

Performance Appraisal at Software Industry - Hyderabad

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ABSTRACT

Performance Appraisal is the systematic process to evaluate and analyse the employee skills, knowledge and attitude to improve the performance of the employees, by which an agency involves its employees, as individuals and members of a group, in improving organizational effectiveness in the accomplishment of agency mission and goals. The basic aims and objectives of Performance Appraisal is to help in the realization of organizational goals. To study the various Performance Appraisal methods followed at different software companies, to ensure effective training program for the employees in case of dissatisfaction. A brief overview on software industry has been collected In the organizational setting mostly people are interested to evaluate others by appraising their performance but hardly prepared to be evaluated. Hence it is a real challenge for the organization to make the appraisal system more pragmatic to ensure that people trust in the system. So long as a human being evaluates another, there would be some subjectivity in the assessment. Thus it is essential to balance the subjectivity in the appraisal system to make it people oriented, workable and productive. Finally it was concluded with major findings and suggestions.

Keywords--- Performance Appraisal, organizational Effectiveness, etc.

I. INTRODUCTION

Performance Management -- Performance management is a holistic process bringing together many of the elements which go to make up the successful practice of people management, including in particular learning and development. But for this very reason, it is complex and capable of being misunderstood.

Performance management is not achievable unless there are effective processes of continuous development. This addresses the core competencies of the organization and the capabilities of individuals and teams. 'Performance management' should really be called 'performance and development management.' (Armstrong and Baron, 1998)

Performance appraisal is one element of performance management which involves different measurements throughout the organization. Performance appraisal is the most important if the organisations are to take the advantage of their most important asset, employees, and gain human capital advantage.

Performance appraisal is a process of summarizing, assessing and developing the work performance of an employee. In order to be effective and constructive, the performance manager should make every effort to obtain as much objective information about the employee's performance as possible.

Performance Appraisal is a review and discussion of an employee's performance of assigned duties and responsibilities based on results obtained by the employee in their job, not on the employee's personality characteristics. Personality should be considered only when it relates to performance of assigned duties and responsibilities.

It is a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview (annual or semi-annual), in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and

strengths as well as opportunities for improvement and skills development.

In many organizations - but not all - appraisal results are used, either directly or indirectly, to help determine reward outcomes. That is, the appraisal results are used to identify the better performing employees who should get the majority of available merit pay increases, bonuses, and promotions.

a. Planning Performance: where goals and objectives are set.

b. Managing Performance: through observation and feedback.

c. Appraising performance, and rewarding performance: where individual performance is formally documented and feedback delivered.

It is a holistic and disciplined approach which includes planning, monitoring, developing, rating, and rewarding employee performance. Need and Importance of the study it is very necessary to know the strategic importance of PMS.

- Design jobs and work systems to accomplish organizational goals.
- Hire individuals with abilities and desire to perform effectively.
- Train motivate, and reward employees for performance and productivity.
- Bring values to work behavior
- Link strategy and work behavior

It is seen that the organization following PAS on the measuring of the effectiveness and satisfaction of the employees as well as financial success of the company.

II. SCOPE OF THE STUDY

The scope of the study is to understand the performance Appraisal and its effects in the organization. The performance Appraisal is significantly increasing in the organizations. In the order to deliver effective and efficient performance, its importance to manage the performance management. The study of this project includes the different areas of performance management such as performance appraisal, balance score card. The research includes the study of performance in Software Companies.

Objectives of the Study

The basic aims and objectives of Performance Appraisal System are to help in the realization of organizational goals.

- To study the various Performance Appraisal methods followed at Software Companies.
- To ensure effective training program for the employees in case of dissatisfaction.
- To study about Performance Analysis at Software Companies, as Performance Analysis is the heart of Performance Appraisal.
- To obtain feedback from employees.

Research methodology

The research was done in order to understand the Performance Management System and the Performance Appraisals process followed at Software Companies and the perception of all the employees from all the cadres regarding it. Performance Management is about increasing performance. Successful use of Performance Management will help to improve program delivery, increase employee engagement and productivity. Hence it was necessary to conduct a research on the process.

Sample size

The sample undertaken to conduct the research study consists of twenty people which is of the total strength 45 working in the organization. The sample covered the employees from all the cadres, encompassing the senior most officers to workers. The sample was collected from all the departments of the organization.

III. TOOLS AND METHODS OF DATA COLLECTION

The data collected for the study is

- a. Primary data
- b. Secondary data

Primary data

The primary method was collected through a questionnaire which was circulated to the sample undertaken and information has also been collected by interviewing the manager and other officials of different Software companies. Also a general discussion with the employees helped to gain information regarding the study.

Secondary data

The secondary source used to collect data was the company's policy manual which contains the policy related the topic. Relevant information has also been gathered from websites related to Performance Management System, Performance Appraisal.

Limitations of the Study

Although attempt was made to gather relevant information in connection to study, there were many shortcoming and difficulties, which could not be overcome.

