

EMPLOYEE'S PERCEPTION OF THE PERFORMANCE APPRAISAL AND HUMAN RESOURCE PRACTICES WITHIN INDIA

Ena*

ABSTRACT

The contemporary competitive environment requires organizations to ensure continuous peak performance and commitment of its employees and teams for efficient productivity and sustainment in the market place. Performance Appraisal is vital for any organization to assess the employees' performance, cognizing employee's work culture, engagement, and satisfaction, as well as to enhance its future potential and market value. Often a key differentiator between an organization that yields adequate outcomes and those that excel is the presence of an efficient system of performance management. Invariably, in an organisation, an employee's perception determines the acceptance or rejection of a performance appraisal system. The study aimed at understanding the employee's perception of performance appraisal system, its application in human resource practices, and its impact on both, the employees and the organisation. It is critical that organizations educate its employees on how their performance management system operates and functions. To realize this objective, a purposive sample of 200 employees pertaining to Petroleum Industry in India was selected, belonging to different managerial levels across departments. The Performance Appraisal Questionnaire was used as a measure for this purpose. This paper employs a quantitative analysis to obtain the results which highlights important revelations and identifies different areas for development which the organization should emphasis to enrich the functioning of its employees and overall organizational climate.

Keywords: Performance Appraisal, Performance Management, Human Resource Practices, Employee's Perception

AIM

To understand employee's perception of Performance Appraisal and Human Resource practices

INTRODUCTION

An organization builds an efficient team of man power through the efforts of the Human Resources. The Human Resources Management (HRM) can be defined as the process of recruiting and selecting employee, training and development, providing orientation and induction, assessment of employee performance, motivating, providing compensation and benefits, maintaining effective relations with employees and trade unions, ensuring employee's welfare, safety, and health measures in compliance with the labour laws of the land. According to Smriti Chand (2011) the significance of HRM can be seen in three contexts: organizational, social and professional. In the context of the organization, HRM is an

important means of achieving objectives by helping in attracting and retaining the best people in the organization; by developing right attitudes and necessary skills among the employees through development, training, performance appraisal etc. (Prasad & Gulshan, 2011); and all this in turn ensures that enterprise has competent and dedicated employees in the future. HRM's social significance lies in its power of satisfying needs of personnel in the organization which in turn results in effective contribution to the welfare of the society. The professional relevance of HRM lies in developing employees and providing them with healthy environments for effective utilization of their capabilities.

PERFORMANCE APPRAISAL

A performance appraisal (PA), also known as a performance evaluation, employee appraisal, (career) development discussion, or

*Research Scholar, Punjab University, Sector 14, Chandigarh

performance review, is a method by which the job performance of an employee is documented and evaluated. Performance appraisals are an integral part of career development and comprises of systematic assessment of the employee performance within organizations. According to Dale S. Beach, "Performance appraisal is systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development".

MAIN FUNCTIONS OF PERFORMANCE APPRAISAL SYSTEM

Performance appraisal is systematic procedure used to assess an employee's job-related performance and productivity within the context of pre-established criteria and organizational objectives. In addition, other aspects may also be considered, including accomplishments, organizational citizenship behaviour, potential for future improvement, personal strengths and weaknesses. Therefore, it should be among the highest priorities of contemporary organizations to constantly evaluate and improve the Performance Appraisal methods.



EFFECTIVE PERFORMANCE APPRAISAL SYSTEM

Often a key differentiator between an organization that yields adequate outcomes and those that excel is the presence of an efficient system of performance management. Some of the key features that need to be built into a performance management system in order for it to produce high quality appraisals involves: setting goals at the top managerial level initially, and then cascading down so that employees at

each level have goals that are tied to the overall strategic mission of the organization; HR should be the ones who drive and sell the system, and not own it; the goals set through the appraisal should be such whose achievement is measurable (Locke and Latham, 1990); It is critical that organizations train everyone on how their performance management system operates and functions; link rewards to effective performance and separately discuss development rather than mixing the two things.

