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A Study of Performance Appraisal Systems: With Reference to Heinz, Sitarganj, Uttrakhand

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Abstract:

The Performance Appraisal System Is The Most Important Tool For Any Organization. Government Organizations Mostly Use Annual Confidential Reports To Appraise Their Employees. Private Organizations Use The Grading System Assessment Methods To Appraise The Performance. As The Performance Appraisal Increases The Motivation Level Of Employee, They Can Be Effectively Be Used For Planning Purpose And To Identify Problems And Obstacles Affecting Employee's Performance. The Performance Appraisal System Serves Not Only To Determine How Well An Employee Does His Or Her Job But Also To Decide Ways To Improve The Performance. For An Effective Appraisal Systems, Mutual Trust, Clear Objectives, Standardizations, Training, Job Relatedness, Documentation, Feedback, Participation And The Appraisal Reviews Are Some Important Factors Which Need To Be Considered.

Keywords: *Performance Appraisals, Performance Management, Employee Relations, Feedback Goals, Organisational culture, Human Relations*

1. Introduction

The success and survival of any organization will invariably be determined by the quality and competence of its human resources. HR function has been evolving over years in various directions so that performance of human resources can add values towards the organizational excellence at different stages. One of the important mechanisms in public and private sector organizations is appraising the performance of employees.

In many organizations, appraisal results are used either directly or indirectly to identify the better performing employees and to identify who should get merit pay increases, bonuses and promotions. The appraisal system is an instrument for improving the work culture by convincing employees that their career growth is linked with the performance of the company

2. The process of Performance Appraisal

The performance appraisals are used for (1) showing employees how to improve their performance, (2) setting goals for employees, and (3) helping managers to assess subordinates' effectiveness and take actions related to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations. Nowadays, in many organizations, performance appraisal is used either directly or indirectly to determine reward outcomes.

A performance appraisal system could be designed based on intuition, self-analysis, personality traits, behavioral methods and result based techniques. Different approaches could be blended, depending on the goals performance appraisal in the organization and the type of review. Key performance areas, self-appraisal, performance ratings and counseling are important components of performance appraisal system oriented to develop human resource in the organization. The performance analyses are an important component of appraisal.

This study emphasizes the importance of the performance appraisal and implementation of performance appraisal system to increase effectiveness of Heinz India Ltd, Sitarganj. The employees of Heinz India, Sitarganj have been imparted with the performance appraisal for evaluation of employees' performance. As a manufacturing organization, there is a need for continuous development of large workforce and for this, performance appraisal plays a crucial role to assess their performance.

3. The Studies in Retrospect- A Review

- **Shefal Nandan's** (2007) research stated that the roles and concerns of the performance appraisals are different in modern organizations from those that existed in older organization. In the earlier system, the supervisor played the role of judge, but now the supervisor is not only a judge but he/she is also a coach and facilitator for enhancing employees' performance. Performance appraisal system has the capability to influence so many different aspects of the employee and the organization and hence is strategically important.
- **Ashis Sinha** (2009) found that the problems run deeper than just the performance appraisal system. It was the implementation of the system which counts too. The approach toward implementation of the performance appraisal would affect system of the performance appraisal. Since the reluctance to change was a natural part of any organization, the implementation of a new system would hardly do any good unless the culture was changed.
- **Abhishek De** (2010) revealed that the performance appraisal is crucial in the performance management system. There are many past and future oriented appraisal methods like MBO, assessment centers, 360 degree appraisal, and BARS method to evaluate the performance appraisal. He concluded that feedback and the competency enhancement should be given to employees basing on discussions of the performance appraisal.
- **SVVS Vara Prasad** (2011) revealed the importance of the performance evaluation through effective performance appraisal to increase their business performance. This study has revealed that organization with strong performance management systems have solid operational payoffs. There must be a fair performance and reward system which stimulates the employees to perform better on their jobs.
- **Ratnavali. V** (2012) specified that the performance appraisal is seen as a tool for increment and as a devise for releasing the variable pay. He also focused on the human side of the appraisal. He reported that PA when handled with care would lead to a climate of trust while the reporting manager/appraiser is seen as fair and genuinely interested in the individual and his development.