- The research sample was limited to of the total employees. Hence the information gathered could be limited.
- The conclusions are derived from the response of the employees which are expected to be unbiased.
- No Performance Appraisal System can be effective if the Appraised don't know the criteria under which they have been appraised and judged.
- A constructive congenial should exist between the Supervisor and his subordinate. During Performance Appraisal program the superior may tent to show his superiority which may cause damage to the organizational climate.

A Performance Appraisal interview is a primary and important context for the supervisor and the employee to work together to achieve superior performance. A survey of the research literature reveals that the appraisal interview functions to provide feedback on performance to counsel and provide help to discover what the employee is thinking, to teach the employee, to problem solve, to help the employee discover ways to improve, to set performance goals, and to discuss compensation. Research of Performance Appraisal Environment is centered on praise, criticism, and the superior subordinate relationships, while that on employee involvement in the performance appraisal process is divided into preparation and actual participation in the interview, including goal setting.

The typically designed performance management system in organization is a system of stages, which helps to improve and maintain performance of employee. The initial stage is Self- Appraisal. It involves asking the employee to self evaluate his/her job performance. Typically, prior to meeting with an employee, the manager will ask the employee to complete an evaluation form on his/her own, to be used as a basis of discussion during the annual performance review meeting.

IV. PERFORMANCE APPRAISAL

Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does. According to Flipped, a prominent personality in the field of Human resources, "performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in the matters pertaining to his present job and his potential for a better job." "Performance appraisal is a systematic way of reviewing and assessing the performance of an employee during a given period of time and planning for his future".

It is a powerful tool to calibrate, refine and reward the performance of the employee. It helps to analyze his achievements and evaluate his contribution towards the achievements of the overall organizational goals. By focusing the attention on performance, performance appraisal goes to the heart of personnel management and reflects the management's interest in the progress of the employees.

Objectives of Performance appraisal

- To review the performance of the employees over a given period of time.
- To judge the gap between the actual and the desired performance.

- To help the management in exercising organizational control.
- Helps to strengthen the relationship and communication between superior – subordinates and management – employees.
- To diagnose the strengths and weaknesses of the individuals so as to identify the training and development needs of the future.
- To provide feedback to the employees regarding their past performance.
- Provide information to assist in the other personnel decisions in the organization.
- Provide clarity of the expectations and responsibilities of the functions to be performed by the employees.
- To judge the effectiveness of the other human resource functions of the organization such as recruitment, selection, training and development.

Performance Appraisal Methods

The type of performance appraisal system utilized depends on its purpose. If the major emphasis is on selecting people for promotion, training, and merit pay increases, a traditional method such as rating scales may be most appropriate. Collaborative methods are designed to assist employees in developing and becoming more effective.

- a. **360-Degree Feedback:** Involves input from multiple levels within the firm and external sources as well.
- b. **Rating Scales:** Rates employees according to defined factors. The factors chosen for evaluation are typically of two types: job related and personal characteristics.
- c. **Critical Incidents:** Requires written records be kept of highly favorable and highly unfavorable work actions.
- d. **Essay:** The ratter simply writes a brief narrative describing the employee's performance. This method tends to focus on extreme behavior in the employee's work rather than routine day-to-day performance.
- e. **Work Standards:** Compares each employee's performance to a predetermined standard, or expected level of output.
- f. **Ranking:** The ratter simply places all employees in a given group in rank order on the basis of their overall performance. Paired comparison is a variation of the ranking method that involves comparing the performance of each employee with every other employee in the group.
- g. **Forced Distribution:** An appraisal approach where the ratter is required to assign individuals in the work group to a limited number of categories similar to a normal frequency distribution.
- h. **Forced-Choice And Weighted Checklist Performance Reports:** The forced choice performance report is a technique in which the appraiser is given a series of statements about an individual and the ratter indicates which items are most or least descriptive of the employee. The weighted checklist performance report is a technique whereby the ratter completes a form similar to the forced-

choice performance report, but the various responses have been assigned different weights.

The Appraisal Interview: The appraisal interview is the Achilles' heel of the entire evaluation process.

- **Scheduling the Interview**—Supervisors usually conduct a formal appraisal interview at the end of an employee's appraisal period.
- **Interview Structure**—A successful appraisal interview should be structured in a way that allows both the supervisor and the subordinate to view it as a problem solving rather than a faultfinding session.
- **Use of Praise and Criticism**—Praise should be provided when warranted, but it can have only limited value if not clearly deserved. Criticism, even if warranted, is especially difficult to give.
- **Employees' Role**—Two weeks or so before the review, they should go through their diary or files and make a note of every project worked on, regardless of whether they were successful or not.
- **Use of Software**—Computer software is available for recording the appraisal data.
- **Concluding the Interview**—Ideally, employees will leave the interview with positive feelings about management, the company, the job, and themselves.

Self Appraisal:

Self assessment is a process in which individuals review their own performance using a structural approach as the basis for discussion with their managers in review meetings. It is an important part of the Performance appraisal process where the employee himself gives the feedback or his views and points regarding his performance. Usually this is done with the help of a self appraisal form where the employee rates himself on various parameters, tells about his training needs, if any, talks about his accomplishments, strengths, weaknesses, problems faced etc.