GAP BETWEEN WHAT IS PERCIEVED AND WHAT IS DESIRED IN PERFORMANCE APPRAISAL SYSTEM

There are various laws addressing fair employment practices, and this also concerns performance appraisal (PA) like the 'All Indian service (performance appraisal report) rules,2007'. Discrimination can occur within predictions of performance and evaluations of job behaviors resulting in a discrepancy in what is expected in the appraisal and what one receives. Some criteria to keep in mind for a legally sound appraisal is to keep the structure and subject matter of the appraisal objective, behavior-based, job-related, and related to specific objectives rather than a global assessment. It is essential to standardize operations, ensure proper flow of communicate with employees, provide employees access to review appraisal results, offer information relating to deficits in performance and provide opportunities to rectify them, and use multiple, diverse and unbiased raters. This is not an exhaustive list but surely valuable recommendations for PAs. Therefore, employment appraisal procedures must be validated like other tests or any other selection device.

REVIEW OF LITERATURE

When human resource practices are not assessed, the investment and its effects can't be tested, and resources can be wasted in inadequate activities (Foot and Hook, 1996; Gómez-Mejía et al., 1996). Evaluating the performance of any process or system is an indicator which is the vital core of the

performance evaluation process. Performance appraisal helps the organization in achieving its strategic advantages and increasing of effective operational processes through constant improvement of individual employee performance along with focusing on weak improvable points (Divandari, 1978). Performance appraisal is one of the most important theories of human resources management and is one of the subjects which have been studied and investigated in the psychology of work extremely (Kuvaas, 2006). A meta-analysis of the effects of psychological interventions underlined the effect of performance appraisal on the output of employees, withdrawal and disruptions (Guzzo, Jette & Katzell, 1985). In addition, with due attention to the social exchange viewpoint (Shapiro & Conway, 2004; Lee & Bruvold, 2003) those employees who believe that the organization is trying to supply their needs may have a sense of responsibility with regard to render to the organization through high work performance (Kuvaas, 2006). Research posits that most organizations have pay-for-performance systems and performance evaluations are the primary source of merit determination (Lawler, Benson, and McDermott, 2012). Over 90% enterprises link pay to performance to at least certain extent, and 89% tie individual performance to compensations (Mercer, 2013). According to Adler et al. (2016), around tens of billions of dollars are dependent on performance ratings for compensation and rewards. Performance appraisals should be considered as a necessary condition of overall performance management of employees (DeNisi and Smith, 2014).

RATIONALE

Previous researches done in the field of human resource practices, in the context of performance appraisal system has served as an impetus for the present study. Performance Appraisal is an important aspect in any organization in order to evaluate the employees' performance. It helps in understanding the employees work culture, involvement, and satisfaction. It helps the organization in deciding employee's promotion,

transfer, incentives, pay increase. The present study is carried out in the same direction by aiming at understanding the performance appraisal system, its application in human resource practices, and its impact on both, the employees and the organisation, with the help of employees' perception regarding the same.

METHODOLOGY

Design

The objective of the study was to understand employee's perception of Performance Appraisal and Human Resource practices within an organization. For this purpose, a Performance Appraisal Questionnaire measure was selected, and administered on a sample comprising of 200 employees from different departments who were randomly selected in an organization pertaining to Petroleum Industry in India. The data of the survey was compiled and graphically represented to realize the objective of the study, and finally discussed.

SAMPLE

For the present study, a purposive sample of 200 employees was selected, belonging to different managerial levels across departments. The organization pertains to Petroleum Industry and is mainly responsible to produce CNG and PNG Pumps. The size of the organization is between 200-500 employees spread across the top management, middle management, lower management and labour union. The organization makes use of rating system to assess and evaluate its employee's performance. Out of the 200 employees, 22 employees belonged to the Top Management, within the age range of 30-50 and an average tenure period of 15 years. Other 120 respondents were from middle management, who lied in the age group of 25-40 years, with a tenure period of 5-12 years. The rest of the 58 employees were from the lower management, some of whom had recently joined and rest of them had the maximum tenure period of 5 years.

MEASURES

Performance Appraisal Questionnaire: It is a 32-item performance appraisal survey by Annie

Farrell to assess the effectiveness of the Performance Appraisal system and examine the perception of the employees felt about the performance appraisal systems and whether it is effective in their opinion. It included 17 checking items (ticks) and 15 items which are based on 5-point rating scale ranging from strongly agree to strongly disagree.

PROCEDURE

The present research aimed at understanding employee's perception of Performance Appraisal and Human Resource practices within an organization. The data for this exploratory study was gathered from a sample of 200 employees from the designated organization. This was done using the Performance Appraisal Questionnaire which was administered on each of the participant individually once the rapport formation was achieved. After the data was collected, quantitative analysis was carried out to obtain the results.

