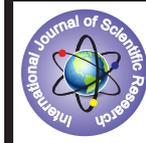


A Study on Performance Appraisal System in Eid Parry (India) Ltd, Pugalur, Tamil Nadu, India



Management

KEYWORDS : performance appraisal, performance appraisal system, EID PARRY

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ABSTRACT

Performance Appraisal is a critical activity for the organizations that are looking for the growth and profit maximization in this ever-increasing competitive environment. The essential components of an effective performance appraisal system consist of understanding its foundations and the essential steps that lay the foundation. Finally lot of brainstorming is required to be done to devise a sound appraisal system by evaluating available techniques and implementation processes. One must remember that Performance Appraisal (PA) is an inexact, human process and it is quite a challenge to actually implement it successfully. Performance appraisal system has gone through a change over a period of time. In the beginning the process was non-transparent and the employee was kept in dark about his performance. Systematic exercise was done in the entire process. The current processes of performance appraisal involve self-appraisal by the employee too. Thus the system has gone through the phase of non-transparency to transparency. In the transparent system of appraisals appraisal is taken into confidence and the whole process is interactive. Review process with employees is designed in such a way that employees become aware of what is expected from them, receive timely feedback and recognition for their achievements.

INTRODUCTION

HISTORY OF SUGAR INDUSTRY

The origin of sugar was believed to be New Guinea, and was spread along routes to Southeast Asia and India. The process known for creating sugar, by pressing out the juice and then boiling it into crystals, was developed in India around 500 BC (sugarindustry.com). Its cultivation was not introduced into Europe until the middle-ages, when it was brought to Spain by Arabs. Columbus took the plant, dearly held, to the West Indies, where it began to thrive in a most favorable climate. It was not until the eighteenth century that sugarcane cultivation was began in the United States, where it was planted in the southern climate of New Orleans. The very first refinery was built in New York City around 1690; the industry was established by the 1830s. Earlier attempts to create a successful industry in the U.S. did not fare well; from the late 1830s, when the first factory was built. Until 1872, sugar factories closed down almost as quickly as they had opened. It was 1872 before a factory, built in California, was finally able to successfully produce sugar in a profitable manner. The world sugar economy faced a year of a considerable global surplus. The largest producers are Brazil and India. The largest consumers are India and Europe (Indian sugar year book, New Delhi and International sugar association, 2011).

SUGAR INDUSTRY IN INDIA

Sugar industry is the largest organized industry next to the textile industry. It plays an eminent role in the economic development of India. Being one of the major agro based industry in India; it has been instrumental in resource mobilization, employment generation, income generation and creating social infrastructure in rural areas (Adya Prasad pandey, 2007). The origin of sugar industry dates back to the years 1903, the first factory was set up at Coimbatore in south India.

The Government of India in 1950-51 made serious industrial development plans and has set many targets for production and consumption of sugar. These plans by the government projected the license and installment capacity for the sugar industry in its Five Year Plans. Today India is the second largest producer of sugarcane next to Brazil. Currently there are about 4 million hectares of land under sugarcane with an average yield of 70 tons per hectare.

Based on the report of vsisugar.com, in the crushing season 2011-12, there are 529 sugar factories in Operation with a crushing capacity of 24.847 (million TCD). The Sugar Production stands at 26.343 million tons with the recovery % (Cane) 10.25, resulting an yield of 70.3 tons per hectare.

EID Parry (India) Ltd

EID Parry is a part of the Murugappa group, one of the largest family-promoted, professionally managed, diversified, business groups in India. Head-quartered in Chennai, the Rs.22314Crore Group's organisations are market leaders in diverse areas of business including Sugar, Bio-products, Nutraceuticals, Farm Inputs, Engineering, Abrasives, Finance, General Insurance, Cycles, Fertilizers and Plantations. Established in the year 1788, EID Parry is one of the oldest running organizations in the world and has been making sugar since 1842. The organization was acquired by the Murugappa Group in 1981 and is today among the top Sugar producers in the country.

Performance Appraisal System

According to Carl Heyel (2005), "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".

An integral part of performance management system.

Tripathi.PC (1999) highlights that performance appraisal refers to all the formal procedures used in working organizations to evaluate the personalities and contributions & potential of group of members. Effective performance management requires a good deal of face-to-face supervisor-employee interaction. By knowing the subordinates, a supervisor can steer them onto a path of greater productivity and optimized output. Long-term successful business owners view performance appraisal as a process of getting to know the people who work for them. It is the most significant and indispensable tool for an organization. It provides information, which helps in taking important decisions for the development of an individual and the organization. Performance appraisal is the part of the performance assess-

ment and management process in which an employee's contribution to the organization during a specified period of time is assessed (Fisher et al, 2007).

