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PERFORMANCE APPRAISAL OF EMPLOYEES WITH SPECIAL REFERENCE TO MSMEs IN HUBLI-DHARWAD DISTRICT

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ABSTRACT

Performance appraisal is the process of evaluating the performance and qualification of the employees in terms of the administration. Performance appraisal to all formal procedures aimed working organization to evaluate personalities and contribution of one potential group members. The present issue is one of the issues where employees expect good results which lead to high satisfaction. This appraisal even acts as a feedback system, which plays a major role in the development of the organization. In the present scenario system brings up the organization with rich productivity. A good system of performance appraisal comes out through perfect rating of the employees and their response for the given rating the system should work so the things to be done through the people. The employees working at MSME's are relatively satisfied with the system of appraisal followed there, because of its concern and consideration towards the employees by the management.

KEYWORDS

small and medium-sized enterprise (SME), human resource management, performance management.

INTRODUCTION

Performance appraisal is an integral part of HRM and HRM deals with personnel is people. "People" is the important and valuable resource that every organization or institution has in the form of its employees. Dynamic people can build dynamic organization. Effective employees can contribute to the effectiveness of the organization. HRM has multiple goals, which include employee's competency development, employee motivation development and organization development. Employees require a variety of competencies, knowledge, attitude, skills in technical area; Managerial areas, behavioral and human relations areas and conceptual area to perform different tasks or functions required by their jobs.

HRM aim at constantly the competency requirements of different individual to perform the job assigned to them, effectively and provides opportunities for developing these competencies. As HRM deals with humans it is necessary to keep a check on their performance after regular interval of time given jobs, it is necessary to corrective actions term or there is need to appraisal their performance. The process of appraising for doing their work effectively is known as performance appraisal system.

FIG. 1



LITERATURE REVIEW

Jennifer Wood and Vijay Pereira: This research studied performance appraisal in a small and medium enterprise (SME) operating in the building and manufacturing sector. The SME consists of a parent company and three subsidiary companies. The research was conducted across all four companies by using questionnaires and interviews. The overall aim of the research was to discover the impact of the SMEs performance appraisal system on employees’ work motivation. This research set out to help the SME identify any issues it has with its existing appraisal system, and to help managers understand any post-appraisal consequences affecting employees. The research looked at how managers are using appraisal to motivate their staff. This investigation aimed to help the SME to move on from the ‘tick-box generation’ when carrying out employee performance appraisals.

Dong Chen: Human resource plays a key role in economic life, which determines the competitive advantage of one enterprise over another. Performance management, as the core of modern human resource management, is more incentive and guiding than eliminating or promoting employees. Based on discussing the effects of performance management in enterprise operations, this paper analyzes problems in performance management.

Cynthia Oduro-Nyarko: Small and medium size industries may not function well without proper human resource management practices. They have important role to play in ensuring worker performance and positive organizational outcomes. This study sought to assess the performance appraisal among small and medium hotels. A cross-sectional survey design was used for the study and data were obtained from sixty managers of small and medium size hotels in the Ayawaso Central Sub-metro of the Greater Accra Region of Ghana, using questionnaires. The study established performance appraisal was mainly done on daily basis and information on performance appraisal was for individual discussions of employee concerns and training need determination. The hotels used HRM practices that were cost effective and less time consuming instead of the available sophisticated HRM practices.

Flippo: Performance appraisal is the systematic, periodic and an important rating of an employee’s excellence in matters pertaining to his present job and his potential for a better job.

Paul E. Levy and Jane R. Williams : Performance appraisal research over the last 10 years has begun to examine the effects of the social context on the appraisal process. Drawing from previous theoretical work, we developed a model of this process and conducted a systematic review of the relevant research. This review of over 300 articles suggests that as a field we have become much more cognizant of the importance of the social context within which the performance appraisal process operates.

Deepa E 2004: Summarizes on the performance appraisal system/method as a whole, their framework and its relationship with different job related concepts as well as issues related to performance appraisal such as how performance appraisal is related to job satisfaction.

Wiese 1998: A performance appraisal is conducted on an annual basis for existing employees whereas for trainee and new recruits it is done on quarterly basis in many organizations.

Roberts 2002: summarizes about the foundation for participation of employees including motivational value, present available information. The role of goal setting and feedback of performance appraisal for enhancing participation effectiveness is outlined.

OBJECTIVES OF THE STUDY

1. To study the existing performance appraisal and evaluate the individual perceptions of executives on the existing staff appraisal system
2. To help identifying employees for the purpose of motivating, and developing them.

