A STUDY ON THE EFFICACY OF PERFORMANCE APPRAISAL ON EMPLOYEE PRODUCTIVITY – KERALA TOURISM DEVELOPMENT CORPORATION (KTDC) EXPERIENCE

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ABSTRACT

Any organization is considered performance appraisal is considered to be the one of the most important activity. Once the employee has been selected in an organization the employee has to be trained & motivated, he is then appraised for his performance. Performance Appraisal is the step where the management finds out how effective it has been at hiring & placing employees. Performance Appraisal is a process of evaluating an employee’s performance of a job in terms of its requirements. According to Heyel, it is the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he/she is employed, for the purposes of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally. Performance appraisal in any organization focuses on setting work standards, assessing the employee’s actual performance relative to these standards, providing feedback to the employees with the aim of motivating that person to eliminate his deficiencies and to continue to perform better. Basically performance appraisal is conducted in three steps like define the jobs; appraise performance; provide feedback to the employees. This paper tries to finds out the efficiency of performance appraisal and its impact on employee productivity at KTDC.

KEYWORDS: Performance Appraisal, Training, Selection, Employee productivity, Hiring, Promotion

INTRODUCTION

Performance Appraisal has been considered as the most important & significant and also an indispensible tool used by any organization for the information it provides is highly useful in making decisions regarding various personal aspects promotions and merit ratings. Performance measures also link information gathering and decision making processes which provides a basis for judging the effectiveness of personnel sub-divisions such as recruitment,
selection, training & compensation. Accurate information plays a vital role in the organization as a whole. They help pinpoint weak areas in the primary systems. It is easier for managers to see which employees need training or counseling, because jobs are grouped by categories. These categories can be broken into smaller and smaller groups if necessary. If valid performance data are available, timely, accurate, objective, standardized and relevant, management can maintain consistent promotion and compensation policies throughout the total system.

RESEARCH PROBLEM

The reason why I have taken this topic is clearly visible in the above article. HR in our companies is still in a nascent stage and needs to grow in every direction and should act as the core competence for the organization. In this article the need for modern HR is clearly seen. One of the solutions to the above said problems which I felt is Performance Appraisal, which should be conducted effectively and efficiently to completely eliminate such problems. Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development. In many organizations - but not all - appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions. By the same token, appraisal results are used to identify the poorer performers who may require some form of counseling, or in extreme cases, demotion, dismissal or decreases in pay. (Organizations need to be aware of laws in their country that might restrict their capacity to dismiss employees or decrease pay.) Whether this is an appropriate use of performance appraisal - the assignment and justification of rewards and penalties - is a very uncertain and contentious matter. The study also tries to study their impact on employee performance, personality, motivation etc and the overall organizational performance. This study is to determine perceptions of employees regarding the performance appraisal in the KTDC. The study also tries to find the different programs for improving the performance appraisal in KTDC.
OBJECTIVES OF THE STUDY

(i) General Objectives
To study on the efficacy of performance appraisal on employee productivity at KTDC.

(ii) Specific Objectives
1. To study about the present situation about the Performance Appraisal system in KTDC.
2. To present the bird’s eye view about the different perspectives of performance appraisal system inside the organization
3. To study about the employees opinion regarding the existing performance appraisal and the pros & cons of it.
4. To find out the relationship between performance appraisal with employee productivity.
5. To get an insight into the relative importance of performance appraisal in organization.
6. To give recommendations and suggestions for improving the performance appraisal system and thereby improving the productivity of the KTDC.

SCOPE & SIGNIFICANCE OF THE STUDY
The study brings out the functioning of the organization called KTDC. It is instrumental in improving the industry of the state and also different policies, departmental activities, guidelines, administration procedures etc. The study is based on primary and secondary data sources. The basic methodology has been to review the relevant literature and meet with the personnel of the corporation for additional and new or updated information and exploring any other data sources available. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions. By the same token, appraisal results are used to identify the poorer performers who may require some form of counseling, or in extreme cases, demotion, dismissal or decreases in pay. (Organizations need to be aware of laws in their country that might restrict their capacity to dismiss employees or decrease pay.) Whether this is an appropriate use of performance appraisal - the assignment and justification of rewards and penalties - is a very uncertain and contentious matter. The study also tries to study their impact on employee performance, personality, motivation etc and the overall organizational performance. This study is to determine perceptions of employees regarding the performance
appraisal in the KTDC. The study also tries to find the different programs for improving the performance appraisal in KTDC.

