

Available online @ www.iaraindia.com
SELP Journal of Social Science - A Blind Review & Refereed Quarterly Journal
ISSN: 0975-9999 (P) 2349-1655 (O)
Impact Factor: 3.655 (CIF), 2.78(IRJIF), 2.5(JIF), 2.77(NAAS)
Volume XV, Issue 56, April-June 2024
Formally UGC Approved Journal (46622), © Author

A STUDY ON THE EFFECTIVENESS OF PERFORMANCE APPRAISAL SYSTEM WITH REFERENCE TO SRL VELA SMELTERS

Dr. P. VANITHA, MBA., M.Phil., Ph.D.,

&

K. AARTHI, MBA.,

Department of Management Studies - PG
K.S.Rangasamy College of Arts and Science (Autonomous), Tiruchengode

Abstract

Performance appraisal systems are integral components of organizational management, offering mechanisms to evaluate employee performance and provide feedback for professional development. This study investigates the effectiveness of the performance appraisal system at SRL Vela Smelters, examining its impact on employee performance, job satisfaction, and organizational outcomes. Through a mixed-methods approach, incorporating surveys and interviews, data were collected from employees at various levels within the organization. The findings reveal insights into the perceived strengths and weaknesses of the current performance appraisal system, shedding light on areas for improvement and enhancement. Additionally, correlations between appraisal system effectiveness and employee engagement, motivation, and overall organizational performance are explored.

Keywords: Performance, Organization, Employee, Appraisal system.

Introduction

Performance appraisal systems play a crucial role in organizations by evaluating and assessing employees' job performance and providing feedback for improvement. These systems are designed to measure various aspects of employee performance, such as productivity, quality of work, communication skills, teamwork, and adherence to organizational goals and values. The effectiveness of a performance appraisal system is paramount as it directly impacts employee motivation, job satisfaction, and overall organizational performance. This study aims to examine the effectiveness of the performance appraisal system at Sri Vela Smelters, a prominent manufacturing company, by analyzing its design, implementation, and outcomes.

Objectives of the Study

- To identify the factors affecting the effectiveness of performance appraisal system.
- To Examine Employee Perception and Satisfaction with the Performance Appraisal System.
- To evaluate the Alignment of Performance Appraisal Criteria with Organizational Goals.
- To analyze the ways to bridge the gap between the present and expected performance appraisal system at Sri Vela Smelters.

Need of the Study

- To identify areas of improvement in the current performance appraisal system at Sri Vela Smelters.

- To understand how the appraisal system can contribute to the professional growth and skill development of employees.
- To ensure that the performance appraisal system aligns with the overall strategic objectives and goals of Sri Vela Smelters.
- To gauge the level of satisfaction and engagement among employees in relation to the existing performance appraisal practices.

Scope of the Study

The scope of this study encompasses a comprehensive examination of the performance appraisal system at Sri Vela Smelters, with a focus on assessing its effectiveness and identifying potential areas for improvement. The research will delve into the organizational dynamics, considering factors such as management practices, employee expectations, and the alignment of the appraisal system with the company's strategic objectives. Additionally, the study will explore the impact of the performance appraisal on employee development and overall organizational performance.

Limitations of the Study

- The study is limited to Sri Vela Smelters, which may restrict the generalizability of findings to other industries or organizational contexts.
- The research scope may be constrained by time limitations, impacting the depth of analysis and comprehensive examination of the long-term impact of the performance appraisal system.
- Limitations may arise from the inherent subjectivity of performance appraisal, as perceptions of effectiveness can vary among employees, managers, and stakeholders.
- The study may not account for external factors, such as economic changes or industry-specific challenges, which could influence the effectiveness of the performance appraisal system.

Review of Literature

Sharma, R., & Gupta, S (2020) - Effectiveness of Performance Appraisal Systems: A Case Study of the Indian Steel Industry. This study examines the effectiveness of performance appraisal systems within Indian steel companies. It explores the impact of various appraisal methods on employee performance and organizational outcomes.

Singh, A., & Kumar, P (2020) - Assessing the Role of Performance Appraisal in Enhancing Employee Productivity: Evidence from the Indian Steel Sector. This research investigates the relationship between performance appraisal and employee productivity in the Indian steel sector. It provides insights into how different appraisal techniques influence employee motivation and performance levels.

Schramm, F., & Flickinger, M. (2020) - Using Performance Appraisal Systems for Employee Development and Learning in Agile Organizations. Schramm and Flickinger investigate the role of performance appraisal systems in fostering employee development and learning within agile organizations. They explore how agile principles can be integrated into performance management practices to promote continuous feedback, reflection, and skill development.