NEED FOR THE STUDY

Performance appraisals are a regular review of employee’s performance with in MSME’s. For an employee’s the vital focus is always on the employee’s satisfaction and industries have revealed that the aspect is dependent on performance appraisal system existing in companies. Management wants to know the quality of appraisal criteria parameters and duration from the view point of employees.

SCOPE OF THE STUDY

This study was conducted to determine the level of perception of the employees regarding the purpose of the Performance Appraisal System. Likewise, this study sought to find out the whether the Performance Appraisal System can measure and identify the effectiveness of the employees performance in MSME’s. Furthermore, it could be found out whether the current Performance Appraisal System could provide possible opportunities and challenges beneficial to the employees and constituents in MSME in future.

LIMITATION OF THE STUDY

Due to time constraint the study is restricted only to Hubli and Dharwad District, which can be further expanded to the other place in Karnataka were Cities like Belgaum, Bangalore, Mangalore and like are considered to be industrial Hubs. Economically it would have be a costly to carry the studies to these places.

RESEARCH METHODOLOGY

Based on the nature and purpose of the study there are various modes of data collection. data sources can be classified into two categories namely primary and secondary sources.

Primary Data: The information was collected through the interaction with the HR managers, departmental heads and other employees from the company. It is one which gathered especially for the project at hand through survey. Survey is systematic collection of data directly from respondent, which was done through structured questionnaire.

Secondary Data: The data was collected through sources like journal, news paper, reports, government reports etc.

Sample Size: The survey was conducted between two twin cities- Hubli and Dharwad district MSME’s. The total sample considered was 100, which was equally divided between two cities. These MSME were randomly selected. The technique was convenient sampling for the data collection. We selected those companies which had commenced in the year 2000 till 2002 and were performing well in the profits and follow performance appraisal system in their companies.

ANALYSIS

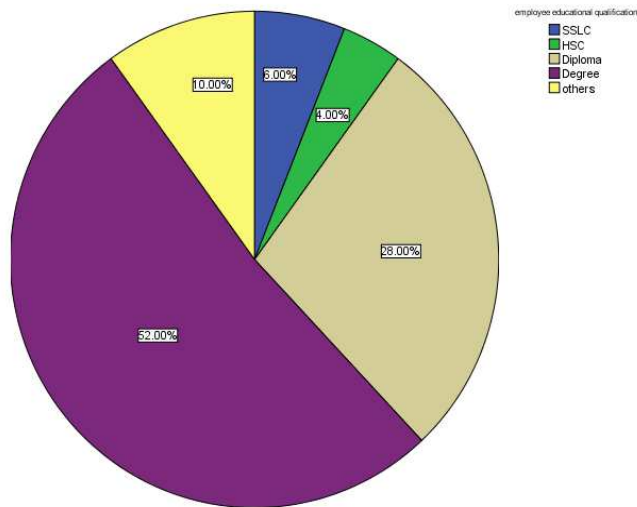
TABLE 1.1

		Frequency	Percent	Valid Percent
Valid	Male	86	86.0	86.0
	Female	14	14.0	14.0
	Total	100	100.0	100.0

Source: Survey Method

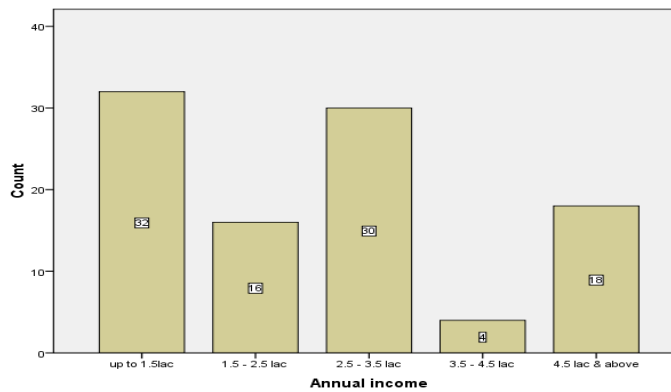
Interpretation: From the above graph it is clear that 86% respondents are male and 14% are female

