CHAPTER- II

RESEARCH METHODOLOGY AND REVIEW OF LITERATURE

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2. RESEARCH METHODOLOGIES AND REVIEW OF LITERATURE

A. RESEARCH METHODOLOGY:

2.1 INTRODUCTION:

The selected topic for study “AN ANALYTICAL STUDY OF PERFORMANCE APPRAISAL SYSTEM FOR EMPLOYEES WITH SPECIAL REFERENCE TO KOLHAPUR BASED BUSINESS UNITS” is vast and important in the present scenario. Considering the needs and limitations of Human Resource Management in industries, the Performance Appraisal is vital. The researcher has selected three sample business units, and has set specific objectives and hypothesis for this study. Primary and secondary data collection methods have been used for data collection for this study. To measure the performance of employees in different types of organizations, like manufacturing, trading and service, the researcher has put in rigorous efforts and developed a 25 points scale card or score card for the measurement of performance of employees. Normally scorecard for Human Resource Appraisal System includes four themes like identifying the human resource contribution or deliverables, identifying and measuring the High-Performance Work System (HPWS) elements that generate those deliverables, developing a competency model that will focus on outcomes, and identifying human resource efficiency measures that link costs and benefits directly or indirectly. These parameters are used by the researcher for this research.

It is observed that, a number of micro and macro studies have been undertaken by the various researchers on employee’s performance appraisal. The researcher of this project has undertaken the unique subject for his research in Employees Performance Appraisal area. The purpose of study is not to collect, and present data but to analyze and introduce the model or format for measurement and implementation of performance appraisal system in the different types of industry. The study purpose is to go to the root causes of employees’ performance appraisal in different types of business houses in Kolhapur. The present study is particularly designed to find out specific and appropriate model or format for employees performance appraisal.

Individual’s performance appraisal began in the A. D. 212 – 265 in China, where an Imperial Rater appraised the performance of members of the official family. In 1883, the New York city Civil Service in USA introduced a formal appraisal programme. At present Indian and abroad companies have started performance appraisal of their employees.

Performance appraisal is a systematic evaluation of personnel by higher authorities, supervisors and other familiar persons. Appraisals are essential for making many administrative decisions like selection, training, promotion, transfer, wage and salary administration, termination etc. Performance appraisal is a systematic and objective way of judging the relative worth or ability of an employee while he is performing his task. Performance appraisal helps to identify those who are performing their assigned tasks well and those
who are not and the reasons for such performance. Shubin says, “Performance appraisal is a systematic appraisal of the employee’s personality, traits and performance on the job and is designed to determine his contribution and relative worth to the firm”.

The performance appraisal is mainly conducted for determination of salary or wages, increments, promotions, transfer, feed back to employees, determination of training needs, personnel research, termination of services, to measure productivity of employees, motivation, potential for upward mobility, to know required knowledge and skills etc. The majority of the companies use different performance measures which includes quality of work, quantity of work, waste, money earned, job knowledge, absenteeism, rate of advancement, self judgment, judgment by peers and judgment by supervisors. For performance appraisal; confidential report, rating scale, ranking system, paired comparison method, forced choice method, critical incident method, cost accounting method and forced distribution method are used.

2.2 PROBLEMS TO BE INVESTIGATED:

This research has focused on Performance Appraisal System for employees in Kolhapur based business units. It is found in the pilot study that none of the methods for appraising performance is absolutely reliable. Each of the methods have its own strengths and weaknesses. The other problems in performance appraisal are halo effect, rater’s bias, supervisor’s dual and conflicting role, time gap between two performance appraisal programmes, heavy documentations, clerical errors, time consuming process etc. So, the problems investigated are as follow:
  a. To study the performance appraisal system in selected businesses.
  b. Role of the Raters (Appraisers) and Ratees (Appraises).
  c. There is a difference of opinion between the expectations of a supervisor and a subordinate
  d. Feed back on appraisal is generally unpleasant for both Supervisor and Subordinate.
  e. Very few supervisors possess the tact to tell employees constructively how to improve their performance.