Thus, one phase of the annual performance management cycle is performance appraisal, the process of reviewing employee performance vis-à-vis the set expectations in a realistic manner, documenting the review, and delivering the review verbally in a face-to-face meeting, to raise performance standards year over year through honest and constructive feedback. In the process management expects to reinforce the employee's strengths, identify improvement areas so that one can work on them and also set stretched goals for the coming year.

The recent trend from a focus on traits or behavior to a results-oriented approach has seen the emergence of objectives setting as a key issue. However, managers should attempt to agree objectives with their staff rather than setting them themselves for the forthcoming period during appraisal discussion. These objectives or targets should comply with the mnemonic SMART i.e. Specific, Measurable, Achievable, Realistic and Time-bound.

Performance appraisal system of EID Parry (India) Ltd

EID Parry using the IBHAR software for performance appraisal system. Confirmed managerial staffs are eligible to be appraised by this software. For entering the data into the IBHAR software they use the KFA (Key Focus Area) excel format. Annual targets were planned by the higher officers at the headquarters. They plan the annual targets for all the branches. Based on the annual plan the departments-wise targets are fixed and group or individual roles are also assigned by the every head of the departments.

Objectives of the study

- To study about the Performance appraisal system in E.I.D Parry (India) Ltd.
- To know about the employees participation in effective appraisal process of the company.
- To know how it helps in planning the career of employees.
- To know how it helps in the future requirement of the organization as it grows.

Review of literature

Francis O. Boachie-Mensah (2012) analyzed that Performance appraisals are necessary for effective evaluation and management of staff. His study focused on employees' perceptions of performance appraisal bias or errors, and he examined the implications for developing and implementing an effective appraisal system and also required to identify pragmatic ways to restructure any appraisal biases that may be present in the institution's appraisal system.

Fakhar Shahzad (2012) investigated that the Impact of Organizational Culture on Organizational Performance, to demonstrate conceptualization, measurement and examine various concepts on organization culture and performance. After analysis of wide literature, it is found that organizational culture has deep impact on the variety of organizations process, employees and its performance. The researcher also describes the different dimensions of the culture. Research shows that if employee are committed and having the same norms and value as per organizations have, can increase the performance toward achieving the overall organization goals.

Muhammad Saqib (2011) explained in his article "A Brief Review of Performance Appraisal Practices and its Implementation at Government Offices in Pakistan" the perceptions of supervisory (appraisers/appraises) and non-supervisory employees (appraises). Chen, Ying-Chang (2011) focused a study, on the Business Performance Management of Hilton Hotels. The researcher deals about the organizations with an understanding about business performance management (BPM) and its potential value, transnational corporations, and performance management of multinational corporations.

Jack N. Kondrasukin (2011) analyzed that an ideal performance

appraisal system. The Researcher assessing all problems occurring with present performance appraisal systems produced 76 performance appraisal problems (reduced to 4 general categories). Performance appraisal systems are improved by rectifying common shortcomings (e.g. reducing biases, training those involved, using formats with research substantiation). he analyzed the most important changes required in the performance appraisal system. 1) Clarifying the goals of performance appraisal 2) focusing on both results and behavior appraisals 3) adding an appraisal category 4) better timing and 5) better involving constituencies. Mark J. Hooper, David Newlands (2009) indicated that, use techniques to motivate and sustain performance is important to stay competitive and for decision making. Performance appraisal focuses on reviewing individual's performance. The researcher evaluated performance management from a perspective of appraisal. The appraisal experience may be perceived by management and employee differently.

Nafees A. Khan (July 2008) explained that Human Resource Development is to improve the capacity of the human resource through learning and performance at the individual, process and organizational levels. By applying a well-ordered and professional HRD approach to work in the protected areas field, the skills, knowledge and attitudes of park personnel will be enriched and this overall quality of work performed will improve. Todd Grubb (2007) analyzed that Performance Appraisal Is an extensive, Very Expensive, and Counterproductive Exercise. It is usually conducted with good intentions to manage and improve the performance of individual employees, and lead to improved overall organizational efficiency, effectiveness, and productivity.

Ramanadh Kasturi (2006) focused on performance management system in insurance corporations in general, based on the principles of performance management in service organizations. Insurance industry is part of protected and re-establish systems of an economy. Successful operation of the industry sets impulsion for other industries and development of an economy. Rosa Cintron, (2004) analyzed that Performance Appraisal is A Supervision or Leadership Tool. Although there is extensive literature on the use of performance appraisal in the for-profit sector, there is little literature available concerning the appraisal of staff positions in American higher education. The researcher provides a detailed look in a population of 108 colleges and universities. Displeasure was found with the appraisal process due to (a) lack of leadership support, (b) supervisors not being held accountable for the timely completion of appraisals, and (c) the lack of training provided supervisors for doing performance appraisals well.

