

## EMPLOYEE PERFORMANCE APPRAISAL SYSTEM AT KARANJA INDUSTRIES PRIVATE LIMITED, BIDAR

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### Abstract:

*The aim of the paper is to determine the whether and how the performance appraisal system helps to review of employee performance and give feedback to employees to improve subsequent performance of employees of Karanja Industries Private Limited, Bidar; and the implication of these factors would be helpful in making promotion and salary decision. It has been found that the performance appraisal system helps to increase employee job satisfaction, and helps to assess the training needs in the organisation. Performance appraisal has increasingly become part of a more strategic approach. Survey method was used in collecting the data, 80 respondents have been chosen for the study.*

### KEYWORDS:

Performance appraisal, job satisfaction, employee development.

### INTRODUCTION:

Performance appraisal is essential to understand and improve the employee's performance through HRD. Performance appraisal indicates the level of desired performance, level of actual performance and the gap between these two. Success of any organisation mainly depends on the number of capable employees working in the organisation. As employees are valuable assets of the organisation, it is duty of the management to retain the quality employees by motivating them; hence it is necessary to find the performance of every employee in the organisation. The capable employees can determine the success and survival of an organisation (Drucker, 1994; Barney, 1995), and performance appraisal is potentially one way in which those efforts can be aligned with the aims of an organisation, employees can be motivated and their performance can be managed (Orpen, 1997; Martin and Bartol, 1998; Cook and Crossman, 2004). Performance appraisal is one among the most important human resource (HR) practices (Boswell and Boudreau, 2002; Judge and Ferris, 1993; Yehuda Baruch, 1996). It is agreed that more satisfied employees on the job are more committed and perform well on their job. For instance, it is frequently argued that in order for performance appraisal to positively influence employee behavior and future development, employees must experience positive appraisal reactions.

Performance appraisal is a method of evaluating the behavior of the employees in the workplace, normally including both qualitative and quantitative aspects of job performance. It indicates how well an individual is fulfilling his/her job demands. It evaluates an employee's current or past performance in relation with the standards. Performance appraisal is often included in performance management systems. Performance management systems are employed "to manage and align" all of an organisation's resources in order to achieve highest possible performance. "How performance is managed in an organisation determines to a large extent in the success or failure of the organisation. Therefore, improving Performance

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appraisal for everyone should be among the highest priorities of contemporary organisations”.

### OBJECTIVES OF THE STUDY

To determine the performance appraisal method used by the company.  
To determine whether performance appraisal system helps in making salary and promotion decision.  
To determine whether and how the performance appraisal system works as means of employee development.

### METHODOLOGY

The present study was carried out on Employee Performance Appraisal System at Karanja Industries Private Limited, Bidar, is based mainly on the primary data collected through pre- structured questionnaire and interviewing the employees personally, the study also used the secondary data available in the organisation. The study included employees working in different departments; the sample size chosen for the study is 80 respondents.

This data analysis has done by the opinions of the respondents. Analysis has made using various statistical techniques, different tests; the analyzed data have been represented diagrammatically or graphically wherever required. Bar charts, pie diagrams, data classification, tabulation have been used.

### SCOPE OF THE STUDY

A study has been conducted in Karanja Industries Pvt. Ltd., which mainly caters to the needs of the corporate sector. The focus of the study covers the aspects of the Performance Appraisal system of the firm. Performance Appraisal system is being used as as a means of employee development.

### LIMITATIONS OF THE STUDY

Study is based mainly on the responses collected from the respondents.  
Respondents were hesitating to answer many questions.

### DATA ANALYSIS AND INTERPRETATION

#### Demographic Profile of the respondents

Table 1.1

Employee category	Number	Percentage
<b>Age (in years)</b>		
20-30	20	25
30-40	25	31.25
40 and above	35	43.75
<b>Education</b>		
Undergraduate	20	25
Graduate	35	43.75
Postgraduates	25	31.25

Experience (in years)		
Less than 10	20	25
11-20	35	43.75
Above 20	25	31.25
Income		
Below 10000	25	31.25
10000- 15000	20	25
15000- 20000	20	25
Above 20000	15	18.75

