

Effectiveness of Performance Appraisal System in Employees of Metal Roofing Manufacturing Company

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Abstract

Performance appraisal is a crucial process that evaluates an employee's performance to make decisions regarding promotions and merit increases. It is systematic and periodic, assessing job performance in relation to organizational objectives. Effective monitoring includes timely feedback and recognition to motivate employees. It helps understand individual abilities, rate performance, and calibrate, refine, and reward employees. Performance appraisal is necessary to measure progress towards organizational goals, and is a key focus of performance management in organizations.

Keywords: Performance appraisal, employee performance, promotions, performance management, rating employees.

Introduction

A performance appraisal is a structured and regular process designed to evaluate an individual employee's job performance and productivity against established criteria and organizational goals. Every organization strives for effectiveness and the attainment of its objectives, making it essential to regularly monitor and measure employee performance. Effective monitoring involves providing timely feedback, assessing performance based on predefined standards, and recognizing achievements promptly—tools that significantly motivate employees to enhance their performance every day. It's often said, "Encouraged people achieve the best; dominated people achieve second best; neglected people achieve the least." This emphasizes that recognition and rewards at the right moment can be the strongest form of encouragement. Recognizing that individuals have different abilities and aptitudes is key; thus, the quality and quantity of work can vary among employees in the same role. Conducting performance appraisals allows organizations to gain insight into each employee's skills, competencies, and overall contributions. Performance appraisals provide a rating of employees based on their performance. As a notable figure in Human Resources has stated, "performance appraisal is the systematic, periodic, and impartial rating of an employee's excellence in matters pertaining to their current job and their potential for advancement." This process serves as a valuable tool not only for calibrating and improving performance but also for rewarding employees. It allows organizations to analyze individual achievements and assess how these contributions align with broader organizational goals.

Methods of Appraising Employee Performance

There are two methods of performance appraisal, Behavior oriented methods and results oriented methods. In behavior-oriented methods there are 5 types they are: Narrative essay, Ranking and period comparison, forced distribution, Behavioral check just, Critical incidents, Graphic rating scale, Results oriented method includes, Management by objectives.

Company Profile

RSK metal Roofing Manufacture company located in SIDCO industrial estate, Sivagangai district, Tamil Nadu. It has been in business for five years. Modern day manufacturing techniques are better and enhanced than that of older time. This has allowed the production of superior quality and cost-effective products. This company is one of the reputed exporters, manufacturers and suppliers of Clip Lok Profiles, Curved Profile Sheets, FRP Rain Water Gutters, PC Multiwall Sheets etc that are made using the innovative processes and technologies. The assortment of PC Profile Sheets, Standing Seam Roof Sheets, Steel Decking Sheets, Wave Tile Profiles etc are designed as per the industry regulations and delivered to clients within the set time.

Objectives of the Study

The study has the following specific objectives:

1. To analyze the level of achievement of the objectives of performance appraisal system to estimate the benefit of the performance appraisal system to the organization and to the individual.
2. To understand the effectiveness of performance appraisal system.
3. To ascertain the awareness level among the employees about the performance appraisal system.
4. To know the ways to improve the performance appraisal system.

Hypotheses of the study

1. H01: There is no significant relationship between age and level of effectiveness of performance appraisal.
2. H02: There is no significant relationship between Designation and level of effectiveness of performance appraisal.
3. H03: There is no significant relationship between educational qualification and level of effectiveness of performance appraisal.
4. H04: There is no significant relationship between experience and level of effectiveness of performance appraisal.

Methodology of the study

The study adopted is descriptive research method. The major purpose of this study is description of the state of affairs as it exists at present.

Population and sample

The sources are both primary and secondary sources. Primary data were collected by means of administered questionnaire. The questionnaire consists of particulars like recognition, opportunity, training, communication, etc. A great deal of primary data was collected through direct survey. The survey method includes personal interview with questionnaire. Secondary data were collected through internal

records and internal sources.

Internal Records: Employee data, Employee feedback report, Annual report.

External Sources: Trade Associations annual reports and Internet sources.