2.3 SIGNIFICANCE OF THE STUDY:

The completed pilot research has developed some concrete and significant method for performance appraisal system to the business houses and it is the milestone in the field of Human Resource Management. Referring to the problems and differences of opinion in the performance appraisal system in business, suggestion of appropriate methods to different types and nature of business is essential. Considering this view the researcher has selected this topic for his research work. There is a variation between two rater’s performance appraisals, therefore; Human Resource Management through performance appraisal is very much vital and essential. Considering this view, this research has highest importance as a model for performance appraisal system of an employee. In the various business houses in the competitive scenario; securing, maintenance and sustenance of manpower for longer period becomes very difficult and for this purpose, scientific and
transparent performance appraisal system is required. So, the researcher feels that this topic is significant. Through this study the researcher has designed some acceptable models or formats with the help of existing methods for employees’ performance appraisal.

2.4 OBJECTIVES OF THE STUDY:

The researcher has designed the following objectives for this study.
1. To study the existing performance appraisal system.
2. To find out the Strength and Weaknesses of the existing performance appraisal system.
3. To study the perception of Raters (Appraisers) and Ratees (Appraises) regarding performance appraisal system.
4. To develop and test the performance appraisal system model or format in selected sample business units.
5. To draw appropriate conclusion and suggest acceptable and moderate suggestions.

2.5 HYPOTHESES:

The following hypotheses are set by the researcher for the study. The set hypotheses are tested on the basis of data collected and analyzed and if found valid they are is accepted otherwise rejected.
1. Performance appraisal system differs from organization to organization.
2. There is a scope for improvement in performance appraisal system.
3. The existing system is short of expectations.
4. Raters’ and Ratees’ perception differs regarding the evaluation
5. There is no uniformity in performance appraisal system at different levels.

2.6 RESEARCH METHODOLOGY:

The researcher has studied the performance appraisal system in various business houses. Business houses include manufacturing, trading and service sectors businesses. For the research purpose; on the basis of stratified sampling method, category wise business houses are selected for data collection and analyses. In Kolhapur, different types of manufacturing, trading and service sector units are working. Out of these business organizations sample units are selected with the help of statistical parameters for the study. The collected data is analyzed with the help of SPSS and other statistical tools and software.

The researcher has selected the Kolhapur based business units. This research is an applied research i.e. the researcher has designed the model or format for performance appraisal system for three different nature industries at top, middle and lower level of management employees. The researcher has selected three types of business units viz. 1. Manufacturing Industry, 2. Trading Business, and 3. Service Providing Business in Kolhapur.

In Kolhapur 1250 manufacturing, 2570 trading and 755 service providing business are working (source MIDC Associations). Out of these units one unit each has selected on the basis of stratified sampling for the research. It is a “Qualitative Research” i.e. the research has developed the model or format for
performance appraisal of the employees with the support of computer programme. In this research the researcher has covered Rater’s and Ratee’s attitude, awareness, attributes towards the performance appraisal system. It is an ‘Applied Research’ or ‘Practical Research’. It is a need based and problem solving research in the human resource department. It is being evaluated on the basis of local applicability concept in his mind and selected local three different nature units for his study which are representation of other units. Before registration of this subject the researcher has conducted the pilot study in the vicinity of Kolhapur and in this pilot study researcher felt that there is a requirement of study in performance appraisal area. In due course of time the researcher has recognized the need of this study and inter-relation between theory and application. Considering practical need of this subject a researcher has selected three units in different area for this study. To test the prepared performance appraisal system model, the researcher has selected only three units, and not more units because for repeated testing and modification of the prepared mode. In short it is an experimental research mode of study, so, selected only three units for study. These three units are from different background and different location. Out of these units one unit is locating in industrial belt, one is locating near old highway road and one is located in the residential area. The researcher has also considered age of the industries, nature of the industries, location of the industries, formation of the industries, turnover of the industries and present performance appraisal system in the sample industries. On the basis of these parameters the researcher has selected the sample units for his study. The researcher has also considered the management approach for performance appraisal and permission for study and repetitive testing of performance appraisal model or format, which is very important part of this research. The researcher has purposefully selected local units for doing experiments and testing the models or formats.

In these three units the researcher has selected top, middle and lower level employees for responses and data collection. The researcher has referred to manufacturing, service and trading business units at three levels of management. It means that the employees’ performance appraisal parameters are not the same in different natured businesses and at different levels of management employees. The different natured business units required different skills and qualifications; so, performance measurement parameters are not the same. Considering this factor in mind the researcher has selected three different levels of management, considering size of the sample units, location of the sample units, area of operation of the sample units, nature of business, number of manpower working in sample units, professional management approach adopted in the sample units, age of the sample units. The set hypotheses of the research that, there is no uniform pattern or system in different nature industries and at different levels of management in the same industry and which is not found in the study. The selected samples are unique in nature in their area of operation. The data has been collected through following manner.