DATA AND RESULTS

The results were computed by adding the responses obtained from the sample on each of the item. Out of these, the percentage of responses were derived, and responses were then compiled, tabulated and represented graphically.

DISCUSSION

The aim of the study was to understand employee's perception of Performance Appraisal and Human Resource practices within an organization. The Human Resources Management (HRM) team in any organization performs the key functions of recruiting people, training them, performance appraisals, motivating employees and contributes towards workplace communication and workplace safety. Performance appraisal is systematic evaluation of the individual with respect to his or her performance on the job and his or her potential for development. It is a method by which the job performance of an employee is documented and evaluated. In order to be successful, an appraisal needs commitment from both parties, and it is essential that it is conducted in an environment

where ideas and views can be expressed openly. In the present research, the sample selected consisted of 200 employees across departments in an organization pertaining to Petroleum Industry in India. After the results were obtained, a survey analysis was carried out. Following is a graphical representation of the survey responses as given by the 200 employees of the organization. The responses of all the employees on the first item which talked about gender was males since all the employees in the organization were males.

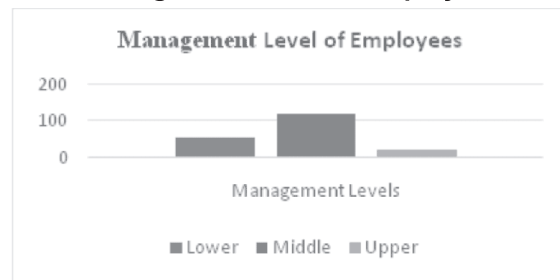
Age Group of Employees

Age Group	Under 25	25-34	35-44	5 & above
No. of Employees	40	60	70	30

Table 1: showing the number of employees in each age group

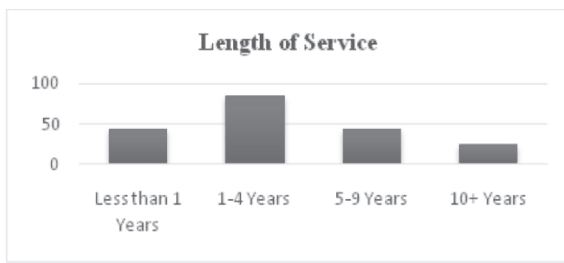
Table 1 represents the number of employees who belong to different age group categories. It can be seen that most of the participants of the survey are aged 35-44 years, constituting 70 individuals. The second most common category of age group was 25-34 which had a total number of 60 employees. About 40 individuals belong to the under 25 age group, and about 30 people befall in the 45 and above age group.

Management Level of Employees



The above graph represents the number of employees in the organizations who belong to the lower, middle and top management category. Results exhibit that about 58 people belong to the lower management, 120 to the middle management and 22 to the top management. Therefore, it can be stated that most of the sample falls in the lower management category.

Length of Time in Company



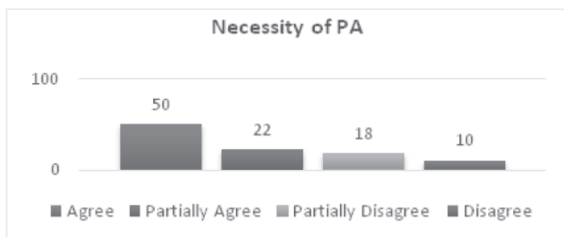
The graph shows the employee's length of time in the company. As evident in the above graph, 45 employees had been working in the company for less than a year, 85 employees had been working for 1-4 years, 46 employees worked for 5-9 years, 26 employees had continued working for 10 years and above. Thus, it can be concluded that the maximum number of participants have been in the company for 1-4 years tenure period.

Frequency of appraisal process in the employee's department



The pie chart shows how often is the appraisal carried out in the employee's department. As per the responses of the participants, 68% of employees had their appraisal within the 6 months while 32% of employees had it within every 12 months. It seems like the organisation needs to ensure that there is a level of consistency throughout the appraisal process.