Rating Scale Technique

The rating scale method is the most widely used approach for performance appraisal. It involves using a printed form for each employee being evaluated. The main factors considered are employee characteristics and contributions. Each trait is assessed using a continuous scale, although some variations may utilize a discontinuous or multiple-choice format. This method is straightforward and user-friendly, allowing for easy statistical analysis of scores. It enables quick comparisons among employees, providing insights into the value of each individual. Its prevalence in current evaluation practices underscores its effectiveness. Moreover, when ratings are given objectively, they can serve as valuable feedback for employees.

Questionnaire

The questionnaire includes closed ended questions with multiple choice. Multiple choice questions are easier to respond to tabulate and to analyze.

Census Survey

The survey had been conducted with employees in the RSK Metal roofing manufacturer.

Data collection

Data was collected by personal interviewing method with individual employees. Fieldwork is actual data collection operation. Data is collected through administered questionnaire. The respondents were asked to reveal their opinion regarding the satisfaction level performance appraisal methods provided by the company.

Tools and techniques

Simple percentage calculation and chi-square method are the statistical tools used for the analysis.

Analysis and Interpretation of data

Table:1 Designation of the Employees

S.No.	Designation	No. of Respondents	Percentage (%)
1	Manager	8	7.9
2	Officer	93	92.1
	Total	101	100.0

Source: Primary Data

The company employs a total of 101 individuals. According to the data presented in the table, 92.1% of the employees who participated in the performance appraisal were from the officer grade, while 7.9% were from the manager grade.

Table:2 Department of the Employees

S.No.	Department	No. of Respondents	Percentage (%)
1	Accounts	28	27.7
2	Audit & Inspection	17	16.8
3	Bank Assurance	3	3.0
4	HRD	10	9.9
5	ITD	30	29.7
6	P&D	8	7.9
7	Research	5	5.0
	Total	101	100.0

Source: Primary Data

Based on the data presented in the table, we can observe the distribution of respondents across various departments. Specifically, 29.7% work in the ITD department, while 27.7% are part of the Accounts department. Additionally, 16.8% are engaged in the Audit and Inspection department, followed by 9.9% in HRD. The P&D department has 7.9% of respondents, the Research department has 5.0%, and lastly, 3.0% are affiliated with the Bank Assurance department.

Table: 4 Level of Effectiveness of Performance Appraisal

S.No.	Level of Effectiveness	No. of Respondents	Percentage (%)
1	Low	32	31.7
2	Medium	34	33.7
3	High	35	34.7
	Total	101	100.0

Source: Primary Data

It is observed from the above table that 34.7% of the respondents have high level of effectiveness, 33.7% of the respondents have medium level of effectiveness and 31.7% of the respondents have low level of effectiveness, with respect to performance appraisal.

Table:5 Age and Level of Effectiveness of Performance Appraisal (two-way table)

Age	Level of Effectiveness			Total
	Low	Medium	High	
Below 35 years	12	17	6	35
36-45 years	10	7	18	35
Above 45 years	10	10	11	31
Total	32	34	35	101

Source: Primary Data

Null Hypothesis (H₀) : There is no significant relationship between age and level of effectiveness of performance appraisal.

Alternative Hypothesis (H_1) : There is close significant relationship between age and level of effectiveness of performance appraisal.

Chi - square test

Calculated χ^2 value = 10.400
 Degree of Freedom = 4
 Table value = 9.488
 Result = Significant at 5% level

It is found from the above table that calculated value is greater than the table value at 4 degrees of freedom. So, Null hypothesis (H_0) rejected. Hence it is concluded that there is close significant relationship between age and level of effectiveness of performance appraisal.

Table:6 Designation and level of Effectiveness of Performance Appraisal (two-way table)

Designation	Level of Effectiveness			Total
	Low	Medium	High	
Manager	1	1	6	8
Officer	31	33	29	93
Total	32	34	35	101

Source: Primary Data

Null Hypothesis (H_0) : There is no significant relationship between Designation and level of effectiveness of performance appraisal.

Alternative Hypothesis (H_1) : There is close significant relationship between Designation and level of effectiveness of performance appraisal.

Chi - square test

Calculated χ^2 value = 6.246
 Degree of Freedom = 2
 Table value = 5.991
 Result = Significant at 5% level

It is found from the above table that calculated value is greater than the table value at 2 degrees of freedom. So, Null hypothesis (H_0) rejected. Hence it is concluded that there is close significant relationship between Designation and level of effectiveness of performance appraisal.