HYPOTHESIS OF THE STUDY

- H1: Better the performance appraisal system higher will be the employee productivity
- H1: Better the performance appraisal system higher will be the employee morale
- H1: Better the performance appraisal system higher will be the employee motivation

CONSTRUCTION OF TOOL/INSTRUMENT

The investigator used the instrument of questionnaire for data collection. The questionnaire have prepared by the investigator on consultation with the supervisor. The questionnaire has two variables like independent and dependent variables including the area of study.

(i) Pre – Test

The investigator conducts pretest of questionnaires to test the validity of the same. After drafting the questionnaire it is administered to the respondents with a view to list the effectiveness, relevance, applicability of the questions of the questionnaire. Questionnaire is finalized after the result of the pretest and also removing irrelevant unstructured and ambiguous questions and adding relevant questions.

(ii) Sample Design

Source collection of information from all respondents is difficult, so fifty samples were taken for the study. The method of sampling used is simple random sampling.

A Study on the literature on the subject helped the researcher to get a clear cut idea about the topic and the subject matter connected with it. The researcher collected information pertaining to this topic from articles, magazines, research results, books and journals written by various authors.

SOURCES AND METHOD OF DATA COLLECTION

a) Primary Data

The Study is descriptive based on survey method. All the data are collected directly from the respondents through the questionnaire, i.e. primary data. Primary data collected from the customers and company personals by way of questionnaire and unstructured interview of the sample
b) Secondary Data
Secondary data will be collected from documents, reports, manuals and records of the company and also form the organization websites

d) Data Processing Analysis and Interpretation
The questionnaire checked thoroughly, and edited to make them complete for further processing. The analysis and interpretation of the data are made on the basis of the study objectives. For proper measurement of data, Software Package for Social Sciences (SPSS) was used for analysis of the collected data. With the help of SPSS the data from the field of questionnaire has been transmitted for future processing. The analysis and interpretation of the data are made on the basis of the study objectives.

e) Statistical Techniques Used
Different statistical tools such as Tabulation, Classification, Percentages, Standards Chi Square, correlation etc were used.

LIMITATION OF THE STUDY
- As the study was limited for a small period sample size taken was small
- Data entered by the respondents may not be 100% correct
- Some data was kept confidential by the company
- Many employees were reluctant to answer the questionnaire
- Given the time constraints and the specified scope of work, this endeavour is intended to be neither exhaustive nor comprehensive, but a modest step in the direction of pinpointing the importance and need for research.
- Attempt is made to understand and not authentically evaluate the organization
- All the managers of the organization were not personally met and through discussion were not carried out.
- The needed documents for the research were not allowed to verify due to security Policies prevailed in their organization.

RESULT & DISCUSSIONS
Findings
- It is inferred that out of the total respondent’s majority are of the opinion, i.e. around 80% claimed that there is separate appraisal system for each class of employees. This will help the management to get a clear cut idea about the separate appraisal system for each class of employees.
• Most of the companies use the data that is maintained for every employee to compare the performance over a period of time. Some companies also use this data for making decision regarding job rotation, succession planning. Very few companies like KTDC make use of this data for retrenchment as proof of poor performance.

• It is seen that out of the total respondents 70% claimed that the appraisals are done formally in the organization. This will help the organization to do the appraisal in the most effective way.

• It is inferred that out of the total respondents majority of the employees (60%) claimed that KTDC is following Ranking method for measuring the performance of the employees. 10% claimed that the modern technique like MBO is also used for evaluating the performance of the employees.

• On an average 85% of the employees in an organization are motivated by performance appraisal.

• It is inferred that out of the total respondents’ majority i.e. 50% of the employees claimed that the basis of apprising an employee is based on the result. So it is the result based performance appraisal system in KTDC.

• It is understood that out of the total respondent’s majority are of the opinion, i.e. around 80% claimed that the goal setting is a part of performance appraisal system at Apollo.

• It is seen that out of the total respondents’ majority i.e. 90% of the employees claimed that performance appraisal is a motivating factor for employees. This shows the effectiveness of performance appraisal which will pave the way for higher employee productivity.

• It is inferred that out of the total respondents’ majority i.e. 100% of the employees claimed that performance appraisal is conducted by the KTDC every year. This shows the effectiveness of performance appraisal which will pave the way for higher employee productivity.

• It is understood that out of the total respondent’s majority are of the opinion, i.e. around 80% claimed that the appraisal keeps notes on the major achievements and failures of his/her appraise.

