THE EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM AT RAMKY GROUPS, CHENNAI

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ABSTRACT

The performance appraisal system will be used to assess the performance of employee and to plan for their development. Although appraisal as a vital tool covers all employees of the organization, for the purpose of this study, the area has been confined to that of executives & non-executives both at Ramky group of companies, Chennai. So as far as appraisal of employees of the organization is concerned, no definite objectives have been specified by the management besides seeking to know the promotability of an employee. The study is confined to the existing appraisal system and the manner in which the system is operating so as to identify how far it has been effective for promoting personal development and effectiveness of managerial personnel in Ramky Groups.

Objectives of the study focused on how effectively the present appraisal system practiced at Ramky Groups, Chennai assess the performance of the employees. This research focuses on descriptive research design as it clearly depicts the appraisal system of this company. The universe in the present study is restricted to the total number of 450 employees in the organization. Simple Random sampling technique has been used for collecting the primary date from 50 employees.

Through this project, one can have a reasonable understanding of the term performance appraisal, understand what is being done for its effective implementation, understand the benefits of the system, determine how importance is the Performance Appraisal, understand the different methods used to evaluate the performance of employees, its effective implementation and the benefits of the system and the satisfaction level of the employees with the current Appraisal System of Ramky Groups, Chennai.

KEYWORDS: Performance Appraisal, Management, Executives and Non-Executives, Ramky Groups

INTRODUCTION

Almost every organization in one way or another goes through a periodic ritual, formally or informally, known as performance appraisal. The formal performance appraisal has been called a tool of management, a control process, an activity and a critical element in human resources allocation. Uses for performance appraisal have included equal employment opportunity considerations, promotions, transfer and salary increases. Primarily performance appraisal has been considered an overall system for controlling an organization. Performance appraisal has also been called an audit function of an organization regarding the performance of individuals, groups and entire divisions. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does. It helps to analyze his achievements and evaluate his contribution towards the achievements of the overall organizational goals.

BACKGROUND OF THE RESEARCH

The concept of Performance Appraisal dates back to the First World War and was then called "Merit Rating Programme". Over a period of time, this concept has been through an ocean of change. The areas of evaluation have also changed. Once an employee has been selected, trained and embarked on his duties, it is time for performance appraisal. What is performance appraisal? Why do companies need to take up this task? According to Carl Heyel, author/editor on management, philosopher and teacher, "it is the process of evaluating the performance and qualifications of the employees in terms of job requirements, for administrative purposes such as placement, selection and promotion, to provide financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally".

OBJECTIVES OF STUDY

- To study the employee attitude towards the present appraisal system

- To analyze the satisfactory level of the goal settings and weight ages given.

- To study whether the present appraisal system assess the performance in an effective manner.

- To provide suggestions & recommendations from the study conducted to the organization.

RESEARCH METHODOLOGY

This study is qualitative in nature, which has survey involving non-executive of Ramky Groups, Chennai taking into consideration attitudes, opinions, behavior and performance regarding their job. A questionnaire was designed for the study of performance level of employees before and after Performance Appraisal at Ramky Groups with the help of available literature and project guide. The questions were related to general information of employees, awareness on various aspects of their job and approach of management were put. Also, all questions were given in a proper sequence and simple language in order to give a clear picture of the situation given and to avoid any misunderstanding to the respondents.

Research Design and Sampling

This research focuses on descriptive research design at Ramky groups, Chennai. It is descriptive in nature as it clearly depicts the appraisal system of this company. The universe in the present study is restricted to the total number of 450 employees in the organization. In order to make sample representative of the population, it was decided to collect information from a sample size of 50 employees. Simple Random sampling technique has been used for collection of primary data.

Data Sources

Primary data was collected by way of Questionnaire designed employees of Ramky Groups. The questionnaire content questions which include awareness of the employees on various aspects like organizational objectives, the performance appraisal technique being followed. Secondary sources are information gathered through surfing the internet; Information available on intranet site on Knowledge Management; Different study materials and Sample Performance Appraisal forms obtained from reliable resources.

