**EFFECTIVENESS OF PERFORMANCE APPRIASAL WITH SPECIAL REFERENCE TO MADDI LAKSHMAIAH & CO. LTD., GANAPAVARAM.**

1. **P. Girijasri, Assistant Professor, Department of MBA, QIS College of Engineering and Technology, Ongole. Mobile No: 9985286123, E-Mail ID:** **sri.pulikam@gmail.com**
2. **T. Bindu, Assistant Professor, Department of MBA, QIS College of Engineering and Technology, Ongole. Mobile No: 7569430474, E-Mail ID:** **bindu.t@qiscet.edu.in**

**ABSTRACT:**

Performance Appraisal is the most important and essential tool for an organization. It provides highly useful information in making decisions regarding several manpower aspects such as promotions, salary Increments, Awards and Rewards etc. Performance Appraisal also link information gathering and decision-making processes which provide a basis for judging the effectiveness of personnel sub-divisions such as hiring, training and maintaining employees. This research paper will focus on the outcome of the performance appraisal on an individual as well as on the organizations. The sample size has been chosen from the Maddi Lakshmaiah & Co. Ltd. is 100. Both primary data and secondary data is using for this study. Primary data collected with the help of the questionnaire filled by the respondents. The data evaluated with the help of the simple average Method. The findings of the research show that there is a noticeable impact of the performance appraisal on the organization as well as on the employee.

**Key words:** Performance Appraisal, Information, Recruitment, Training, Compensation.

**INTRODUCTION:**

Each year employees experience some progress from their past performance. The performance of an organization is achieved by continuous monitoring and managing the individual employee’s performance in the organization. The aims and goals of individual performance are determined based on the organization’s objectives and goals.

Performance appraisal has been conventionally connected to awards, rewards and penalties in the organization. The concept of employee development is based on the appraisal has gained by employees, while the system of performance appraisal can be very effective and dynamic in the organizational context, the difficulties in appraisal are related to its application and execution.

Performance appraisal is the process of assessing the performance of an employee or of a group of employees on a given job and his or her ability for future growth. In this concept, all formal procedures are using by organizations to evaluate employee personality, level of contribution and their potentiality.

**Performance Appraisal – It’s Characteristics:**

 1. Performance appraisal is a sequential procedure; it consists of series of steps.

 2. It is the systematic investigation of employee’s strength and weakness in terms of jobs.

3. Performance appraisal is a scientific or objective oriented study. Formal procedure is used in the appraisal process, the same approach is adopted for all job holders for their results are comparable.

4. It is a continuous process where the valuation is organized periodically according to a definite plan.

5. Main process performance appraisal is to secure necessary information for making objective and correct decision on employees.

**Objectives of performance appraisal:**

1. To provide a valid data base for staff’s decision concerning placements, pay, promotion, transfer, punishment, etc.

2. To analyse the strength and weakness of individuals so as to identify further training needs.

3. To provide required training, counselling, career planning and motivation to employees.

4. To develop positive, superior-subordinate relations and thereby reduce complaints.

5. To enable research in personnel management.

6. To test the effectiveness of the recruitment, selection, orientation and placement activities.

**Steps in the process of performance appraisal are:**

1. **Establishing Performance Standards:** In this step, it requires to set the criteria to judge the performance of the employees, and the degrees of their contribution to the organizational goals and objectives. These standards should be clear, easily understandable and should be in measurable terms. If any employee doesn't come up to expected standards, then management should be taken extra care for their development.

2. **Communicating the standards**: The responsibility of the management is to communicate the standards set by the management to all the employees of the organization. The employees should be informed and those standards should be clearly explained. This will be helpful to the employees to know their roles and to know what exactly is expecting from them.

3. **Measuring the actual Performance**: It is the most difficult part of the performance appraisal process. Measuring the actual performance of the employees is the work done by the superiors during the specified period of time. It is a recurring process which involves monitors the performance all over the year. This activity requires the attentive selection of the suitable techniques of measurement, taking care that individual bias does not affect the outcome of the process and providing support rather than interfering in an employee’s work.

 4. **Comparing employee’s Actual Performance with the Desired Performance**: In this stage, the actual performance is compared with the standard performance. The comparison says the deviations in the performance of the employees from the standards set by the management. The result can show the actual performance being more than the desired performance or, less than the desired performance depicting a negative deviation in the organizational performance. It includes reminding, assessing and analysis of data related to the employees' performance.