4. Objectives of the Study

- To study the organizational profile of Heinz India, Sitarganj.
- Critically analysis the existing performance appraisal system of the employees in Heinz India ,Sitarganj
- To examine the perceptions of employees regarding the performance appraisal system followed by Heinz India ,Sitarganj
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5. Methodology and Sampling

Towards the accomplishment of said objectives information is obtained from both primary and secondary sources. Primary data are collected through interviewing employees and taking their response through structured questionnaire, while secondary data are collected from documents such as annual reports, manuals, books, bulletins and websites of Heinz India, Sitarganj. Employees constitute the entire universe of the present study. The samples includes, Sr Executives,Asst Managers,Managers total consisting of 150 employees.

6. Data Analysis and Interpretation

Perceptions of employees towards their performance appraisal system at Heinz India ,Sitarganj are analyzed on the basis of information collected through survey. Majority of respondents have agrees that they are satisfied with the existing performance appraisal system. Nearly 45% of the respondents have agreed, 23% have strongly agreed and 15% have disagreed. The majority of the respondents who agreed are Sr Executives (18%). Thus, it can be interpreted that performance appraisal system is implemented in the organization at various levels in all departments and employees are satisfied with the existing performance appraisal system. The reasons behind this could be variation in the policies implemented and the benefits they have derived from the performance appraisal system with regards to promotions, transfers and training aspects.

Out of total sample respondents, nearly 73% of the respondents have agreed that the performance appraisal helps the employees to win cooperation and develop the teamwork. It can be inferred that the present appraisal system at Heinz India ,Sitarganj, is transparent in delivering the true assessment of the employees to enhance their effectiveness and building teamwork among Heinz India ,Sitarganj employees.

In Heinz India, Sitarganj, the existing performance (PA) appraisal system is helping its employees to reduce the grievances among employees. From Table 1, most of the respondents have agreed (44%) and strongly agreed (18%) regarding PA system in helping reduce grievances. It can be inferred that in the performance appraisal system, the policies like mentoring, counseling or interaction with the appraiser and the appraise which exist in the organization, are helping to reduce grievance among employees though chi square value is not significant. This might have occurred due to different procedures implemented for appraisal for employees in Heinz India, Sitarganj.

Majority of the respondents have agreed that the performance appraisal is helpful in improving the personal skills (table 2). Overwhelming number of 55% of respondents have strongly agreed. It can also be seen from data that the equal proportion of Sr Executives and Asst Managers have agreed which implies that the policies may be effective and similar in both the departments. Thus, it can be interpreted that the contents in the confidential reports make the employees realize their competencies and deficiencies. There is no doubt, the performance appraisal system on Heinz India ,Sitarganj help the employees to identify their productivity throughout the year when compared to the previous year and identify key areas of development and to improve their personal skills. Here also, Chi-square is not significant showing non reliability of observed values. EDIT

The training centre is located at Heinz India, Sitarganj which organizes the training programs for the employees in regular time intervals. This shows that deficiencies reflected in the confidential reports are not considered individually and training needs are not properly assessed based on the performance appraisal reports. There is no preference given to the performance appraisal system as reports are assessed and overall report is sent to the head office.

So most of the employees have disagreed to the fact that their training programs are effective as training needs are mismatched with the deficiencies of the employees (Table 3). Again Chi-Square value is not significant showing lack of goodness of the fit.

From Table 4, 60% have disagreed with the fact that the performance appraisal system in their organization helps to identify strengths and weaknesses of the employees and only a smaller proportion have agreed. Most of the Managers (18%) followed by Sr Executives have disagreed and the reason could be that the system followed in Heinz India, Sitarganj was not very effective in analyzing the deficiencies of the employees. The confidential report was not effective in assessing the employees and performance appraisal is conducted only once in year and not on regular intervals. Hence, we can deduce that many of the respondents have disagreed. Similarly most of the respondents feel that their promotions are not based on the performance ratings (Table 5). It is apparent (Table 6) that majority of the respondents disagree with the statement that management fixes the salary based on performance rating. Heinz India, Sitarganj consists of more experienced employees and the salary norms are based on the job evaluation at the time of their appointment and the same norms are followed till date. EDIT

From data more than 70% respondents have agreed that transfer, demotion, dismissal and suspension are based on performance rating (Table 7). It has been interpreted from the existing performance appraisal system that sometimes decisions regarding the transfer issue were based on performance ratings. The seniority was taken into consideration and also good performers among employees were given first preference at the time of region allotment.