Table:7 Educational Qualification and Level of Effectiveness of Performance Appraisal (two-way table)

Educational qualification	Level of Effectiveness			Total
	Low	Medium	High	
UG Level	10	10	20	40
PG Level	22	24	15	61
Total	32	34	35	101

Source: Primary Data

Null Hypothesis (H₀) : There is no significant relationship between educational qualification and level of effectiveness of performance appraisal.

Alternative Hypothesis (H₁) : There is close significant relationship between educational qualification and level of effectiveness of performance appraisal.

Chi-square test

Calculated χ^2 value = 6.911
 Degree of Freedom = 2
 Table value = 5.991
 Result = Significant at 5% level

It is found from the above table that calculated value is greater than the table value at 2 degrees of freedom. So, Null hypothesis (H₀) rejected. Hence it is concluded that there is close significant relationship between educational qualification and level of effectiveness of performance appraisal.

Table :8 Experience and Level of Effectiveness of Performance Appraisal (two-way table)

Experience	Level of Effectiveness			Total
	Low	Medium	High	
Upto 5 years	13	7	9	29
6-10 years	11	11	5	27
Above 10 years	8	16	21	45
Total	32	34	35	101

Source: Primary Data

Null Hypothesis (H₀) : There is no significant relationship between experience and level of effectiveness of performance appraisal.

Alternative Hypothesis (H₁) : There is close significant relationship between experience and level of effectiveness of performance appraisal.

Chi-square test

Calculated χ^2 value = 10.270
 Degree of Freedom = 4
 Table value = 9.488
 Result = Significant at 5% level

It is found from the above table that calculated value is greater than the table value at 4 degree of freedom. So, Null hypothesis (H₀) rejected. Hence it is concluded that there is close significant relationship between experience and level of effectiveness of performance appraisal.

Statistical Findings

1. It has been found that from the in-depth study most (92.1%) of the respondents in the manufacturing company under officer grade.
2. There is significance relationship between Gender respondents and Performance appraisal system.
3. There is significance relationship between age and opinion about performance appraisal.
4. There is no significance relationship between age and opinion about performance appraisal.

Suggestions

A significant number of respondents expressed dissatisfaction with the current performance appraisal system. To achieve more effective appraisal, it is important to review and improve the existing appraisal framework. A more consistent and fair reward system can be introduced that benefits all employees. Proper promotion and career opportunities should be provided to help employees grow. Top management must properly evaluate employees' contributions. Performance appraisal goals and alignment with company objectives should be transparent to all employees. Employees should have a clearer understanding of how the appraisal process impacts their long-term success. Implementing a standardized structure promotes fairness and provides employees with valuable feedback. Comprehensive performance reviews should include an overview of performance. Getting feedback from both team members and supervisors enriches the appraisal process. Organizations should consider using digital tools to streamline employee feedback documentation, thereby reducing the need for repetitive procedures. The performance appraisal system should target employee training and improved knowledge to ultimately improve job satisfaction and personal development. The system should inspire employees and improve their performance and engagement at work. Adequate training should be provided to enable employees to take advantage of the appraisal process and identify strengths and areas for improvement in their roles. The performance appraisal system should aim to reinforce strengths and effectively mitigate weaknesses. Appraisals provide employees with a valuable opportunity to improve their personal skills through targeted training and regular feedback from their managers. Overall, performance appraisals contribute significantly to promoting employees' personal skill development.

Conclusion

In every organization, job satisfaction is crucial. Employees are more likely to feel satisfied when their needs and expectations are met, particularly through job recognition and encouragement from top management. It's essential that their work is acknowledged, often through performance appraisals. By improving these appraisal techniques, companies can boost job satisfaction and foster a positive work environment. An effective performance appraisal method not only motivates employees but also enhances their sense of responsibility, ultimately benefiting the organization's profitability. While the current performance appraisal system in the company shows effectiveness, it is important to consider factors such as seniority and individual employee potential for it to function optimally. Based on the findings from the study, several valuable suggestions have been proposed. It is anticipated that these insights will aid in refining the existing annual employee performance appraisal system.

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