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A Study on Employees Perceptions towards Performance Appraisal with Reference to Sugar Industry

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ABSTRACT

Human resources is an important assets of an organization. Hence satisfying them is a major challenge for organization. One way of satisfying employees is via providing them proper hikes via performance appraisal which should be carried out periodically. This study consists of 200 samples from sugar manufacturing industry. Factor analysis was used for the study. The study concludes that top management support and superior-subordinate relationship are vital factors in performance appraisal of employees in the organization.

KEYWORDS : performance appraisal

INTRODUCTION

Human resource management (HRM) is the governance of an organization's employees. HRM is sometimes referred to simply as human resources (HR). A company's human resources department is responsible for creating, implementing and overseeing policies governing employee behavior and the behavior of the company toward its employees. Human resources are the people who work for the organization; human resource management is really employee management with an emphasis on those employees as assets of the business. In this context, employees are sometimes referred to as human capital. As with other business assets, the goal is to make effective use of employees, reducing risk and maximizing return on investment. Where ever human resources satisfying them become a complex task for organizations.

One way of satisfying and making the employees to stay or retain in the same organizations is through performance appraisal. Performance appraisal is designed and utilized for the overall development and growth of the employees. It is not only used to evaluate employees but the organizations sets benchmarking for the work done through performance appraisal systems. It also acts as a deciding tool for promotions, rewards, career development, training, selection and placement. It helps in identifying employees' potentiality too. It makes people think about their competencies, strengths, weakness, opportunities, threats and various issues relating to performance. In this article management support to employees and superior-subordinate relationship are taken as the key indicators of performance appraisal in the organization.

OBJECTIVES OF THE STUDY

The objectives of the study are as follows:

- To study the perception of employees towards performance appraisal.
- To provide suggestions based on the above study.

NEED FOR THE STUDY

Generally Indian Companies which is categorized as small, medium and large scale companies should realize the importance of having performance based appraisal systems. Performance Based Appraisal system is one of the key elements for retaining the employees in an organization. Hence it becomes very important for organizations to know its stand on Performance Appraisal System through the perception of its employees. Thus Performance Appraisal System becomes the area of study.

REVIEW OF LITERATURE

Lot of studies about performance appraisal in various fields has been carried out by different researchers. According to **Robert D Bretz and George T Milkovich (1992) "Perceptions of Goal accomplishment, Self-evaluation and performance related outcomes"** examines on the performance appraisal research issues and performance appraisal practice. The articles concludes that performance appraisal research is must and compulsory for all organizations. **Michael M Harris (2012) "Rater Motivation in the Performance Appraisal Context"** also discusses on the potential importance of motivation for understanding and improving performance appraisal processes. **Taylor & Francis (2006) "Performance appraisal satisfaction and employee outcomes"** explores alternative relationships between performance appraisal satisfaction and employee outcomes in the form of self-reported work performance, affective organizational commitment and turnover intention have revealed a negative relationship for employees with low intrinsic motivation and a positive relationship for those with high intrinsic motivation do play a vital role in performance appraisal of employees. According to **Anne S Tsui, Charles, "Beyond Simple Demographic effects: The Importance of Relational Demography in Superior-Subordinate Dyads"** discusses that variables like age, gender, tenure, education and superior-subordinate relationship are related to job performance. The article also states that attitudes, work outcomes and superior subordinate relationship are related. **Flower A Hughes (1992) "Why employee stays".** Too examines on the ethics that drives employees own values and actual conditions that they encounter in the job, company values like policies, procedures, board of directors, formal decisions are some forces cause employees to leave the organization. The article concludes management support to employees do play a vital role in employees performance appraisal.