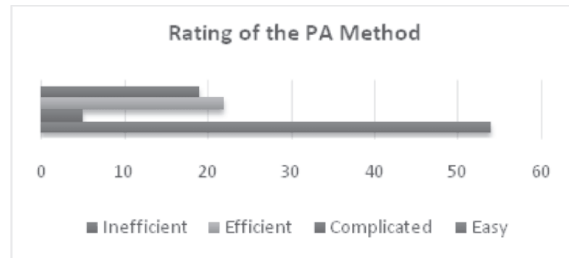
Necessity for performance appraisal in an organization/company



The graph shows the response of employees on the extent to which they think it is necessary for

performance appraisal to be conducted in an organization/company. As evident in the graph, 50% of employees wholly agreed that the performance appraisal is necessary, 22% of partially agreed, while 18% of employees partially disagreed with the item, leaving 10% of employees who did not agree that there should be performance appraisal. It can be inferred from the above data results that maximum employees correspond with the need to have appraisals in an organisation. Although a little less than half of them only partially agree and about 28% of the employees do not correspond with the item. This could be a perturbing factor for the organization. It is vital that employees have a shared understanding and awareness about the need, benefits and comprehensibility of performance appraisal system.

Employee's Performance Appraisal Ratings



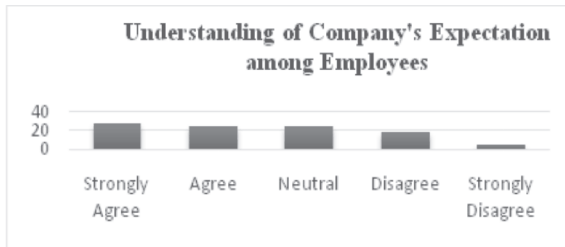
The graphs depict the ratings given by employees in relation to their performance appraisal system. As seen in the ratings, 54% of employees considered the appraisal system in their organization as a fairly easy process in contrast to 6% of employees who considered it as a complicated process. While 22% of employees considered it as an efficient process, 18% of employees marked it as inefficient. It can be stated that a little more than half the employees considers the appraisal process easy. However, there is very less gap between the perception of employees regarding the efficiency and inefficiency of the process which could be a worrying factor for the organization. Employee's perception of performance appraisal system is critical to the continuing success of the system. Therefore, if there is a contrast in the employee's opinion of the system, it will hinder the success of the system.

Employee's Opinion of What The Company Strives To Achieve Through Their PA System



The graphs depict different opinions reported by employees in relation to what their company strives to achieve through its appraisal system. As presented in the above graph, 18% of employees consider promotion as the major motive of their appraisal system, 4% of employees consider training and development as the fundamental purpose, 32% of employees consider review performance as of the dominant drive of the appraisal system, 12% of employees consider future performance as of the major motive, 26% employees consider rewards and pay as of the aim of the system and only 8% of employees think that the companies strives to take disciplinary actions based on their appraisal. Therefore, it can be concluded that about 32% people consider reviewing performance as the major motive of their Appraisal system. It is essential that employees identify and discern the objectives of the appraisal process in totality.

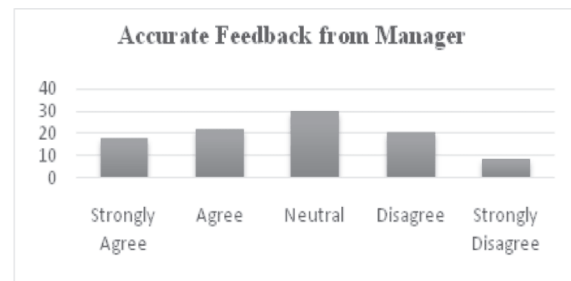
Employee's Understanding of What the Organization/Company Expects of Me"



The graph shows the extent to which employees understand what the company expects from them. Looking at the ratings given by the employees on the bar diagram for this particular item it can be concluded that in a sample of 27%

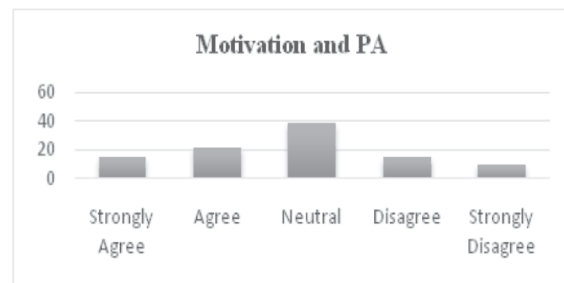
employees strongly agree with time spent on PA is worthwhile. While 25% people only agree with it followed by 24% people who neither agree nor disagree but have a neutral take on it. The rest 18% employees fall on the other side of the spectrum as he disagrees and 5% employees who strongly disagree. Thus, a total of 48 employees out of 60 agree with this statement which means that 80% of the sample understand what the company expects from them