Patel, M., & Shah, N (2020) - An Empirical Study on the Effectiveness of Performance Appraisal Systems in the Indian Steel Industry. This paper presents findings from an empirical study evaluating the effectiveness of performance appraisal systems in Indian steel companies.

Research Methodology

Research design: Mixed method research design

Sampling Techniques: Simple random sampling

Sample size: The sample size is 130 respondents

Tools used for analysis: Simple percentage analysis, Chi-square, Correlation

Analysis & Interpretation

Simple percentage analysis

The survey data reveals insights into various aspects of the respondents, including gender distribution, age groups, marital status, qualifications, income levels, work experience, frequency of performance appraisals, clarity of performance expectations, salary increment satisfaction, appraisal system effectiveness, and factors influencing key performance. Among the findings, most respondents were male, aged between 31-35 years, married, with undergraduate qualifications, earning between Rs. 10,001-20,000 monthly. Additionally, a significant portion had 2-4 years of work experience, underwent half-yearly performance appraisals, and generally agreed that performance expectations were communicated clearly. Suggestions for improvement included training programs for managers, revising performance metrics, and enhancing communication channels. Factors like leadership development and work culture were identified as key influencers of performance.

Chi-square Analysis

Relationship between work experience and the impact of the appraisal system on employee development

Test	Chi-Square Value	Degrees of Freedom	p-value
Pearson Chi-Square	20.683	12	0.055
Likelihood Ratio	22.288	12	0.034
Linear-by-Linear Assoc	0.118	1	0.731

Result: The null hypothesis (Ho) suggested no relationship, the alternative hypothesis (H1) proposed a connection. The Pearson Chi-Square test suggested borderline significance (p = 0.055), indicating a possible relationship. Conversely, the Likelihood Ratio test indicated a statistically significant association (p = 0.034). However, caution is advised due to low expected counts in 11 out of 12 cells (55.0%).

Correlation

Relationship between gender and clarity of performance expectations and goals in employee appraisal

Correlation Measure	Pearson's R	Spearman Correlation
Coefficient	-0.077	-0.077
Approx. Sig.	0.381	0.385

Result: The correlation between gender and clarity of performance expectations and goals in employee appraisal is approximately -0.077, indicating a very weak negative relationship. This suggests a slight tendency for clarity to be slightly lower for one gender, but the correlation is not statistically significant (p > 0.05).

Findings

Simple Percentage Analysis

The survey findings reveal that the majority of respondents are male (85%), aged between 31-35 years (46%), and married (74%). Additionally, most have completed undergraduate studies (37%) and earn a monthly income of Rs. 10,001-15,000 (33%). In terms of work experience, 45% have 2-4 years. Regarding the appraisal system, the majority agree that performance expectations are communicated clearly (49%), with 39% reporting half-yearly performance appraisals. Furthermore, 41% note salary increments post-appraisal, and 50% believe the system supports employee development and aligns with organizational goals. Respondents also find the system fair (52%), friendly and positive (49%), and contributing to professional growth (39%). Improvement post-appraisal is acknowledged by 42% of respondents, and 49% believe the system properly recognizes and rewards good work. Satisfaction with the current performance appraisal method is reported by 45% of respondents. However, only 32% feel moderately linked to job performance, morale, and satisfaction with the company. Lastly, the majority (28%) suggest revising performance criteria and metrics, while 38% advocate for leadership and management development.

Chi-square Analysis Test

There is no significant variable between the work experience and the appraisal systems impact on employee development.

Correlation

There is no significant variable between gender with clarity of performance expectations and goals in employee appraisal.

Suggestions

- Performance appraisal could be conducted by a person inside the organization and one who is familiar with the employees.
- Suggestions could be obtained from the employees regarding framing the performance appraisal system.
- To encourage the workers through the prizes and awards for their talent then only performance is improved.
- The appraisal system is to be modified for every five years to make it more effective and in tune with changing times.

Conclusion

The project report on the *Effectiveness of Performance Appraisal System with reference to Sri Vela Smelters* has concluded that the performance appraisal improves the employees performance and find the motivating factors of employees. The performance is being measured against such factors as job knowledge, quality and quantity of output initiatives, supervision, dependability, co-operation, health and the like. It also helps in developing the strength and weakness of the employees.

References

1. Richard Rudman, 2003, Performance Planning and Review.
2. P. subba Rao, 2006, Essentials of Human Resource Management and Industrial Relations, Himalaya Publishing House.
3. Paramasivan, C., & Kamaraj, R. (2015). Commercial Bank's Performance on Pradhan Mantri Jan Dhan Yojana. International Journal of Scientific Research and Education, 3(6).
4. www.performance-appraisal.com/intro.html
5. www.srivelasteesindustries.com
6. A New Framework for selection of the best Performance Appraisal Method.
7. Function of Performance Appraisal in career development.