Analysis and Interpretation of Data

After collection of data, the responses given by employees are analyzed in order to present in into meaningful form. Thus, statistical techniques like Tabulation and graphical representation of data are used. Various bar diagrams are used in order to present information clearly. Lastly, after analysis of data, the findings of the study are studied and represented in a logical and precise manner so as to arrive at a conclusion of the study and to provide any recommendations and suggestions on this basis.

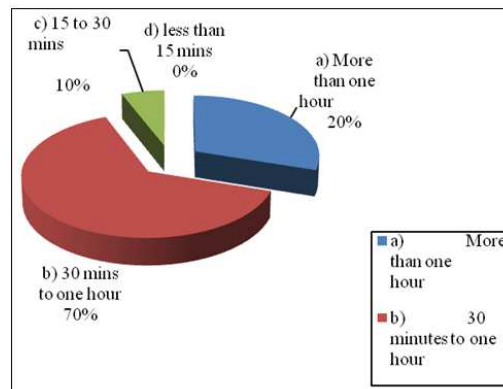## DATA PRESENTATION AND ANALYSIS

Figure 1: Performance Appraisal Meeting Duration

The analysis shows that 70 per cent of the employees feel that performance appraisal meeting can take place between half an hour to one hour. Whereas 20 per cent of the employees feel that meeting may go above one hour. But Ten per cent of the employees say that meeting should conclude within 15 to 20 minutes. Currently, the performance appraisal meeting at Ramky Groups is carried out for half hour to one hour. Some employees feel just 15 to 20 minutes is enough just to know their ratings. Some employees with personal grievances say that they need at least one hour to express themselves.
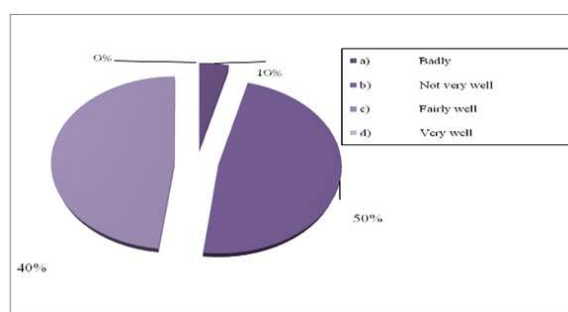

Figure 2: Assessing Performance

While 50 per cent of the employees feel that they are appraised very well, 10 per cent feel that they are appraised very badly. But 40 per cent feel that they are fairly well assessed. The company can have better objectives and goals and the system in place should match with that.
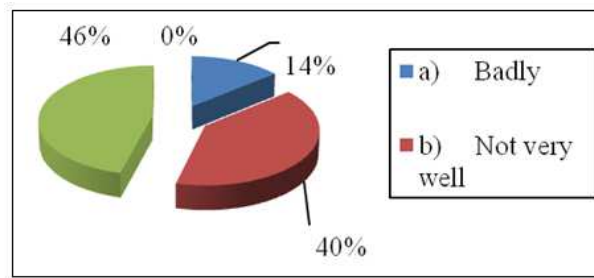
Figure 3: Creating Motivation

Forty six per cent of the employees are motivated fairly well. Forty per cent feel that they are not motivated very well. Whereas fourteen per cent feel that they are treated very badly. The purpose of the appraisal system in itself is to develop the company. But failing to do that makes the reverse happen.

Table 1: Appraisal System as a Management Tool

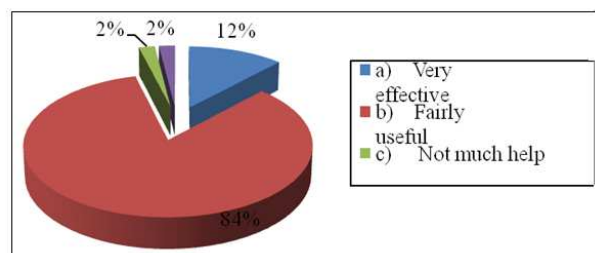| Appraisal System as a Management Tool	No of Respondents	Percentage of the Respondents
Very effective	6	24
Fairly useful	42	84
Not much help	1	2
Useless	1	2
Total	**50**	**100**

