A STUDY ON EMPLOYEE'S PERCEPTION ON PERFORMANCE APPRAISAL IN SHASUN PHARMACEUTICALS LIMITED, SIPCOT, IN CUDDALORE DISTRICT.

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Abstract

An organization implements the performance appraisal system to allocate rewards for the employee, provide development advice as well as to obtain their perspectives, and justice perception about their jobs, department, managers, and organization. Prior studies reveal that employee perception of fairness of performance appraisal is a significant factor in employee acceptance and satisfaction of performance appraisal. A good perception will create a positive working environment in the organization, while a negative perception will affect the company's performance. These perceptions depend on the manager or supervisor's actions and behavior toward the employee. If performance appraisals are perceived as unfair, the benefits can diminish rather than enhance employee's positive attitudes and performance.

INTRODUCTION

The process of Human Resource Development helps the employees to acquire and develop technical, managerial and behavioral knowledge, skills and abilities and moulds the values, beliefs and attitudes necessary to perform present and future roles. The process of performance appraisal helps the employee and the management to know the level of employee's performance compared to the standard or pre-determined level. The role of human resource becomes more and more vital which includes personnel related areas such as job design, resource planning, performance appraisal system, recruitment, selection, compensations and employee relations. Among these functions, one of the most critical ones that bring global success is performance appraisal.

Performance appraisal is essential to understand and improve the employee's performance through Human Resource Development. In fact, performance appraisal is the basis for Human Resource Development. It was viewed that performance appraisal was useful to decide upon employee promotion or transfer, salary determination and the like. From the employee's perspective, performance appraisal informs them about what is required of them in order to do their jobs; it tells them how well they have achieved those objectives and helps them to take corrective action to improve their performance, and, finally, it may reward them for meeting the required standards.

MEANING OF PERFORMANCE APPRAISAL

Performance appraisal is the systematic evaluation of individual with respect to his/her performance on the job and his or her potential for development. Performance appraisal is the systematic description of employee's

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job relevant strength and weakness. The purpose is to find out how well the employee is performing his job and establish a plan for improvement. Performance appraisal is arranged periodically according to a definite plan. Performance appraisal is not job evaluation. Performance appraisal refers to how well someone is doing the assigned job. Job evaluation determines how much a job is worth to the organization and, therefore, what range of pay should be assigned to the job. Once the employee has been selected, trained and motivated, he is then appraised of his performance. Performance appraisal is essential in escapable managerial activity for enhancing organizational performance. A performance of a job in terms of its requirements "observes", it is the process of evaluating the performance of qualification of the employees in terms of the requirements of the job to which he is employed for the purpose of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from action affecting all members equally.

Performance Appraisal system initially was started for the purpose of making administrative decisions relating to promotions transfers and salary increments; however over the years the performance appraisal system has been implemented to serve a variety of purposes.

They are,

- Administrative purpose
- Motivational purpose
- Development purpose
- Performance improvement.

LITERATURE REVIEW

These reviews of literatures are devoted to examine the relevant studies on the effect of Employees Perception towards Performance Appraisal. Such examination not only highlights historical significance of the study but also the trends in the progress as well as the methodology and techniques employed in the studies of this nature for better presentation and easier understanding. More than thirty reviews of articles have been devoted to the examination of some of the relevant studies on the study of Employees Perception on Performance Appraisal System. Such examination not only highlights the historically significant studies,

but also suggests the trends in theoretical progress as well as in methodology and techniques used in this research.

DEFINITION OF PERFORMANCE APPRAISAL

According to Flippo, "Performance appraisal is a systematic periodic and impartial rating of employee's excellence in matters pertaining to his present job and to his potentialities for a better job."

Performance appraisal is "the process of evaluating the performance and qualification of the employees in terms of the administration including for promotion, providing financial rewards and other placement, selection actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally".

NEED FOR THE STUDY

This study is conducted with the aim to explore the relationship that exists between employee's perception of performance appraisal and their work outcomes, which is specifically conducted to address the problems faced by working individuals in **Shasun Pharmaceuticals Ltd., Cuddalore** because one of the factors that affect employees' work outcomes is their perception towards the performance appraisal practice of the organization. Opinions of employees have important implications in the design and implementation of performance appraisal system in an organization.