1. Primary Data:

The primary data has been collected through survey and interview of the sample respondents from the business houses in Kolhapur, as well as through questionnaire, interview, discussion, and observations. The
researcher has interviewed all three levels of people with close ended questionnaire and also from top management authorities with open ended questionnaire. Primary data has also been obtained through other methods like observation and field survey. The data about performance, efficiency, employee’s behaviour, H R policies etc. aspects of selected organizations have been used for sample responses.

The researcher has selected three units for his Performance Appraisal Model development in Kolhapur. Researcher selected A) Ghatge Patil Industries Limited, Kolhapur, B) Bade Sons Marketing Private Limited, Kolhapur and C) V. H. Aparadh Hotel Private Limited, Kolhapur.

The researcher has circulated pre tested questionnaire to the sample respondents in the three selected units at three levels of management. The researcher has interviewed about 10% sample respondents for data collection out of 1000, 90 and 170 employees from manufacturing, trading and service providing organization respectively. The researcher has collected data by 35 specific questions to understand present situation of performance appraisal in the sample units. The researcher has also discussed with respondents by way of 33 descriptive questions for data collection. These after researcher prepared sample performance appraisal model and pre tested it to make necessary changes in the FIRST performance appraisal model. Next, the researcher has tested the revised performance appraisal model in the sample units as a SECOND performance appraisal model. Finally, the researcher has again made suggested changes and once again tested re-revised performance appraisal model at THIRD time which is up to the mark according to the researcher and the business experts. The researcher then started to develop computer based performance appraisal model in the sample business units at three levels of management. This computerized model will be used in all sample units for measuring the performance of employees. The researcher has discussed with employees by way of structured open ended questionnaire and found that training is not provided to the human resource department people in the sample respondents units.

2. Secondary Data:

The researcher has collected required secondary data form following sources. The data about the manufacturing, service and trading organization, such as total manpower, HR Practices, PA Practices, PA methods etc has been collected from annual reports, books and published literature of the sample organizations.

Other necessary data is collected from:

a. Various statutory reports from business houses.

b. Books, Magazines etc.

c. Published and unpublished research work.

d. The Internet.

Technique of analysis:

The researcher analyzed and interpreted the collected data by use of computer with the SPSS software. The statistical tools like Percentage, Trend Analysis, Mean, Standard Deviation, Correlation, and Coefficient of Variances etc. are used where-ever required. It is an applied research so not much use of these tools.
The researcher has used different variables for data collection and preparation of practical model of human resource performance appraisal. The variables used are like Name, Address, Educational Qualification, Experience, Satisfaction about present Performance Appraisal System, Competencies required for performance improvement, job rotation, promotion policies, opportunity available for self-development, 360 degree assessment, appraisal procedure, frank discussion about performance appraisal, rewards received, salary and other benefits, use of IT, utilization of abilities and skills, usefulness of performance appraisal system, standardization of gradation system, ongoing feedback, peer evaluation, perception of Raters, perception of Ratees, scope for improvement, uniformity in performance appraisal system, Performance Appraisal System working through - Higher Authority; Superior; Peers; Subordinate; Out side agencies; Self Appraisal, reason for conducting performance appraisal - Salary/Wages determinations; Increments; Promotion; Transfer, Training needs determinations; Employee productivity measurement; Motivation; Required knowledge and skills determinations’ performance appraisal method used - Confidential Report; Rating Scale; Ranking System; Paired Comparison Method; Forced Choice Method; Critical Incident Method; Cost Accounting Method; Forced Distribution Method; 360 Degree Appraisal Method, problem/s in performance appraisal - Halo Effect; Rater’s Effect; Supervisor’s dual and conflicting Role; More time gap between two appraisals; Partiality, encouragement from someone, Absenteeism, Employee’s Positive Attitude, labour turnover etc. Discussing these variables with the respondents, the researcher has collected, tabulated and analyzed the data.

