

CHAPTER 6

SUMMARY

This chapter throws light on the study as a whole. It has been divided into sections. The first section covers the introduction, the second section covers methodology and third section discusses results and lastly it focuses on limitations of the study and suggestions for future research.

PERFORMANCE APPRAISAL :

Assessment as evaluation has been part of life through the ages. Assessment can be in the form of tests, exams, reviews, etc. Similar type of assessment is also done in the organisations, may it be big, small, public, or private. This procedure of evaluation or assessment is called "performance appraisal". It is a process in which the senior, may it be a Guru in a Gurukula, Mother if it is a family, Coach on the ground, plays a major role in evaluating the juniors or the subordinates. This is where they try to check the ability of their subjects. It is the test of the seniors, as well as the level of performance of the subjects give, to assess as to what and how the subject matter has been penetrated.

Formal appraisal of an individual performance began in the Wei Dynasty (A.D. 221 - 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 shortly before World War I.

Performance appraisal in an organization refers to assessing an individual for his level of

performance. Most organisations are rightfully quite interested in determining the quality and quantity of performance of their members.

Performance appraisal as defined by Yoder is "all formal procedures used in working organisations to evaluate personalities and contributions and potential of group members.

"A procedure which helps in collecting, checking, sharing, giving and using of information collected from and about people at work for the purpose of adding to their performance of work."

Hasley defines, performance appraisals as "an orderly, systematic and carefully considered analysis and evaluation of person's services based both on an observation over a considerable period of time and on a study of available objective records of performance or behaviour."

Bellows defined it as, performance appraisal as "a systematic, periodic evaluation of the worth of an individual to an organization, usually made by a superior or some one in a position to observe his performance."

Beach defined it as a "systematic evaluation of the individual with respect to his performance on the job and his potential for development."

Thus, we see that performance appraisal is the systematic evaluation of the individual

with the respect to his performance on the job and his potential for development.

Confidential Report System of appraisal :

Performance appraisal has traditionally been used as a mechanism of controlling employees through salary administration, reward administration, promotion and disciplinary action. Many organisations use performance appraisal, confidential reports or employee service records in a confidential form.

- To control employee behaviour by using it as an instrument for rewards, punishment and threats.
- To make decisions regarding salary increases and promotions.
- To place people to do the right kind of jobs.
- To identify the training and developmental needs of the employees.

(Flippo, 1980; Kellog, 1955)

Open System of Appraisal :

In an Open System of appraisal employees are asked to systematically evaluate their own performance. Self-appraisal based performance evaluation have been widely advocated because of their potential for increasing the effectiveness.

OBJECTIVES :

1. Analysis and achievement of the goals. Identifying the facilitating and inhibiting factors in relation to the achievement of goals and development of action plan for overcoming inhibiting and strengthening facilitating factors.
2. Periodic review of behaviour which contributes to managerial effectiveness and work-

ing out action plans for developing such behaviour.

3. Identification of developmental needs and preparing plans for employee development through training and related activity.
4. Implementation and reviewing.

MANAGEMENT BY OBJECTIVES (MBO) :

In 1954, Peter F. Drucker popularized the phrase "Management By Objectives "(MBO) which centred on the assessment of performance. Individual goal setting between superior and subordinate with feedback of results is the cornerstone of MBO.

MBO is best described as goal-setting through mutual participation and agreement by Superior and Subordinate for the purpose of raising managerial and organizational goal achievement.

MBO is a management method and process by means of which objectives, or goals are established for :

- the organisation,
- each department,
- each work unit within each department,
- each employee who works in an area where the establishment of objectives would be practised and valuable.

Performance appraisal system in India :

The performance appraisal picture in India is quite varied. There are 'no appraisals' at some places whereas 'sophisticated' appraisal systems exist in others. In small organi-

zation, no such evaluation takes place. Appraisal reports are given informally to the top management. There are organisations who have semi-confidential report system. At the other extreme, there are organisations that have performance appraisals that aim simultaneously at different objectives, like data generation for personnel decisions, viz., rewards, promotions, job rotation, transfers etc., and generating data for enabling capabilities and employee development on the job, etc.

