EMPLOYEE PERFORMANCE MANAGEMENT SYSTEM OF MANUFACTURING COMPANIES IN HOSUR, TAMIL NADU - THE EMPIRICAL STUDY

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ABSTRACT

The main aim of the research work is to analyze the employees through performance management system in the manufacturing companies. This study facilitates to know the capability level of employees in the present performance appraisal system. It helps to know the expectation of the employees in performance appraisal system in current practices and the attempt is to give suggestions for the improvement of performance management system in the future practice. Random sampling technique was used in selecting the samples. The data was collected through closed ended questionnaires from the sample size draws from the total population. The weighted mean was used for analyzing the data in parameter wise. The study reveals that most of the respondents are satisfied with the present performance management system and in few areas they have expressed their dissatisfaction also. Few suggestions are given at the end of the study to take corrective actions on the problems faced by respondents to make the system more effective.

Keywords: Performance Appraisal, Accountability, Self-Efficacy, Appraisal Effectiveness.

INTRODUCTION

The performance appraisal process, simply put, is the time of the year when the employees are evaluated on their performance during the last six months or one year depending upon the timeframe that is set for
The performance appraisal process is conducted between the employee and his or her manager for the first round and subsequently between the manager and the manager’s manager before going into the third round which involves the above people excluding the employee but involving the HR manager as well. The various rounds that comprise the appraisal cycle correspond to the different stages of the process culminating in the final grading of the employee. Performance management system is a systematic and objective method of judging the relative worth of the individuals and analyzing the ability and potential to perform a given task.

It includes positive reinforcement activities to ensure that goals are consistently being met in an effective and efficient manner. The performance appraisal helps the employees to know the present status of his performance and it may lead to self-development and improving the performance. The performance appraisal can be used to motivate the low performance through coaching and training and allows the organization to tell the employee about their career growth. The system mainly focuses on performance cultures planning, review and discussions coaching and reward to be implemented for the effective performance of people. The study can also be an essential input to improve the performance management system process by the way of identifying effective ways and means of improving the performance of the employees in the company. As outlined above, the outcome of the appraisal process is the grade that is decided for the employee as well as the salary hike or the bonus potential that is awarded to the employee. Typically, organizations divide the year in which the employee’s performance is evaluated into two cycles, one for deciding the salary hike and the other for deciding how much bonus he or she gets for the cycle. In this way, organizations ensure that there is no overlap in grading the employee and a fair and balanced evaluation is the desired outcome though this does not always happen in reality.

**REVIEW OF LITERATURE**

Verena and Robert (2000) found that to design and implement more effective performance appraisal systems have led to some improvements in the mechanics of appraisal. The process of performance appraisal, however, often fails to live up to expectations. One factor contributing to the gap between expectations and experience is the relative lack of research on organizational context and the motivations of managers as determinants of appraisal outcomes. Appraisal effectiveness is defined as a multidimensional set of outcomes, with the appropriate criteria depending upon the purpose of the appraisal. A distinction is drawn between judgment and rating behaviour and how each contributes to the perceived effectiveness of appraisals.

Robert (2004) in his work has attempted perceptions are important in determining performance appraisal system success. The growing body of research in this area has clearly documented the differences in perceptions between appraisers and appraisees. However, many of these findings are predominately based on aspects of the system in judging its overall effectiveness and rely heavily on self-report questionnaire responses with weak methodological rigor. Not much is known about the deeper cognitive perceptions of appraisers and appraisees in better explaining their attitudinal and behavioral outcomes. The method allowed the investigation to go much deeper than past research into the core perceptions that
influenced respondents’ attitudes and subsequent behaviors. Though the findings showed some commonality in personal constructions of appraisal systems with those found in the literature, new constructs, core perceptual dimensions, and collective cognitive maps were elicited for the very first time, opening up new questions and issues for further research. Implications to theory and practice are also discussed.

Angelo and Robert (2006) Performance appraisal has been the focus of considerable research for almost a century. Yet, this research has resulted in very few specific recommendations about designing and implementing appraisal and performance management systems whose goal is performance improvement. They believe that a reason for this is that appraisal research became too interested in measurement issues and not interested enough in ways to improve performance, although some recent trends in the area have begun moving the field in the right direction.

Kevin (2008) Ratings of job performance are widely viewed as poor measures of job performance. Three models of the performance rating relationship offer very different explanations and solutions for this seemingly weak relationship. One-factor models suggest that measurement error is the main difference between performance and performance ratings and they offer a simple solution that is, the correction for attenuation. Multifactor models suggest that the effects of job performance on performance ratings are often masked by a range of systematic nonperformance factors that also influence these ratings. These models suggest isolating and dampening the effects of these nonperformance factors. Mediated models suggest that intentional distortions are a key reason that ratings often fail to reflect ratee performance.

