A Study of Effectiveness of Performance Appraisal System in A.S.K. Apparels

A. Arunraj[1], C. Ramya[2*]

[1,2]Department of Management, M. Kumarasamy College of Engineering, Karur, India

Abstract: Performance appraisal system is important to any organizational performance; it determines the organization's success or failure. The aim of this study is to examine the effectiveness of performance appraisal system and the focus of the study was on the employees of A.S.K. Apparels. Performance appraisal has increasingly become part of a more strategic approach in integrating HR activities and business policies. Performance appraisal system is seen as a generic term covering a variety of activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards. To obtain results, descriptive statistics and chi-square techniques have been applied to the data collected from 120 respondents. The result of the study shows that overall performance appraisal system is highly rated by the respondents.

Keywords: Performance appraisal, Performance management, 360-degree appraisal, Feedback to Employees, Reliability of PA system, Employee motivation, Internal communication.

1. Introduction

A performance appraisal System is a systematic and periodic process that is used to assess an individual employee's job performance in relation to certain pre-established criteria and organizational objectives. All organizations aim at being effective and achieving their goals. In order to do this, it is important to monitor or measure the performance of the employees on a regular basis.

Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational development and also to identify skill gaps. Performance appraisal is a widely discussed concept in the field of performance management. The importance attached to performance appraisal system in part arises from the nature of the current business environment, which emphasizes the need to achieve organizational goals as well as remain relevant in intensely competitive markets through superior employee performance. Within this context, various studies suggest that organisations can hardly control the behaviour of their employees (Attorney, 2007). The organisations can however control how employees perform their jobs. In addition, performance management research shows that a significant number of employees tend to have the desire to perform their jobs well as part of their individual goals as well as a demonstration of loyalty towards the organisation (Wright & Cheung, 2007). Arguably, the key to ensure that employees perform well lies in the ability to provide them with the right working environment. Such an environment generally includes fair treatment, offering support, effective communication and collaboration.

While focusing on performance appraisal as a motivational tool, studies in this field strongly suggest that performance appraisal systems can be used to enhance motivation. However, the link between performance appraisal and employee motivation has often been studied in a traditional or general manner and hence the relationship tends to be blurred in nature. Despite the above shortcomings in approaches to performance appraisal, extent literature on performance management still indicates that performance appraisal when undertaken in the right manner can contribute significantly to employee motivation. When undertaken in the absence of clear goals, performance appraisal can however have serious ramifications in terms of employee dissatisfaction and consequently a reduction in productivity and organisational commitment. On the positive side, it is argued that performance appraisal provides an important avenue to recognize employees work efforts. Recognition in this case has for long been considered as a key employee incentive.

2. Review of Literature

Ayomikum Idowu O (2017), The study also shows that employees differ in their preference for rewards following performance appraisal. Organization should therefore adapt a more personal approach in linking performance appraisal results to rewards and incentives. This could contribute significantly towards boosting employee motivation as a result of improved levels of satisfaction.

M. Mohanasundari, P. Vidhya Priya, and P. Sundharesalingam (2020), This research was conducted mainly, in order to know about the existing performance appraisal system and its effect on motivation of employees in the engineering and automotive industries in and around the southern part of Karnataka. Hence we suggest the company's management to improve the promotional opportunities given to line managers. Further this study find about training and feedback are given to the employees after every appraisal which helps the employees to motivate and improve the job performance.

*Corresponding author: ramyamech081@gmail.com

B. L. Gupta, M. T. Joseph (2021) The performance appraisal and development system is a people building process to harness the potential of the teachers for the overall development of the school and assuring quality of education. It should be scientifically designed and implemented to take maximum advantage of it for individuals, teams and school students and society as a whole.

Hafiz Muhammad Ishaq, Muhammad ZahidIqbal, Arshad Zaheer (2009), This paper aims at studying outcomes of performance appraisal and exploring factors that can make harm to the PA effectiveness in the perspective of Pakistani public and private sector organizations. Overall results reveal that in Pakistani public and private sector organizations, awareness level about outcomes of effective performance appraisal is more than factors that can make harm to the effectiveness of appraisal.

Owusu-Boateng W and Owusu Vida (2014), The study was based on the perception that performance appraisal was categorically an effective mean of measuring employee performance The findings revealed that a higher percentage of the respondents see positive relationship between appraisals and employee effectiveness and overall organizational performance. It is therefore recommended that first capital plus ltd should apply progressive human resource strategies and provide effective and productive methods regarding employee motivation and subsequent appraisal.