On the basis of the above-mentioned variables the researcher has designed the model performance appraisal format for implementation. In this format, Name, Date of Birth, Age, Address, Designation, Department, Area of Specialization, Date of Appointment, Cast, Educational Qualification, Quality of Employee’s work, Productivity of an employee, Job knowledge, Attendance, Initiative, Vertical and Horizontal co-operation, Dependability, Need of Employee supervision, Leadership and team building approach, Negotiation and analytical ability, Achievement orientation and enthusiasm, Training and development, Problem solving skills, Decision making skill, Conceptual Knowledge, Interpersonal Relations, Business Development Skill, Communication Skill, Constraints and difficulties, Emotional stability, Ability to manage stress, Job satisfaction level, Employee’s nature of behaviour, Employee’s ability to maintain Industrial Relations, Employee Quality of Work Life, Fixation and Allocation of Work Load, Employee Experience, Performing Prime Responsibility, Opinion about Employee Performance etc. variables have been used for performance measurement model.

2.7 LIMITATIONS OF THE STUDY:

The selected research study has following limitations.

1. The area of the research study is Kolhapur based business houses.
2. The study is related only to performance appraisal system of employees in the selected sample units.
3. Availability of confidential data is a limiting factor.
4. Time is the limiting factor for the study.
5. Performance appraisal system may be affected by the halo effect and judgment of the raters.
6. Development of computerized performance appraisal model or format is time consuming and expensive task.
7. Use of statistical tools has its own limitations.
8. Employees are not much aware of performance appraisal. It becomes a limiting factor in this study.
9. Nature of industry and levels of management affected the model or format of performance appraisal developed.
10. It is an attempt of the researcher to do unique in the area of human resource management.

2.8 CHAPTER SCHEME:

The chapter scheme is as under.

CHAPTER- I
INTRODUCTION
This chapter covers an overview of the performance appraisal system in the selected sample units.

CHAPTER – II
RESEARCH METHODOLOGY AND REVIEW OF LITERATURE
This chapter covers statement of problem, significance and scope of the study, objectives of the study, hypotheses, research methodology, and tools to be used for data collection and review of the literature in this regard.

CHAPTER – III
THEORETICAL BACKGROUND
This chapter covers the concept, meaning, definitions and theoretical aspects of the study.

CHAPTER – IV
DATA PRESENTATION AND ANALYSES: MANUFACTURING INDUSTRY, TRADING ORGANIZATION AND SERVICE INDUSTRY
This chapter covers the existing performance appraisal systems and responses of the respondents in manufacturing, Trading and Service organizations in the sample area. This chapter covers detail analysis and interpretation of respondents' responses.

CHAPTER – V
DATA PRESENTATION AND ANALYSES: PERFORMANCE APPRAISAL SYSTEM IN MANUFACTURING INDUSTRY
This chapter covers the performance appraisal system in manufacturing organizations in sample area.

CHAPTER – VI
DATA PRESENTATION AND ANALYSES: PERFORMANCE APPRAISAL SYSTEM IN TRADING ORGANIZATION
This chapter covers the performance appraisal system in Trading Organizations in sample area.

CHAPTER – VII
DATA PRESENTATION AND ANALYSES: PERFORMANCE APPRAISAL SYSTEM IN SERVICE INDUSTRY
This chapter covers the performance appraisal system in Service Industry in sample area.

CHAPTER – VIII
SUGGESTIVE MODELS FOR PERFORMANCE APPRAISAL SYSTEM
This chapter has covered the appropriate suggestive models or formats for performance appraisal system to manufacturing, trading and service rendering business houses employees.

CHAPTER – IX
CONCLUSION AND SUGGESTIONS
This chapter draws appropriate conclusions and practical suggestions to different categories of business houses employees for performance appraisal system and its improvement in business fields.

B. REVIEW OF LITERATURE:

2.9 INTRODUCTION:
Following is the review of literature of some previous studies related to the performance appraisal system in different types of organizations. Performance appraisal has many dimensions and therefore it is a challenging subject for study and research. To look into other researchers’ views, opinions and suggestions, the researcher has undertaken the review of literature in this regard. The present study is based on reviewed facts, knowledge, trends, practices and other elements in manufacturing industry, service industry and trading organization.
2.10 REVIEW:

1. Drucker and McGregor - To the development of a procedure that concentrated on goal setting and made the appraisal process a shared responsibility between the individual and the manager. From the work of Drucker and McGregor, the performance appraisal procedure has grown to the point where a huge majority of companies now have a formal appraisal system.