• It is inferred that out of the total respondent’s majority are of the opinion, i.e. around 90% claimed that self-appraisal is a part of the performance appraisal system of KTDC.
It is seen that out of the total respondent’s majority are of the opinion, i.e. around 80% claimed that the Discussion or Interaction between the appraiser and the appriasee a part of the performance appraisal system of the KTDC.

It is inferred that out of the total respondent’s majority are of the opinion, i.e. around 70% claimed that KTDC give training to appraise for the use of the performance appraisal system.

Performance appraisal is surly a good indicator (about 80%) for the training and developmental need of the employees.

It is seen that out of the total respondent’s majority are of the opinion, i.e. around 70% claimed that the sessions are held to make the employees aware of the performance appraisal system, its objective and its importance in career development. This will help the employees to know more about the importance of performance appraisal of KTDC.

It is inferred that out of the total respondent’s majority are of the opinion, i.e. around 90% claimed that Performance Appraisal is a correct indicator of an employee development/training needs. This will help the employees to know more about the importance of performance appraisal of KTDC.

It is understood that out of the total respondent’s majority are of the opinion, i.e. around 70% claimed that Performance Appraisal System in KTDC is linked to individual incentives or the reward system. This will help the employees to know more about the importance of performance appraisal of KTDC.

It is inferred that out of the total respondent’s majority are of the opinion, i.e. around 90% claimed that they have a separate committee to review the performance appraisal results this will help the employees to know more about their individual performance and the room for development.

It is inferred that out of the total respondent’s majority are of the opinion, i.e. around 80% are of the opinion that the system of performance appraisal has been successful in your organization and is able to achieve the required objectives in KTDC.

A good deal of respondents felt that appraisal is likely to be more successful when it is linked with financial and semi-financial incentives like promotion, bonus, and increments. This increases the commitment from the parties concerned the appraisal and the appraisee.
• Awareness sessions about the performance appraisal (objectives and importance) are conducted in a few organizations like KTDC. It is normally done for new employees.

• Since the calculated value is less than the table value the researcher accepts the hypothesis stating the in case of KTDC better the performance appraisal system higher will be the employee productivity.

• The calculated value is less than the table value the researcher accepts the hypothesis that in KTDC that the better the performance appraisal system higher will be the employee morale.

• Since the calculated value is less than the table value the researcher accepts the hypothesis that in KTDC better the performance appraisal system higher will be the employee motivation.

Suggestions

❖ Basing appraisals on accurate and current job descriptions. Ensuring that appraisers have adequate knowledge and direct experience of the employee’s performance

❖ Providing ratings via aggregated anonymous feedback when multiple sources of information should be used. Incorporating performance appraisals into a formal goal setting system.

❖ Offering adequate support and assistance to employees such as professional development opportunities in order to improve their performance

❖ Conducting appraisals on a regular basis (at least two times a year) rather than annually.

❖ If resource constraints do not permit frequent formal appraisals, consider conducting one formal appraisal annually, with a review of progress in the mid-year and ongoing review in regular supervision meetings.

❖ Performance appraisal should not be perceived just as a regular activity but its importance should be recognized and communicated down the line to all the employees.

❖ There should be a review of job analysis, job design and work environment based on the performance appraisal. It should bring more clarity to the goal and vision of the organization.

❖ It should provide more empowerment to the employees. New methods of appraisal should be adopted so that both appraiser and the appraisee take interest in the appraisal process.

❖ The employees who have excellent performance should be used as a mentor for other employees which would motivate others to perform better.

❖ Employees should be given feedback regarding their appraisal. This will help them to improve on their weak areas.
Financial and non-financial incentives should be linked to the annual appraisal system so that employees would be motivated to perform better.

New mechanisms should be evolved to reduce the time factor involved in the procedure of appraisal. Introducing online-appraisal can do this.

The frequency of training program for the appraiser should be increased and these sessions should be made interactive.

The awareness sessions for the employees/appraisees should be made more interactive and the views and opinion of the appraisees regarding appraisal should be given due consideration.

Assistance should be sought from specialists for framing a proper appraisal system that suits the organization climate. Constant monitoring of the appraisal system should be done through discussions, suggestions, interactions.

Combining the different methods of appraisal can minimize the element of biasness in an appraisal. Like the Rating method combined with assessment center method would give an evidence of poor/unfavorable or outstanding behaviour of the appraisee, if any.

Use of modern appraisal techniques like 360° appraisal, assessment centers which are more effective.