SCOPE OF THE STUDY

Performance appraisal is one of the most universal practices of an organization. Only by this the management can make the employees achieve the desired organizational goals. The research is conducted at **Shasun Pharmaceuticals Ltd, Cuddalore.** This study emphasizes on one independent variable employees' perception of performance appraisal and three dependent variables work performance, affective organizational commitment, and turn over intention.

Statement of the Problem

Performance appraisal helps the organization in realizing the strategic purpose and increasing of

effective working process through continuous improvement of individuals' performance and process along with focusing on weak improvable points. Due to the attention the fact that performance appraisal is one of the main parts of organizational life and could be inclusive of several organizational processes such as measuring of work performance, establishing of purposes and reward management. In comparison with the numerous benefits attained from implementing performance appraisal system, **SHASUN PHARMACEUTICALS LTD., Cuddalore** also suffers from many problems in relation to the subjective nature of the performance appraisal criteria, the irrelevant criteria used to appraise the performance of the employees such as: shortage of skills and knowledge of the raters, the subjectivity, favoritism and bias of the raters, lack of continuous documentation and inability to provide on time feedback are some of the problems most employees raise. As a result, employees' perception towards the performance appraisal system is adversely affected and they express dissatisfaction about the implementation of performance appraisal practice. Such situations also significantly influence the overall job dissatisfaction of employees' and decrease the expected work outcomes. Whereas, if employees are satisfied on the implementation of performance appraisal, they will perceive well and exert every possible effort to carry out their responsibilities and duties assigned to them efficiently and effectively thus making the organization to which they belong more productive and successful.
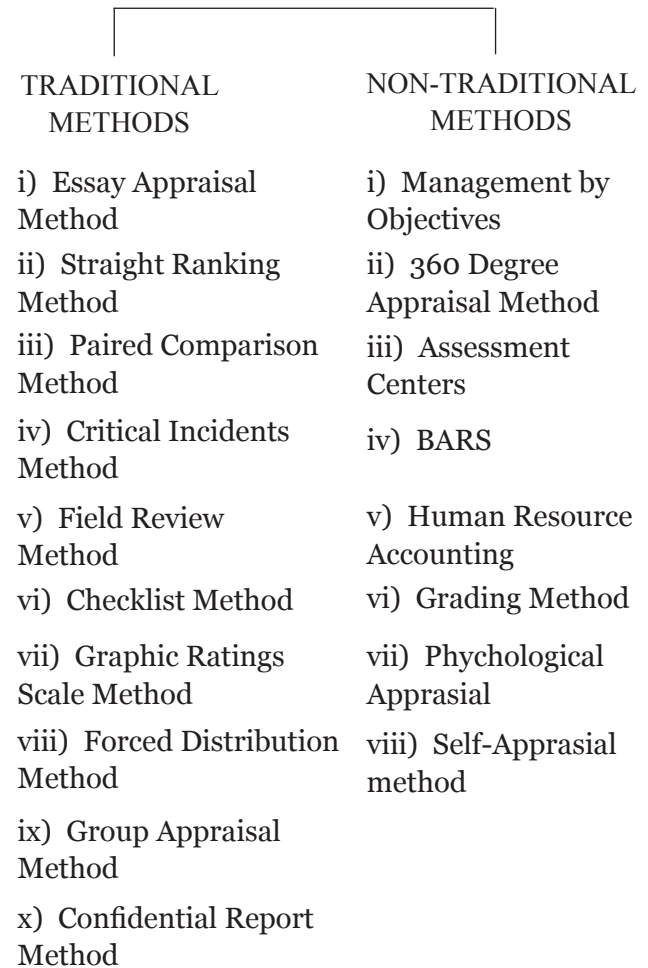
OBJECTIVES OF THE STUDY

Based on the general objective of the study the following specific objectives are developed.

1. To study the association between level of performance appraisal and perform better than characterized as acceptable performance.