Personality and appraisal :

Eysenck and Cattell focused much of their research efforts on trait theories, of personality. Eysenck's work has been influenced by methodological advances in the statistical techniques of factor analysis. He emphasized the need to develop a theory that can be tested.

According to Eysenck, the typical extravert is sociable, likes parties, has many friends, crave excitement, acts on the spur of the moment, and is impulsive. The two aspects of this dimension - sociability and impulsiveness, can be separated to a certain extent, but that have been found to relate sufficiently to be linked under the single concept of extroversion. In contrast to these characteristics, the introvert person tends to be quiet, introspective, reserved, reflective, distrustful of impulsive decisions, and to prefer a well-ordered life to one filled with chance and risk.

Eysenck also suggests that individual variations in introversion—extraversion reflect differences in neurophysiological functioning. Keeping this in mind and Eysenck's views of extraversion and introversion, his scale was used to measure the personality type of the

manager in the organisation; knowing his type of personality and the effect of that is to be observed in the appraisal system.

METHODOLOGY

Aim :

To compare and contrast the prevailing P.A. systems of various organizations.

Variables :

Following variables have been used for the study -

1. Systems of Performance Appraisal -
 - a. Confidential Reports
 - b. Management By Objectives
 - c. Open Appraisal System
 - d. Development Oriented System
2. Satisfaction on different dimensions related to the prevailing performance appraisal system in respective organisations
3. Personality type
 - a. Extraversion
 - b. Introversion

Objectives :

The present study began with the following objectives in mind :

1. To measure the effectiveness of different systems of performance appraisal in different

types of organizations (Public – Private and Manufacturing – Service organisations).

2. To study the satisfaction levels of respondents in public and private organizations with different aspects of P.A. system in their respective organisations viz.
 - (a) Setting up of targets.
 - (b) Techniques of appraisal.
 - (c) Identifying training & development needs.
 - (d) Identifying potential of the appraisee.
 - (e) Review of appraisals.
 - (f) Counselling of the appraisee.
 - (g) Communication of reports.
 - (h) Utilization of reports.
3. To study the uses of performance appraisal data by the organizations.
4. Relating personality factors of extraversion and introversion to the effectiveness of performance appraisal system in different organizations.

Hypotheses :

- (1) Every organization has thrust areas of its own. While in some organizations, it is the managerial skills which are given importance, in some others it is the performance of the individual that is given importance. Since private organizations are more oriented towards performance, It is hypothesized that the performance of the individual will be the thrust area in private organizations.

- (2) Since Open Appraisal System is development oriented, it is assumed that employees of the organisations practising Open Appraisal System to Confidential Report System will be more satisfied with the method of appraisal prevailing in their organisations.
- (3) Appraisals have critical role to play in identifying training and developmental needs of individual employees. Thus, it is assumed that the performance appraisal system as practised in the organizations takes care of this requirement of identifying the training and developmental needs of individual in the organizations in satisfactory ways.
- (4) The results obtained from the performance appraisal system in various organizations have different purposes. P.A. becomes an important tool in reaching those outcomes. Therefore, it is assumed that data obtained from the appraisals will be used effectively and widely by all organizations.
- (5) It is also hypothesized that both manufacturing organizations and service sector organisation would be managing their performance appraisal systems equally effectively.
- (6) The different dimensions of performance appraisal system should positively correlate with the dimension of overall satisfaction of the employees/appraisees.
- (7) It is commonly believed that private organizations are more closely controlled than

public organizations. This is because, as the argument goes, there is more (or better) accountability in the private organisations than in public organisations. And because of more accountability, it is assumed that the performance appraisal system would be more effective and objective in the private organisations than in public organizations.

- (8) It is hypothesized that all organisations under study will be able to achieve the purpose and the objectives of their appraisal systems by their annual appraisals.
- (9) Looking at the characteristics of extravert employees, it is quite obvious that they carry an impression of being smart people. One associated thinking is that smart people are more intelligent and hence it has "halo effect" on the appraiser which leads to positive appraisal. So it is hypothesized that extravert employees, being positively appraised, will be more satisfied with the prevailing P.A. system in their organisation.