Figure 4: Appraisal System as Management Tool

The appraisal system as a management tool has worked very effectively with twelve per cent of the employees only. The vast majority (i.e. 84 per cent) feel that the system is fairly useful to them. Among the rest of the four per cent, two per cent feel that they system does nothing for them and the rest two do not care much for the system.
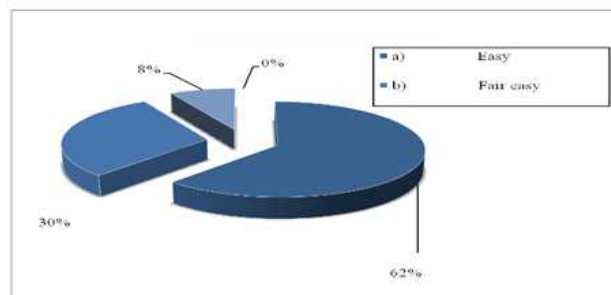

Figure 5: Appraisal Interview

It is revealed that sixty two per cent of the employees (62%) handle the interviews easily. Whereas 8 per cent finds it difficult. Thirty per cent say that it is fairly easy.
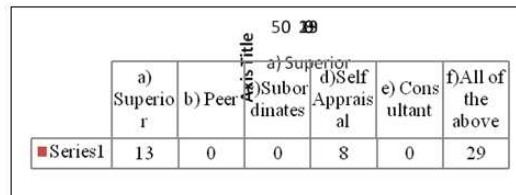
Figure 6: Who Should Appraise

Twenty six per cent of the respondents (26%) feel that their superior themselves can evaluate them. Sixteen per cent prefer to have self-appraisal. Fifty eight per cent state that anybody (i.e. Superior, Consultant, Peer, Self- Appraisal, Sub-ordinate) can do the appraisal that is qualitative. Most of the companies have appraisal with superiors only which can be replaced by all of the above which will fetch us much more appropriate appraisal. Now most of the companies are following 360° appraisal which is the most recent one.

Table 2: Time Period of Conducting Appraisal

	No of Respondents	Percentage of Respondents
Quarterly	40	80
Half-yearly	6	12
Yearly	4	8
Total	**50**	**100**

It is inferred that 80 per cent feel that appraisal can takes place quarterly, 12 per cent tell that it can take place half-yearly and 8 per cent agrees with yearly appraisals. This company has annual appraisal that can be converted into quarterly according to the preference of the employees. By doing so would encourage the employees to perform better for their next appraisal. This would systematically lead to the growth of the Company year by year.
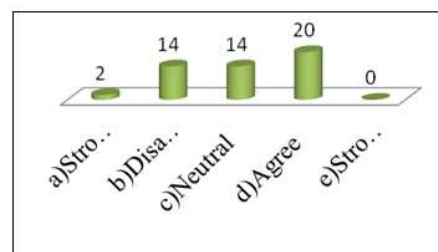

Figure 7: Clarity in Understanding

This shows that 40 per cent of respondents agree with the parameter and 28 per cent strongly agree, 28 per cent disagree and 4 per cent strongly disagree with the set parameter. This indicated that maximum no.of employees have clear understanding of the system followed. But it is the responsibility of the management to ensure that all the employees should have clarity in understanding the appraisal system.
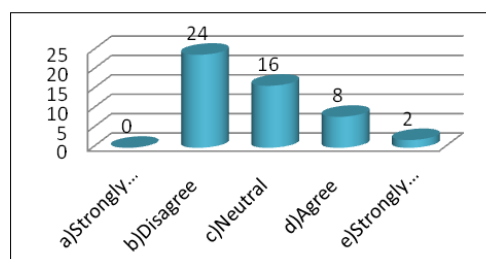