2. To study the association between the employees perception about the feedback and extra effort in performing the job.

3. To study the relationship between performance appraisal is valuable and the employees perform better than expected.

4. To study the association among the employees and discuss about the organization to others and the challenges of the job.

Methods of Performance Appraisal

With the evolution and development of appraisal system, a number of methods or techniques of performance appraisal have been developed. These methods try to explain how management can establish standards of performance and devise ways and means to measure and evaluate the performance of employees. These methods can broadly be divided into traditional and modern methods.

Methods of Performance Appraisal

TRADITIONAL METHODS	NON-TRADITIONAL METHODS
i) Essay Appraisal Method	i) Management by Objectives
ii) Straight Ranking Method	ii) 360 Degree Appraisal Method
iii) Paired Comparison Method	iii) Assessment Centers
iv) Critical Incidents Method	iv) BARS
v) Field Review Method	v) Human Resource Accounting
vi) Checklist Method	vi) Grading Method
vii) Graphic Ratings Scale Method	vii) Phychological Apprasial
viii) Forced Distribution Method	viii) Self-Apprasial method
ix) Group Appraisal Method	
x) Confidential Report Method	

TRADITIONAL METHODS

i) Essay Appraisal Method

Under this method, the appraiser has to describe impressions about the employee. This is a simple method of performance appraisal. The rater has to list comments specifically on qualities, abilities, attitude, aptitude and other personal traits of the employees. This makes the method highly subjective in nature.

ii) Straight Ranking Method

In this technique, the evaluator assigns relative ranks to all the employees in the same work unit doing the same job. Employees are ranked from the best to the poorest on the basis of overall performance. This method is also highly subjective and lacks fairness in assessing the real worth of an employee.

iii) Paired Comparison Method

Under this method the employees of a group are compared with one another at one time. Being better technique of comparison than the straight ranking method, this method compares each employee with all others in the group, one at a time. After all the comparisons on the basis of the overall comparisons, the employees are given the final rankings.

iv) Critical Incidents Method

Under this method, the performance of the worker is rated on the basis of certain events that occur during the performance of the job (i.e. the evaluation is based on key incidents). In this method of Performance appraisal, the evaluator rates the employee on the basis of critical events and how the employee behaved during those incidents. It includes both negative and positive points. The drawback of this method is that the supervisor has to note down the critical incidents and the employee behavior as and when they occur.

v) Field Review Method

In this method, a HR specialist interviews line supervisors to evaluate their respective subordinates. In this method, a senior member of the HR department or a training officer discusses and interviews the supervisors to evaluate and rate their respective subordinates.

vi) Checklist Method

A checklist represents, in its simplest form, a set of objectives or descriptive statements about the employee and his behavior. The rater checks to indicate if the behavior of an employee is positive or negative to each statement. The rater is given a checklist of the descriptions of the behavior of the employees on job.

vii) Graphic Ratings Scale Method

The most commonly used method of performance evaluation is the graphic rating scale. The evaluator is asked to rate the employees on the basis of job related characteristics and knowledge of job. In this method, an employee's quality and quantity of work is assessed in a graphic scale indicating different degrees of a particular trait.

viii) Forced Distribution Method

In this method the rater appraises the employee on two dimensions; job performance and other factors of promotion ability. A five- point performance scale is used to describe and classify the employees with outstanding performance may be placed among the top ten percent of the scale. An advantage of this method is it brings about uniformity among the rates. Since performance depends upon many factors, employees who have been classified as low performers may experience low morale.

ix) Group Appraisal Method

In this method an employee is appraised by a group of appraisers. The group consists of the immediate supervisor of the employee, manager or head of the department and consultants. The group may use one or multiple methods. The group first appraises the performance of the employee, compares the actual performance with the standards, finds out the deviations and discusses the reasons for it in order to suggest ways for improving the performance of the employee. This method is used for the purpose of promotion and retrenchment appraisal.

x) Confidential Reports

A confidential report by the immediate supervisor is still a major detriment of the subordinate's promotion or transfer.

