

THE IMPACT OF PERFORMANCE APPRAISAL ON JOB SATISFACTION, PERSONAL EFFECTIVENESS AND COMMITMENT IN DAIRY SECTOR, STEEL SECTOR AND AUTO COMPONENT SECTOR IN NORTHERN INDIA

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ABSTRACT

Performance appraisal is a standard practice in every organisation either it be small or a big one it is an important task for the management and the employees at the same time, in spite of being one of the important tasks, it is not welcomed as it is time consuming and an anxiety of its outcome is associated with the staff undergoing this, this does not lessen the advantages this practice has for the employee and the organisation, this paper gives an eye on the different positive outcomes that are brought in the favour of employee and the organisation itself, it have positive outcome on the personal effectiveness of the employee. Personal effectiveness is the self-help movements that an individual takes to reach his /her goals and targets to achieve success, appraisal helps an employee too evaluate where he/ she stands and what else is to be reached to achieve the target. In other words appraisal clears the path to self-improvement. Appraisal also have positive effects on an employee's job commitment and satisfaction, if executed in a fair and proper manner it makes employee know where he actually stands and what s/he expect in return from the organisation in which he is working. Most of the organisations are facing challenges never seen before due to increased competition and globalisation .now the management needs to be very sharp and precise in the strategy making and human resource development as both of these factors are crucial for the ultimate outcomes of any business that is profit making,

Introduction

Performance appraisal is an important concept in the field of management, it reminds us that being busy is not same as producing results. The major contribution of performance appraisal is to evaluate the present efforts and outcomes of the employee work on the growth and development of the organisation and exploring the scope of further enhancement in the performance if it is good and scope of improvement if it not up to the mark, the employees are trained and motivated according to the reports of performance appraisals Performance appraisal allows to provide positive feedback as well as identifying areas for improvement. An employee can discuss and even create a developmental (training) plan with the manager so he can improve his skills. It motivates employees if supported by a good merit-based compensation system. They get to know how fare they are in terms of particular fields of activity. It is difficult to give oneself an objective evaluation. Performance appraisal system is a useful management tool which helps to gain feedback, review and estimate whether the performance is effective and

discuss what needs to be done for it to become so. Managers perform evaluations to benefit both employees and the employer. The most significant benefit of the appraisal system for the manager or the head of department is that it provides a document of employee performance over a specific period. Every employee's individual performance influences how all the team or even the firm (especially if it is small) is doing.

It clarifies the employee's role and status in the organization. Some workers like to know where they stand regarding their job performance and want to see what else (useful) they can do for the company.

Self-development is the most important benefit for the employee. Performance appraisal allows an employee to provide positive feedback as well as identifying areas for improvement. An employee can discuss and even create a developmental (training) plan with the manager so he can improve his skills.

It motivates employees if supported by a good merit-based compensation system. Best performers get better pay and benefits packages. Similarly, those employees that lag behind get penalized.

It provides a structured process for an employee to approach the management for discussions, identify problems, clarify expectations and plan for the future. It lets both manager and employee set up long- and short-term goals.

The manager / team head shares evaluation result with the respective employees. Such feedback is useful as it enables employees to focus on improving their strengths. The managers also suggest ideas and methods through which employees can overcome their weaknesses. Thus, the process helps in personal & career development of employees

If the performance appraisal system is used correctly and smartly, the results won't leave anybody indifferent. Undoubtedly, there are disadvantages in the performance appraisal system as nothing is ideal, but it provides a lot of useful information for the company and employee itself that can't be acquired from other sources. Furthermore, years of experience show the efficiency of using performance appraisal system in practice. An effective performance appraisal system provides consistent, reliable, and valid data to help the management make strategic decisions. It furnishes data according to the goal that serves the purpose of performance appraisal and succession planning. Accurate data and insights ensure a fair and transparent performance appraisal system that earns the trust of an employee.

Effective performance appraisal system has standard and top-rated appraisal forms, rules, and appraisal procedures along with well-defined performance criteria and standards.