Joshua and John (2010) four studies were conducted to examine whether cognitive appraisals, manipulated through task instructions, would moderate social-facilitation effects. In Study 1, participants in the challenge condition performs better on a mental arithmetic task when the experimenter was present. Conversely, participants in the threat condition performed worse when the experimenter was present. Study 2 extended these findings across 2 math tasks that varied in degree of difficulty. The pattern of performance data failed to support prior drive theories and provided support for a unique contribution of cognitive appraisals in explaining social-facilitation effects. Study 3 validated the appraisal manipulations by using multiple measures of cognitive appraisals. Finally, Study 4 offered increased validity by replicating the performance data using an anagram task.

Janice et al., (2011) the performance appraisal (PA) literature focuses predominantly on the characteristics and actions of performance “raters”, ignoring the fact that the success of any performance appraisal system depends largely on employee or appraisee perceptions. This study investigates employee perceptions of performance appraisal, with a focus on the structure and dimensionality of these perceptions. The influence of performance pay, PA objectives, sources of PA, process and feedback, and system fairness on employee perceptions was examined. A large number of items (223) was used and split up on an a priori basis into nine separate issues. Factor analysis on the nine separate issues identified five major dimensions of employee attitudes towards performance appraisal: Outputs of PA, Workgroup, Attitude to PA, Bonuses and PA, and Planning and PA.
Shaun (2012) he has emphasized the aspects of rater-ratee relationship quality (i.e., supervisor satisfaction, supervisor support, supervisor trust) are strongly related to ratee reactions to performance appraisals. Rater ratee relationship quality is more strongly related to appraisal reactions than appraisal participation or performance ratings. Integrating social exchange theory with procedural justice theory, this article tested whether or not the relationship quality–appraisal reactions relationship was due to relationships between relationship quality and instrumental resources for the ratee (i.e., appraisal participation and rating favorability). When controlling for relationships between these resources and appraisal reactions, a direct path between relationship quality and reactions was significant, supporting a relational model of the exchange between appraisal partners. The relationship quality appraisal reaction relationship was not moderated by performance rating favorability or appraisal participation.

Sally (2012) the purpose of this study is to examine the effects of a new approach to performance appraisal training. Managers in the control group received the company’s traditional annual performance appraisal training that focused on training them to discern performance by specific dimensions, which is consistent with left-brain activity. Managers in the experimental group received both the traditional training and training to stimulate the right brain hemisphere. The experimental training guided managers through a series of exercises to encourage them to access global impressions (person schema) of their subordinates. The effect of the experimental training was determined by surveying employees before and after the performance appraisal review cycle. The findings show that a whole-brain approach to performance appraisal training results in positive returns from the perspective of the employees.

Paula and Travor (2013) While performance appraisal research has a rich history, they sought to address a long-noted void in the human resource management (HRM) literature, namely an investigation of employees’ reactions to a newly introduced performance appraisal. Reactions examined included appraisal satisfaction, job satisfaction, appraisal fairness, goal setting and the perceived purpose of the system. Satisfaction with the appraisal system was higher when (a) employees perceived it as being fair, (b) it was used primarily for developmental purposes and (c) it allowed them to participate in goal setting. Of additional importance, perception of a developmental focus in the appraisal partially mediated the relationship between appraisal satisfaction, and each of job satisfaction, appraisal fairness and goal setting.

Based on the review of literature on employee perception, we have identified the following objectives.

**OBJECTIVES OF THE STUDY**

1. To study the present performance appraisal system in the manufacturing companies.
2. To know the satisfaction level and the factors that influences the employees on the present performance management system.
3. To suggest the better ways and means for effective performance appraisal system.
SCOPE OF THE STUDY

This study attempts to cover the satisfaction level of employees towards the existing performance appraisal system in manufacturing industry. To study the performance appraisal system applied in particular group of employees and the main aim of this study is to help the management to take corrective actions towards the better performance appraisal system.

METHODOLOGY

To describe the characteristic features of the respondents the descriptive research design is been used. Both primary and secondary data are collected and the primary data was collected by distributing closed ended questionnaires of 100 samples. Suitable tools are used for analysis.

RESULTS

Interpretive adjectives for the KMO measure of sampling adequacy is 0.90 was considered as marvelous, in the 0.80 as meritorious, in the 0.70 as middling, in the 0.60 mediocure, in the 0.5 as miserable and below 0.50 as unacceptable. The study does not perform the required examination of the anti image correlation matrix.