“Effective development of managers,” McGregor wrote in a 1957 Harvard Business Review, “does not include coercing them”. The Performance Appraisal Question and Answer Book focused on “acceptance of the goals of the enterprise, nor does it mean manipulating their behavior to suit organizational needs. Rather, it calls for creating a relationship within which a man can take responsibility for developing his own potentialities, plan for himself, and learn from putting his plans into action.”

2. Drucker’s initial proposal of an MBO process to replace trait appraisals and McGregor’s integration of a “Theory Y” approach into the appraisal process produced a change in the way organizations went about assessing the contributions of their members. General Electric was singled out by McGregor as an example of a company that was using an MBO/Theory ‘Y’ approach to performance appraisal. GE conducted a truly scientific study in the early 1960s to test the effectiveness of its annual, comprehensive appraisal approach. It found that: Criticism has a negative effect on achievement of goals. Performance improves most when specific goals are established. Defensiveness resulting from critical appraisal produces inferior performance. Coaching should be a day-to-day, not a once-in-a-year activity. Mutual goal setting, not criticism, improves performance. Interviews designed primarily to improve a man’s performance should not at the same time weigh his salary or promotion in the balance. Participation by the employee in the goal-setting procedure helps produce favourable results. These findings remain today as valid as they were when GE performance system was developed by them. Performance appraisal as a management tool spread quickly in the 1950s, when about half of the 400 employers surveyed, reported using appraisal systems. Today, depending on the survey, somewhere between three-quarters and nine-tenths of all companies use a formal performance appraisal procedure.

3. The Performance Appraisal Question and Answer Book by Mr. Sharma mentioned always keeps track of major successes and achievements (and makes sure that the manager is aware of them). Write a self-appraisal using the appraisal form. Again, whether or not the organization requires self-appraisal as part of the performance evaluation process, it’s a good idea for the individual to draft a self-appraisal before sitting down for the formal performance review. Consider any revisions needed to your key position, responsibilities, goals, objectives, competencies, and development plans for the next performance review cycle. Creating an accomplishments list and writing a self-appraisal uncovers areas of the job that have changed since the original performance-planning meeting was held. Some projects have been finished; some goals have been achieved or abandoned. Some key job responsibilities have shifted in importance. The annual performance appraisal review is the ideal time to recognize job changes and discuss how the job will
be different in the upcoming year. Prepare for the performance review meeting. Each individual should ask herself: What do I want to get out of this performance review? What are the questions that I want to get the answers to? What are the accomplishments over the year that I want to make sure my boss recognizes? What do I need to do to be a prime candidate the next time a promotional opportunity comes around?

Design of a completely new performance appraisal system: Here is a ten-step process that works well in developing a new performance appraisal system:

1. Get top management actively involved.
2. Establish the criteria for an ideal system.
3. Appoint an implementation team.
4. Design the form first.
5. Build your mission, vision, values, and core competencies into the form.
6. Ensure ongoing communication.
7. Train all appraisers.
8. Orient all appraisees.
9. Use the results.
10. Monitor and revise the program.

In performance appraisal system one has to get top management actively involved. Without top management’s commitment and visible support, no program can succeed. Top management must establish strategic plans, identify values and core competencies, appoint an appropriate implementation team, demonstrate the importance of performance management by being active participants in the process, and use appraisal results in management decisions. ‘The Performance Appraisal Process’ teams usually divide themselves into two working task forces:

1. Policies, Practices, Procedures (3P). This task force is responsible for designing the appraisal forms and recommending policies and procedures. They also develop measurement systems to make sure the system is operating properly once it has been installed.
2. Understanding, Support, Acceptance (USA). This team works as a mini-advertising agency, arranging communication plans and programs to ensure understanding and support by everyone who will be affected by the system.

