

# A STUDY ON PERFORMANCE APPRAISAL OF EMPLOYEES IN COVENANT CONSULTANTS

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## ABSTRACT:

*Performance Appraisal is a method of evaluating the behaviour of employees in the work spot, normally including both the quantitative and qualitative aspects of job performance. Performance here refers to the degree of accomplishment of the tasks that make up an individual's job. It indicates how well an individual is fulfilling the job demands. Often the term is confused with effort, but performance is always measured in terms of results and not efforts. In order to find out whether an employee is worthy of continued employment or not, and so whether he should receive a bonus) a pay rise or promotion" his performance needs to be evaluated from time to time. Process outsourcing or KPO is the latest wave to hit the outsourcing business in India. A booming sector with tremendous potential, the KPO sector in Indian employs around 25,000 people currently. It involves outsourcing for high end knowledge work. This includes research and work on intellectual property, equity and finance, analytics, market research and data management etc.*

**Key words:** Performance Appraisal, KPO, Job Performance

## I. INTRODUCTION

This study focuses on analyzing and exploring the effect of performance appraisal system on employee. A performance appraisal is a systematic and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. Other aspects of individual employees are considered as well, such as organizational citizenship behaviour, accomplishments, potential for future improvement, strengths and weaknesses, etc. People differ in their abilities and their aptitudes. There is some difference between the quality and quantity of the same work on the same job being done by two different people. So it is necessary to understand each employee's abilities, competencies and relative merit and worth for the organization. Performance appraisal rates the employee in terms of their performance. Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goal and also review their performance. Performance appraisal takes into account the past performance of the employees and focus on the future performance of the employee. It is a most powerful tool and aims to measure what an employee does. It helps to align the individual's performance with organizational goals and also review their performance. Appraising the performance of individuals, groups and organizations is a common practice of all societies. While in some instances the appraisal processes are structured and formally sanctioned, in other instances they are an informal and integral part of daily activities.

## II. REVIEW OF LITERATURE

**Armstrong (2006)** mentioned that high performance can be achieved by appropriate behaviour, particularly discretionary behaviour, and efficiently leveraging essential knowledge, skills and competencies. Also, performance management needs to scrutinize how outcomes are produced, in order to gain the information required to consider what has to be done to those consequences.

**Wiese 1998** The Performance appraisal process may be unsatisfactory for most people in industry. The appraisal system is complicated as there is a culture believes that people should be rewarded for outstanding performance, yet does not like to receive negative feedback (**Wiese 1998**).

**Feldman 1981** The actions were a great thing to reduce the confusion of employee's performance appraisal (**Feldman, 1981**). With the passage of the time the methods and rating system among the employees.

**Mount 1984** The author (**Mount 1984**) has done stepwise regression and cross validation analyses to identify reliable linear composites for managers and employees. The results shows difference between manager's and employee's opinions regarding appraisal system, where managers were more satisfied than employees for appraisal method as well as there were differences in the aspect of appraisal method which is related to satisfaction with the appraisal discussion.

**Landy and Farr 1980** They reviewed and researched the methods of performance appraisal in totally a different manner, in which they understand there after and process in an organizational context. Other Performance appraisal reports include there after characteristics in their report like race, gender and like ability. After the year 1980 the biasness among the performance appraisal system occurred outrageously and appraisal had been granted on the favouritism or race and gender basis rather examined the knowledge, skills and style of the work of the employee.

### **Oberg 1972**

Paired Comparison, Graphic Review Scale, Weighted Checklist, Person to Person Rating, Forced Ranking, Critical Incidents.

The above techniques were the traditional ones but the methods most widely used today are:

#### **- Management by Objectives**

Employees are requested to put up their own performance objectives. They are then judged through these objectives by verifying whether they were satisfied or not. However, in many cases organizations themselves set their standards and goals even after consulting employees.

#### **- 360 Degree Feedback**

360 Degree Feedback is a process in which employees receive private and anonymous feedback from the people who work around them.

### **Evans 1986**

Asserts that many employees believe that their promotion or salary increments depend mostly on their performance. Employees therefore are in a dilemma and consider this situation as 'survival of the fittest'. They know for a fact that, their performance will only be taken into consideration at the end of the day. So, in order to grow in the company they need to be proactive towards their work. The feedback the employee receives from his superior, may simply describe the level of performance achieved.

Hence, it becomes important for the managers to conduct the appraisal technique correctly. Employees can only accept criticism if it is useful and important to them. Managers should therefore know how to give information regarding progress made in performance and how to present criticism as well.

## **NEED FOR STUDY:**

It is necessary for the management to ensure that employees are satisfied with their performance appraisal system. A study on employee's opinion towards performance appraisal system .