<table>
<thead>
<tr>
<th>TABLE 1: KMO AND BARTLETT'S TEST</th>
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<tbody>
<tr>
<td>Kaiser-Meyer-Olkin Measure of Sampling Adequacy</td>
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<tr>
<td>Bartlett's Test of Sphericity</td>
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<tr>
<th>TABLE 2: REGRESSION COEFFICIENTS</th>
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<tbody>
<tr>
<td>B</td>
</tr>
<tr>
<td>(Constant)</td>
</tr>
<tr>
<td>Performance Culture</td>
</tr>
<tr>
<td>Performance Planning</td>
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<tr>
<td>Coaching</td>
</tr>
<tr>
<td>Rewards</td>
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<tr>
<td>HR Roles</td>
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</table>

b. Dependent Variable: Employee Delightful review and discussion
Table 2 shows the coefficients of the regression line. It suits that the expected overall performance appraisal review and discussion score is equal to individual employees performance appraisal results and significant level 5%.

\[ y = 0.300 + 0.258x_1 + 0.326x_2 + 0.226x_3 + 0.172x_4 + 0.065x_5 \]

It is closely seen that there is only one independent variable that is not significant, which is HR roles that has 0.133 which is more than 0.05. Remaining independent variables are highly significant.

Table 3 and 4 shows the analysis of the significant relationship between overall performance dimension and employee delightful. The above tables model summary \(^b\) and ANOVA \(^a\) regression significant value 0.000. Since the less than 0.01, it is inferred that the alternative hypothesis is true. Therefore, researcher can infer that an overall performance appraisal positively influencing towards employees delightful.

**TABLE 3: REGRESSION**

Hypothesis: There is no significant relationship between overall performance appraisal dimensions and employee delightful.

<table>
<thead>
<tr>
<th>Model Summary (^b)</th>
<th>(R)</th>
<th>(R^2)</th>
<th>Adjusted (R^2)</th>
<th>Std. Error of the Estimate</th>
<th>Change Statistics</th>
<th>(R^2) Change</th>
<th>(F) Change</th>
<th>(df_1)</th>
<th>(df_2)</th>
<th>Sig. (F) Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Durbin-Watson</td>
<td>1.764</td>
<td>.718(^a)</td>
<td>.515</td>
<td>.507</td>
<td>.837</td>
<td>.515</td>
<td>62.40</td>
<td>5</td>
<td>294</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>(a). Predictors: (Constant), HR Roles, Culture, Rewards, Coaching and Planning</td>
<td>(b). Dependent Variable: Employee Delightful</td>
<td></td>
<td></td>
<td></td>
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</table>

**TABLE 4 ANOVA**

<table>
<thead>
<tr>
<th>ANOVA (^a)</th>
<th>Sum of Squares</th>
<th>(df)</th>
<th>Mean Square</th>
<th>(F)</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>218.57</td>
<td>5</td>
<td>43.71</td>
<td>62.40</td>
<td>.000 (^b)</td>
</tr>
<tr>
<td>Residual</td>
<td>205.95</td>
<td>294</td>
<td>.701</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>424.52</td>
<td>299</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>(a). Dependent Variable: Employee Delightful</td>
<td>(b). Predictors: (Constant), HR Roles, Culture, Rewards, Coaching and Planning</td>
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</table>
Majority of the respondents accept that the performance culture in the organization is reasonably good. Majority of the respondents accept that performance planning helps them to create role clarity and encourage superior performance. Present performance management system discriminates the performers and the non-performers. Majority of the respondents agree that the present performance review helps them to identify their competency level. 71% of the respondents agree that the performance management system helps them to identify the training and development needs. Majority of respondents felt that the company spends adequate time for performance appraisal process. 70% of the respondents accept that rewarding system in the organization is based on the performance management system.

SUGGESTIONS

Performance management system will be more effective when 360 degree feedback appraisal is used at all levels. Automated system can be used for performance appraisal to avoid biased treatments and for
accurate evaluation. Slight modifications in the performance management system will make the system more effective. Performance linked pay can also be recommended for the low performers to motivate the performance in the future.

CONCLUSION

The study concludes that the employees in the organization are satisfied with the present performance management system. If clearly says that performance management system is effective and efficient in the organization performance appraisal review can be conducted in every quarter of year to review the performance of employees. Performance management system plays a vital role in the organization in appraising the employees in the organization for the reward system. Performance management system will be more effective when the performance planning in the innovative way like 360 degree feed back is introduced for all the employees in the organization. Finally the performance management system will be more effective if it fully automated system and also needs to provide better facilities to improve their performances in future.

REFERENCES