CHART 1.1



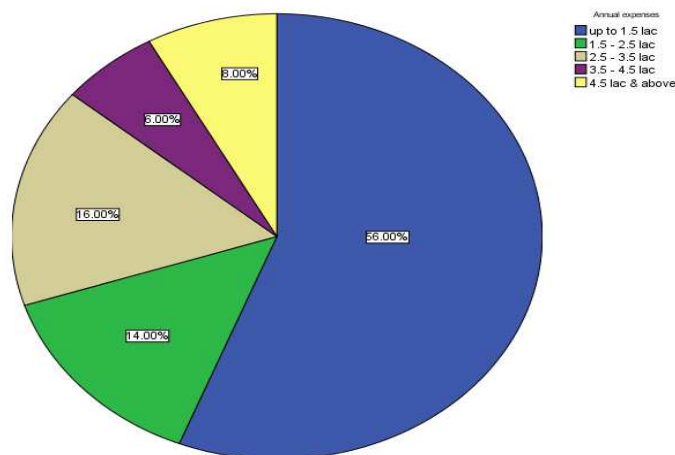
Interpretation: From the above graph it is clear that 52% are qualified degree and 28% are qualified diploma and 10% are qualified with other degree and 6% are qualified with SSLC and 4% are qualified HSC.

CHART 1.2



Interpretation: From the above graph it is clear that 32% of the employee annual income is up to 1.5lakhs and 30% of the employee annual income is 2.5 to 3.5lakhs and 16% of the employee annual income is 1.5lakhs to 2.5lakhs and 18% of the employee annual income is 4.5lakhs and above and 4% of the employee annual income is 3.5 to 4.5lakhs.

CHART 1.3



Interpretation: From the above graph it is clear that 56% of the employee annual expenses up to 1.5lakhs and 14% of the employee annual expenses is 1.5lakhs to 2.5lakhs and 16% of the employee annual expenses is 2.5 to 3.5 lakhs and 6% of the employee annual expenses is 3.5 lakhs to 4.5lakhs and 8% of the employee annual expenses is 4.5lakhs and above.

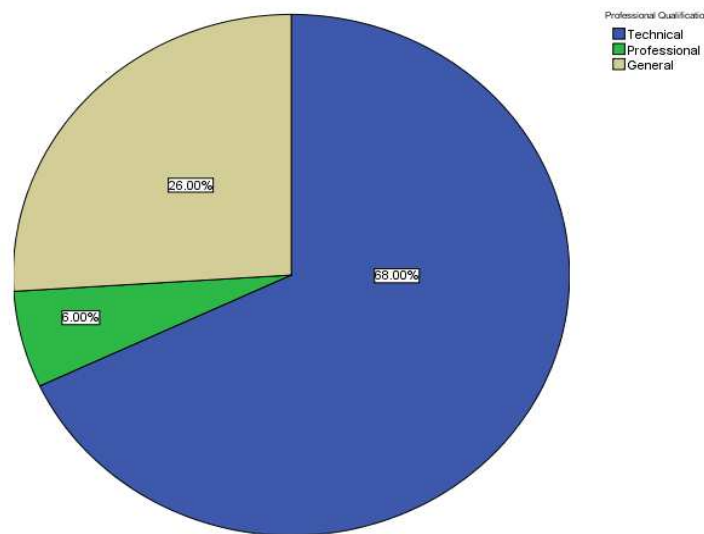
TABLE 1.2

		Frequency	Percent
Valid	Junior management	22	22.0
	Middle management	28	28.0
	Senior management	4	4.0
	Others	46	46.0
	Total	100	100.0

Source: Survey Method

Interpretation: From the above graph it is clear that 46% of the employee are in other management and 28% of the employee are in middle management and 22% of the employee are in junior management and 4% of the employee are in senior management

CHART 1.4



Interpretation: From the above graph it is clear that 68% of the employee professional qualification are in technical and 26% of the employee are general and 6% of the employee are professional

TABLE 1.3

Number of years of regular service with this company in the management position					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1-5 years	50	50.0	50.0	50.0
	6-10 years	30	30.0	30.0	80.0
	11-15 years	8	8.0	8.0	88.0
	more than 15 years	12	12.0	12.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

Interpretation: from the above graph it is clear that 50% of the employee says that they worked 1 to 5 year with this company in the management position and 30% of the employees says that they worked 6 to 10 years and 12% of the employees says that they worked more than 15 years and 8% of the employees says that they worked 11 to 15 years.

TABLE 1.4: OBJECTIVES, PROCEDURES, AND RULES OF APPRAISAL AVAILABLE

		Frequency	Percent
Valid	Yes	76	76.0
	No	24	24.0
	Total	100	100.0

Source: Survey Method

Interpretation: from the above graph it is clear that 76% of the employees says yes the objectives, procedure, and rules of appraisal available in written form and 24% of the employees says no.