The author focused on performance appraisal system, one has to design the form first. The appraisal form is a lightning rod that will attract everyone’s attention. Design the form early and get lots of feedback on it. Don't believe people who tell you that the form isn’t important. They're wrong. Build your mission, vision, values, and core competencies into the form. Performance appraisal is a means, not an end. The real objective of any performance management system is to make sure that the company’s strategic plan and vision and values are communicated and achieved. Core competencies expected of all organization members should be included, described, and assessed. If your mission statement isn’t clearly visible in the performance appraisal system, it affects adversely on your performance appraisal system. Values become real only when people are held accountable for living up to them. Ensure ongoing communication. Circulate drafts of the form and invite users to make recommendations. Consider using focus groups to review ongoing efforts. Keep the development process visible through announcements. Use surveys, float trial balloons, request suggestions.
Remember the cardinal principle that people support to each other and train all appraisers. Performance appraisal requires a multitude of skills behavioral observation and discrimination, goal setting, developing people, confronting unacceptable performance, persuading, problem solving, and planning. Unless appraiser training is universal and comprehensive, the program won’t produce much and don’t ignore the most important requirement of all that is the need for courage. Orient all appraisees. The program’s purposes and procedures must be explained in advance enthusiastically to everyone who will be affected by it. Specific training should be provided if the performance management procedure requires self-appraisal, multi-rater feedback, upward appraisal, or individual development planning. Use the result and if the results of the performance appraisal are not visible in making promotion, salary, development, transfer, training, and termination decisions, people will realize that it’s merely an exercise. Monitor and revise the program. Audit the quality of appraisals, the extent to which the system is being used, and the extent to which the original objectives have been met. Provide feedback to management, appraisers, and appraisees. Train new appraisers as they are appointed to supervisory positions. Actively seek and incorporate suggestions for improvement.

It is studied in the review of the literature that the author has focused on performance appraisal plans.

Financial year dates can be considered for performance appraisal of an employee i.e. 1-April to 31- March. It is suggested by the author that the performance appraisal is continuous process and it is throughout the year activity.

The author has suggested the following schedule:

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<tr>
<th>Months</th>
<th>Activities</th>
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<tbody>
<tr>
<td>April</td>
<td>Identify the number of people for whom you will have to complete annual performance appraisals for this year. Consider:</td>
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<td></td>
<td>• Current direct reports</td>
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<td></td>
<td>• Transferred or promoted individuals who worked for you for more than three months</td>
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<td></td>
<td>• Individuals who directly report to another manager but for whom you are a primary source of performance information</td>
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<td>May</td>
<td>Determine the date on which you will attend the performance appraisal training program.</td>
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<td>June</td>
<td>E-mail your training program reservation request to the headquarters.</td>
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<tr>
<td>July</td>
<td>Review your performance logs for each direct report to make sure that there is a sufficient amount of information collected for a complete assessment of the individual’s performance. Informal notes on all aspects of your direct reports’ performance over the course of the entire appraisal period.</td>
</tr>
<tr>
<td>August</td>
<td>Receive full performance appraisal packet from headquarters. Open packet and make sure that you have one appraiser’s manual and at least one appraisal form for each direct report.</td>
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<tr>
<td>Month</td>
<td>Task</td>
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<tr>
<td>September</td>
<td>Complete pre work for performance appraisal training program.</td>
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<tr>
<td>October</td>
<td>Attend performance appraisal training.</td>
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<td>November</td>
<td>Complete first performance appraisal for a direct report.</td>
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<tr>
<td>December</td>
<td>Complete half of all performance appraisals. Confirm that you have provided information needed by other appraisers.</td>
</tr>
<tr>
<td>January</td>
<td>Complete all performance appraisals.</td>
</tr>
<tr>
<td>February</td>
<td>Submit all performance appraisals to reviewer for review and signature. Submit list of individuals and percentage of salary increase recommended to headquarter.</td>
</tr>
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</table>
| March    | Conduct first performance review. Schedule performance-planning meeting for next fiscal year.  
          | - Receive approved appraisals back from reviewer.                    |
          | - Receive salary adjustment approvals back from corporate HR.        |
          | - Complete all performance reviews and scheduling of all performance-planning meetings. |
          | - Submit performance appraisal summary document and HR copies of performance appraisal forms at headquarters. |
          | - Begin performance-planning discussions for next year.              |

4. F. W. Taylor: The history of performance appraisal in brief is; its roots in the early 20th century can be traced to Taylor’s pioneering ‘Time and Motion Studies’. But this is not very useful for the same may be said about almost everything in the field of modern human resources management.

5. Philips India, evaluates four qualities on five point scale. Here they measure conceptual effectiveness, interpersonal effectiveness and achievement motivation. This model uses human resource development process and career planning of employees.