Effective performance appraisal system are designed to be economical and less time-consuming to get maximum benefits. HR personnel need not waste all their valuable time only on the managerial tasks. With a good performance appraisal system, they can spare time and effort to focus on other important and productive jobs.

An effective performance appraisal system matches the needs of your organization.

The success of an appraisal system depends mainly on the managers, who do the administrative and feedback tasks. The managers should not only focus on the negatives of the employees but also highlight the achievements to motivate them. The managers should not act as a mere boss, but be trained enough to coach the employees and help them to walk on the path of development.

Modernized performance appraisal systems are the most effective ones. The system is not an annual process anymore, but a process that happens throughout the year. The ratings at the end of the year are not a surprise to the employees because of the continuous feedback delivered by managers on the employees' performance. This allows the employees to fill the gaps in their performance and skills. Managers can also arrange development plans that suit his/her team members.

The behaviour of the employees that are relevant to the job should be taken into account during the appraisal process, not his/her personal behaviour. An employee should be evaluated based on the competencies and his/her ability to achieve the goals, not on his problems with colleagues or attitude, which is irrelevant to the job.

Performance appraisal is one process that if not done properly can harm the organization and the employees by creating conflicts. An organization that has conflicting teams at work can never prosper. Therefore, choosing an effective performance appraisal system is a wise thing to do and an easy tool to execute if done with passion and profession.

Methods and Methodology

For achieving the objectives of the study first the sample was made that consisted of companies in dairy sector, steel sector and auto component in northern India a list of companies was made and the list included only those companies that were listed in Bombay stock exchange or companies having big OEMs as their clients out of these companies a list of three companies each in all the sectors were selected so that the study is focused and intensive primary and secondary data was collected the primary data was collected through structured questionnaire that included questions pertaining to the different aspects of performance appraisal and their

effects on the satisfaction, commitment and effectiveness level of the employees in the companies selected

Tools used were Avova (analysis of variance), correlation analysis and regression analysis.

Results and Discussion

A very high and significant value of correlation coefficient between job satisfaction and performance appraisal ($R = 0.722$, $p < 0.05$) was observed in the dairy sector companies under study. In the regression model performance appraisal explained 13.6% of the variance in job satisfaction in the entire sample. The regression results indicate that explanatory variable performance appraisal significantly influences job satisfaction in Supreme Agrofoods, GoldlineMilkfood and Verka Milk. In case of Modern Dairies Limited and HDDC performance appraisal does not significantly influence job satisfaction.

A very low value of correlation coefficient between organizational commitment and performance appraisal ($R = 0.077$, $p < 0.05$) was observed in the dairy sector. In the regression model the explanatory variable performance appraisal was found to be insignificant ($\beta = 0.077$, $p > 0.05$) which suggests that in dairy sector, commitment is not driven by performance appraisal. The explanatory variable was found to be significant in sample companies (Supreme Agrofoods, GoldlineMilkfood and Modern Dairies Limited) other than HDDC ($\beta = 0.245$, $p > 0.05$) which suggests that in these companies commitment is driven by performance appraisal.

A moderate value of correlation coefficient between personal effectiveness and performance appraisal ($R = 0.587$, $p < 0.05$) was observed in the dairy sector. In the regression model the explanatory variable performance appraisal was found to be significant ($\beta = 0.587$, $p < 0.05$) which suggests that in dairy sector, commitment is driven by performance appraisal. The explanatory variable was found to be significant in sample companies other than Modern Dairies Limited and HDDC that is Supreme Agrofoods, GoldlineMilkfood and Verka Milk which suggests that in these three companies effectiveness is influenced by performance appraisal. A very high and significant value of correlation coefficient between job satisfaction and performance appraisal ($R = 0.722$, $p < 0.05$) was observed in the steel sector companies under study. In the regression model performance appraisal explained 51.9% of the variance in job satisfaction in the entire sample. The regression result indicates that explanatory variable performance appraisal significantly influences job satisfaction in all the companies under study except Modern Steels Limited. Therefore the explanatory variable performance appraisal significantly explains the variations in the dependent variable job satisfaction in the case of some companies in the steel sector that is Sanjay Iron & Steel Limited, Punjab Iron and Steel Company, Jain Steel Industries and Luxmi Steel Industries.

