



A STUDY ON PERFORMANCE APPRAISAL SYSTEM IN IT SECTOR

Surender.M, Dr. B.Senthil kumar

*1.II MBA-PG Scholar, School of Management,Hindustan Institute of Technology and Science, Padur,
Chennai*

*2.Research Guide-Associate Professor(SG),School of Management, Hindustan Institute of Technology
and Science;*

senthilkumarb1971@gmail.com

ABSTRACT

Performance Appraisal provides the information to diagnose deficiency in employee regarding skill, knowledge, determine training and developmental needs and to prescribe the means for employee growth and ensuring better performance. The survey was used to achieve the objective of the study. Survey research is the systematic gathering the data from respondents through questionnaire. Performance appraisals should include: giving employees a better understanding of their roles and responsibilities; increase self-confidence by identifying strengths and identifying training needs to improve weaknesses; improve working relationships and communication between supervisors and subordinates; increase commitment to organizational goals; develop employees into future leaders; assist with HR decisions such as promotions or bonuses; and leave time for introspection, self-evaluation and personal goal-setting. The scope of the study encompasses the area of performance appraisal system in Human Resource Management, The study is confined to the relation between Manager and employees appraisal system. The primary objective is to assess the effectiveness of the performance Appraisal management of IT sector. The secondary objectives are to assess the effectiveness of the counseling done by rating officer, study whether the current performance Appraisal management identifies the training needs and facilitates the growth, know the scope for communicating the plans of management and goals to the staff, identify potential and capabilities of employees and improve the overall Organizational

Performance and to provide necessary suggestions to improve the overall performance Appraisal managements.

A performance appraisal is the process of assessing worker performance in comparison to certain predetermined organizational standards. appraisals not only help employees understand how they are doing but they also help workers supervisors along with the organization as whole, often, performance appraisals are linked to pay increases and promotions, but they also provide feedback on ones performance, help recognize weakness and strengths, and help one to reach the desired goals of the organization or their own individual goals. For the supervisors, performance appraisals provide information that is valid for pay increases, promotions, demotions, and findings and firings with feedback for an employee.

Performance appraisal is also used to encourage integration between workers and supervisors, as one might think, there are many different kinds of performance appraisals that an organization can decide to use. The first thing that an organization must decide is whether they want to do what is called an objective or a subjective performance appraisal.

An objective performance appraisal is when you measure quantifiable aspects of job performance, an example would be the number of units produced, a subjective performance appraisal is when some knowledgeable individual rates or critiques your work. Once you decide if an objective or subjective performance appraisal is good for your organization, you than have to decide what type is right for you, there are many different ways you can go about deciding and of course many different types to choose from.

Performance appraisal is a systematic evaluation of the work results of employees and an understanding of a person's capabilities for further growth and development. Performance evaluation is usually done in a systematic way, which is as follows:

- Managers measure employee pay and compare it to goals and plans.
- The supervisor analyzes the reasons behind the performance of the employees.
- Employers can direct employees to better results.

Performance appraisal is part of career development leadership and management. The latest mantra followed by organizations around the world is “get what you pay for” followed by organizations across the world being “*get paid according to what you contribute*” the focus of the organizations is turning to performance management and specifically to individual performance. During appraisal, past performance is evaluated and the roadmap for the coming months is prepared. Be Ones roadmap for the coming months is being decided, for this could very well define future and all the leaps one might make in professional life!

Appraisal cycles vary from organization to organization. Most have six-monthly or annual reviews. Some also follow the process of a project-end review along with the usual organization review cycle of six months or a year. However, the important thing is that appraisals are as much about future performance as they are about ones past performance.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVE

To assess the effectiveness of the performance Appraisal management of IT sector

SECONDARY OBJECTIVES

Objective of Performance Appraisal focus on together employee and organization development. Some of the objectives are:

- To assess the effectiveness of the counseling done by rating officer
- To study whether the current performance Appraisal management identifies the training needs and facilitates the growth
- To know the scope for communicating the plans of management and goals to the staff.
- To identify potential and capabilities of employees and improve the overall Organizational Performance.
- To provide necessary suggestions to improve the overall performance Appraisal managements.