Mengistu Guliti Buba (2018), The main objective of the study was to assess the performance appraisal practice of Ethopian road authority in Komboolcha branch. In organization an employee's performance is evaluated on regular basis or procedure. Responsibility for appraising employee's performance is given by the immediate supervisor. So the employees do not know for what purpose that the performance appraisals conducted in their organization.

S. Jansirani, R. Hatrikrishnan, D. Jayakani, A. Saissathya (2013), In this study the operative function in the human resource department is analyzed with the contribution of employees and their opinion about the function performed and also their opinion about by the HR Department in Wipro infrastructure Engineering pvt. Ltd., Chennai. It is suggested that the company should introduce new methods to provide good services promptly and efficiently regarding employee's measures. Thus the study mainly focusses on performance of the employees

Aishwarya M. Patil, S. Dalvi (2019), It states that 720-degree appraisal as twice 360-degree appraisal. As the name suggest, the 720-degree performance appraisal is one of the recently introduced concept and the evaluation of the performance from all the aspects and gives timely feedback. In this paper, we are going to analyze and study the 720-degree performance appraisal system on various aspects. This system is additional development targeted than performance alone and supplements developments functions in a very higher means. It helps in better examination and enhanced input from various measurements.

Osabiya Babatunde Josep (2014), The study is an evaluation of effectiveness of performance appraisal as a tool to measure employee productivity in organizations. The study revealed that employees are usually appraised by their immediate supervisors. Regarding the frequency of promotion in the organization, both the managers and officers asserted that there was a valid, laid down pattern for promotion and that this was at the management discretion. Often, managers allow biasing factors like rate, sex, tribe appearance and personal likeness or hatred to influence.

3. Need of the Study

- To study the performance appraisal methods used by various organizations.
- To identify the perceptions and preferences of managers towards various PA methods, including those existing in their organizations.
- To find out the deficiencies if any, and suggest the ways for improvement in the existing performance appraisal methods with a focus on the linkages of the developmental aspects of performance analysis system.

4. Objectives of the Study

Primary Objective:
- To understand the effectiveness of performance appraisal system.
- To examine the performance appraisal system by diagnosing the strength and weakness of the existing system.

Secondary Objective:
- To identify the employee satisfaction level regarding the performance appraisal system.
- To know the ways to improve the performance appraisal methods.

5. Need of the Study

- The study has been conducted with respect to performance appraisal system existing in the organization.
- Further this study would make the employees understand about the ways and means to develop job skills, incentives and promotion.
- The project helps to understand the importance of performance appraisal system to take personnel decisions such as promotions or allocating rewards.
- Allow time for self-reflection, self-appraisal and personal goal setting.

6. Research Methodology

The study is descriptive in nature. Primary data has been collected from the respondents of employees in The A.S.K. Apparels using questionnaire. Information from various journals and websites serve as secondary sources. Employees of The A.S.K. Apparels are chosen as the sampling unit. 120 samples were collected from A.S.K. Apparels. The employees of ASK apparels are treated as sample. Simple Random sampling technique is used to get the responses from the employees. Statistical techniques such as Frequency,

correlative and chi-square are used to analyze the data.

7. Data Analysis and Interpretation

A. Frequency

Table 1
Demographic Profile of Respondents

Demographics Profile	Categories	Frequency	Percent(%)
Gender	Male	66	55.0
	Female	54	45.0
Age	Below 20	3	2.5
	21-30	26	21.7
	31-40	65	54.2
	41-50	23	19.2
	Above 50	3	2.5
Educational Qualification	<SSLC	13	10.8
	SSLC	37	30.8
	HSC	46	38.3
	UG	20	16.7
	PG	4	3.3
Department	HR	79	65.8
	Production	18	15.0
	Accounts	23	19.2
Experience	Less than 1year	2	1.7
	1-2 years	16	13.3
	2-3 years	61	50.8
	3-4 years	37	30.8
	Above 5 years	4	3.3
Salary	10k - 12k	26	21.7
	12k - 20k	49	40.8
	20k - 30k	44	36.7
	30k - 40k	1	0.8
	40k - 50k	0	0

Interpretation:

The above table portraits the results of the demographic profile of the respondents. The result shows the majority of the respondents are male, the age group of majority of the respondents is under 21-30 & 31-40, the majority of the respondents have completed higher secondary education (HSC), the majority of the respondent's department is production department, the majority of the respondent's experience is 2-3 years, the majority salary in the family is 12k-20k.