Source: Primary data

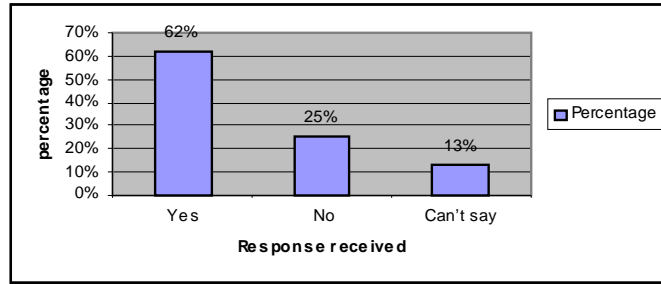
## RESULTS AND DISCUSSION

It is clear from the table 1.1 that majority of the respondents' i.e. 43.75% are 40 years and above which was followed by age group of 30-40 years (31.25%) and age group 20-30 years (25%). Education wise it is noted that majority of the respondents' i.e. 43.75% are graduates, which was followed by postgraduates (31.25%) and undergraduates (25%). As per the experience is concerned it is noted that majority of the respondents i.e. 43.75% respondents are having 11-20 years of experience indicating that employees have longer attachment with their workplaces, which was followed by 20+ years (31.25%) and less than 10 years (25%). Regarding the income description of the employees' it is noted that 31.25% of the employees have the pay structure less than 10000 which is followed by 10000-15000 (25%), 15000-20000(25%) and 20000 and above(18.75).

**Table No. 2.1: Performance appraisal is regular review of employee performance**

Sl. No	Response received	Number of respondents	Percentage (%)
1	Yes	50	62
2	No	20	25
3	Can't say	10	13
	Total	80	100

**Graph No 2.1 Performance appraisal is regular review of employee performance**



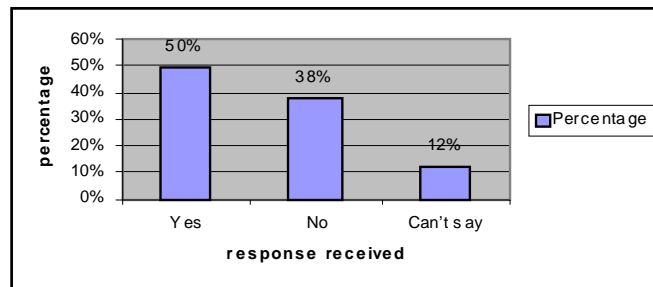
Source: Field investigation

From the above graph it is noted that 62% of the employees feels Performance appraisal is regular review of employee performance, 25% of them say no to the Performance appraisal is regular review of employee performance and other 13% of the employee could not respond to the issue.

**Table No. 2. 2 Performance appraisals helps to make salary and promotion decisions**

Sl. No	Response received	Number of respondents	Percentage (%)
1	Yes	40	50
2	No	30	38
3	Can't say	10	12
	Total	80	100

**Graph No 2. 2 Performance appraisals helps to make salary and promotion decisions**



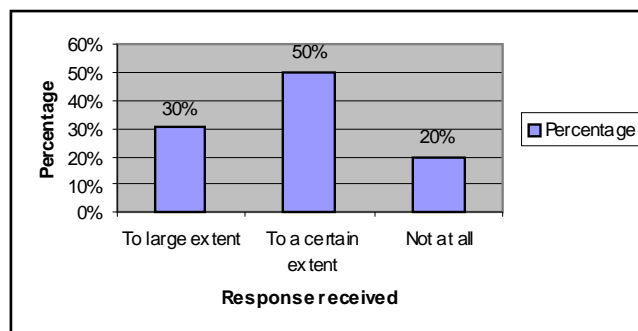
Source: Field investigation

From the above table it is clear that 50% of the employees feel that Performance appraisals helps to make salary and promotion decisions followed by 38% of the employees feels no and 12% could not responded.

**Table No. 2.3 Performance Appraisal System Increases Employee Job Satisfaction**

Sl. No	Response received	Number of respondents	Percentage (%)
1	To large extent	24	30
2	To a certain extent	40	50
3	Not at all	16	20
	Total	80	100

**Graph No. 2.3 Performance Appraisal System Increases Employee Job Satisfaction**



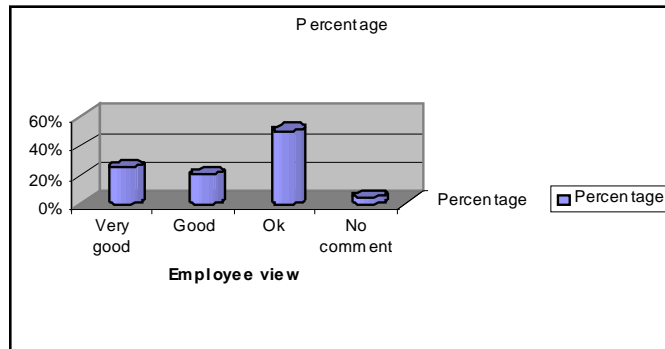
Source: Field investigation

From the above table it is clear that 50% of the employees felt that performance appraisal system helps to increase employee job satisfaction to a certain extent, followed by 30% to a great extent and 20% of the employees feel that performance appraisal of the company not increases employee job satisfaction.