RESEARCH METHODOLOGY

Research is a systematic method of finding solutions to problems. It is essentially an investigation, a recording and an analysis of evidence for the purpose of gaining knowledge. The type of research chosen for the study is descriptive research. The data was collected in a famous organization belonging to the sugar manufacturing sector. The company consists of 4000 employees where 5% of the population where taken as the sample size. Hence 200 employees were chosen as the sample for the study. Primary data in the form of questionnaire was collected from the above mentioned employees. Top management support to employees, superior-subordinate relationship, are said to be variables of the study. Only Factor analysis was used as the statistical analysis of the study.

DATA ANALYSIS AND INTERPRETATION

Null Hypothesis: The factors of performance appraisal do not differ significantly.

Factor Analysis for Top Management Support to Employees:

TABLE NO 1

KMO and Bartlett's Test for Top Management Support to Employees		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.545
Bartlett's Test of Sphericity	Approx. Chi-Square	735.181
	Df	45
	Sig.	.000

INFERENCE:

From the above table KMO and Bartletts test, it is found that the sampling adequacy value 0.545 and the chi-square value 735.181 are statistically significant 5% level. This implies that the ten variables of the top management support to employees are adequate in explaining in

concept and the sampling distribution is also normal to explain the characteristic features of population of employees regarding top management support to employees.

The following communality table explains the variances in the perceptions of employees.

TABLE NO 2
Communalities for Top Management Support to Employees

	Initial	Extraction
TM 1	1.000	.734
TM 2	1.000	.792
TM 3	1.000	.825
TM 4	1.000	**.930**
TM 5	1.000	.834
TM 6	1.000	.850
TM 7	1.000	.845
TM 8	1.000	.742
TM 9	1.000	.813
TM 10	1.000	.860

From the above table it is found that the variance of ten variables of Top Management support to employees ranges from 0.734 to 0.930. This implies that the employees' perceptions towards top management support varies from 73% to 93%. The upper limit of the variance is statistically significant and as the implication of properly segregated predominant factors as expressed in the table below.

TABLE NO 3
Total variance explained for Top Management Support to Employees

Component	Initial Eigen values			Rotations Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	5.931	33.565	33.565	2.279	22.786	22.786
2	2.718	15.381	48.946	2.159	21.594	44.380
3	2.164	12.245	61.192	1.514	15.142	59.522
4	2.133	12.073	73.264	1.368	13.684	73.206
5	1.533	8.672	81.937			
6	1.163	6.580	88.516			
7	.940	5.317	93.833			
8	.448	2.534	96.367			
9	.366	2.074	98.440			
10	.276	1.560	100.000			

From the above table it is found that the fourteen variables are reduced into four major factors with Eigen values 2,279, 2.159, 1.514 and 1.368 are statistically significant. The four major factors also possess significant individual values 22.786, 21.594, 15.142, 13.684 with total cumulative variance 73.206. This clearly indicates the very existence of four major factors with their respective variable loadings.

TABLE NO 4
Rotated Component Matrix (a) for Top Management Support to Employees

	Component		
	1	2	3
TM 1	.756		
TM 2	.891		
TM 3	.041		
TM 4	.340		
TM 5		.655	
TM 6		.466	
TM 7		.071	
TM 8			.141
TM 9			.080
TM 10			.018

The first factor can be inferred as Employees are Comfortable with the Performance Pay structure and Salary structure provided by top management, Welfare facilities, Fringe benefits and Perks given by top management are satisfactory in nature, Top management is helpful and fully supportive in improving employee's Job Performance and Top management fully cares for the employees in the organization. This can be suitably defined as **Top management support to employees.**

The second factor is composed of variables Decisions taken by the top management regarding Performance Appraisal is known to employees, Top management maintains full Transparency in employees Performance Appraisal and Top management evaluates the employees Performance Appraisal periodically. Therefore this factor is called **Top Management Transparency in Performance Appraisal.**

The third factor is composed of variables Top management collects feedback from employees regarding Performance Appraisal, Top management follows the Consistent rating methods while evaluating employees and Top management shares Negative Feedback with its employees. Therefore this factor is called **Top Management Feedback and Rating Methods**.