Figure 8: Goal Setting and Weightages

It is inferred that almost half the respondents (48%) disagree, 32 per cent neutral and 16 per cent agree to with the set parameter of goal setting and weightages. But the negligible per cent (4%) of the respondents strongly agree with the set parameter of goal setting and weightages. This shows that most of the employee express that they are not satisfied with goal setting which in no way helps them to achieve. But 16 per cent of the employees strongly agree for it. Hence goal should be set considering all of the employees, which makes them to be more confident and motivate them to achieve better.
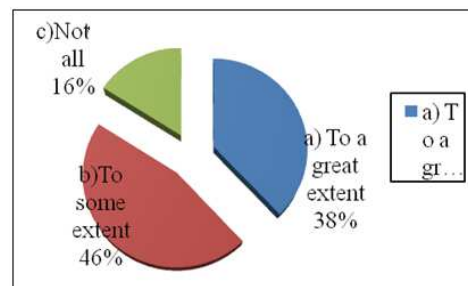

Figure 9: Help to Cope

It is found that 38 per cent of the employees express that superiors to great extent help them to cope with their poor performance. Whereas 46 per cent of the respondents are of the opinion that superiors to some extent help them to cope with their poor performance. But it is shocking to note that 16 per cent of the employee express that nobody particularly superiors not at all help them to cope with their poor performance. It is recommended that the company can concentrate on designing and implementing proper in-house counseling program through group discussions/ personal interaction. By doing so would help them to cope with their poor performance.
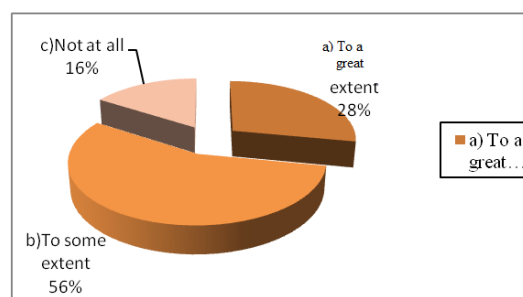

Figure 10: Merit Raise

It is understood that 56 per cent of the employees say that up to some extent they get merit raise and 28 per cent employees say that up to some extent they get merit raise. It is startling to note that minority (16%) of the respondents agree that they do not get any merit raise. Therefore**,** apart from the merits awarded to the employees based on the performance indicators; HR should introduce system for proper recognition rewards to such employees.
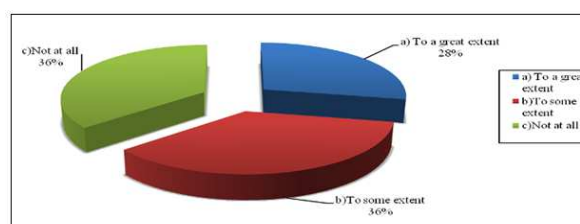

Figure 11: Improved Performance Level

It is revealed from the graph that 28 per cent of the respondents agree that up to a great extent performance level is improved. Moreover, 36 per cent of the respondents say that they get improved in their performance to some extent. It is alarming to note that 36 per cent of the employees believe that performance appraisal not at all help them to improve their performance. Currently the company's existing appraisal system is on annual basis. This may be reviewed on a quarterly basis, which will help in assessing the strengths and weaknesses of executives and role modifications can be suggested accordingly. The system of appraisal can be still improved so that it is beneficial.
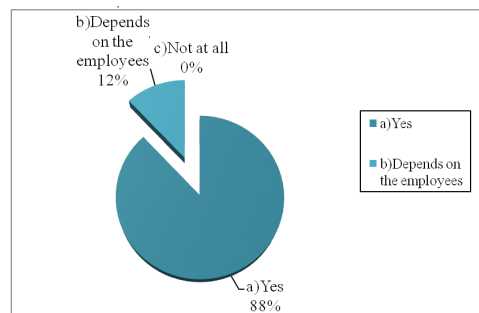