In the case of correlation between commitment and performance appraisal Overall result shows that no violations of the assumptions of linearity was observed and the association was found to be significant at 95% level ($r = 0.374$, $p < 0.05$). The explanatory variable was found to be significant in three companies that is Luxmi Steel Industries ., Sanjay Iron & Steel Limited and Punjab Iron and Steel Company which suggests that in these companies commitment is driven by performance appraisal. In the case of Jain Steel Industries and Modern Steels Limited., it is observed that in these companies a major part of the variance in dependent variable i.e. organisational commitment is explained by factors other than performance appraisal.

A very high value of correlation coefficient between effectiveness and performance appraisal ($R = 0.761$, $p < 0.05$) was observed in the case of steel sector companies. The explanatory variable performance planning and monitoring was found to be significantly influencing the dependent variable effectiveness ($\beta = 0.761$, $p < 0.05$) which suggests that in steel sector, effectiveness is driven by performance appraisal. In the regression model performance planning and monitoring explained 57.8% of the variance in the personal effectiveness in the entire sample. The explanatory variable performance appraisal was found to be significant in all of the sample companies which suggests that in these companies effectiveness is driven by performance appraisal

A very moderate value of correlation coefficient between job satisfaction and performance appraisal ($R = 0.310$, $p < 0.05$) was observed in auto component sector companies under study. In the regression model performance appraisal explained 9.2% of the variance in job satisfaction in the entire sample in the case of auto component sector companies under study. The regression results indicate that in all companies other than Jumps Auto Industries Limited, job satisfaction is driven by performance appraisal.

Significant association between commitment and performance appraisal at 95% level ($R = 0.537$, $p < 0.05$) in the auto component sector companies under study. The explanatory variable was found to be significantly affecting by the dependent variable in sample companies other than Jumps Auto Industries Limited ($\beta = 0.033$, $p > 0.05$) which suggests that in these companies commitment is driven by performance appraisal.

A very moderate value of correlation coefficient between effectiveness and performance appraisal ($R = 0.518$, $p < 0.05$) was observed. The explanatory variable compensation was found to be significantly influencing the dependent variable effectiveness ($\beta = 0.518$, $p < 0.05$) which suggests that in pharmaceutical industry, effectiveness is driven by compensation. The explanatory variable was found to be significant in all the sample companies which suggest that in pharmaceutical industry effectiveness is impacted by compensation. In majority of the cases of the companies in the three sectors under study that is dairy sector, steel sector and auto component sector the explanatory variable performance appraisal significantly affects the three dependent variables that is job satisfaction, commitment and personal effectiveness.

Conclusion

Majority of employees have stated that the appraisal is done on yearly basis and hand ful of them state that it is done on half yearly basis. Majority of the employee strongly agree that performance appraisal identifies the scope of an employee for higher level job followed by identification of training needs and to provide the basis for taking administrative decisions they agree and strongly agree that the procedure is confidential in their organisation they also agree that appraisal system provides for self-appraisal and appraisal targets are given to them in the beginning of theyear. On the whole job satisfaction among the employees of the three sectors appears to be satisfactory in respect of majority of the statements describing the extent of job satisfaction most of the employee have responded affirmative The Avova tests revealed that the quality of job satisfaction is significantly different in all the companies in three sectors under study is significantly different and this difference is not by sampling or chance it is inferred that in all the sectors under study the receptions of the employees about job satisfaction is different.

Employees of dairy sectors agree that there is strong organisational commitment in their companies employees of steel sector also responded favourably to different aspects of organisational commitment intheir companies it was observed that employees of the auto component companies have responded favourably to different aspects of organisational commitments.

On the whole personal effectiveness among all the employees in all the sectors have found to be satisfactory

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