6. Glaxo, uses psychometric test. This company tries to compute the ability of the employee on several fronts such as logic, aptitude, dedication, initiative, attitude, commitment, ethics, leadership, judgement, accountability etc. the researcher has considered all these factors, uncovered and covered for his applied research.

7. Cadbury is using ‘review approach appraisal’ by the immediate supervisors, departmental heads of the employee. The review process evaluates potential for growth and also determines the action plans for career development. Here, the company is analyzing job knowledge, thinking, goal setting and planning, leadership and innovation, relationship. These competencies are rated at five point scale. This applied research has been considered by the researcher.

8. Teachers performance appraisal, the University Grants Commission, DO No FI – 4/87 (PS cell) mentioned that a system of performance appraisal of college and University teachers would be evolved in discussion with teachers’ organizations. The system should be open, participatory and data based. It indicates that it should be an open document and the employer should not have bias and there should be self appraisal by teachers. The National Assessment and Accreditation Council (NAAC) is also seriously thinking about this performance appraisal for the college and university teachers. The college has a systematic and continuous evaluation system for the faculty and staff. All the faculty members are required to submit a self appraisal form at
the end of the academic year wherein they are required to critically analyze their strengths and short comings. As per the ISO 9000-2001 quality management system performance appraisal is required.

There are early references to performance appraisal in America going back over a hundred years. The federal Civil Service Commission’s merit rating system was in place in 1887. Lord and Taylor introduced performance appraisal in 1914. Many companies were influenced by Frederick Taylor’s “Scientific Management” efforts of the early twentieth century and conducted performance appraisals. Before World War II, however, very few organizations conducted any formal performance appraisals. The military was using the performance appraisal procedure regularly. Most appraisals, that were done, concentrated more on an individual’s personality and traits than on actual achievements against goals and formal analyses of the behaviors that produced those results.

9. Diane M. Alexander, University of Rhode Island, focused on “How do 360 degree performance reviews affect employee attitudes, effectiveness and performance?” In his “Schmid Labour Research Centre Seminar Research Series – 2006”, he states that the organizational leaders establish 360 degree review culture for continuous learning and providing more global feedback for employees, which leads to improved performance. According to William M. Mercer, Human Resource Consultant, 40% of American companies used 360 degree feedback in 1995, by 2000 this number had jumped to 65%. In 2002, 90% of fortune 500 companies were using 360-degree performance review process (Linman, 2006). The Performance appraisal provides transaction of organizational mission into specific goals. 360-degree appraisal collects new information and ideas. This is more open and transparent feedback collected from boss, peers, subordinates, customers, others and self. He mentioned that 360-degree performance appraisal is a right tool for industries. It is true but conducting 360-degree performance appraisal system in industry is a time consuming job because one has to collect feedback from different stakeholders.

10. Mr. Rashmi Shahu and Mr. S. V. Gole have mentioned in their article in AIMS International Journal of Management, Volume 2, Sept. 2008, p. p. 237-246 that, Job Performance in relation to Job Satisfaction. This study finds that higher job satisfaction indicates higher performance. It is found that there is a relationship between job performance, job satisfaction and job stress. The researcher has considered this review and he has set some questions in his questionnaire regarding job satisfaction and performance.

11. Dr. M. K. Kolay, Fiji has mentioned in his article, ‘Accounting for Human Resource Managers in the Management Accountant, Sept. 2007, page 645-652 that Human Resource cost and investment on H R is not shown in the balance sheet, work study, learning curve, decision tree, activity based costing, etc, which are the basic factors of Human Resource Management. He focused on H R performance measurement, so we can use the H R budget and to improve the productivity of the organizational H R.’ Considering this importance of H R the researcher has stress on H R performance and H R performance measurement parameters.

12. Patrick Wright, New York and others have mentioned in their article, “The impact of H R practices on the performance of business unit” in the Human Resource Management journal vol. 13 No 3, 2003, pages 21-36 that Human productivity has assessed as payroll expenses for all employees, divided by
the number of pieces i.e. output in units. He provided hypothesized model for HR practices and profits. He concluded with suggestion that future research should focus on providing more detailed and more generalisable finding to add to the knowledge base, exploring how firms can leverage people as a source of competitive advantage. Considering the finding and future suggestion for research the researcher has proceed his research in the area of performance appraisal of employees in selected units in Kohapur.