REVIEW OF LITERATURE

The concept of Performance Appraisal is not a new invention as it was first introduced in China during 221-265 AD by We dynasty to appraise the performance of members of its official family. However, this concept had been substantially improved upon thereafter and New York City civil services adopted such improved version of appraisal, during 1883. Subsequently, commiserating with the metamorphosis that took place in the arena of Human Resource Management (HRM), the concept of Performance Appraisal has been increasingly recognized as an effective technique and tool for systematic evaluation of relative performances of individuals in the organizations.

In a simplest sense, the term Appraisal implies evaluation of worth, quality and merit. In the context of organization, wider sense, performance Appraisal can be defined as a systematic and objective process of judging the relative worth or ability of an employee in performing his job. The important features of the concept of performing his job. The important features of the concept of Performance Appraisal are:

It is not a one-time exercise but a periodically continuous and on-going process. The appraisal is systematic since it seeks to evaluate all performances in the same manner by utilizing uniform standards, so that appraisal of performances of different individuals is comparable, It tries to identify the strengths and weakness of an employee on his present job. The appraisal should have objectivity as it attempts at accurate measurement while trying to eliminate human biases and prejudices, Its focus is to plan placements and transfers besides career growth and development of individuals, It serves as a feedback mechanism to the employees as to where he stands and to suggest for needed changes in his behaviour, attitudes, skills and job knowledge etc., It aims at preparing a level playing ground for mutual trust and goodwill between superior and subordinate in the organization.

RESEARCH METHODOLOGY

DATA COLLECTION METHOD: -

Data collection is made through primary data and secondary data.

PRIMARY DATA:

Primary data is collected through a structured questionnaire constructed exclusively for the Employees and their officers of IT SECTOR and also interacted with the officials of the organization together relevant information required for the study secondary data.

SECONDARY DATA:

The Secondary data is collected from the records of the personnel Department of IT sector.

RESEARCH INSTRUMENT: -

A questionnaire is a formal list of questions to be answered in the survey. A structured questionnaire is the research instrument.

SAMPLING: -

Convenience sampling of hundred has been used to collect the data form the respondents.

ANALYTICAL TOOLS

ANALYSIS USING KARL PEARSON'S CORRELATION:

Correlation analysis is a statistical tool used to measure the extent of a linear relationship between two variables. Correlation measures the degree of association between two variables. Pearson's product-moment correlation coefficient is a measure of the strength and direction of the relationship between two variables, measured at least on an interval scale. It is denoted by the symbol r .

$$r = \frac{N\sum XY - \sum X \sum Y}{\sqrt{N\sum X^2 - (\sum X)^2} \sqrt{N\sum Y^2 - (\sum Y)^2}}$$

CHI- SQUARE TEST I – (Ψ^2)

A chi-squared test, also referred to as chi-square test or χ^2 test, is any statistical hypothesis test in which the sampling distribution of the test statistic is a chi-squared distribution when the null hypothesis is true, or any in which this is asymptotically true, meaning that the sampling distribution (if the null hypothesis is true) can be made to approximate a chi-squared distribution as closely as desired by making the sample size large enough.

The χ^2 test was first used by Karl Pearson in the year 1980. The quantity χ^2 describes the magnitude of the discrepancy between theory and observation.

It is calculated using:

$$\chi^2 = \sum [(O_i - E_i)^2 / E_i] \text{ with } (n - 1) \text{ degrees of freedom.}$$

Where, O_i refers to the observed frequency & E_i to the expected frequencies.

χ^2 was used as a test of independence and goodness of fit.