Marie Burns Walsh (2003) deals about the four-factor model of justice are utilized to evaluate performance appraisal systems in the private sector as contrasting to the public sector organizations. Distributions or result that pays increases, promotions, etc. these generally more strongly connected with the results of performance appraisal in the private sector than in the civil service. The four-factor model may better stand for the private sector where outcomes are more tangible.

Based on the above reviews it has been found that most of the researchers and experts have discussed regarding the usefulness of performance appraisal system. There is a research gap which the researcher would like to address by taking the present study on employee's performance appraisal prevailing at EID Parry (India) Ltd.

Research Methodology

As the study undertaken aims to describe the performance appraisal system in EID parry (India) ltd, Pugalur. The study was descriptive in nature. After carefully reviewing the various relevant literatures, the researcher has prepared a detailed questionnaire for data collection. All questions are arranged logically and the language is simple to understand. Keeping in view the objectives of the study, the questionnaire was constructed. The pilot study was conducted by the researcher to validate the questionnaire. The inputs from the pilot study are used to fine tune the questionnaire. Primary data were collected through a

survey method from the employees of EID Parry sugars, Pugalur, with the few number of discussions. The requirements contain close-ended questions. The sample size is 56. Census method was adopted for this study. Secondary data required for the study was collected from the various published and unpublished company reports, journals. It includes Information gathered through surfing the internet, Information gathered from EID Parry website. After all the questionnaires were collected back, the responses were tabulated. Each answer of the respondent was tabulated to its respective category. Primarily, chi-square analysis was used to interpret the data.

DATA ANALYSIS AND DISCUSSION

Demographic profile		%
Gender	Male	89.28
	Female	10.71
Age	20-30 yrs	21.42
	31-40 yrs	28.57
	41-50 yrs	25
	Above 50	25
E d u c a t i o n a l Qualification	Under engineering graduate	19.64
	Post engineering graduate	16.07
	Under graduate	21.42
	Post graduate	33.92
	Diploma	8.92
Marital status	Single	33.92
	Married	66.07
Work experience	0-10 yrs	25
	11-20 yrs	33.93
	21-25 yrs	26.78
	Above 25 yrs	14.28
Work experience at EID Parry	0-10 yrs	35.71
	11-20 yrs	25
	21-25 yrs	23.21
	Above 25 yrs	16.07
Functional area of work	Cane	37.5
	Engineering	17.85
	Research & Development	7.14
	Finance	5.35
	Human Resource	8.92
	Others	23.21

The significant findings of the research are as follows.

The research found that more than 80% of the employees accept that the performance appraisal is conducted periodically, aware about the appraisal method followed by EID Parry (India) Ltd, receive the feedback after the performance appraisal and stay positive & motivated even after receiving a negative feedback. More than 70% of employees are aware about the actual standard of work, highly satisfied about the training method of their company and satisfied about the working environment. About 60% of the employees are motivated by monetary rewards. But only 45% of employees feel that the training method helps them to improve the individual performance. Also, only 67% of employees are satisfied with the result of performance appraisal system. The

CHI-SQUARE TEST

Null Hypothesis (H0₁)

There is no significant relationship between gender and satisfaction on performance appraisal system, satisfaction on training method, opinion on training method improving individual

performance & opinion on training method improving organization's performance.

Null Hypothesis (H02)

There is no significant relationship between educational qualification and opinion on periodic performance appraisal, knowledge on performance appraisal system, satisfaction on performance appraisal system, motivates to make self analysis & self development and good communication with superior and peers.

Null Hypothesis (H03)

There is no significant relationship between age and chance to get work requirement, good communication with superior and peers, received feedback after the performance appraisal and awareness of standard work performance.

Null Hypothesis (H04)

There is no significant relationship between total years of experience and level of satisfaction on training method, awareness on actual work standard, motivates to make self analysis and self development and satisfaction with the result of the performance appraisal system.

Null Hypothesis (H05)

There is no relationship between experience in EID Parry and satisfaction on result of the performance appraisal system, chance to get work requirement and awareness on actual work standard.

