

APPRAISING THE PERFORMANCE: A STUDY ON PUBLIC AND PRIVATE SECTOR ORGANIZATIONS

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Abstract

*Appraising the performance of the human resources is the most vital goal of the organization. The success of any organization depends on the effectiveness of the recruited people and that can be achieved by measuring their performance and appraising them rightly. The rapidly growing organizations and the changing world demand a more comprehensive approach to assess the performance of the employees and utilize their talent as the valuable resources. The purpose of this paper is to provide a more comprehensive statistical analysis of evaluating and appraising the employees of the industries/organizations like **Bhilai Steel Plant, NTPC, NALCO, ISPAT Alloys, Emami Paper Mills, Odisha**. The Participants were chosen randomly, 128 agreed to participate in the survey but the data could be collected from 100 respondents only.*

Key Words: Performance, Appraisal, Organizations, Employees

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INTRODUCTION

The importance of capital for an industry has long been recognized. But in the recent years, the researchers have started giving importance on workforce recognition by accessing their performance. The latest mantra of organizations being – **"be remunerated in accordance with your contribution to organization"** – focusing to performance management and specifically to individual performance in the organizations. Once the employee has been selected, trained and motivated, he is then appraised for his performance. Performance appraisal is a step where the management finds out how effective it has been hiring and placing the employee. Performance appraisal is a formal, structured system of measuring and evaluating an employee's job related behavior. The focus of the performance appraisal is to measure what an employee does. The performance is measured against the factors such as knowledge, quality and quantity of output, versatility, leadership quality etc. The intention is not to measure the past performance only but the potential of the employee for future performance must be assessed. An effective appraisal system contributes to competitive advantage. Besides encouraging high level of performance, the evaluation system helps in identifying employees with potential and to determine the employee's need for training. Performance appraisal is necessary to measure the performance of the employees and to appraise them accordingly towards the long term growth of the organizations. Here, the researcher has tried to provide an insight into the concept of performance appraisal and the association of organizational performance with reward, training and development, benefits and work environment. An attempt has been made to identify the criteria of appraising the performance of the employees and to study the results of reviewing the performance appraisal with reference to the employees of the industries/organisations, **Bhilai Steel Plant, NTPC, NALCO, ISPAT Alloys, Emami Paper Mills, Odisha.**

OBJECTIVES OF THE STUDY

1. To identify the criteria of appraising the performance of the employees.
2. To study the association of organizational performance with reward, training and development, benefits and work environment.
3. To study the results of reviewing the performance appraisal.
4. To find the agreement of the employees in ranking the different factors of reviewing the performances.

RESEARCH METHODOLOGY & DATA COLLECTION

A structured questionnaire was used as a data collection tool, and the statistical random sampling was resorted to for the purpose of the study. Five points likert scale was used as the collection tool; where 5 indicates strongly disagree and 1 indicates strongly agree. The data pertaining to the objectives of the study were collected from 100 respondents of both private and public sectors industries/organizations of Odisha. The study sample includes the employees of the different public sectors (e.g. **Bhilai Steel Plant, NTPC, NALCO**, etc.) and private sector (**ISPAT Alloys, Emami Paper Mills**, etc.) The questionnaire was administered to each of the respondents over one month period. The sample includes male and female, married and unmarried employees from different qualification, occupation, qualification and age group. The data have been collected in the month of August, 2011. The secondary data were also collected from journals, magazines, company reports and websites. The statistical tools such as **multiple regression technique, correlation analysis and Kendall's coefficient test** are used to elicit the objectives more clearly.

HYPOTHESES OF THE STUDY

H1: Employees' organizational performance is associated with reward.

H2: Work environment of the employee's influences the employees to give their best performance in the organization.

H3: Employee's performance in the organization is affected by the training and development program undertaken.

H4: Appropriately reviewed performance appraisal improves the overall performances.

H5: The respondents are in agreement to the same ranking with respect to results of performance review.

ANALYSIS AND INTERPRETATION

The hypotheses are tested by using multiple regression technique, correlation analysis and Kendall's coefficient test; the stepwise calculations are as follows.

1. THE CRITERIA OF APPRAISING THE PERFORMANCE

Employee performance, satisfaction and organizational effectiveness depend on how well employees have been identified, appointed and retained in organizations. The most difficult part of the organization is to measure the potential of the employees to perform and to appraise appropriately. The modernized outlook of HR people has made the performance appraisal process more structured. For the purpose of measuring employee performance, different criteria were selected and administered to the respondents at random and then the following attributes were chosen on priority basis. The data have been collected on 5-point likert type scale in all eight attributes; where 5 indicates strongly disagree and 1 indicates strongly agree.