RESULTS AND DISCUSSION

COMMUNICATINGTHEPLANSOFTHETOPMANAGEMENT * APPRAISALSYSTEM Crosstabulation

		APPRAISALSYSTEM					Total
		Strongly agree	Agree	Neither agree nor disagree	Disagree	Strongly disagree	
COMMUNICATINGTHE PLANSOFTHETOPMANAGEMENT	Count	0	0	0	1	0	1
	% within COMMUNICATINGTHEPLANSOFTHETOPMANAGEMENT	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
	% within APPRAISALSYSTEM	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
	% of Total	0.00%	0.00%	0.00%	100.00%	0.00%	100.00%
	Count	14	0	0	0	0	14
	% within COMMUNICATINGTHEPLANSOFTHETOPMANAGEMENT	100.00%	0.00%	0.00%	0.00%	0.00%	100.00%
	% within APPRAISALSYSTEM	70.00%	0.00%	0.00%	0.00%	0.00%	70.00%
	% of Total	14.00%	0.00%	0.00%	0.00%	0.00%	14.00%
	Count	6	26	8	0	0	40
	% within COMMUNICATINGTHEPLANSOFTHETOPMANAGEMENT	15.00%	65.00%	20.00%	0.00%	0.00%	100.00%
	% within APPRAISALSYSTEM	30.00%	100.00%	20.00%	0.00%	0.00%	150.00%
	% of Total	6.00%	26.00%	8.00%	0.00%	0.00%	40.00%
	Count	0	0	10	0	0	10
	% within COMMUNICATINGTHEPLANSOFTHETOPMANAGEMENT	0.00%	0.00%	100.00%	0.00%	0.00%	100.00%
	% within APPRAISALSYSTEM	0.00%	0.00%	25.00%	0.00%	0.00%	25.00%
	% of Total	0.00%	0.00%	10.00%	0.00%	0.00%	10.00%
	Count	0	0	22	9	4	35
	% within COMMUNICATINGTHEPLANSOFTHETOPMANAGEMENT	0.00%	0.00%	62.90%	25.70%	11.40%	100.00%

	% within APPRAISAL SYSTEM	0.00 %	0.00 %	55.00%	90.00 %	100.00 %	35.00 %
	% of Total	0.00 %	0.00 %	22.00%	9.00 %	4.00%	35.00 %
Total	Count	26	34	52	13	5	130
	% within COMMUNICATING THE PLANS OF THE TOP MANAGEMENT	20.00 %	26.00 %	40.00%	10.00 %	4.00%	10.00 %
	% within APPRAISAL SYSTEM	100.00 %	10.00 %	100.00%	10.00 %	100.00 %	10.00 %
	% of Total	20.00 %	26.00 %	40.00%	10.00 %	4.00%	10.00 %

CHI- SQUARE TEST I – (ψ^2)

Chi-square is the sum of the squared difference observed (o) and the expected (e) data (or the deviation, d), divided by the expected data in all possible categories.

Null hypothesis (H_0):

There is no relationship between the communicating the plans of the top management and appraisal system.

Alternate hypothesis (H_1):

There is relationship between the communicating the plans of the top management and appraisal system.

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
COMMUNICATINGTHEPLA NSOFTHETOPMANAGEME NT * APPRAISALSYSTEM	130	100.0%	0	.0%	130	100.0%

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	147.643 ^a	16	.010
Likelihood Ratio	146.386	16	.020
Linear-by-Linear Association	58.862	1	.030
N of Valid Cases	130		

a. 18 cells (72.0%) have expected count less than 5. The minimum expected count is .04.

Degree of Freedom= (r-1) *(c-1)

$$= 4*4= 16$$

Calculated value = 147.643

Tabulated value = 26.30

Z = Z cal > Z tab

Z= 147.643 > 26.30

Hence, the Alternate hypothesis [H1] is accepted

INFERENCE:

Since the calculated value is greater than the tabulated value, we accept the alternate hypothesis and hence there is a relationship between the communicating the plans of the top management and appraisal system.

ONE-WAY ANOVA CLASSIFICATION

Null hypothesis (Ho):

There is a significance difference between the contributions of effective performance and factors affecting the performance.

Alternate hypothesis (H1):

There is no significance difference between the contributions of effective performance and factors affecting the performance.