Through factor analysis **top management support to employees**, **top management transparency in Performance Appraisal and top management feedback and rating methods** are the predominant factors influencing top management support to employees in the organization.

2. Factor Analysis for Superior-Subordinate Relationship
TABLE NO 5

KMO and Bartlett's Test for Superior-Subordinate Relationship		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.426
Bartlett's Test of Sphericity	Approx. Chi-Square	145.967
	Df	21
	Sig.	.000

INFERENCE:
From the above table Kmo and Bartletts test, it is found that the sampling adequacy value 0.426 and the Chi-Square value for Bartletts test of Sphericity 1459.67 are statistically significant 5% level.

This implies that the ten variables of the superior subordinate relationship are adequate in explaining in concept and the sampling distribution is also normal to explain the characteristic features of population of employees regarding superior subordinate relationship in the organization.

The following communality table explains the variances in the perceptions of employees.

TABLE NO 6
Communalities for Superior-subordinate relationship

	Initial	Extraction
SS1	1.000	.795
SS 2	1.000	.626
SS 3	1.000	.728
SS 4	1.000	.575
SS 5	1.000	.469
SS 6	1.000	.588
SS 7	1.000	.507

From the above table it is found that the variance of the ten variables on superior-subordinate relationship ranges from 0.469 to 0.795. This implies that the employees' perception regarding the superior-subor-

dinate relationship varies from 46% to 79.5%. The upper limit of the variance is statistically significant and as the implication of properly segregated predominant factors as expressed in the table below.

Component	Initial Eigen Values			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2.800	26.780	26.780	1.987	19.001	19.001
2	2.034	19.447	46.227	2.754	26.340	45.341
3	1.710	16.355	62.582	1.803	17.241	62.582
4	1.289	12.324	74.906			
5	1.190	11.381	86.287			
6	.936	8.953	95.240			
7	.498	4.760	100.000			

From the above table it is found that the seven variables are reduced to 3 major factors with Eigen values 1.987, 2.754 and 1.803 are statistically significant. The three major factors also possess significant individual values 19.001, 26.340 and 17.241 with total cumulative variance of 62.582. This clearly indicates the very existence of three major factors with their respective variable loadings as expressed in the table below.

TABLE NO 7
Rotated Component Matrix (a) for Superior-subordinate relationship

	Component		
	1	2	3
SS1	.843		
SS 2	.789		
SS 3	.084		
SS 4		.232	
SS 5		.213	
SS 6			.030
SS 7			.313

From the above table it is clear that the first factor consists of cordial and flexible relationship with the superior and subordinates exists in the organization, superior provides full co-operation and co-ordination during subordinates Performance Appraisal evaluation, and Superior maintains full transparency in employees Performance Appraisal evaluation. This factor is suitably called **subordinates performance appraisal evaluation.**

The second factor is composed of variables with superior expects more accuracy and high performance from employee's actual job performance and superior acts as an intermediate person between employees and top management. This is suitable is called **Superior's role in performance appraisal.**

The third factor comprises of superiors evaluate subordinates based on job performance and Superiors' ratings on subordinates are always fair and consistent in nature. Therefore it is called **fair rating systems.**

Through this factor analysis **subordinates performance appraisal evaluation, superior's role in performance appraisal and fair rating systems are the predominant factors influencing superior-subordinate relationship in the organization.**

FINDINGS OF THE STUDY

The factor analysis reveals that top management support to employees collects feedback from its employees, it follows a quite transparent system of rating for its employees.

Secondly in the variable superior-subordinate relationship superiors play a vital role in the performance appraisal and they follow a fair rating systems.

CONCLUSION OF THE STUDY

This study is an attempt to assess the opinion of the respondents in the sugar manufacturing industry. The results clearly indicates management support to employees and superior-subordinate relationship play a vital role in the organization's appraisal systems.