In Table 8, most of the respondents feel that the organization is able to achieve desired goals through the performance appraisal system. More than 50% of employees agreed and thus the performance appraisal system is effective in communicating the organizational goals to the employees of Heinz India, Sitarganj. Every department is given their objectives where every employee contributes his efforts for reaching the goals. It can also be inferred that performance appraisal helps them in communicating the clear targets from management to the employees and this may be one of the reasons where desired targets are achieved through the performance appraisal system. Yet Chi-Square value is not significant showing large deviation between expected and observed values. Mostly everyone in the organization feel that the performance appraisal system helps in increasing employee motivation (Table 9). Employees have expressed the opinion that they have been motivated with the present appraisal system. It can be interpreted that in Heinz India, Sitarganj, every employee understands the importance of performance appraisal system and they feel that it is a tool of motivation in increasing their performance. Chi-square value is significant. At present, in Heinz India, Sitarganj nearly 75% of respondents are not satisfied with the existing appraisal format. (Table 10) Managers (30%) have disagreed as the companies' objectives tend to change but it has been observed that the confidential report format is not changed from time to time. So it can be inferred that the appraisers' expectation do not match with the appraisal format as the desired target is not reflected in appraisal attribute. Chi square value is significant at 10% confidential level. At present Heinz India, Sitarganj collects information on employee's performance in a structured format and it is reviewed by the superior and the report is submitted to HR department. The annual confidential reports filled by the employees are evaluated by superiors and the reports are submitted to HR department which stores data, then analyses and summarizes the report for different departments

7. Finding of the Study

Most of the employees of Heinz India, Sitarganj have felt that the performance appraisal system is needed in the organization and they were not satisfied with the existing performance appraisal system. Employees' opinion was that though the performance appraisal system existed, the purpose of the appraisal has not been achieved

At Heinz India, Sitarganj, employees are more cordial to each other and have mutual trust among themselves, this relationship development among employees is considered to be positive side of the performance appraisal. Most of the employees agreed that the performance appraisal helped win cooperation, teamwork and to reduce grievances among employees. There are fewer differences found in their opinion regarding the performance appraisal and they strongly believed that it helped them to assess competencies. The authority reveals the confidential report to the respective employees and counsels them in a proper manner. This leads to a proper understanding between employees and reduce grievances among employees

The training program organized at Heinz India, Sitarganj are not effective. Though observation of the survey is that the majority of the employees disagreed that the performance appraisal system does not help to identify strengths and weaknesses of the employees, deficiencies of the employees reflected in the report were not considered individually and training need are not properly assessed

Issues like promotions, salary fixation, giving increments, and transfers are not based on the performance ratings of the employees. It has been found that in Heinz India, Sitarganj compensation policies are not based on performance ratings. The rules in Heinz India, Sitarganj are rigid, promotions and salaries are based on seniority of the employee and not on the performance of the employees. So there is very less scope of the performance appraisal system in designing compensation policies.

It has also been observed that the employees were unhappy with the existing policies and they were resistance to change in any policy as most of the employees were old and reluctant to accept any change in policies. Also. It is difficult to change the policies because Heinz India, Sitarganj is located at various places across the nation.

8. Conclusion

It is concluded from the study that the performance appraisal system in Heinz India, Sitarganj is somewhat satisfactory. Most of the employees are familiar with the current appraisal system in the organization. They have the opinion that the appraisals helps to improve their performance. But the following problems are brought out of the study. For example, firstly, employees are not confident that their performance is measure correctly. Secondly, Employees observed that the employee's participation was minimum in the performance management and the performance appraisal system of Heinz India, Sitarganj. Management should take proper steps to overcome these issues. PA system Heinz India, Sitarganj in was helpful in identifying areas of interest, T&D needs, Self performance targets etc. the concerned executive should try to analyze the strengths and weaknesses of employees and advice them as and when required. A transparent system should be adopted in place of confidential report system in Heinz India, Sitarganj. Since Heinz India, Sitarganj plans to increase its customer base to 160 million by March, 2014; it is recommended that more systematic and scientific systems for appraising the performance of employees of Heinz India, Sitarganj should be introduced.