TABLE 1.5: CLEAR ABOUT THE PROCEDURES INVOLVED IN THE CURRENT APPRAISAL

		Frequency	Percent
Valid	Yes	84	84.0
	No	16	16.0
	Total	100	100.0

Source: Survey Method

Interpretation: From the above graph it is clear that 84% of the employee says yes they are clear about the procedures involved in the current appraisal system and 16% of the employee says no

TABLE 1.6

		Frequency	Percent
Valid	performance appraisal methods	54	54.0
	appraisal interviews	26	26.0
	Others	20	20.0
	Total	100	100.0

Source: Survey Method

Interpretation: From the above graph it is clear that 54% of the employees evaluated on the basis of performance appraisal methods and 26% of the employees evaluated on the basis of appraisal interviews and 20% of the employees evaluated on the basis of others.

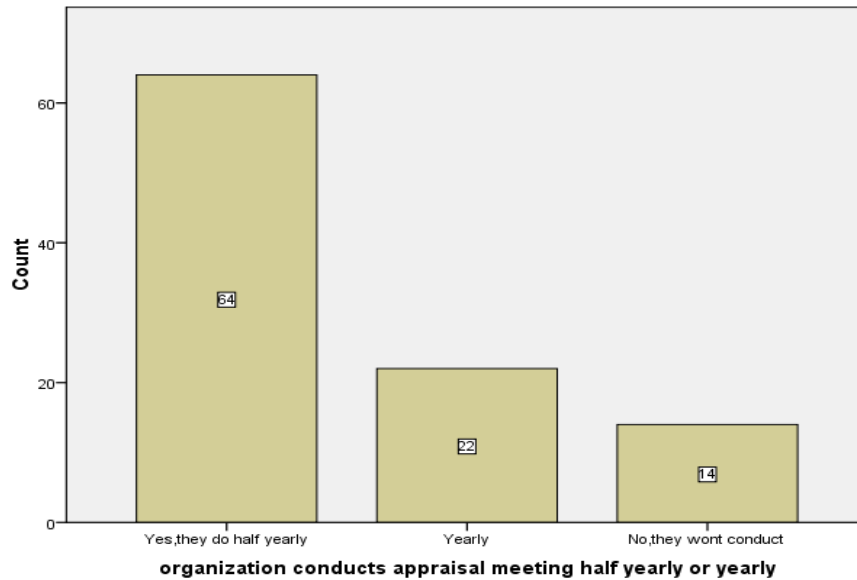
TABLE 1.7

		Frequency	Percent
Valid	Your immediate superior	40	40.0
	departmental head	58	58.0
	the subordinate	2	2.0
	Total	100	100.0

Source: Survey Method

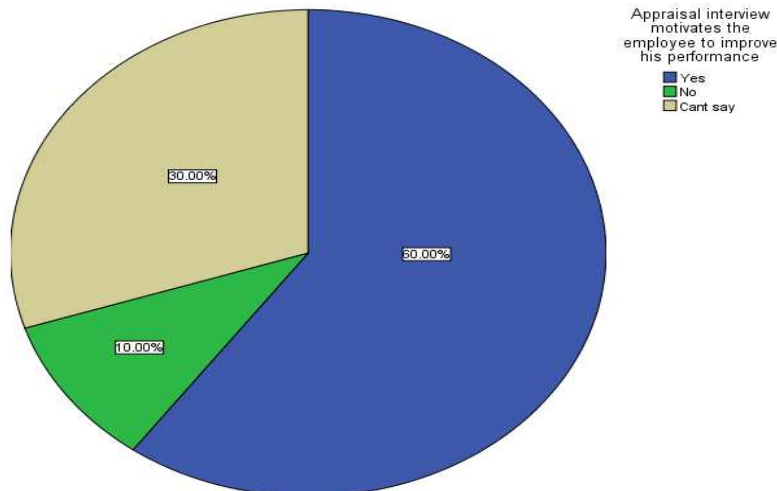
Interpretation: From the above graph is clear that 58% of the employees says that they appraised by departmental head and 40% of the employees says that they appraised by immediate superior and 2% of the employees says that they appraised by the subordinate.

CHART 1.5: APPRAISAL MEETING REVIEW



Interpretation: From the above graph it is clear that 64% of the employee says yes, the organization conduct appraisal meeting half yearly and 22% of the employee says the organization conduct appraisal meeting yearly and 14% of the employee says No, the organization wont conduct appraisal meetings

CHART 1.6: APPRAISAL INTERVIEW MOTIVATES THE EMPLOYEE TO IMPROVE HIS PERFORMANCE



Interpretation: From the above graph it is clear that 60% of the employees says yes, the appraisal interview motivates the employee to improve performance and 30% of the employees says can't say and 10% of the employees says no.