Receiving Specific and Accurate Feedback from Manager/Supervisor on Past Performance



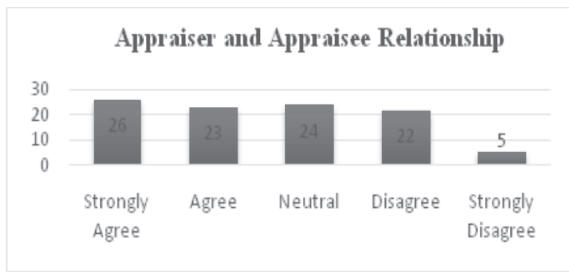
The graph represents the extent to which employees receive specific and accurate feedback from manager/supervisor on their past performance. Looking at the ratings given by the employees on the bar diagram for this particular item it can be concluded that 18% employees strongly agree. While 22% employees only agree with it followed by 30% who neither agree nor disagree but have a neutral take on it. The rest 21% employees fall on the other side of the spectrum as he disagree and 9% employees who strongly disagree. Thus at least 40% employees believe that they receive specific and accurate feedback from manager/supervisor on their past performance.

Motivation and performance appraisal



The graph represents the extent to which employees feel motivated after performance appraisal. Looking at the ratings given by the employees on the bar diagram for this particular item it can be concluded that in a sample of 15% employees strongly agree. While 21% employees only agree with it followed by 39% who neither agree nor disagree but have a neutral take on it. The rest 15% employees fall on the other side of the spectrum as he disagrees and 10% who strongly disagree. Thus around 36% employees agree with this statement which means that less than 50% of the sample feel motivated after performance appraisal.

Enhancement of Relationship With Supervisor/ Manager Through Performance Appraisal



The graph represents the extent to which the participants consider that performance appraisal recuperates their relationship with the supervisor/ manager/appraiser. It is apparent from the data that 49% of the employees agreed that appraisal system contributes to enhancement of the relationship between themselves and their supervisors. This was followed by 24% of employees who neither agree nor disagree with the statement but have a neutral take on it. The rest 27% of participants fall on the other side of the spectrum and do not comply with the item.

Time Spent on Performance Appraisal By The Organization Perceived Worthwhile By Employees



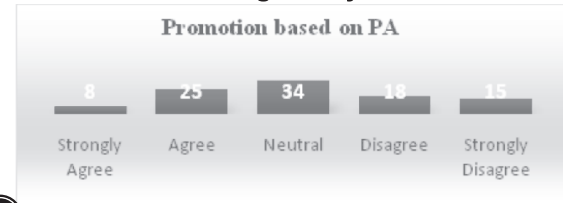
This statement looks at the degree to which employees consider the time spent on performance appraisal by the organization as worthwhile. 32% of employees contemplates the time spent on PA as worthwhile. Majority of the employees, i.e. 35% neither agree nor disagree with the statement. The rest 33% of employees fall on the other side of the spectrum as they disagree with PA being worthwhile. This shows that a large portion of the people employed in the organization are not quite sure whether the performance appraisal is crucial for their own on-the-job performance. The organization should make sure that every member understands the purpose and significance of appraisal to make employees more aware.

Performance Review/Evaluation Improves Employee's Job Performance



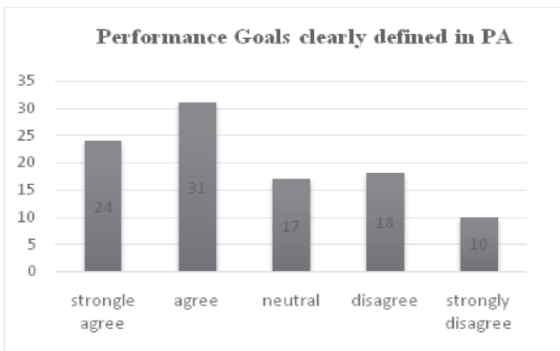
According to Boachie-Mensah & Seidu (2012), employees are likely to embrace and participant in the Appraisal process if they consider it as an opportunity for personal development. About 42% of employees agree that their job performance is enhanced by the appraisal. About 30% employees stand in the middle of the rating scale and a total of 28% of employees totally disregard any improvement in their performance post-appraisal process. While most employees agree with the item, it can be seen that a high number of employees disagree accounting for individual differences that the organization need to consider.