NON-TRADITIONAL METHODS

i) Management by Objectives

Management by Objectives (MBO) is a personnel management technique where managers and employees work together to set, record and monitor goals for a specific period of time. Organizational goals and planning flow top-down through the organization and are translated into personal goals for organizational members. The core concept of MBO is planning, which means that an organization and its members are not merely reacting to events and problems but are instead being proactive. MBO requires that employees set measurable personal goals based upon the organizational goals. MBO is a supervised and managed activity so that all of the individual goals can be coordinated to work towards the overall organizational goal.

ii) 360 Degree Appraisal

It is a method of appraisal in which people receive performance feedback from those on all sides of them in the organization –their boss, their colleagues and peers and their own subordinates. Thus, the feedback comes from all around them, 360 degrees. This form of performance evaluation can be very beneficial to managers because it typically gives them a much wider range of performance-related feedback than a traditional evaluation. 360 degree feedback, also known as 'multi-rater feedback', is the most comprehensive appraisal where the feedback about the employee's performance comes from all the sources that come in contact with the employee on his job. 360 degree respondents for an employee can be their peers, managers (i.e. superior) subordinates, team members, customers, suppliers, vendors – anyone who comes into contact with the employee and can provide valuable insights and information or feedback regarding on the-job performance of the employee. 360 degree appraisal has four integral components.

1. Self-appraisal
2. Superiors appraisal
3. Subordinates appraisal
4. Peer appraisal

Self-appraisal gives a chance to the employee to look at their strengths and weaknesses, achievements, and judge their own performance. Superiors appraisal forms the traditional part of the 360 degree appraisal where the employees responsibilities and actual performance is rated by the superior. Subordinates appraisal gives a chance to judge the employee on the parameters like communication and motivating abilities, superior's ability to delegate the work, leadership qualities etc. Also known as internal customers, the correct feedback given by peers can help to find employees abilities to work in a team, co-operation and sensitivity towards others.

iii) Assessment Center

This method of appraising was applied in the German army in 1930. Later, business and industrial houses started using this method. This is not a technique of performance appraisal by itself. In fact, it is a system or organization where assessment of several individuals is done by various experts by using various techniques. Case studies, stimulation exercises, structured in sight, transactional analysis, etc.

iv) Behaviorally Anchored Rating Scales (BARS)

It is designed to identify the critical areas of performance of a job. Under this method the behaviorally anchored ratings scales are outlined to recognize the critical areas of effective and ineffective performance behavior obtaining. Behaviorally Anchored Rating Scales (BARS) is a relatively new technique which combines the graphic rating scale and critical incidents method. It consists of predetermined critical areas of job performance or sets of behavioral statements describing important job performance qualities as good or bad (for e g. The qualities like inter-personal relationships, adaptability and reliability, job knowledge etc). These statements are developed from critical incidents. In this method, an employee's actual job behavior is judged against the desired behavior by recording and comparing the behavior with BARS. Developing and Practicing BARS requires expert knowledge.

v) Human Resource Accounting

Human resource accounting deals with cost of and contribution of human resources to the organization. Cost of the employee includes cost of manpower planning, recruitment, selection, induction, placement, training, development, wages and benefits etc. Employee contribution is the money value of employee service which can be measured by labour productivity or value added by human resource. Cost of human resources may be taken as standards. Employee performance can be measured in terms of employee contribution to the organization. This technique has not developed and still it is in the transition stage. Bank of Baroda, SAIL, ITC limited etc., made attempts to follow this method.

vi) Grading Method

Under this technique of performance evaluation, certain categories of worth are determined in advance and they are carefully defined. These selected and well-defined categories include:

Grade 'A' for outstanding

Grade 'B' for very good

Grade 'C' for average

Grade 'D' for poor, etc.

vii) Psychological Appraisals

These are conducted to assess the employee performance. It is conducted in the following areas of employees potential

- Intellectual abilities

- Emotional stability
- Reasoning and analytical abilities.
- Sociability
- Interpretation and judgement skills
- Motivational responses
- Ability to foresee the future.

viii) Behavior Observation Scale (BOS)

The appraiser under this method measures how frequently each of the behavior has been observed. Appraiser plays the role of observer rather than a judge and provides feedback to the appraisee continuously. It maintains objectivity, and differentiates good performers from poor performers.