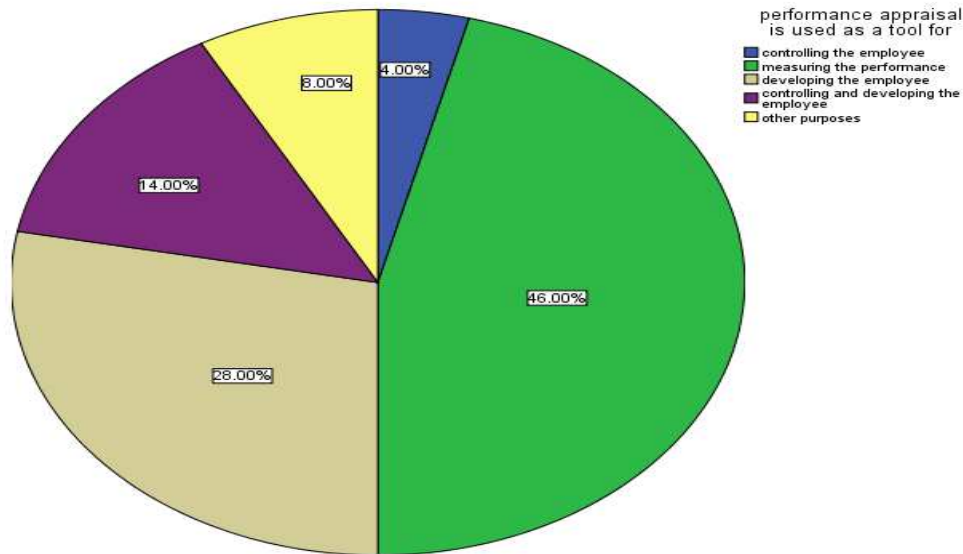
TABLE 1.8

The present system of appraisal, are you					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very dissatisfied	10	10.0	10.0	10.0
	some what satisfied	26	26.0	26.0	36.0
	quite satisfied	60	60.0	60.0	96.0
	very satisfied	4	4.0	4.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

Interpretation: From the above graph it is clear that 60% of the employees are quite satisfied with the present appraisal system and 26% of the employee are some what satisfied with the present.

CHART 1.7



Interpretation: From the above graph it is clear that 46% of the employees says performance appraisal is used as a tool for measuring the performance and 28% of the employees says performance appraisal is used as a tool for developing the employee and 14% of the employees says controlling and developing the employee and 8% of the employee says other purposes and 4% of the employees says controlling the employees.

TABLE 1.9

Aware of job description and specification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	100	100.0	100.0	100.0

Source: Survey Method

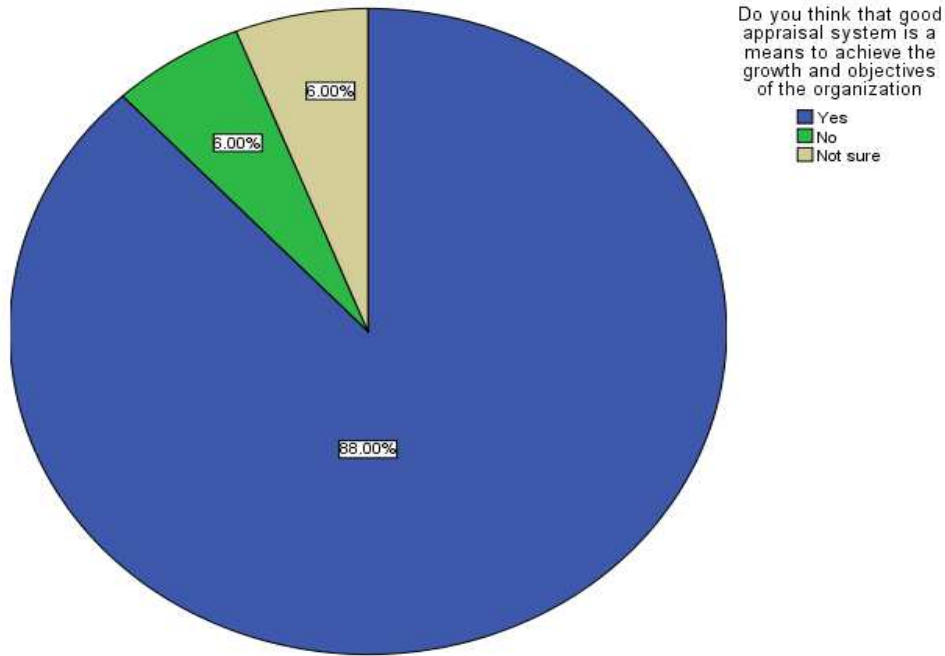
Interpretation: 100% of the employees are aware of job description and specification