Promotion Being Purely Based on PA



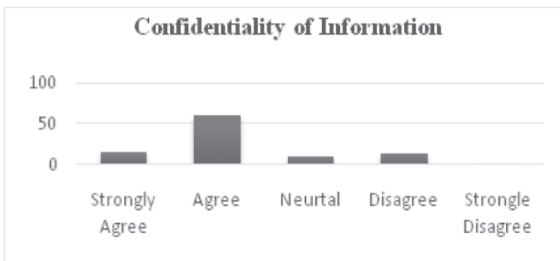
The graph shows the views of the employees regarding the promotion being purely based on performance appraisal. Ratings of the employees implies that about 33% of employees agree that promotion is based on performance basis. However, 33% of employees disagree with the statement and 34% of employees neither agree nor disagree. This accounts for discrepancy in the perception of employees regarding this statement.

Performance Goals Are Clearly Defined in PA



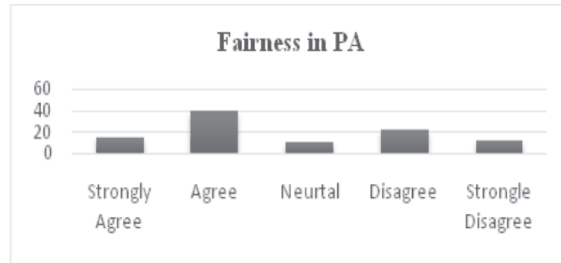
According to the results, 55% of employees agree that the performance goals are explicitly defined in PA process, whereas 17% of employees neither agree nor disagree with it, and the rest fall on the other side of the spectrum accounting for 28% of employees.

Confidentiality of Information From PA



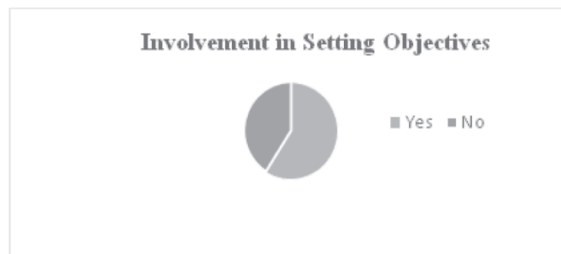
The graph shows the number of employees who consider that the information obtained during performance appraisal is confidential. It can be concluded that 75% of employees agree with the statement, while 10% of employees neither agree nor disagree and 15% of employees disagree. Thus, most of the employees consider that the organization doesn't disclose any detail related to their employee's evaluation.

Employees' Perception on Fairness in their Company's Performance Appraisal



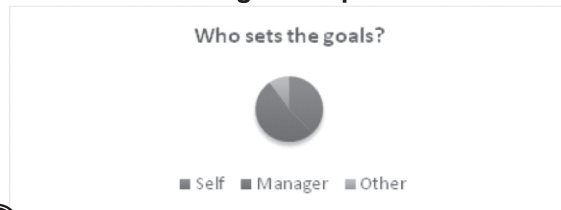
The graph shows whether the employees feel performance appraisal in their organization is fair or not and if they do consider it fair, then to what degree. Looking at the ratings it can be concluded that in a sample of 200 employees, 18% of employees strongly agree, while 40% of employees only agree with it, followed by 12% of employees who neither agree nor disagree. Whereas 20% of employees fall on the other side of the spectrum as they disagree, while 10% of employees strongly disagree.

Involvement in the Process of Setting Objectives and Targets of Future Involvement



The figure represents the involvement of employees in the process of setting objectives and targets of their future involvement. Looking at the ratings it can be concluded that majority of the employees consider being involved in the Process of Setting Objectives and Targets of their Future Involvement.

Who sets the goal for performance?



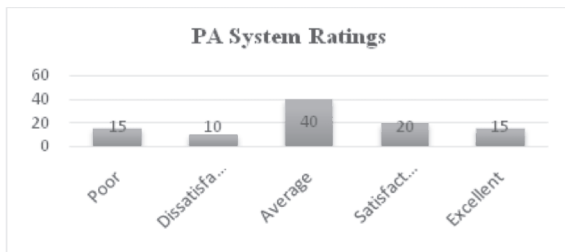
The figure represents three categories, which signify the employee himself, his manager and other specified person who set the goal for their performance. Looking in the rating it can be concluded that 38% of employees determines their goals themselves; 52% of employees reported their managers set their performance goals while only 10% of the employees state their someone else sets their goals.