- It tells how the employees feel about their job evaluation.
- This study helps building progress towards organizational goals.
- Helps the management to understand the attitude of the employees towards the performance appraisal system.
- The findings of the study will provide valuable information to the management to improve the conditions for the employees.

- Helps to enhance Management /Employee relations.
- The process can also be a motivator of performance since it shows that their opinions and views are considered important.
- It provides a means of assessing employee opinions that would otherwise be unreported.
- Difficulties in the system can be identified.

### **OBJECTIVES OF THE STUDY:**

- To understand the performance appraisal in KPO's
- To understand the technical development of employees with special reference to performance appraisal.
- To analyse the opinion of employees about the performance appraisal system.
- To study the challenges faced by the employees in performance appraisal.

### **Limitations Of Study:**

People differ in their abilities and their aptitudes. There is always some difference between the quality and quantity of the same work on the same job being done by two different people. Performance appraisals of Employees are necessary to understand each employee.

## **III.RESARCH METHODOLOGY:**

### **RESEARCH METHODOLOGY:**

Redman and more define research as a “systematized effort to gain new knowledge.” Research is an original contribution to the existing stock of knowledge making for its advancement. It is the pursuit of truth with the help of study, observation, comparison and experiment. The search for knowledge through objectives and systematic method of finding solution to a problem is research.

### **DATA COLLECTION**

#### **A. Primary data**

Primary data refer to information obtained first hand by the researcher on the variables of interest for the specific purpose of the study. Primary data was collected using structured questionnaire from employees.

#### **B. Secondary data**

Secondary data are data that are collected for some other purpose and are in existence. Secondary data pertaining to this study was obtained from company's record,

website and books.

## DATA ANALYSIS AND INTERPRETATION

### Showing age of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	20-30	40	80.0	80.0	80
	31-40	10	20.0	20.0	100.0
	Total	50		100.0	

**INFERENCE:** From the above table it is inferred that 80% of the respondents are between age of 20-30 and 20% of the respondents are between 31-40.

### Showing gender of respondents

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	27	54.0	54.0	54.0
	female	23	46.0	46.0	100.0
	Total	50	100.0	100.0	

**INFERENCE:** From the above table it is inferred that 54% of the respondents were male and

46% are female.

Showing if standardized performance appraisal tool adopted by the organization

	Frequency	Percent	Valid Percent	Cumulative Percent
yes	47	94.0	94.0	94.0
Valid no	3	6.0	6.0	100.0
Total	50	100.0	100.0	

**INFERENCE:** From the above table it is inferred that 94 % of the respondents agreed that they have a standardized performance appraisal tool and 6% of the respondents disagree that the company has no standardized performance appraisal tool

Showing the kind of performance appraisal tool adopted:

	Frequency	Percent	Valid Percent	Cumulative Percent
bell curve	16	32.0	32.0	32.0
Management by	17	34.0	34.0	66.0
Objective	12	24.0	24.0	90.0
Valid 360 degree feedback	5	10.0	10.0	100.0
Others	5	10.0	10.0	100.0
Total	50	100.0	100.0	

**INFERENCE:** From the above table it is inferred that 34% of the respondents are appraised using management by object tool, 32% of the respondents are appraised using bell curve method, 24% of the respondents are appraised by using 360 degree feedback method and 10 % of the respondents as other method of appraisal.

**Showing the frequency of performance appraisal:**

	Frequency	Percent	Valid Percent	Cumulative Percent
Weekly	1	2.0	2.0	2.0
Monthly	1	2.0	2.0	4.0
Quarterly	2	4.0	4.0	8.0
Half	46	92.0	92.0	100.0
Yearly				
Total	50	100.0	100.0	

**INFERENCE:** From the above table it is inferred that 92% of the respondents were assessed on half yearly bases 4% of the respondents were assessed quarterly bases, 2% of the respondents were assessed weekly.

**Showing employees rating of company's performance appraisal system:**

	Frequency	Percent	Valid Percent	Cumulative Percent
Excellent	2	4.0	4.0	4.0
Good	28	56.0	56.0	60.0
Valid Average	15	30.0	30.0	90.0
Satisfactory	5	10.0	10.0	100.0

Total	50	100.0	100.0	
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**INFERENCE:** From the above table it is inferred that 56% of the respondents rated as good,

30% rated as average, 10% rated as satisfactory and 4% rated as excellent their company's

performance appraisal system.

**Showing how many get detailed performance appraisal report:**

	Frequency	Percent	Valid Percent	Cumulative Percent
yes	49	98.0	98.0	98.0
Valid No	1	2.0	2.0	100.0
Total	50	100.0	100.0	

**INFERENCE:** From the above table it is inferred that 98% of the respondents says yes, and 2% respondents says no for detailed performance appraisal report.