B. Correlation

Interpretation:

From the table 2, it is highly correlated and it has significant difference between the employee's feedback.

C. Chi-Square

H_0-There is no significance relationship between Gender and the reward received to the performance result H1- There is significance relationship between the Gender and the reward received to the performance result.

Table 3
Gender * Whether the reward you received is related with your performance result?

		Whether the reward you received is related with your performance result?				Total
		Strongly disagree	Neutral	Agree	Strongly agree	
Gender	Male	2	15	23	26	66
	Female	0	9	18	27	54
Total		2	24	41	53	120

Table 4
Chi – square test

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	2.958[a]	3	.398
Likelihood Ratio	3.717	3	.294
Linear-by-Linear Association	2.588	1	.108
N of Valid Cases	120		
a. 2 cells (25.0%) have expected count less than 5. The minimum expected count is 90.			

Interpretation:

From the above table significance level is 0.430 indicates that this Chi-Square is statically significant. So that we reject null hypothesis H_0 and accept alternate hypothesis H_1.

8. Conclusion

The study concludes that the performance appraisal system in company is effective and also the employees are satisfied with the existing appraisal process. They are highly satisfied

Table 2
Feedback to Employees

Correlations					
		Employees are awarded performance Appraisal system	HR appraisals are implemented effectively	Employees are satisfied with the HR appraisal system	employees are satisfied with the feedback system for the appraisals
employees are awarded performance Appraisal system	Pearson Correlation	1	.055	.069	-.161
	Sig. (2-tailed)		.552	.457	.079
	N	120	120	120	120
HR appraisals are implemented effectively	Pearson Correlation	.055	1	-.145	.257**
	Sig. (2-tailed)	.552		.113	.005
	N	120	120	120	120
Employees are satisfied with the HR appraisal system	Pearson Correlation	.069	-.145	1	-.113
	Sig. (2-tailed)	.457	.113		.217
	N	120	120	120	120
employees are satisfied with the feedback system for the appraisals	Pearson Correlation	-.161	.257**	-.113	1
	Sig. (2-tailed)	.079	.005	.217	
	N	120	120	120	120
**. Correlation is significant at the 0.01 level (2-tailed).					

with their company's policy. Employees are clear about their targets and also involve in the goal setting process for financial year. Training and Feedback are given to the employees after every appraisal which motivates the employees and improve their job performance. This in turn helps building the relationship with the managers. Hence performance appraisal is a worthwhile and effective tool in the organization and has a positive impact on the employees.

References

[1]   Richard Bitange Nyaoga, Perterson Magutu, "The Effectiveness of Performance Appraisal System in Private Universities in Kenya," *Artificial Journal of Business & Management*, 2010.

[2]   Hafiz Muhammad Ishaq, Muhammad Zahidiqbal, Arshad Zaheer, "Effectiveness of Performance Appraisal: Its Outcomes and Detriments in Pakistani Organization," *European Journal of Social Sciences*, 2009.

[3]   M. A. M. Hussain Ali, H. H. D. N. P. Opatha, "Performance Appraisal System and Business Performance: An Empirical Study in Sri Lankan Apparel Industry," *Sri Lankan Journal of Human Resource Management*, 2008.

[4]   M. Mohanasundari, P. Vidya Priya and P. Sundharesalingam "Effectiveness of Performance Appraisal System on Employee Motivation in Engineering and Automotive Industries," *International Journal of Advanced Science and Technology*, 2020.

[5]   S. Jancirani, D. Jaya kani, A. Saisathya, "A Study on Performance Appraisal System at Wipro Infrastructure Engineering Pvt. Ltd." In Journal of Business and Management, 2013.

[6]   Aishwaraya M, C. S. Dalvi, "720 Degree Performance Appraisal Systems," *International Journal of Trend in Scientific Research and Development*, 2019.

[7]   Badrilal Gupta "Model of Performance Appraisal System Process of Designing New Performance Appraisal System," *International Journal Research*, 2021.

[8]   EOwusu-Boateng "The Effectiveness of Performance Appraisals in Measuring Employee Performance: A Study of the First Capital Plus Limited," *Public Policy and Administration Research*, 2014.

[9]   Maria Bastida, Jacobofeas "Performance Appraisal System in Technology Start-Ups," 2012.

[10] Osabiya Babatunde Josep, "Effectiveness of Performance Appraisal as a Tool to Measure Employee Productivity in Organization," *Journal of Public Administration and Governance*, 2014.