 5. **Discussing Results:** The results of the performance appraisal are communicated and discussed with the employees on one-to-one basis. The emphasis of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and attaining consensus. The feedback should be given with a positive attitude as this can have an impact on the employees' future performance. The purpose of this discussion should be to solve the problems faced and motivate the employees to perform better.

**6. Decision Making:** This is the last step of the appraisal process, and it is to take decisions either to improve the performance of the employees, take the required corrective actions, or the related HR decisions like rewards, awards, promotions, demotions, transfers etc.

**NEED OF THE STUDY:**

The companies are striving hard to prepare their organizations to face competitions. The one aspect of facing competition is, efficient manpower planning. Man power planning. Man power planning starts from recruiting and continuous with performance appraisal. Performance appraisal is a critical area in human resources of increasing importance. In addition to this performance appraisal is needed in order to

1. Provide information which helps to give guidelines to the subordinate.
2. To avoid grievances in disciplinary actions.
3. Provide information to identify deficiencies in the employee’s skills and knowledge, to determine training and development needs and to suggest means for employee growth and provides information for correcting placement errors.
4. Provide feedback information about the level of achievement, behavior of subordinates, rectifying performance deficiencies and to set new standards of work, if necessary.

**RESEARCH METHODOLOGY:**

This research is going to do in Maddilakshmaiah &Co. Pvt. Ltd. with sample size of 100, convenience sampling method is taken, and collected the primary data by distributing structured questionnaire among selected sample and collect the data, and secondary data is also used which was available from company website, employee diaries and company records. Simple average method is used to analyse the data, and interpreted the data with the help of tables.

**DATA ANALYSIS & INTERPRETATION:**

**1. Is Performance appraisal system really assesses the quality of an employee?**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Opinion** | **No. of Respondents** | **% of respondents** |
| 1 | Strongly Agree | 15 | 15% |
| 2 | Agree | 65 | 65% |
| 3 | Disagree | 10 | 10% |
| 4 | Strongly Disagree | 10 | 10% |
|  | Total | 100 | 100% |

Table shows the opinions of respondents regarding “performance appraisal system really assesses the quality of an employee’s”. 15% of respondents are strongly agree, 65% of respondents are agree to the above statement, 10% of respondents are disagree and 10% of respondents are strongly disagree.

**2. Do you feel performance appraisal technique needs to be reviewed in regular intervals?**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Opinion of respondents** | **No. of Respondents** | **% of respondents** |
| 1 | Strongly Agree | 20 | 20% |
| 2 | Agree | 80 | 80% |
| 3 | Disagree | - | - |
| 4 | Strongly disagree | - | - |
|  | Total | 100 | 100% |

From the above table it is inferred that 80% of respondents are strongly agree to the statement performance appraisal technique is required to review frequently where as 20% of respondents are agree.

**3. Periodicals of performance appraisal should be.**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Opinion of respondents** | **No. of Respondents** | **% of respondents** |
| 1 | Quarterly Basis | 16 | 16% |
| 2 | Half-yearly Basis | 24 | 24% |
| 3 | Annual Basis | 60 | 60% |
|  | Total | 100 | 100% |

Table shows that the opinions of respondents regarding periodicity of performance appraisal is 16% of respondents said performance appraisal has to conduct on quarterly basis, 24% of respondents said that appraisal has to conduct on half-yearly basis, 60% of respondents said appraisal has to conduct on annual basis.

1. **Performance feedback allows employees to improve efficiency**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Opinion** | **No. of Respondents** | **% of respondents** |
| 1 | Strongly Agree | 18 | 18% |
| 2 | Agree | 78 | 78% |
| 3 | Disagree | 4 | 4% |
| 4 | Strongly Disagree | 0 | 0% |
|  | Total | 100 | 100% |

Table shows the opinions of respondents regarding the statement “the performance feedback allows employees to improve efficiency”. 78% of them agreed to the above statement, 18% of them are strongly agreed and 4% of them are disagreed.

1. **Do you think counselling is essential for employees in connection with performance appraisal?**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Opinion** | **No. of Respondents** | **% of respondents** |
| 1 | Yes | 78 | 78% |
| 2 | No | 22 | 22% |
|  | Total | 100 | 100% |

From the above table, it is inferred that 78% of respondents said counselling is essential in connection with performance appraisal where as 22% of them said it is not essential.