**Table No. 2.4 Employees views towards performance appraisal system of the company**

Sl. no.	Employee view	No. of respondents	Percentage (%)
1	Very good	20	25
2	Good	16	20
3	Ok	40	50
4	No comment	04	05
	Total	80	100

**Graph No. 2.4 Employees views towards performance appraisal system of the company**



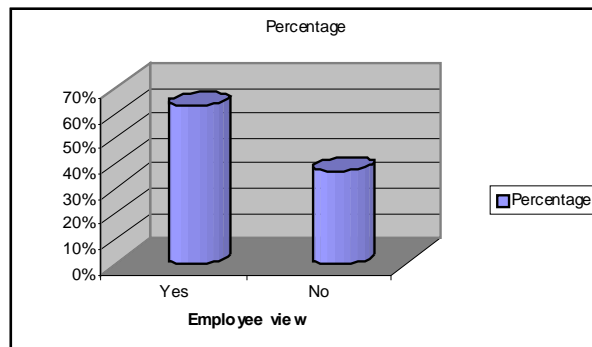
Source: Field investigation

The graph shows that 25% of the employees feel that performance appraisal system in the company is very good, 20% of the employees feels that it's good, 50% of the employees feels it is just ok and 5% of the employees didn't respond

**Table No. 2.5 Training helps to perform well on the job**

Sl. No	Employee view	No. of respondents	Percentage (%)
1	Yes	50	63
2	No	30	37
	Total	80	100

**Graph No 2.5 Training helps to perform well on the job**



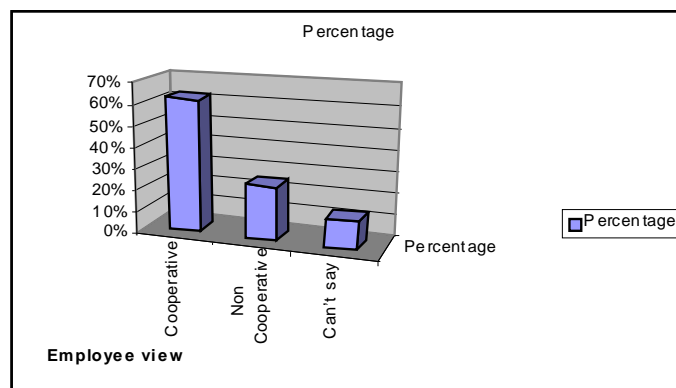
Source: Field investigation

From the above graph it is noted that 63% of the employees says that necessary training helps to perform well on their job, where as 37% of them say that it won't helps employees to perform well on their jobs.

**Table No. 2.6 Employer – employee relationship in the company**

Sl. No	Employee view	No. of respondents	Percentage (%)
1	Cooperative	50	62
2	Non Cooperative	20	25
3	Can't say	10	13
	Total	80	100

**Graph No. 2.6 Employer – employee relationship in the company**



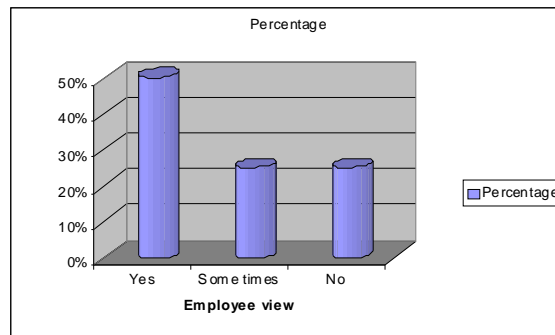
Source: Field investigation

From the above graph it is noted that 62% say that there is Cooperative relationship between the employer and employee, where as 25% of them are against to this and 13% of them say they can't say about the employer and employee relationship.

**Table No. 2.7 Motivation helps employees to perform well**

Sl. No	Employee view	No. of respondents	Percentage (%)
1	Yes	40	50
2	Some times	20	25
3	No	20	25
	Total	80	100

**Graph No 2.7 Motivation helps employees to perform well**



Source: Field investigation

From the above graph it is noted that 50% of the employees say that the company motivate people to perform well on their jobs, where as 25% of them feels some times the issue is true and 13% of them says no to the above issue.

### RECOMMENDATIONS

- 1)The company must follow modern methods Performance appraisal system.
- 2)The company should consider Performance appraisal system as a basis to make salary and promotion decisions and as a basis for employee development.
- 3)The company should work towards satisfying the employees on their job by providing them all the facilities.

### CONCLUSION

The main purpose of performance appraisal system is to improve the employee performance on their job. The system must be based on a great for employees and recognize that employees are the most important resource. The system should contribute to the satisfaction of all the employees, which require a continuous effort in counseling, coaching and open communications between the employee and employer. Appraisal must evaluate an employee's current or past performance relating to the standards and it must provide feedback to the employees and necessary training so that the employees learn and perform well on the job assigned to them.

The findings of this research indicated many areas has to be improved in the appraisal system such as the use of modern methods of appraisal system, use of explicit evaluation criteria, an open and sincere feedback, a greater senior management support, and finally a structure in which improvements in performance appraisals may be facilitated.

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