	35	44	51	49	55	35	25	35
Z ^a	-1.174	-.094	.670	.016	1.919	1.090	-.941	-2.795	-2.543
Asymp. Sig. (2-tailed) ^a	.240	.925	.503	.987	.055	.276	.347	.005	.011

The Runs test table displays the Test value, Cases less than Test value, cases greater than or equal to Test Value, total cases, number of runs Z-statistic and associated Asymptotic significance. The Z-value of all 9 items are less than 0.05, means that the null hypothesis is not rejected. Therefore, we can say that respondents are randomly selected. Hence, non parametric tests will be applied.



DESCRIPTIVE STATISTICS

Descriptive statistics was applied to do detailed analysis of variables measuring impact of performance appraisal on employees.

Table 3: Impact of Performance Appraisal System in the Organization

Statement	SA	A	N	DA	SDA	TOTAL	VALID	\bar{X}	σ	SKW	Mean-Rank
Helps to win co-operation and team-spirit	47	28	20	4	1	100	100	3.16	0.65	-0.94	1st
Helpful in reducing	22	50	25	3	0	100	100	2.91	0.76	-0.25	3rd

grievance among the employees												
Helpful in improving personal skills	28	39	27	6	0	100	100	2.89	0.88	-0.31	4th	
Helps to find out weakness and strength of employees	27	21	38	14	0	100	100	2.61	1.03	0.6	9th	
Helps to fix increment	28	38	21	6	7	100	100	2.74	1.14	0.88	6th	
Increases employees' motivation	42	32	19	5	2	100	100	3.07	0.99	-0.95	2nd	
Helpful for the management to provide employee counseling.	25	29	37	9	0	100	100	2.70	0.94	0.01	7th	
Satisfied with the performance appraisal system	21	50	24	2	3	100	100	2.84	0.88	-0.93	5th	
Your extra efforts considered at time of appraisal	35	18	32	8	7	100	100	2.66	1.23	-0.51	8th	

Source: Various Questionnaires from Respondents

The table 3 makes it clear that adequate performance appraisal methods adopted by the organisation helps the company win co-operation of employees and fosters team spirit. This question got maximum positive response from respondents as is clear from the above table. The mean for this question is 3.16. The responses are inclined towards negative side as responses are quite positive. The standard deviation for the response is 0.65.

Besides, most of the respondents vouched positively to the question that performance appraisal in the organisation increases motivation of employees, it helps in reducing grievances in the organisation and helps in improving personal skills (Compatible with the study of Ramila Ram Sing, 2016 and Lalita *et al*, 2014) These responses have got 2nd, 3rd and 4th mean rank respectively. Again, as responses are more inclined towards positive side of mean, they are skewed negatively. The standard deviations for above responses are 0.99, 0.76 and 0.88 respectively.

Some of the employees were neutral to the statement that performance appraisal aids management in providing appropriate counseling to the employees (Contradict with the study of Neeti & Santosh, 2015) However, 54% gave positive response. This statement scored the mean rank of 7 with mean of 2.70 and skewness of 0.01. Similarly, the statements 'your extra efforts are considered at the time of appraisal' and 'Appraisal helps find the strong and weak points of employees' (not consistent with the study of Moulder,2001 and Cleveland *et al*, 2003) got 8th and 9th mean ranks respectively (Partly in match with the study of Neeti & Santosh, 2015)

However, as the responses are >2.5 mean in case of all responses, it can be inferred that overall the responses were positive for all the 9 statements quoted above. The same is supported by mean figures and the figures of skewness. Standard deviation for the statement 'appraisal system helps the organization to fix increment' is maximum.

Kruskal Wallis Test

Kruskal Wallis test has been applied in the present study to find the responses of respondents belonging to different designations.

: There is no statistical significant difference in the opinion of respondents belonging to different designations for performance appraisal in the organization.

: There is statistical significant difference in the opinion of respondents belonging to different designations for performance appraisal in the organization.