13. Mr. Marak A. Huselid, Rutgerg University, New York has mentioned in his article, ‘The impact of HR Management practices on Turnover, Productivity and Corporate Financial Performance’ in Academy of Management Journal 1995, vol.38 No 3, 635-872 that his study comprehensively evaluated the links between systems of high performance work practices and firm performance on the basis of one thousand sample firms indicate that there practices have an economically and statistically significant impact on both intermediate employee outcome (turnover and productivity) and short and long term measures of corporate financial performance. In short he focused on HRM and overall performance.

As per the review of the literature it is found that there are different types of advantages due to performance appraisal. Performance appraisal serves over a dozen different organizational purposes.

1. It provides feedback to employees about their performance.
2. Determines who to get promoted.
3. Facilitates layoff or downsizing decisions.
4. Encourages performance improvement.
6. Sets and measures goals.
7. Counsels poor performers.
8. Determines compensation changes.
10. Supports manpower planning or succession planning.
11. Determines individual training and development needs.
12. Determines organizational training and development needs.
13. Confirms that good hiring decision is being made.
14. Provides legal defensibility for personnel decisions.
15. Improves overall organizational performance.

Performance appraisal is really necessary and, there is no better way to obtain the benefits. There are several books that argue in favor of abolishing performance appraisals altogether. But the procedures they recommend are merely workarounds; the steps they recommend to create an alternative to performance appraisal are the same ones that any effective organization will use to develop a world-class performance appraisal system. Too many companies remain in dilemma about the benefits that a well-executed performance management system generates. They may articulate the importance of transforming their stale, best-effort culture into a tough-minded, results-driven one, but fail to understand that performance appraisal is the best tool available for muscle-building an organization.

The employee’s responsibilities in the performance assessment phase:
Both the manager and the individual have responsibilities in the performance assessment phase of the process, just as they do in each of the other phases.

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The individual has six key responsibilities:

1. Review his personal performance over the year.
2. Assess his performance and accomplishments against the development plan.
3. Prepare a list of his accomplishments and achievements and send it to his appraiser.
4. Write a self-appraisal using the appraisal form.
5. Consider any revisions needed to his key position responsibilities, goals, objectives, competencies, and development plans for the next performance review cycle.
6. Prepare for the performance review meeting.

The authors have suggested that employees take review of personal performance over the year. Performance appraisal is not exclusively the responsibility of the manager. Each person regularly needs to ask himself the question, “How am I doing?” The advantage of a formal performance appraisal system is that it forces this beneficial review on at least an annual basis. The manager’s assessment concentrates on how well the individual did in meeting job responsibilities - goals, objectives, competencies. The individual needs to do the same. Another area for the individual to closely focus on, how well, he did in carrying out the development plans that were made at the start of the year. Prepare a list of his achievements and send it to his appraiser. Whether or not the manager requests the individual to write an accomplishments list, the wise individual in every organization is doing so.

2.11 CONCLUSION:

The selected topic for study “AN ANALYTICAL STUDY OF PERFORMANCE APRAISAL SYSTEM FOR EMPLOYEES WITH SPECIAL REFERENCE TO KOLHAPUR BASED BUSINESS UNITS” is vast and important in the present scenario. Considering the needs of Human Resource Management in industries, the researcher has selected the topic. The researcher has selected three sample business units, and has set specific objectives and hypothesis for this study. Primary and secondary data collection methods have been used for data collection for this study. It is observed that, a number of macro studies have been undertaken by the researchers on employee’s performance appraisal. It is found in the review of the literature that the model or format has not been came across while review has taken, so researcher has taken the review of the companies where effective employee performance appraisal undertaken, which is not found in any M. Phil and Ph. D. research at the time of review of the literature. The researcher of this project has undertaken the unique subject for his research in Employees Performance Appraisal area. The study purpose is to go to the root causes of employees’ performance appraisal in different types of business houses in Kolhapur. The present study has designed and suggested specific and appropriate model or format for employees performance appraisal. To measure the performance of employees in different types of organizations the researcher has developed a 25 points scale model.
To come to the conclusion the researcher has undergone the review of literature of some previous studies related to the performance appraisal system in different types of organizations. Performance appraisal has many dimensions and therefore it is a challenging subject for study and research. To look into other researchers’ views, opinions and suggestions, the researcher has undertaken the review of literature in this regard. The present study is based on reviewed facts, knowledge, trends, practices and other elements in manufacturing industry, service industry and trading organization.

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