Table 1

Factor 1	Factor 2	Calculated value	Table value	Comparison	Result
Gender	Level of satisfaction on the appraisal system	8.8162	9.4888	8.8162<9.4888	H0 is accepted
	Satisfaction on training method	3.8736	9.4888	3.8736<9.4888	H0 is accepted
	Training methods helps to improve individual performance	1.5899	9.4888	1.5899<9.4888	H0 is accepted
	Appraisal system improves the overall performance of the organization.	2.0891	9.4888	2.0891<9.4888	H0 is accepted
Education	opinion on Periodic performance appraisal	2.7744	9.4888	2.7744<9.4888	H0 is accepted
	Knowledge on performance appraisal system.	17.5814	9.4888	17.5814>9.4888	H0 is rejected
	Satisfaction on performance appraisal system.	6.3221	9.4888	6.3221<9.4888	H0 is accepted
	Motivated to make self-analysis and self-development.	5.9344	9.4888	5.9344<9.4888	H0 is accepted
	Good communication with superior and peer group.	3.3987	9.4888	3.3987<9.4888	H0 is accepted
Age	Chance to get work requirement	2.191	3.81	2.191<3.81	H0 is accepted
	Good communication with superior and peers.	4.3074	3.81	4.3074>3.81	H0 is rejected
	Receive feedback after the performance appraisal.	1.8932	3.81	1.8932<3.81	H0 is accepted
	Awareness of standard work performance.	1.2392	3.81	1.2392<3.81	H0 is accepted

Total years of experience	Level of satisfaction on training method.	6.68781	21.026	6.68761<21.026	H0 is accepted
	Awareness on actual work standard	16.84	3.81	16.84>3.81	H0 is rejected
	Motivated to make self-analysis and self-development.	2.31738	3.81	2.31738<3.81	H0 is accepted
	Satisfied with result of the performance appraisal system.	4.8193	3.81	4.8193>3.81	H0 is rejected
Experience in EID Parry	Satisfied with result of the performance appraisal system.	2.9844	3.81	2.9844<3.81	H0 is accepted
	Chance to get work requirement	1.1505	3.81	1.1505<3.81	H0 is accepted
	Awareness about actual work standard	0.2283	3.81	0.2283<3.81	H0 is accepted

The chi-square analysis highlights the following findings

1. There is no significant relationship between gender and overall satisfaction level of performance appraisal system, satisfaction on training method, training program need to improve individual performance and appraisal system improves the overall performance of the organization.
2. There is no significant relationship between educational qualification and opinion on periodic performance appraisal, knowledge on performance appraisal system, satisfaction on performance appraisal system, motivates to make self analysis & self development and good communication with superior and peers.
3. There is no significant relationship between age and chance to get work requirement, good communication with superior and peers, received feedback after the performance appraisal and awareness of standard work performance.
4. There is no significant relationship between total years of experience and level of satisfaction on training method, awareness on actual work standard, motivates to make self analysis and self development and satisfaction with the result of the performance appraisal system.
5. There is no relationship between experience in EID Parry and satisfaction on result of the performance appraisal system, chance to get work requirement and awareness on actual work standard.

LIMITATIONS

Period of study is a limiting factor since the researcher has spent only an year for the research. Busy schedule of the employees and restrictions to ask questions that may put the management in an uncomfortable situation are not encouraged.

Data collection conducted from only confirmed managerial staffs, so the sample size is only 56. The entire findings, suggestion, conclusion are based on the 56 respondents opinion only.

SUGGESTIONS

There is a strong need to create the awareness about the performance standard among employees so that it will be possible to review actual work performance in relation to the performance plan, objectives and outcomes in a holistic way. The researchers would also like to suggest that providing ongoing feedback on performance on day-to-day basis will help accomplishment of set goals or targets. The regular feedback on the performance eliminates the negative surprises during the annual performance appraisal. By allowing the employee to engage in self-motivation and self-evaluation, the organization could focus more on improving the productivity without creating a stressful environment that will result in distaste for work. Once the performance appraisal is over, the feedback should be given to employees, especially in the case of negative feedbacks care should taken not to hurt the employee(s). The negative feedback (poor performance) should be used in a constructive way by focusing on the lacunae and the training required filling this gap. The management should highlight the achievers and the achievements (even if the achievements are not many) of poor performers. The performance appraisal thus would help the employee in planning their career well in advance.

CONCLUSION

The study found that, the performance appraisal system at EID Parry is one among the best in the industry. Even though it is best, there are areas that can be improved in the performance appraisal system. Most of the employees are satisfied with the performance appraisal and feel it is bias free. Performance appraisal conducted through by the software and (annual) findings are appreciated by employees. The satisfied employees are productive employees whose contribution in the long run would be worthwhile. Performance appraisal System of the organization is ensuring continuous improvement in individual employees and at the department level and thereby contributing the achievement of organizational objectives. But, then, nothing is constant and should remain constant, the performance appraisal system at EID parry is no exception.

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