Figure 12: Effective Feedback

It is clearly depicted that while 88 per cent of the respondent reply that the superior give them effective feedback on a regular basis, 12 per cent feel that it depends upon the employees. It is understood that any company should give feedback to the employees periodically. They can also extend proper diagnostic tips/counselling methods at the required level. In this company, superiors should consider every employee and give effective feedback to all.
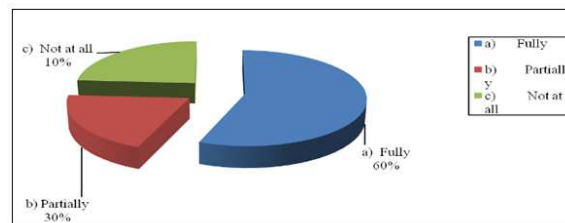

Figure 13: Self –Appraisal to get High Ratings

It is understood from the above diagram **that 60 per cent of the respondents state that completely self-appraisal facilitates then to get high** ratings and 30 per cent of the respondents agree partially. It is found that only 10 per cent are of the opinion that self-appraisal does not help in high ratings in performance appraisal. It is learned from the research that many Real Estate companies have implemented the self-appraisal system. This has proved helpful in identifying the needs for in-house group discussions/counselling methods/training and development programs.
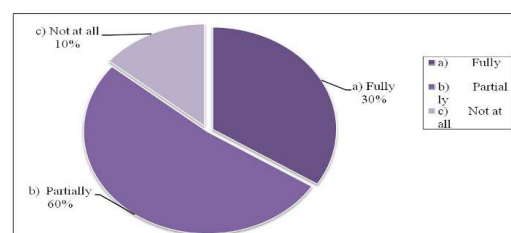

Figure 14: Responsibility for Superiors

It is good to learn that 60 per cent of the executives say that they consider performance appraisal as the

responsibility they liked the least. 30 per cent executives agree that it is a responsibility not liked by them and remaining 10 per cent denies about any such responsibility. It is found from this research that considerable amount of time is spent for getting the appraisals done as per the existing system. Therefore, the company should improve the existing system by designing and implementing departmental performance review system in an orderly manner.

Table 3: The Essential of Performance Appraisal System

The Essential of Performance Appraisal System	No of Respondents	Percentage of the Respondents
Fully	40	80
Partially	10	20
Not all	--	--
Total	**50**	**100**

It shows that while 80 per cent of the respondents fully agree that performance appraisal is very much essential for the employees of the company, 20 per cent of the employees partially agree to the performance appraisal system. Currently appraisal system in the company is carried out for annually only. The target set may be reviewed quarterly so that strengths and weaknesses, if any, can be assessed and remedial measures could be suggested accordingly. All companies should have performance appraisal system followed to have an improvement as a whole.

Table 4: Liberty of Self-Appraisal

Liberty of Self-Appraisal	No of Respondents	Percentage of the Respondents
Fully	5	10
Partially	35	70
Not all	10	20
Total	**50**	**100**

Only 10 per cent of the respondents fully believe that there is liberty of self-appraisal. Whereas 70 per cent of the respondents believe that they have a liberty partially for self-appraisal and the remaining 20 per cent of the respondents believe that they won't have it.

Table 5: Reducing Grievances

Reducing Grievances	No of Respondents	Percentage of the Respondents
Fully	14	28
Partially	27	54
Not all	9	18
Total	**50**	**100**

It is inferred that 28 per cent of the respondents believe that performance appraisal fully reduces the grievances among the employees and 54 per cent feel that it partially reduces it and 18 per cent believe it is not useful to reduce grievances. It is, therefore, good to note that performance appraisal does play a role in reducing their grievances.

Table 6: Improving Personnel Skill

Improving Personnel Skill	No of Respondents	Percentage of the Respondents
Fully	22	44
Partially	15	30
Not all	13	26
Total	**50**	**100**

Nearly half of the respondents (44%) particularly the executives say that they improve their personnel skill fully, 30 per cent of the executives agree that it improves partially. One fourth of the respondents (26%) deny that performance appraisal does not lead to improving personnel skills.

Table 7: Identification of Strengths and Weaknesses

Identification of Strengths and Weaknesses	No of Respondents	Percentage of the Respondents
Fully	22	44
Partially	19	38
Not all	9	18
Total	**50**	**100**

It is excellent to learn that while 44 per cent of the respondents state that performance appraisal system fully identifies the strength and weaknesses, 38 per cent of the respondents reply that performance appraisal system partially identifies the strength and weaknesses. The negligible numbers of respondents (10%) say that performance appraisal system does not identify the strength and weaknesses of the respondents.