Research Sites

The study was conducted in six diverse organizations in Western India. Since one of the objectives of the study was to see the effectiveness of performance appraisal system in different organizations, it included Public, Private, Manufacturing and Service organizations. The study involved two chemical units, one oil refinery and two engineering organisations and a big service organisation. Out of the two chemical units, one belonged to private sector while the other is owned and managed by the Government of Gujarat

Sample :

The sample for the pilot study was selected on the availability of the individual managers at the time of researchers' convenience. It consisted of 20 managers from two different divisions of the same organization. Sample distribution for the pilot study.

The final sample used for the study was randomly selected from each organization. And number of respondents varied from organization to organization depending upon the size of the organization. The age range of the sample was between 45 years to 55 years and their mean work experience was 25 years. The sample of the present study was middle line managers from six different organizations.

Instruments :**A. Appraisal Evaluation Questionnaire**

The various components comprising the questionnaire have been briefly described below :

1. Purpose of the P.A. system :
2. P.A. system as a whole
3. Assessment methods
4. Potential appraisal and development plan
5. Usefulness of P. A. System
6. Review and Counselling
7. Role of HRD cell
8. Overall satisfaction

B Maudsley Personality Inventory (MPI) (Hindi version)

MAJOR FINDINGS :

1. Thrust of P. A. System is on managerial skills in private organisations and on performance in public organisations.
2. There is no prescribed system of setting targets in both the type of organisations (i.e. Pub. and Pvt. org.).
3. P. A. System has the provision of exercising KPAs for every employee in both the type of organisations (i.e. Pub. and Pvt. org.).
4. P. A. System have provision of setting departmental targets in both the type of organisations (i.e. Pub. and Pvt. org.).
5. Individual managers' objectives are determined by the superiors in both the type of organisations (i.e. Pub. and Pvt. org.).
6. Sources of information used by the appraisers is his own memory in both the type of organisations (i.e. Pub. and Pvt. org.).
7. Method of judging personality traits and managerial skills is dependent on superior's judgement with some exception in pvt. org.
8. Factors accounted for overall rating are personality traits, and managerial skills in pvt. org. and vice versa in pub. org.
9. Measures taken to ensure application of reasonably uniform standards of ratings is scrutiny by HRD department and detailed instructions in pvt. and pub. org resp.
10. Superiors always discuss the report at the end of appraisal in pvt. org Whereas only adverse comments are communicated in pub. org
11. MBO is not practised as a formal discipline in the both the types of organisations (i.e. Pub. and Pvt. org.)
12. Respondents wanted HRD / Personnel functionaries to involve more in P. A proc-

ess in both the types of organisations (i.e. Pub. and Pvt. org.).

13. P. A. determines the potential of an employee in both the types of organisations (i.e. Pub. and Pvt. org.).
14. Promotions are not linked to appraisals but accounted as one of the relevant factors in pvt. org.
15. Previous ratings had far reaching effect on current appraisals as shown by the respondents in both the types of organisations (i.e. Pub. and Pvt. org.).
16. Training needs are identified through their P. A. System but the reports are occasionally used in both the types of organisations (i.e. Pub. and Pvt. org.).
17. External consultants were used to aid P. A. System in pvt. org.
18. Respondents were satisfied with their P. A. System but looked for improvement in both the types of organisations (i.e. Pub. and Pvt. org.).
19. Respondents feel a sound appraisal is extremely important for the organisation. Both the types of organisation supported this view.
20. Types of personality (extravert - introvert) did not seem to effect the appraisal system.

LIMITATIONS OF THE STUDY :

1. Uniformity of age and experience of the respondents because of the focused sample of middle line managers, limits the findings for that age / experience group.
2. The study has been carried out in the light of only two personality type i.e. extraversion and introversion.
3. The sample of the study covered organisations employing almost equal number of employees. Hence the findings are to be interpreted in that restricted context.

SUGGESTIONS FOR FUTURE RESEARCH :

1. A more varied sample in terms of age and experience can be used for studying the effectiveness of P. A. System.
2. Actual P. A. data from the organisations can be used for observing the consistency of respondents in rating.
3. The organisations like O2, O5 and O3 which either have implemented or in the process of implementing or just on the verge of initiating Open System of Performance Appraisal can be studied longitudinally as well comparatively in order to understand the Indian experience of institutionalisation of the system.