



AN EMPIRICAL ANALYSIS OF PERFORMANCE APPRAISAL TECHNIQUES USED IN THE MANUFACTURING SECTOR

Management

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ABSTRACT

Performance assessment is a method for evaluating an employee's behaviour on the work, often including both quantitative and qualitative aspects of job performance. Performance is the extent to which a position's obligations are met. A total of 124 workers from several manufacturing industries were interviewed for this research. The majority of employers prefer to do employee appraisals once a year, according to the study's results. The majority of evaluations are based on a measure of performance. Observing a substantial association between gender and performance assessment system suggests a degree of gender discrepancy in employee evaluation which needs to be probed further.

KEYWORDS

Performance appraisal, appraisal techniques, manufacturing sector, employee appraisal, performance review

INTRODUCTION

Performance appraisal is a process for assessing the conduct of people on the job, often including both quantitative and qualitative elements of job performance. Performance is the degree to which a job's responsibilities are accomplished. It involves how successfully an employee is meeting work requirements. Performance appraisal can be defined as a systematic formal interaction between an employee and supervisor, typically in the form of an annual or semi-annual interview, during which the subordinate's work performance is examined and discussed with the objective of determining strength and weaknesses as well as opportunities for improvement and skill development. (Fombrun & Laud, 1983)

OBJECTIVES

The undertaken study has been carried out with the following objectives in mind

1. To comprehend the employee appraisal factors, present in the manufacturing sector
2. To analyse the perspective of employees on different employee appraisal techniques
3. To examine the correlation between demographic factors and employee appraisal systems in the manufacturing sector

Review Of Literature

Homauni et al., (2021) aimed to examine the effectiveness of the current performance appraisal system of employees at Tehran University of Medical Sciences (TUMS) from the perspective of employees. The existing evaluation mechanism is ineffective, based on the outcomes. Therefore, it is vital to make immediate adjustments. *Al-Habsi & Madbouly, (2021)* tried to identify the impacts and outcomes of employee appraisal system on both employees and institutions for the Omani public and private organizations..

Neher & Maley, (2019) investigate the influence of managerial values in enhancing the efficacy of employee performance management (EPM). *Np et al., (2020)* states that managing human resources in today's dynamic surroundings is turning into more and additional complicated additionally as vital. *Babagana et al., (2019)* imply that organizational fairness, organizational politics, and leadership style may all contribute to the EPA.

Research Methodology

The study was chosen for an in depth analysis and understanding of performance appraisal system and we chose manufacturing sector for our research. The study follows a descriptive research design. A sample size of 124 employees were chosen randomly from four manufacturing sectors namely engineering procurement and tooling, wet grinders and home Appliances, Motor and pumps, Jewellery and Gems. Statistical tools such as simple percentage, weighted average score analysis and Chi-square analysis are used in the study.

Demographics of the sample populace

The sample of 124 respondents shows that 71.8 % are male and 28.2% are female.

28.2% of the respondents are 'Below 20 years' of age whereas 71.8% of the respondents are between '20 to 30 years' of age. Concerning marital status, 77.4% of the respondents are 'Married'.

Regarding educational qualification, 1.6% of the respondents are educated in 'SSLC' level whereas 21.8% of the respondents are in 'HSC' level, 64.5% of the respondents are in 'Diploma' level and the remaining 12.1% of the respondents are in 'UG' level.

Based on the department of work, 3.2% of the respondents are from 'HR' department whereas 2.4% are from 'Finance' department, 21% from 'R & D' and 73.4% of the respondents are from 'Production' department. 8.9% of the respondents have 'Up to 2 years' of work experience whereas 91.1% of the respondents have '2 to 6 years' of work experience.

Period of Appraisal

7.3% of the respondents denoted the period of appraisal 'Once in a month' whereas 20.2% of the respondents indicated 'Once in 3 months', 9.7% of the respondents indicated 'Once in 6 Months' and the remaining 62.9% of the respondents indicated 'Once in a year'. The result inferred that majority 62.9% of the respondents indicated the period of appraisal 'Once in a year' only.

Method of Performance Appraisal

8% of employees opined that 180 degrees is implemented in the organization, 9% replied 360 degrees, 7% responded rating scale and 6% said paired comparison. A majority of 72.6% of the respondents stated that MOP degree appraisal is followed in the organization.

The performance appraisal system followed in the organization is rational and fair

Few of respondents (18.5%) strongly agree that the performance appraisal system followed in the organization is rational and fair whereas 14.5% of the respondents stated 'Disagree' to it.

A majority of 66.9% of the respondents agree that the appraisal system implemented in the company is fair and rational.

Respondents rating on various factors in the present company

Factors	Very Good	Good	Fair	Poor	Very Poor	Total	Mean Score	Rank
Induction Training	68	27	29	0	0	535	4.31	4
Skill Training	26	38	60	0	0	462	3.73	5
Feedback	80	20	24	0	0	552	4.45	3
Communication regarding various policies	77	41	6	0	0	567	4.57	2
Monetary Rewards	87	24	13	0	0	570	4.60	1
Non-Monetary Rewards	26	38	60	0	0	462	3.73	5

Source: Primary Data**Interpretation:**

In the above table, '*Monetary Rewards*' has been ranked first, followed by '*Communication regarding various policies*' has been ranked second, '*Feedback*' has been ranked third, '*Induction Training*' has been ranked fourth and finally '*Skill Training*' and '*Non-Monetary Rewards*' have been ranked last.

Hypothetical analysis**A. Relationship between the gender and performance appraisal system is rational and fair**

The calculated chi-square value 8.94 is greater than the table value 5.991. Hence the null hypothesis is rejected implying significant relationship between the gender and their opinion on performance appraisal system being rational and fair.

B. Relationship between the age and period of appraisal

It is inferred that the calculated chi-square value 6.32 is less than the table value 7.815. Hence the null hypothesis is accepted indicating that there is no significant relationship between the age and period of appraisal system.

C. Relationship between the marital status and monetary rewards

It is inferred that the calculated chi-square value 5.802 is less than the table value 5.991. Hence the null hypothesis is accepted. The result shows that there is no significant relationship between the marital status and monetary rewards.

RESULTS AND DISCUSSION

The findings of the study reveal that majority of the companies prefer to do employee appraisal only annually. Appraisals are mostly done based on a measure of performance. Behavioural aspects or result oriented appraisals are scarce. Most of the respondents considered the appraisal system followed to be rational as it is based on performance. Majority of the employees preferred monetary benefits through appraisal rather than non-monetary benefits. A significant correlation between gender and performance appraisal system was observed but there is no significant relationship between the age and period of appraisal system. Similarly, there is no significant relationship between the marital status and monetary rewards. This indicates a certain level of gender disparity in employee appraisal.

CONCLUSION

The study surveyed 124 manufacturing company employees in Coimbatore to understand the state of employee appraisal systems in the manufacturing sector. Appraisals are mostly done annually and, in some cases, half-yearly. Monetary benefits are preferred highly by majority of the employees. Most companies approach appraisals from a performance perspective rather than considering behavioral aspects or results. It is suggested that the purpose of performance evaluation is to promote employee training and knowledge transformation, and it should also increase employee work satisfaction and self-development.

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