More transparency should be brought about in the appraisal system.

The appraisal system should cover all employees in the organization both white collar and blue-collar jobs.

Recognizing the good performers i.e., appraisees who have accomplished the targets for the year can help in getting more commitment from the employees.

Information regarding the performance of the employees should be kept in proper manner.

Some of the performance appraisals should be conducted by the top management so that they can understand the employees and their needs, behaviour better and to find out the loopholes.

Performance appraisal should be effectively linked to the performance management system of the organization.

The company still follows the traditional methods of appraisal that should be transformed into the modern one.

Ensuring employees receive adequate rewards and recognition is a key workforce development issue for the performance. Performance appraisals provide a good
opportunity to formally recognize employee’s achievements and contributions to the organization, and to ensure a clear link is maintained between performance and rewards. The appraisal interview can also be used as a vehicle to demonstrate supervisory and organizational support for employees by discussing barriers and supports to effective performance, and strategies to address problems or difficulties.

- The appraisal interview is also a useful vehicle for recognizing and rewarding employee’s contributions to various teams in the organization, especially if appraisal information is gained from team members. An appraisal of the team as a whole can also be a useful strategy to recognize and reward team performance, and to identify strategies to improve team functioning.

- Open and constructive performance appraisals can be useful to identify issues that are likely to impact on employee’s willingness to stay with the organization in the longer-term. Key factors associated with retention include salary and remuneration, professional development opportunities, and work-related demands and stress. The appraisal interview provides a good opportunity for a “check-up” regarding employee’s satisfaction with their working conditions and environment, and a discussion of strategies to address any problems or issues.

- Performance appraisal interviews are a good opportunity to discuss employee’s health and well being in the workplace, particularly in regard to factors that contribute to feelings of stress and experiences that promote satisfaction with their work.

- Appraisers need to be trained properly for the use of the appraisal system. Very often, companies have appraisal forms, which are supposed to be self-explanatory. However, this could lead to incorrect interpretation, which poses a problem that could go unnoticed. Due untrained appraisers, the objective of the Appraisal system is likely to go haywire.

- Appraisal can be a motivating factor when it is linked with increased pay packets. Financial incentives pay an important role in inducing employees to perform better. That is the reason a majority of organizations has incentives linked with appraisal. Performance related pay allows good performance to receive material recognition for their good performance. The appraisal is likely to be taken more seriously when the employees are directly affected by it.
Conclusion

The history of performance appraisal is quite brief. Its roots in the early 20th century can be traced to Taylor's pioneering Time and Motion studies. But this is not very helpful, for the same may be said about almost everything in the field of modern human resources management. During the First World War, appraisals concept was adopted by US army which was in the form of merit rating. It was man-to-man rating system for evaluation of military personnel. From the army this concept entered the business field and was restricted to hourly-paid workers. During 1920s, relational wage structures for hourly-paid workers were adopted in industrial units and each worker were used to be rated in comparison to other for determining wages rates. This system was called merit rating. The process was firmly linked to material outcomes. If an employee's performance was found to be less than ideal, a cut in pay would follow. On the other hand, if their performance was better than the supervisor expected, a pay rise was in order. Little consideration, if any, was given to the developmental possibilities of appraisal. If was felt that a cut in pay, or a rise, should provide the only required impetus for an employee to either improve or continue to perform well. Sometimes this basic system succeeded in getting the results that were intended; but more often than not, it failed. For example, early motivational researchers were aware that different people with roughly equal work abilities could be paid the same amount of money and yet have quite different levels of motivation and performance. These observations were confirmed in empirical studies. Pay rates were important, yes; but they were not the only element that had an impact on employee performance. It was found that other issues, such as morale and self-esteem, could also have a major influence.

As a result, the traditional emphasis on reward outcomes was progressively rejected. In the 1950s in the United States, the potential usefulness of appraisal as tool for motivation and development was gradually recognized. The general model of performance appraisal, as it is known today, began from that time. Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development. In many organizations but not all appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions. By
the same token, appraisal results are used to identify the poorer performers who may require some form of counseling, or in extreme cases, demotion, dismissal or decreases in pay. (Organizations need to be aware of laws in their country that might restrict their capacity to dismiss employees or decrease pay.) Whether this is an appropriate use of performance appraisal - the assignment and justification of rewards and penalties – is a very uncertain and contentious matter. It is concluded that once we apply the suggestions the employee productivity of KTDC can be improved.

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