Basis of Targets



The graphs represent what the targets are based on which includes three categories, individual needs, business needs, and others. 35% said that they are based on business needs, whereas 57% said that they are focused on individual needs 8% others. Thus, it can be seen that majority of the employees believe that targets are based on individual needs.

Rating given to the PA System of the Company/Organization



The graph represents the rating of the performance appraisal system in the company/organization. Looking at the ratings it can be concluded that in a sample of 200 employees, 15% of employees consider it as poor, 10% dissatisfactory, while 40% of employees rate it as average, followed by 20% of employees who are satisfied and 15% of employees rate it as excellent. Thus, though majority of the employees rate the PA as average,

almost equal percentage of people fall on both the extremes.

CONCLUSION

The aim of the present study was to understand employee's perception of Performance Appraisal and Human Resource practices. The outcomes gave an actual insight into the employee's ideas of the system of their evaluation, the performance appraisal system, relevance of feedback by the supervisor, impact of the performance appraisal system results on their growth, promotion and development. Taken together, it can be said that most of the employees considered their PA system as necessary and efficient, reported having received accurate feedback and improvement in performance as well as their relationship with the appraisee. However there seemed to be a significant gap in the perception of different components of PA among different employees that calls for organization's attention on the need to attain uniformity and harmony among the perception of employees to enhance productivity and organizational culture.

REFERENCES

A. Divandari (2008). Providing comprehensive system design and performance appraisal of staff banking system (bank samples nation), Journal of Industrial Management Science Department, Azad University of Sanandaj, Year 3, No. 5, pp 103-115, in Persian.

DeNisi, & R. Pritchard (2006) 'Performance Appraisal, Performance Management and Improving Individual Performance: A Motivational Framework', Management and Organization Review, 2(2): 253– 277.

Guzzo, D. Jette, A. Katzell (1985). The Effects Of Psychologically Based Intervention Programs On Worker Productivity: A Meta Analysis. <https://doi.org/10.1111/j.1744-6570.1985.tb00547.x>

E. Huselid (2006). Strategic Human Resources Management: Where Do We Go From Here? Journal of Management, 32(6), 898–925. 10.1177/0149206306293668.

- Farrell (2013). An investigation into Performance Appraisal effectiveness from the perception of Employees in an Irish Consumer Services Company. <http://trap.ncirl.ie/829/1/amiefarrell.pdf>.
- Mensah, P. Seidu (2012). 'Employees' Perception of Performance Appraisal System: A Case Study'. *International Journal of Business & Management*, 7(2), 73-88. doi:10.5539/ijbm.
- Fletcher (2004). *Appraisal and Feedback, Making Performance Review Work*. London: Chartered Institute of Personnel and Development.
- Abdulkadir, S. Isiaka & S. Adedoyin (2012). 'Effects of Strategic Performance Appraisal, Career Planning and Employee Participation on Organizational Commitment: An Empirical Study'. *International Business Research*, 5(4), 124-133.
- Bowen, E. Ostroff (2004). Understanding HRM-Firm Performance linkages: The Role of the 'Strength' of the HRM System. *Academy of Management Review*, 29(2), 203–221.
- J. Mendy (2006), Key HRM Challenges and Benefits, *Teaching Human Resources and Organizational Behavior at the College Level*, 10.4018/978-1-5225-2820-3.ch001.
- K. Bard (2006), Performance appraisal satisfaction and employee outcomes: mediating and moderating roles of work motivation, *International journal of human resource management*, 17, pp 504–522.
- M. Armstrong, D. Brown, P. Reilly (2011) "Increasing the effectiveness of reward management: an evidence based approach", *Employee Relations*, Vol. 33 Issue: 2, pp.106-120, <https://doi.org/10.1108/01425451111096668>
- R. Karimi, M. Malik, & S. Hussain (2011). 'Examining the Relationship of Performance Appraisal System and Employee Satisfaction', *International Journal of Business & Social Science*, 2(22): 243-247.
- R. Singh, M. Mohanty, A. Mohanty (2010). Performance appraisal practices in indian service and manufacturing sector organizations. https://kipdf.com/asian-journal-of-management-research-online-openaccess-publishing-platformfor_5ac756fe1723ddf933b579a7.html.
- S. Ashford, L. Cummings (1983), Feedback as an individual resource: Personal strategies of creating information. *Organizational Behavior and human performance*, 32, pp 370–398.