TABLE 1.10: THE GOOD APPRAISAL SYSTEM IS A MEANS TO ACHIEVE THE GROWTH AND OBJECTIVES OF THE ORGANIZATION

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	88	88.0	88.0	88.0
	No	6	6.0	6.0	94.0
	Not sure	6	6.0	6.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

CHART 1.8



Interpretation: From the above graph it is clear that 88% of the employees says yes, the good appraisal system is a means to achieve the growth and objectives of the organization and 6% of the employees says no and 6% of the employees says not sure.

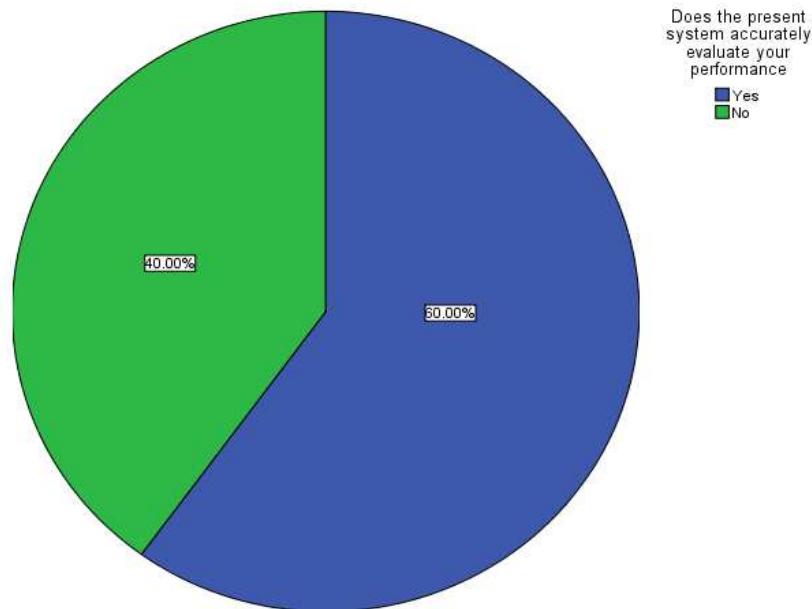
TABLE 1.11: THE SYSTEM IS HELPFUL TO YOU IN AIDING SELF DEVELOPMENT

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very limited extent	10	10.0	10.0	10.0
	limited extent	60	60.0	60.0	70.0
	Great extent	30	30.0	30.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

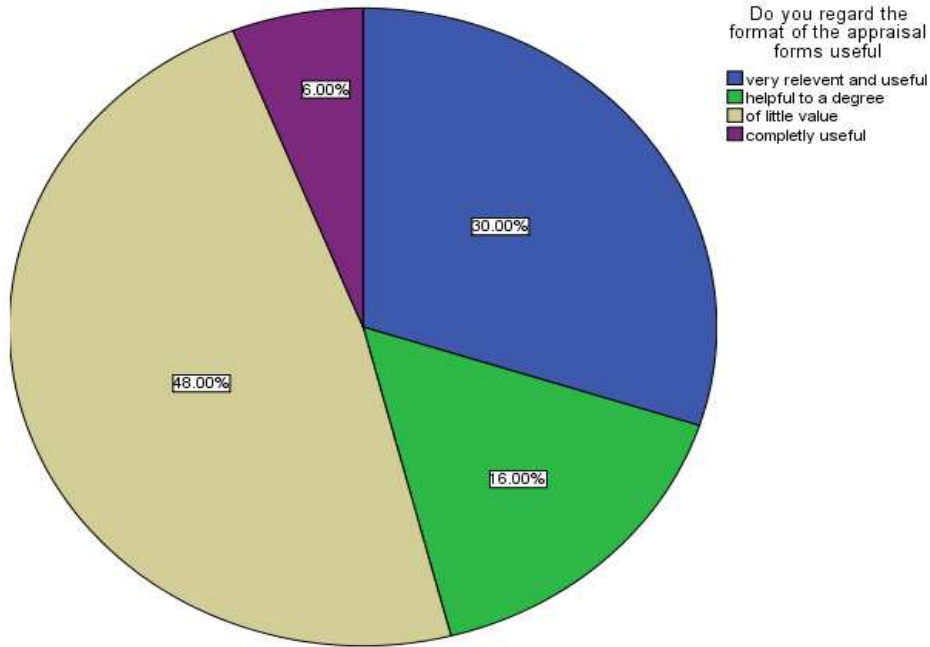
Interpretation: From the above graph it is clear that 60% of the employees says limited extent that the system is helpful to aiding self development and 30% of the employees says great extent and 10% of the employees says very limited extent