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particulars	SD	D	NAD	A	SA	Total
Sr Executives	1 (0.67%)	8 (5.33%)	6 (4.00%)	16 (10.67%)	9 (6.00%)	40 (26.67%)
Astt Managers	2 (1.33%)	7 (4.67%)	7 (4.67%)	17 (11.33%)	7 (4.67%)	40 (26.67%)
Managers	2 (1.33%)	8 (5.33%)	4 (2.67%)	23 (15.33%)	3 (2.00%)	40 (26.67%)
Others	3 (2.00%)	4 (2.67%)	5 (3.33%)	10 (6.67%)	8 (5.33%)	30 (20.00%)
	8 (5.33%)	27 (18.00%)	22 (14.67%)	66 (40.00%)	27 (18.00%)	150 (100.00%)
Chi-square-value						10.44
P-value						0.612

Table 1: Opinion of respondents regarding PA in helping to reduce grievances among the employees

Particulars	SD	D	NAD	A	SA	Total
Sr Executives	0 (0.00%)	2 (1.33%)	6 (4.00%)	20 (13.33%)	12 (8.00%)	40 (26.67%)
Astt Managers	2 (1.33%)	2 (1.33%)	3 (2.00%)	22 (14.67%)	11 (7.33%)	40 (26.67%)
Managers	1 (0.67%)	5 (3.33%)	2 (1.33%)	25 (16.67%)	7 (4.67%)	40 (26.67%)
OTHERS	0 (0.00%)	1 (0.67%)	5 (3.33%)	16 (10.67%)	8 (5.33%)	30 (20.00%)
	3 (2.00%)	10 (6.67%)	16 (10.67%)	83 (55.33%)	38 (25.33%)	150 (100.00%)
Chi square value						11.429
P-value						0.463

Table 2: Opinion of respondents on the PA in improving personal skills

Particulars	SD	D	NAD	A	SA	Total
Sr Executives I	4 (2.67%)	13 (8.67%)	6 (4.00%)	12 (8.00%)	5 (3.33%)	40 (26.67%)
Astt Managers	6 (4.00%)	15 (10.00%)	5 (3.33%)	10 (6.67%)	4 (2.67%)	40 (26.67%)
Managers	12 (8.00%)	10 (6.67%)	7 (4.67%)	10 (6.67%)	1 (0.67%)	40 (26.67%)
Others	3 (2.00%)	13 (8.67%)	6 (4.00%)	5 (3.33%)	3 (2.00%)	30 (20.00%)
	25 (16.67%)	51 (34.00%)	24 (16.00%)	37 (24.67%)	13 (8.67%)	150 (100.00%)
Chi square value						12.600
P-value						3.99

Table 3: Opinion of the respondents on effectiveness of training programme for individual & organization development

Particulars	SD	D	NAD	A	SA	Total
Sr Executives I	0 (0.00%)	18 (12.00%)	1 (0.67%)	15 (10.00%)	6 (4.00%)	40 (26.67%)
Astt Managers	2 (1.33%)	19 (12.67%)	4 (2.67%)	12 (8.00%)	3 (2.00%)	40 (26.67%)
Managers	3 (2.00%)	24 (16.00%)	2 (1.33%)	10 (6.67%)	1 (0.67%)	40 (26.67%)
Others	4 (2.67%)	10 (6.67%)	7 (4.67%)	7 (4.67%)	2 (1.33%)	30 (20.00%)
	9 (6.00%)	71 (47.33%)	14 (9.33%)	44 (29.33%)	12 (8.00%)	150 (100.00%)
Chi square value						22.656*
P-value						0.031

Table 4: Opinion of the respondents on performance appraisal in identifying strengths and weaknesses of employees

Particulars	SD	D	NAD	A	SA	Total
Sr Executives I	2 (1.33%)	29 (19.33%)	--	8 (5.33%)	1 (0.67%)	40 (26.67%)
Astt Managers	6 (4.00%)	28 (10.00%)	--	5 (3.33%)	1 (0.67%)	40 (26.67%)
Managers	5 (3.33%)	29 (19.33%)	--	5 (3.33%)	1 (0.67%)	40 (26.67%)
Others	54 (3.33%)	17 (11.33%)	--	6 (4.00%)	2 (1.33%)	30 (20.00%)
	18 (12.00%)	103 (68.67%)	--	24 (16.00%)	5 (3.33%)	150 (100.00%)
Chi square value						5.859
P-value						0.754

Table 5: Opinion of the respondents regarding promotion is purely based on performance appraisal