HYPOTHESIS OF THE STUDY

The following are the hypotheses tested based on data to achieve the objective of the study:

H01: Employees are satisfied with the level of performance appraisal and employees perform better than characterized as acceptable performance.

H02: There is significant and positive relation in the employees perception about the feedback and extra effort in performing the job.

H03: There is significant and positive relation between performance appraisal which is valuable and the employees perform better than expected.

H04: There is significant and positive relation among the employees and discuss about the organization to others and the challenges of the job.

METHODOLOGY

It presents the methodology that was used to collect and analyze the data required to describe the participants and answer the research questions. It includes the research design, population or sample, source and method of data collection, variables of the study, instrumentation, measurement of variables, reliability and validity test and data analysis according to the objectives and hypothesis of the study.

SOURCE AND METHOD OF DATA COLLECTION

Source of Data

To address the research objectives both primary and secondary source of data are utilized. To organize the primary data, the researcher used structured questionnaires and interview techniques. Whereas, secondary data are obtained by investigation of related document from publications i.e. books, journals, Articles, and Abstracts, and from unpublished source i.e. website, annual and quarterly report of the organizations under consideration and other materials found in the library.

METHOD OF DATA COLLECTION

i) Primary Data

Primary data were collected through survey from the employees using the questionnaire that helps to recognize the employees perception, their jobs and to find out the job performance in the company as well as the job.

ii) Secondary Data

The secondary data on the other hand are those which have already been collected by someone else and which have already been passed through the statistical process. The secondary data have been collected from the company records, company magazines.

SAMPLE SIZE

It was impossible to collect data on the whole population, considering the size, as well as the time, available. The size of the sample is confined to 200 that was one third of the various divisions of the company like production department, human resource department, accounts department, quality assurance department. The simple random sampling method was adopted to collect data in **SHASUN PHARMACEUTICALS LTD., CUDDALORE.**

TOOLS AND TECHNIQUES

The study is descriptive and analytical in nature. So, the following tools are to be applied for analysis to match the objectives:

- Percentage Method
- Chi-Square test

Period of the Study

The research period for the study was January 2015 – July 2015.

Analysis and Interpretation

Performance Appraisal System of the Organization is Useful

S. NO.	EFFECTIVE TOOLS	NO. OF RESPON-DENTS	PERCEN-TAGE
1	Strongly Agree	53	26.5%
2	Agree	65	32.5%
3	Neutral	48	24%
4	Disagree	13	16.5%
5	Strongly Disagree	21	10.5%
	Total	**200**	**100%**

Source: Primary data

Inference

The above percentage analysis table states that the performance appraisal system of the organization is useful to 32.5% of the employees who agree, 26.5% of the employees strongly agree about the performance appraisal system, 24% of the employees are neutral about the performance appraisal system, 16.5% of the employees disagreed about the performance appraisal system and 10.5% of the employees strongly disagree about the performance system. Hence the studies show that 73% the employees are satisfied by the performance appraisal system followed by the organization.

Performance Appraisal System Followed by the Organization

			PERFORMANCE					Total
			SA	A	N	D	SD	
PERCEP-TION	SA	Observed	12	21	16	2	1	52
		Expected	13.8	16.9	12.5	3.4	5.5	52.0
	A	Observed	12	10	9	3	1	35
		Expected	9.3	11.4	8.4	2.3	3.7	35.0
	N	Observed	2	8	9	4	2	25
		Expected	6.6	8.1	6.0	1.6	2.6	25.0
	D	Observed	12	17	9	2	14	54
		Expected	14.3	17.6	13.0	3.5	5.7	54.0
	SD	Observed	15	9	5	2	3	34
		Expected	9.0	11.1	8.2	2.2	3.6	34.0
Total		Observed	38	65	48	13	21	200
		Expected	38.0	65.0	48.0	13.0	21.0	200.0

Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	38.147[a]	16	.001
Likelihood Ratio	36.986	16	.002
Linear-by-Linear Association	1.190	1	.275
No of Valid Cases	200		

Source: Primary data

Inference

The researcher is interested to know whether there is any associated relationship between level of appraisal system and the employee's performance expected level. From the above table, the p-value is 0.05. Hence we accept the null hypothesis. i.e, there is a significant relation between performance appraisal

which is valuable and the employees perform better than expected.