CHART 1.9: THE PRESENT SYSTEM ACCURATELY EVALUATE YOUR PERFORMANCE



Interpretation: From the above graph it is clear that 60% of the employees says yes, the present system accurately evaluate performance and 40% of the employees says no.

CHART 1.10: THE FORMAT OF THE APPRAISAL FORMS USEFUL



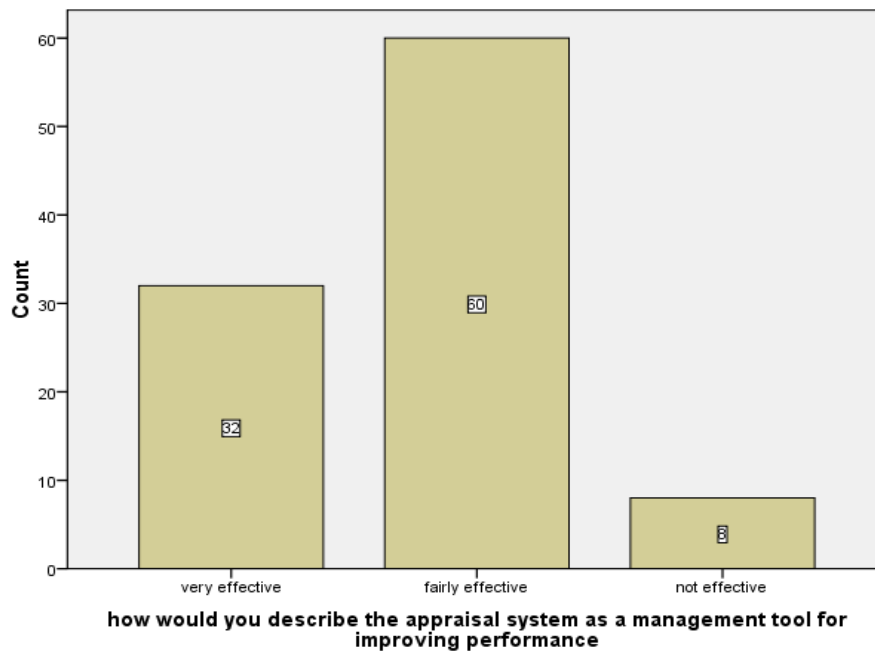
Interpretation: From the above graph it is clear that 48% of the employees says the format of the appraisal forms useful of little value and 30% of the employees says very relevant and useful and 16% of the employees says helpful to a degree and 6% of the employees says completely useful.

TABLE 1.12: THE APPRAISAL SYSTEM AS A MANAGEMENT TOOL FOR IMPROVING PERFORMANCE

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	very effective	32	32.0	32.0	32.0
	fairly effective	60	60.0	60.0	92.0
	not effective	8	8.0	8.0	100.0
Total		100	100.0	100.0	