Particulars	SD	D	NAD	A	SA	Total
Sr Executives I	--	36 (24.00%)	0 (0.00%)	4 (2.67%)	--	40 (26.67%)
Astt Managers	--	33 (12.67%)	0 (2.67%)	7 (8.00%)	--	40 (26.67%)
Managers	--	33 (22.00%)	1 (0.675)	6 (4.00%)	--	40 (26.67%)
Others	--	24 (16.00%)	1 (0.67%)	5 (3.33%)	--	30 (20.00%)
	--	126 (84.00%)	2 (1.33%)	22 (14.67%)	--	150 (100.00%)
Chi square value						3.523
P-value						0.741

Table 6: Opinion of the respondents regarding the management fixes salary through the performance rating

Particulars	SD	D	NAD	A	SA	Total
Sr Executives	2 (1.33%)	4 (2.67%)	7 (4.67%)	20 (13.33%)	7 (4.67%)	40 (26.67%)
Astt Managers	1 (0.67%)	2 (1.33%)	4 (2.67%)	21 (14.00%)	12 (8.00%)	40 (26.67%)
Managers	0 (0.00%)	6 (4.00%)	3 (2.00%)	15 (10.00%)	16 (10.67%)	40 (26.67%)
Others	2 (1.33%)	2 (1.33%)	8 (5.33%)	13 (8.67%)	5 (3.33%)	30 (20.00%)
	5 (3.33%)	14 (9.33%)	22 (14.67%)	69 (46.00%)	40 (26.67%)	150 (100.00%)
Chi square value						16.738
P-value						0.160

Table 7: Opinion of the respondents regarding transfer, demotion, suspension and dismissal is based on performance appraisal

Particulars	SD	D	NAD	A	SA	Total
Sr Executives	1 (0.67%)	8 (5.33%)	6 (4.00%)	19 (12.67%)	6 (4.00%)	40 (26.67%)
Astt Managers	3 (2.00%)	6 (4.00%)	9 (6.00%)	14 (9.33%)	8 (5.33%)	40 (26.67%)
Managers	1 (0.67%)	9 (6.00%)	7 (4.67%)	11 (7.33%)	12 (8.00%)	40 (26.67%)
Others	0 (0.00%)	7 (4.67%)	6 (4.00%)	13 (8.67%)	4 (2.67%)	30 (20.00%)
	5 (3.33%)	30 (20.00%)	28 (18.67%)	57 (38.00%)	30 (20.00%)	150 (100.00%)
Chi square value						10.229
P-value						0.590

Table 8: Opinion of the respondents on the desired target of the organisation is achieved through the performance appraisal

Particulars	SD	D	NAD	A	SA	Total
Sr Executives	0 (0.00%)	2 (1.33%)	2 (1.33%)	22 (14.67%)	14 (9.33%)	40 (26.67%)
Astt Managers	2 (1.33%)	1 (0.67%)	5 (3.33%)	20 (13.33%)	12 (8.00%)	40 (26.67%)
Managers	0 (0.00%)	0 (0.00%)	5 (3.33%)	22 (14.67%)	13 (8.67%)	40 (26.67%)
Others	2 (1.33%)	5 (3.33%)	3 (2.00%)	16 (10.67%)	4 (2.67%)	30 (20.00%)
	4 (2.67%)	8 (5.33%)	15 (10.00%)	80 (53.33%)	43 (28.67%)	150 (100.00%)
Chi square value						19.594*
P-value						0.075

Table 9: Opinion of the respondents on performance appraisal increases employee motivation

Particulars	SD	D	NAD	A	SA	Total
Sr Executives	12 (8.00%)	12 (8.00%)	5 (3.33%)	9 (6.00%)	2 (1.33%)	40 (26.67%)
Astt Managers	8 (8.00%)	10 (6.67%)	5 (3.33%)	12 (8.00%)	5 (3.33%)	40 (26.67%)
Managers	5 (3.33%)	20 (13.33%)	7 (4.67%)	6 (4.00%)	2 (1.33%)	40 (26.67%)
Others	3 (2.00%)	7 (4.67%)	4 (2.67%)	14 (9.33%)	2 (1.33%)	30 (20.00%)
	28 (18.67%)	49 (32.67%)	21 (14.00%)	41 (27.33%)	11 (7.33%)	150 (100.00%)
Chi square value						19.429*
P-value						0.079

Table 10: Opinion of the respondents on appraisals expectations are matching with the contents of appraisal format