For this Chi-Square test was selected to null hypothesis (Ho). The above Table 2 reveals that P Value are less than 0.05 such as perception and the performance of the null hypothesis is rejected. Hence it is concluded that there is no influence of performance appraisal system; therefore the studies show that the performance system followed by the organization is an acceptable one.

LIMITATION OF THE STUDY

Since human beings are tending to hide what they really feel, due to different reasons, respondents might be reluctant to provide their true feelings; as a result conclusions of the findings might be affected. Lack of experience has also affected the research work. Cost factor also acts as a major limitation for the study. The sample size of the study was 200 only. Many workers were not willing to answer the questionnaire. Some workers did not give relevant answers.

FINDINGS

- The above analysis infers that 19.5% of the respondents strongly agree with the intention to leave the organization, 22.5% of the respondents agree, 22% of the respondents are neutral, 18% of the respondents disagree, 18% of the respondents strongly disagree.

- The analysis shows that 20% of the respondents strongly agree with employees looking for a new job, 21% of the respondents agree, 18.5% of the respondents are neutral, 26.5% of the respondents disagree, 14% of the respondents strongly disagree.

- The analysis states that the job is challenging. 26% of the respondents strongly agree, 28% of the respondents agree, 22.5% of the respondents are neutral, 10.5% of the respondents disagree, 13% of the respondents strongly disagree.

- The analysis infers clearly that 19% of the respondents strongly agree with employees' feelings to quit the job, 18.5% of the respondents agree, 20% of the respondents are neutral, 20.5% of the respondents disagree, 22% of the respondents strongly disagree.

- The analysis indicates the opinion about the job in future. 18.5% of the respondents strongly agree, 24.5% of the respondents agree, 21% of the respondents are neutral, 19% of the respondents disagree, 17% of the respondents strongly disagree.

SUGGESTIONS

The suggestion relating to various aspects of performance appraisal are given below:

1. Appraiser training can be given to employees, as it helps to improve understanding the appraisal system, the forms and terminology to be applied.

2. The appraisal process should be linked more directly with reward or sanctions thus ensuring greater motivation.

3. The organization should provide opportunities to their employees to participate in the formulation and design the form used in evaluating their performance.

4. Employees must be given specific instruction as to how performance can be improved and must have short and long-term goals set to show incremental improvements.

5. Slight modification in the performance management system will make the system more effective.

6. Performance should be continuously monitored with milestones documented throughout the year to ensure adherence to the targets set with any negative deviations corrected in time.

7. There should be a raters training which must provide the knowledge, teach the skills and create the attitude necessary for effective program implementation.

8. Performance expectations and actual performance must be discussed often and regularly and raters must be adequately trained with modern techniques of rating periodically through organized workshops, debate and seminar.

9. While appraising workers, skill should be given equal importance during the performance appraisal of workers.

CONCLUSION

Performance appraisal is very vital especially in the corporate world. It emphasizes the employees as well as management about their performance and helps them to know about their inabilities and their potential. It's importance is given to target assigned in SHASUN PHARMACEUTICALS Ltd., setting a target jointly by appraiser and appraise followed by clear definition of jobs that are relevant to job holders commitment to management is given the top rank by the executive of the ranking given by the employees for the requirements of an effective appraisal system. The target set by the employees in consultation with the employees is the most linked by the employees. In this process it is proved that the performance appraisal which is followed by the organization strives to be better.

It can be concluded that the performance appraisal system followed in the organization appears to be satisfactory. Performance appraisal is an evaluating system and helps to get feedback from the evaluators. It is also a process that imparts training and helps employees feel the need to keep them up-to-date and 'fit as fiddle'. The project denotes that the performance appraisal system is good in the organization. It also indicates some of the area the researcher puts forward some suggestions which may be implemented by them in the organization to improve the existing performance appraisal.

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