1. **According to you, purpose of performance appraisal is …**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Opinion** | **No. of Respondents** | **% of respondents** |
| 1 | Formality | 18 | 18% |
| 2 | Identifies strengths & Weaknesses of employees  | 78 | 78% |
| 3 | To know the areas of need for development | 4 | 4% |
|  | Total | 100 | 100% |

Table shows the opinions of respondents regarding the purpose of performance appraisal. 56% of respondents said performance appraisal is just for formality, 78% of respondents said performance appraisal is for the purpose of identifying strength and weakness of employees, 4% of respondents said performance appraisal has to conduct to know the areas of need for development of employees.

1. **How often did your superior discuss with you about your performance?**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Opinion of respondents** | **No. of Respondents** | **% of respondents** |
| 1 | Frequently | 32 | 32% |
| 2 | Sometimes | 38 | 38% |
| 3 | Rarely | 18 | 18% |
| 4 | Never | 12 | 12% |
|  | Total | 100 | 100% |

The above table shows the opinions of respondents regarding the discussion of superiors with employees about their performance. 32% of respondents said frequently, 38% of them said some times, 18% of them said rarely where as 12% of them said never.

1. **Has your performance increased as result of performance appraisal system?**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Opinion of respondents** | **No. of Respondents** | **% of respondents** |
| 1 | To large extent | 32 | 32% |
| 2 | To some extent | 64 | 64% |
| 3 | Not at all | 4 | 4% |
|  | Total | 100 | 100% |

Table shows the opinions of respondents regarding the performance of employees, increased the result performance appraisal system. 32% of respondents employee performance increased the result of performance appraisal, 64% of them said to some extent where as 4% of respondents said that their performance is not at all increased the result of performance appraisal system.

1. **Do you satisfied with performance appraisal system of your organization?**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Opinion** | **No. of Respondents** | **% of respondents** |
| 1 | Yes | 72 | 72% |
| 2 | No | 28 | 28% |
|  | Total | 100 | 100% |

From the above table it is inferred that 72% of respondents said that they satisfied with the performance appraisal system of the organization, and 28% of respondents are not satisfied.

1. **Basis of the performance appraisal:**

|  |  |  |  |
| --- | --- | --- | --- |
| **S. No.** | **Opinion** | **No. of Respondents** | **% of respondents** |
| 1 | Behavioural Aspect | 32 | 32% |
| 2 | Functional Aspect | 38 | 38% |
| 3 | Both A&B | 18 | 18% |
| 4 | Other | 12 | 12% |
|  | Total | 100 | 100% |

The above table shows the opinion of respondents regarding the basis of performance appraisal, 32% of respondents said that appraisal is going on based on behavioural aspect, 38% of respondents feel that appraisal is going on functional aspect, 18 % of respondents feel that both behavioural & functional aspects are considering for performance appraisal, 12% of respondents opinion that other aspects are also considering a part from behavioural and functional aspects in performance appraisal process.

**FINDINGS & SUGGESTIONS:**

1. Majority of people are agreeing that performance appraisal system will be helpful to improve the quality of an employee.
2. Techniques which are using in performance appraisal system requires to review periodically.
3. Majority of people said that this periodical review should be done annually.
4. Performance feedback allows the employees to improve their efficiency.
5. Along with performance appraisal employee counselling is also required.
6. Employee counselling should be helpful to the employees to know their strengths and their weaknesses.
7. Periodically supervisors should discuss about employee’s performance.
8. Performance appraisal system which is conducting the organization should be able to improve the performance of the employee. Management should design the appraisal system in that way.
9. Majority of the respondents are satisfied with the current appraisal system.
10. Performance appraisal system should be conduct on the basis of both behavioural and functional aspect.

**CONCLUSION:**

Performance Appraisals is not only an evaluation process of an employee’s performance but it is criteria to reward / punishments to the employees according to their performance. The purpose of appraisal is to align and improve the performance of an individual to meet the overall organizational goal.

The superior and subordinate should couple together to have a free flow of discussion on strengths, weaknesses, career aspiration and competency gaps, this interchange and contribution is important for performance management to produce any benefits.

Different methods of appraisal systems can be used to conduct the performance appraisal. 360 Degree Feedback boosts the effectiveness of the performance appraisals by providing all-round view of the employees’ achievements.

The variance between the standard performance and actual performance gives raise to training needs. Training and Development is about imparting knowledge to improve the skills and abilities of the employees to meet the current or future competency requirements.

Over all, the performance appraisal and the performance management system should help an employee in achieving the results efficiently and effectively thereby also fulfilling the organizational goals. Continuous learning, educating and cultivating the employees based on the performance appraisal allow for more effective decision making followed by leading and persuading larger teams to achieve their goals.

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