Descriptives

CONTRIBUTIONS OF EFFECTIVE PERFORMANCE

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
					0	1		
Strongly agree	48	1.68	.475	.078	1.52	1.83	1	2
Agree	39	2.40	.498	.091	2.21	2.59	2	3
Neither agree nor disagree	16	3.00	.000	.000	3.00	3.00	3	3
Disagree	27	4.35	.671	.150	4.04	4.66	3	5
Total	130	2.61	1.109	.111	2.39	2.83	1	5

Test of Homogeneity of Variances

Levene Statistic	df1	df2	Sig.
29.359 ^a	3	95	.020

ANOVA

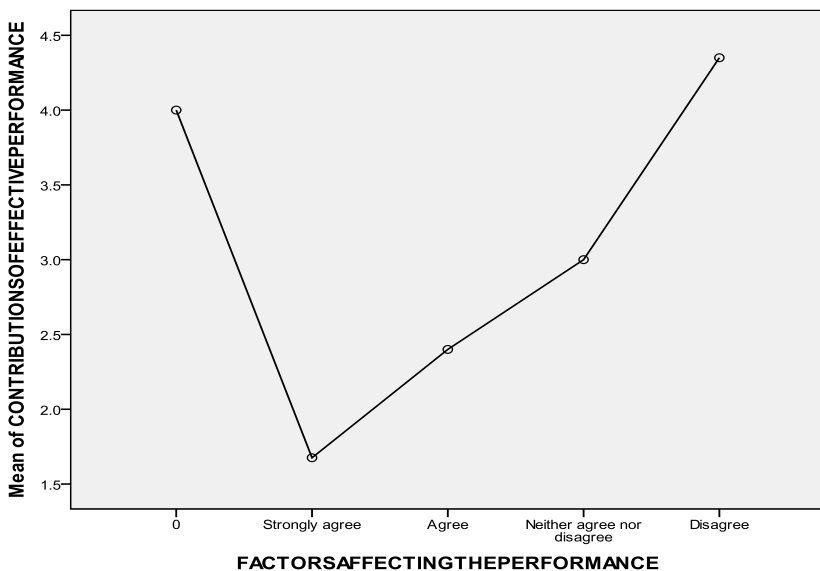
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Disagree	27	4.35	.671	.150	4.04	4.66	3	5

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	97.932	4	24.483	97.488	.010
Within Groups	23.858	95	.251		
Total	121.790	99			



Tabulated value = 3.95

Calculated value = 97.488

$F = F_{cal} > F_{tab} \quad F = 97.488 > 3.95$

Hence, the Alternate hypothesis [H1] is accepted.

INFERENCE:

The calculated value of F is greater than the tabulated value. Hence, we reject the null hypothesis and conclude that there is a significance difference between the contributions of effective performance and factors affecting the performance.

ANALYSIS USING KARL PEARSON'S CORRELATION

Correlation analysis is the statistical tool used to measure the degree to which two variables are linearly related to each other. Correlation measures the degree of association between two variables.

Null hypothesis (H0):

There is positive relationship between the mutuality and trust and the opportunity of the each appraisee communicate.

Alternate hypothesis (H1):

There is negative relationship between the mutuality and trust and the opportunity of the each appraisal communicate.

Correlations

		MUTUALITYANDTRUST	THEOPPORTUNITYOFTHEEACHAPPRAISEECOMMUNICATE
MUTUALITYANDTRUST	Pearson Correlation	1	.654**
	Sig. (2-tailed)		.000
	N	130	130
THEOPPORTUNITYOFTHEEACHAPPRAISEECOMMUNICATE	Pearson Correlation	.654**	1
	Sig. (2-tailed)	.000	
	N	130	130

** . Correlation is significant at the 0.01 level (2-tailed).

$$r = \frac{N\sum XY - \sum X\sum Y}{\sqrt{N\sum X^2 - (\sum X)^2}\sqrt{N\sum Y^2 - (\sum Y)^2}}$$

r = .654

INFERENCE:

Since r is positive, there is positive relationship between the mutuality and trust and the opportunity of the each appraisee communicate.

CONCLUSION

Present appraisal system is a systematic assessment of the employee in an organization. The result of such appraisals may lead to moment of the employee to right place, enhancing the present skills, change the present compensation and others problems. As the effect of present appraisal creates a big change in the professional as well as the appraisal in an effective way with out bias and etc.

The appraisal system for supervisors is IT sector has been studied and it is recommended to indicate Management by objectives System (MBO) which is the best in the current situation. If it is implemented, this may help the corporation to maintain and enhance the present knowledge base for a long time.

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