Table – 1: Criteria of rating employee performance

Criteria of Rating	1	2	3	4	5	Total	Rank
Based on abilities and capabilities	63	40	30	16	15	164	4
Based on contribution	76	32	12	8	10	138	2
Based on skills	80	10	9	8	5	102	1
Based on commitment	70	30	30	10	10	150	3
Based on sincerity and punctuality	60	38	36	20	25	179	5
Based on leadership quality	58	30	45	24	30	187	6
Based on interpersonal relationship	50	20	45	40	75	230	8
Based on decision making power	55	28	42	28	50	203	7

INTERPRETATION

A majority of the employees rated “Skill” as the most important criteria of judging the performance. The factors “contribution”, “commitment”, “abilities and capabilities” are ranked as second, third and fourth positions. The employees have given least preference to “leadership quality”, “interpersonal relationship”, and “decision making power”.

2. MULTIPLE REGRESSION ANALYSIS

Multiple regressions is a statistical technique that allows us to predict the dependence relationship of one variable on a number of variables and the calculations are shown in the following tables. The employees of the selected industries were first explored for the primary reasons of giving best performance and by brain storming process it was found that the employees are motivated by rewards, work environment, training and development and benefits. Here the main focus is to find

out the existing relationship of the performance of the employee with rewards, work environment, training and development and benefits obtained from the organization. For this purpose the multiple regression analysis is performed.

Variables under consideration are:

Y = the performance of the employee

X₁ = Rewards

X₂ = Work Environment

X₃ = Training and Development

X₄ = Benefits

Table-1: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.986	.973	.962	1.63571

a Predictors: (Constant), X4, X1, X3, X2

The Adjusted R Square value tells us that our model accounts for **96.2%** of variance in the frequency of visiting a store – a very good Model.

Table-2: ANOVA

Model		Sum of	df	Mean Square	F	Sig.
1	Regression	952.178	4	238.044	88.970	.000
	Residual	26.756	10	2.676		
	Total	978.933	14			

a Predictors: (Constant), X4, X1, X3, X2

b Dependent Variable: Y

This table reports an ANOVA, which assesses the overall significance of our model. As $p < 0.05$ our model is significant.

Table-3: Correlations

Variables	Y	X1	X2	X3	X4
Y the performance of the employee	1	0.858	0.967	0.934	0.873
X1 Rewards	0.858	1	0.853	0.917	0.704
X2 Work Environment	0.967	0.853	1	0.882	0.854
X3 Training and Development	0.934	0.917	0.882	1	0.782

X4	Benefits	0.873	0.704	0.854	0.782	1
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** Correlation is significant at the 0.01 level (2-tailed).

This table gives details of the correlation between each pair of variables. There is a very good correlation between the criterion and the predictor variables. The values here are acceptable.

Table-4: Coefficients

Model		Unstandardized B	Std. Error	Standardized Beta	t	Sig.
1	(Constant)	30.842	4.041		7.633	0.000
	X1	-0.274	0.259	-0.147	-1.060	0.314
	X2	1.084	0.261	0.587	4.156	0.002
	X3	0.309	0.103	0.461	2.991	0.014
	X4	0.023	0.060	0.114	1.097	0.298

a Dependent Variable: Y

The Standardized Beta Coefficients give a measure of the contribution of each variable to the model. A large value indicates that a unit change in this predictor variable has a large effect on the criterion variable. The t and Sig (p) values give a rough indication of the impact of each predictor variable – a big absolute t value and small p value suggests that predictor variables having a large impact on the criterion variable.

Work environment has the highest beta value (**1.0840**), training and development, benefits and reward have the values of (**0.309**), (**0.023**) and (**-0.274**). Error variance is explained by the constant by an amount (**4.041**), followed by reward (**0.259**), work environment (**0.261**), training and development (**0.103**), reward (**0.060**).

Sample t-test correlates positively for Work environment (**4.146**), training and development (**2.991**), benefits (**1.097**) and negatively (**-1.060**) with the reward.