**Showing satisfaction with the way of performance analysis:**

	Frequency	Percent	Valid Percent	Cumulative Percent
yes	45	90.0	90.0	90.0
Valid no	5	10.0	10.0	100.0
Total	50	100.0	100.0	

**INFERENCE:** From the above table it is inferred that 90% of the respondents are satisfied and 10% of the respondents are not satisfied with their performance appraisal.

**Showing opinion on performance appraisal system requirement for KOP's:**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	31	62.0	62.0	62.0
Valid no	19	38.0	38.0	100.0
Total	50	100.0	100.0	

**INFERENCE:** From the above table it is inferred that 31 % of the respondents says yes and 19% of the respondents says no to whether performance appraisal system is required for KPO's

**Showing the effect of performance appraisal on career improvement:**

	Frequency	Percent	Valid Percent	Cumulative Percent
Yes	27	54.0	54.0	54.0
Valid no	23	46.0	46.0	100.0
Total	50	100.0	100.0	

**INFERENCE:** From the above table it is inferred that 27 % of the respondents says yes and 23% of the respondents says no to whether performance appraisal system improves their career.

**Showing if performance appraisal system impacts work life balance:**

	Frequenc Y	Percent	Valid Percent	Cumulative Percent
yes	11	22.0	22.0	22.0
Valid no	39	78.0	78.0	100.0
Total	50	100.0	100.0	

**INFERENCE:** From the above table it is inferred that 39 % of the respondents says yes and 11%



of the respondents says no to whether performance appraisal system affects work life balance.

**Showing if employees have self-appraisal system:**

	<b>Frequenc Y</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
Valid yes	50	100.0	100.0	100.0

**INFERENCE:** From the above table it is inferred that 50 % of the respondents says yes to self appraisal system

**Showing if performance appraisal is a factor for attrition:**

	<b>Frequenc Y</b>	<b>Percent</b>	<b>Valid Percent</b>	<b>Cumulative Percent</b>
yes	22	44.0	44.0	44.0
Valid no	28	56.0	56.0	100.0
Total	50	100.0	100.0	

**INFERENCE:** From the above table it is inferred that 22 % of the respondents says yes and 28% of the respondents says no to performance appraisal is one of the factor for attrition.

**Findings :**

80% of the respondents aged between 20-30. It shows that opportunities are more for fresh graduates. 54% of the respondents were male and 46% are female. This shows that both female and male has equal opportunities in KPO's sectors. 92% of the respondents were appraised half yearly. This shows that the appraisal in most of the KPO's happens every six months. 56% of the respondents rated good for the performance appraisal system in which they are assessed. This shows that most of the employees in the KPO industry were happy with the procedure the company follows for appraising their performance. The other financial benefits provided by the company which motivates the employees in KPO industry is promotion and awards for their performance. This shows that other than financial benefits the organization motivates the employee via promotion and awards. 98% of the respondents agreed that their performance assessment report provides a detailed report on the criteria which they were assessed. This shows that the performance appraisal system in KPO is more transparent. 90% of the respondents were satisfied with the performance appraisal process. This shows that the employees in KPO's are more satisfied with their performance appraisal system. 62% of the respondents agreed that KPO industry need a performance appraisal system. This shows that the employees of KPO industry were in need of performance appraisal system. 54% of the respondents agreed that their performance

appraisal system provides a career improvement. This shows that the employees in KPO industry have career development. 78% of the respondents agreed that the performance appraisal system does not disturb the work like balance. This shows that the employees in KPO industry is more satisfied with the way they are assessed. 100% of the employees agreed that the self-appraisal system is provided weight age in the performance appraisal process. This shows that the self-appraisal is con94% of the respondents agreed that there are no changes in the performance appraisal system in their experience. This shows that the appraisal system remains constant.

### Suggestions

- The employees are more interested in financial benefits rather than non-financial benefits. The companies can aim for providing more financial benefits rather than non-financial benfits.
- The findings show that updating of performance appraisal system in KPO industry is not happening frequently.
- Companies should take initiative to change the performance appraisal system according to the changes in the environment.
- The degree of self-appraisal in the performance appraisal process is not defined properly. The company should provide importance for the self-appraisal system and rating.
- Since KPO industry is booming industry a standardized performance appraisal system which is more transparent and viable need to be created for the welfare of the employees in KPO's.

### Conclusion:

Since KPO industry is a booming industry, a standardized performance appraisal system is demanded. Even though the industry has transparent system in appraising the subject matter experts, some initiatives like self- appraisal, self-development was ignored. The experts in the KPO industry need to update themselves according to the market requirement. The development of the employees needs to be valued either financially or non-financially. This is possible only with a standardized performance system which is more common for all KPO's. Opportunities in the KPO industry is more comparing with the resources available in the market. A strong and standard initiative is required for the company to retain and develop the resources available.

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