Table 4: Ranks for Designation

	Designation	N	Mean Rank
Q5	Employer	19	45.55
	Employee	49	51.00
	Supervisor	18	48.08
	Assistant supervisor	14	58.57
	Total	100	
Q6	Employer	19	52.34
	Employee	49	47.67
	Supervisor	18	66.42
	Assistant supervisor	14	37.43

Q7	Employer	19	46.92
	Employee	49	48.84
	Supervisor	18	59.92
	Assistant supervisor	14	49.07
	Total	100	
Q8	Employer	19	54.03
	Employee	49	46.98
	Supervisor	18	52.44
	Assistant supervisor	14	55.54
	Total	100	
Q9	Employer	19	44.34
	Employee	49	52.98
	Supervisor	18	48.19
	Assistant supervisor	14	53.14
	Total	100	
Q10	Employer	19	43.08
	Employee	49	52.74
	Supervisor	18	53.39
	Assistant supervisor	14	49.00
	Total	100	
Q11	Employer	19	51.84
	Employee	49	51.35
	Supervisor	18	44.78
	Assistant supervisor	14	53.07
	Total	100	
Q12	Employer	19	48.61
	Employee	49	51.40
	Supervisor	18	50.86
	Assistant supervisor	14	49.46
	Total	100	
Q13	Employer	19	49.03
	Employee	49	50.89
	Supervisor	18	48.03
	Assistant supervisor	14	54.32
	Total	100	

The overall responses of respondents belonging to different cadres or designation is quite mixed. Hence, a clear-cut 1st or 2nd mean rank could not be given to respondents belonging to different designations for variables measuring impact of variables measuring performance appraisal.

Table 5: Test Statistics

	Q5	Q6	Q7	Q8	Q9	Q10	Q11	Q12	Q13
Chi-Square	2.050	10.370	2.648	1.647	1.581	1.977	.982	.174	.470
df	3	3	3	3	3	3	3	3	3
Asymp. Sig.	.562	.016	.449	.649	.664	.577	.806	.982	.925

a. Kruskal Wallis Test

b. Grouping Variable: Designation

The χ^2 is not significant in case of all the above variables at 5% level of significance indicating that our null hypothesis is accepted. This indicates that difference in the opinion of respondents belonging to different designation is not significant, but it is by chance.



MAJOR FINDINGS:

- Organization emphasis more on young employees falling in the age-group of 18 to 30 years which is beneficial because in textile industry new technology and design take major place in it. That's good and along with that organization also has experienced employers which provide guidance to junior employees.

- There are no scope or opportunity for female employees in organization so its defiantly partial with them.
- When it comes to qualification of employer, employees and other staff its show highest are graduate and post graduate so its indicate they are emphasis towards education.
- Organization has clear picture towards designation as per experience they allocate the their position in organization also they provide opportunity those who have potentiality in work.
- The study presents different views of respondents towards performance appraisal satisfaction. Most respondents strongly believe that it helps to win cooperative work and team spirit. Besides, it also increase the employee's motivation, personal skills and reduce grievances. Also helps to fix increment, moreover mostly people satisfied with the current performance appraisal system of organization.
- However some respondents also believes that management is not providing proper counseling to them, along with that their extra efforts are also ignore by organization. Besides, PA results does not help to employees to find their strength and weaknesses.

RECOMMENDATIONS:

1. The organization should have a perfect blend of young as well as experienced staff. The company is facing scarcity of experienced staff.
2. Female employees are too less in the organisation. Company should make efforts to see that it provides employment to this segment of the society as well.
3. To attain and maintain the needed level of performance, the performance management systems are needed in the organizations.
4. Appraisals can make clear to employees where they are having success and where they need to improve performance i.e the company should do SWOT analysis of its employees on regular basis and should communicate the same to them.
5. Self-appraisal process should also be encouraged in the organisation.
6. Technology should be upgraded at regular intervals and employees should be trained. Then on the basis of their performance of employees increments and salaries should be upgraded.

CONCLUSION:

Overall as company completed their more than 19 years in market, and now they are leading in the textile market in whole India with their specialist and good work environment also they have proper structure of qualification required for new employees and related to designation and experience. Employees are not completely satisfied with the performance appraisal system of the organization, and company needs to modify its appraisal system. There exist some gaps in performance appraisal system of the organization. Performance appraisal system does have major impact on performance of employees.

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