The multiple regression equation is

$$Y = 30.842 - 0.274 X_1 + 1.084 X_2 + 0.309X_3 + 0.023X_4$$

INTERPRETATION

Correlation analysis (**table-3**) supported the hypotheses that the performance of the employee is highly positively correlated with the work environment and training and development. Rewards and benefits also have positive impact on performance.

Multiple regression analysis revealed that the employees are giving maximum weightage to “work environment”, “benefits”, “training and development” and less importance on “reward” for their performance.

3. KENDALL’S COEFFICIENT OF RANKING METHOD

Performance appraisal has been considered as the most significant and indispensable tool for an organization. It provides highly useful information in making decisions regarding various personal aspects such as promotions and merit increases. It makes easier for the employer to see which employee needs training or counseling after judging the performance level of the employees. The performance appraisal so conducted need to be evaluated to identify employees performing better compared to others, their training need, rewards, bonuses etc. Appropriately reviewed performance appraisal improves the relationship between employer and employees. Here the researcher has tried to find out the results of performance appraisal and to rank the results in order. Furthermore Kendall’s coefficient test is used to test whether the different respondents are in agreement in ranking or not. The following table has been formed on the basis of the data collected on 5-point likert type scale in all attributes; where 5 indicates strongly disagree and 1 indicates strongly agree.

Table -5: Performance review

Results of performance review	Rank sum(SR)	Rank sum(SR) ²	Rank
Change in motivating strategy	173	29929	4
Re-structuring of payment system	125	15625	1
Imparting training programme required	185	34225	5
Improving overall performance	140	19600	2
Improvement of employee recognition	170	38900	3
Total	793	138279	

H₀: The respondents have disagreement in ranking.

H₁: The respondents have agreement in ranking.

Test statistic

Kendall's coefficient of concordance is given by the following rule

$$W = \frac{S}{\frac{1}{12}k^2(n-1)}, \text{ n = no. of attributes ranked}=5, k = \text{the no. of respondent s}=100.$$

$$\text{Where, } S = \sum (R_i)^2 - n(R_i) = 12509.2$$

$$W = \frac{S}{\frac{1}{12}k^2(n-1)} = 0.125$$

Kendall's Coefficient of Concordance approximately follows $\chi^2 = k(n-1)W = 100 \times 6 \times 0.125 = 62.546$ with $(n-1)$ d.f

$$\chi^2(\text{Cal}) = 62.546 > \chi^2(\text{tab with 5 d.f and at 5\% level of significance}) = 11.0705$$

So, H₀ is rejected and H₁ is accepted.

INTERPRETATION

It is interpreted that Majority of the employees rated the factors “**Re-structuring of payment system**” and “**Improving overall performance**” as the most important results of reviewing the performance. The factor “**Improvement of employee recognition**” occupies the third position. And the least preference is given to the factors “**Imparting training programme required**” and “**Change in motivating strategy**”. Kendall's coefficient test also strengthened the hypothesis that the respondents are in agreement to the same ranking with respect to results of performance review.

FINDINGS AND CONCLUSION

Performance appraisal may be understood as the assessment of an individual's performance in a systematic way. The performance being measured against the factors as job knowledge, quality and quantity of output, initiative, leadership abilities, supervision, dependability, co-operation, judgment, versatility etc. Now-a-days, assessing an individual's potential for performance rather than actual performance has assumed greater relevance. The particular research paper is the outcome of the growing importance of personnel management and more particularly performance management. It aims at finding out the important factors influencing the employees

to perform the best and to focus on the results of reviewing the performances in any organizations/industries.

The findings of the paper are as follows.

1. A majority of the employees rated “Skill” as the most important criteria of judging the performance. The factors “contribution”, “commitment”, “abilities and capabilities” are ranked as second, third and fourth positions. The employees have given least preference to “leadership quality”, “interpersonal relationship”, and “decision making power”.
2. Correlation analysis revealed that the performance of the employee is highly positively correlated with the work environment, training and development, rewards and benefits.
3. The employees are giving maximum weightage to “work environment”, “benefits”, “training and development” and less importance on “reward” for their performance.
4. Majority of the employees rated the factors “Re-structuring of payment system” and “Improving overall performance” as the most important results of reviewing the performance. The factor “Improvement of employee recognition” occupies the third position. And the least preference is given to the factors “Imparting training programme required” and “Change in motivating strategy”.
5. Kendall’s coefficient test also strengthened the hypothesis that the respondents are in agreement to the same ranking with respect to the results of performance review.

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