Source: Survey Method

CHART 1.11



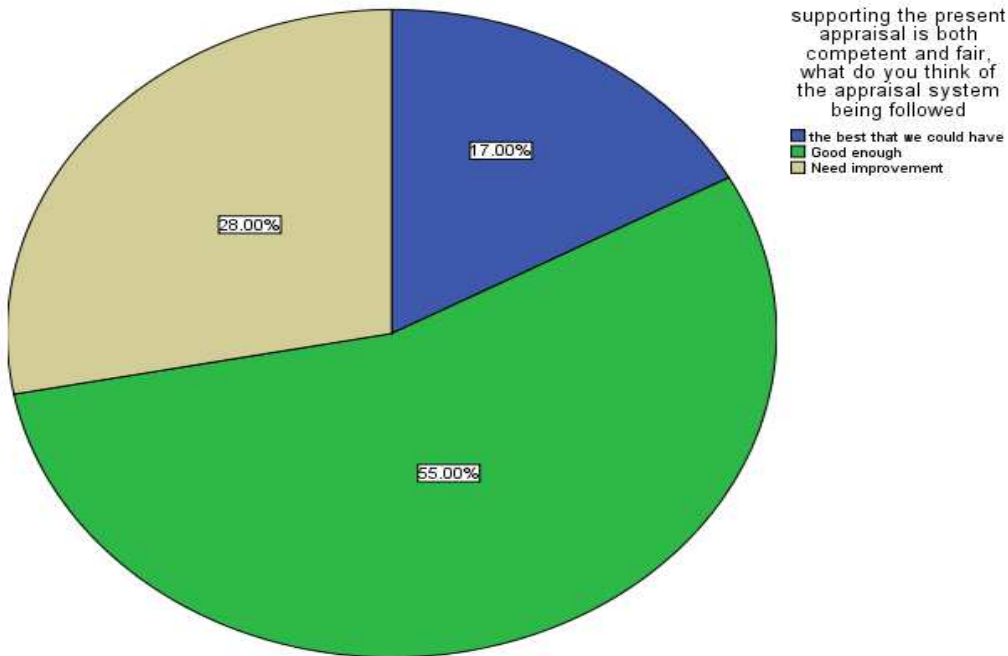
Interpretation: From the above graph it is clear that 60% of the employees says fairly effective that the appraisal system as a management tool for improving performance and 32% of the employees says very effective and 8% of the employees says not effective.

TABLE 1.13: THE PRESENT APPRAISAL IS BOTH COMPETENT AND FAIR, WHAT DO YOU THINK OF THE APPRAISAL SYSTEM BEING FOLLOWED

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	the best that we could have	17	17.0	17.0	17.0
	Good enough	55	55.0	55.0	72.0
	Need improvement	28	28.0	28.0	100.0
	Total	100	100.0	100.0	

Source: Survey Method

CHART 1.12



Interpretation: From the above graph it is clear that 55% of the employees says good enough in appraisal system and 28% of the employees says need improvement in appraisal system and 17% of the employees says the best that we could have in appraisal system.

FINDINGS, SUGGESTIONS & CONCLUSION

FINDINGS

- It is clear that 100% of the employees are aware of organization goals.
- It is clear that 76% of the employees says yes the objectives, procedure, and rules of appraisal available in written form and 24% of the employees says no the objectives, procedure, and rules of appraisal is not available in written form.
- It is clear that 84% of the employee says yes they are clear about the procedures involved in the current appraisal system and 16% of the employee says no they have not clear about the procedures involved in the current appraisal system.
- It is clear that 54% of the employees evaluated on the basis of performance appraisal methods and 26% of the employees evaluated on the basis of appraisal interviews and 20% of the employees evaluated on the basis of others.
- 64% of the employee says yes, the organization conduct appraisal meeting half yearly and 22% of the employee says the organization conduct appraisal meeting yearly and 14% of the employee says No, the organization wont conduct appraisal meetings.
- It is clear that 60% of the employees says yes, the appraisal interview motivates the employee to improve performance and 30% of the employees says can't say and 10% of the employees says No, the appraisal interview will not motivate the employee to improve performance.
- It is clear that 100% of the employees are aware of job description and specification
- It is clear that 88% of the employees says yes, the good appraisal system is a means to achieve the growth and objectives of the organization and 6% of the employees says No and 6% of the employees says not sure
- It is clear that 68% of the employees says yes, the present system motivation to improve performance and 32% of the employees says No.
- It is clear that 55% of the employees says good enough in appraisal system and 28% of the employees says need improvement in appraisal system and 17% of the employees says the best that we could have in appraisal system.

SUGGESTIONS

- MSME's can recruit few more female employees.
- The organization should recruit experience candidate so that each department should be able to reach the goals with the help of past professional experience of candidate.
- The organization have to improve the appraisal method to satisfy the employees
- In the organization the appraisal format need to be relevant to all the employees so that it should be easy while the time of appraising.
- The appraisal system applied in the company need to be improved with some technical support and with present appraisal trend.

CONCLUSION

Performance appraisal of employees is one of the issues where employees expect good results which lead to high satisfaction. This appraisal even acts as a feedback system, which plays a major role in the development of the organization. In the present scenario system brings up the organization with rich productivity.

A good system of performance appraisal comes out through perfect rating of the employees and their response for the given rating the system should work so the things to be done through the people.

The employees working at MSME's are relatively satisfied with the system of appraisal followed there, because of its concern and consideration towards the employees by the management.

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