FINDINGS AND OBSERVATIONS

Attitude of the Employee

With respect to the attitude of the employee towards the present appraisal system, the study was carried under 4 parameters (Clarity in Understanding, Management tools effectiveness, Motivational factors, Identification of strength and weakness)

- **Clarity in Understanding:** It is good to note that 40 per cent of respondents agree that they have a clarity in understanding of the present appraisal system and 28 per cent also strongly agree to it. Only 28 per cent disagree and 4 per cent strongly disagree with the set parameter. This indicated that maximum number of employees have clear understanding of the system followed.

- **Management Tools Effectiveness:** Eighty four per cent of the employees convey that the Appraisal system is a fairly useful tool for the management to assess their performance and 12 per cent feel it is a very effective tool, 2 per cent of the employees feel it is useless and two more per cent state that the appraisal is not much of help. 80 per cent of the employees agree that performance appraisal is essential for all company and 20 per cent of the employees partially agree to it.

- **Motivational Factors:** Forty six per cent of the employees feel that the present appraisal system motivates them to perform their job well. At the same time forty per cent of the employees express that the current appraisal system of the company does not motivate them that much. But 14 per cent reveal their shock that there is no motivational factor involved in this present appraisal system.

- **Identification of Strength and Weakness:** While forty seven per cent agree that this system fully identifies their strengths and weaknesses, forty three per cent of the employees responded that the appraisal system identifies their strength and weaknesses partially. Only ten per cent feel that it does not identify their strengths and weaknesses.

- **Satisfactory Level of the Goal Settings and Weightages:** Nearly half of the respondents (48%) disagree that the goal settings and weightages are not satisfied, 32 per cent say neutral, 16 per cent agree, 4 per cent strongly agree

with the set parameter. This shows that most of the employee are not satisfied with goal setting and feels it is not achievable. This parameter includes factors related to goal setting, weightages given to the goals, time period set for goal setting, key result areas associated with goal setting which is performed.

- **Assessment and Improvement of Performance:** Half the respondents (50%) exactly feel that the present appraisal system does not assess the performance of the employees very well. Forty (40%) per cent of the respondents state that performance of the employees is fairly well assessed. The least number of respondents (10%) are of the view that performances of the employees are badly assessed.

More than one fourth of respondents (28%) agree that up to a great extent, performance level is improved. Thirty six (36%) per cent of the respondents opine that performance of the respondents is improved to some extent. It is alarming to note that thirty six (36%) per cent of the respondents strongly believe that assessing employees performance by a appraisal method does not improve their performance further.

SUGGESTIONS AND RECOMMENDATIONS

- Only 40 per cent of the respondents have clarity in understanding the system. Hence, human resource department should conduct workshop for better clarity and understanding of the Performance Management system.

- The vast majority of the respondents (84%) say that there is clarity on the objectives, standards and weightages. The HR department should organize workshop and ensure that all employees are provided with complete information in a transparent manner.

- The organization should introduce transparent reward and recognition mechanism in line with the industry in order to increase the motivational level from 40 per cent.

- The appraisal should spend predetermined quality time with all employees to jointly identify the strength and weakness of all the employees which can help employees to address their weakness.

CONCLUSIONS

In the new millennium when the corporate world is designing newer techniques for developing employees and retaining them, Ramky Groups is no way behind and the organizational structure is such that people works hand in hand to align the organizational goals with the individual's goals. Evaluation of employees' performance is helpful as to strengthen the employees' productivity, their promotion, transfer, training and development needs etc. The organization has implemented the evaluation process not only to evaluate the performance of employees but also for their increment and promotion. The company follows a transparent performance appraisal system with no personal bias because it is wholly based on individuals' contribution towards the organization. But there are some loopholes in the system that should be analyzed and corrective measures should be taken.

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