It is a constructive approach to appraisal in which the manager conducts the meeting on a joint problem solving basis, focusing on the identification and the exploration of the problems which employee is facing. It is an opportunity for the appraisee to recapitulate and list down accomplishments and failures. The most important part of the self appraisal is the process of review and reflection through performance analysis. Self-evaluation is an internal process primarily for the use of managers to improve their performance results. The self assessment should provide the supervisor with a clear picture of the employee's perception of his or her own performance and contributions. The self assessment is not an exercise in good writing. Rather, it is an opportunity for an employee to describe major contributions and how the work meets or exceeds the supervisor's performance expectations. Documenting everything an employee accomplishes during the appraisal period is not expected. Employees are

encouraged to keep a journal throughout the appraisal period to record significant activities as they occur.

Data Analysis and Interpretation

1. To draw inference on Performance Appraisal implemented in the organization and to create a participative environment. Respondents were asked the opinion in terms of

(a) Agree, (b) Disagree, (c) Strongly Agree (d) Strongly Disagree

S.NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE
1	Agree	11	55
2	Disagree	05	25
3	Strongly Agree	03	15
4	Strongly Disagree	01	5
	Total	20	100%

Source: Primary Data

From the above table data the number of respondents who agreed are 55%, who disagreed are 25%, who are strongly agreed are 15%, and who are strongly disagreed are 5%. Factors facilitating and hindering performance are taken into consideration while appraising the performance. Responses are noted upon these terms.

It is evident that the respondents have agreed with the statement that their performance management system will create a participative environment in the organization.

Table-2: Do performance appraisal reaches the goals& mission of organization

S.NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE
1	Agree	06	30
2	Disagree	02	10
3	Strongly Agree	10	50
4	Strongly Disagree	02	10
	Total	20	100%

Source: Primary Data

From the above table data the number of respondents who agreed are 30%, who disagreed are 10%, who are strongly agreed are 50% and who are strongly disagreed are 10% are responded the performance appraisal reaches the goals and mission of the organization.

It is evident that the respondents have agreed with the statement that performance appraisal reaches the goals & mission of organization.

Table -3 Do you satisfied with the present Performance Appraisal system in your organization

S.No	OPTIONS	NO OF RESPONDENTS	PERCENTAGE
1	Agree	12	60%
2	Disagree	02	10%
3	Strongly Agree	06	30%
4	Strongly Disagree	00	NIL
	TOTAL	20	100%

Source: Primary Data

From the above table among all the respondents 60% agreed, 10% disagreed, and 30% are Strongly Agree for the satisfaction with the present Performance Appraisal system in your organization

It is evident that the respondents have agreed with the statement that they feel free to express to their appraiser their satisfaction on present appraisal system.

Table -4: Organization willing to provide the training program after appraisal system.

S.NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE
1	Agree	11	55%
2	Disagree	4	20%
3	Strongly Agree	3	15%
4	Strongly Disagree	2	10%
	TOTAL	20	100%

Source: Primary Data

It is evident from the table-4 that the respondents have agreed with the statement that they are aware of all the performance and development programmes conducted in their organizations those who agreed are 55% ,disagree are 20%, strongly agree are 15% and strongly disagree are 10%.

It is evident that the maximum respondents are accepted the organization is providing the proper training programs to their employees after the appraisal system.

Table -5: Is performance appraisal an evaluate & analyze the employer.

S.NO	OPTIONS	NO OF RESPONDENTS	PERCENTAGE
1	Agree	10	50%
2	Disagree	2	10%
3	Strongly Agree	3	15%
4	Strongly Disagree	5	25%
	TOTAL	20	100%

Source: Primary Data

It is evident from the table-5 that the respondents have agreed with the statement that they are aware of all the performance appraisal to evaluate and analyze the employer performance and implementing programs those who agreed are 50% ,disagree are 10%, strongly agree are 15% and strongly disagree are 25%.

It is evident that the maximum respondents are agreed performance appraisal evaluate and analyze the employer.

V. FINDINGS

- ❖ It is observed that employees agreed with the statement that there performance Appraisal will create a participative environment in the organization. The number of respondents who agreed are 55%, who disagreed are 25% and who are Strongly Agree are 15% and who are strongly disagree are 5%.
- ❖ It is observed that performance appraisal reaches the goals and mission of the organization and the employees are agreed are 30%, who disagreed are 10%, and strongly agreed are 50% and strongly disagreed are 10%.
- ❖ It is observed that agreed with the statement that they feel free to express the present appraisal system in the organization is 60% are agreed, 10% are disagreed, 30% are strongly agree and strongly disagree respondents are NIL .
- ❖ It is observed that the respondents have agreed with the statement that they require training program after appraisal, those who are agreed are 55%, disagreed are 20%, strongly agreed are 15% and strongly disagreed are 10%.
- ❖ It is observed that the respondents have agreed with the statement that performance appraisal to evaluate and analyze the employer, those who are agreed are 50%,disagree are 10%, strongly agreed are 15% and strongly disagreed are 25%

VI. CONCLUSION

In the organizational setting mostly people are interested to evaluate others by appraising their performance but hardly prepared to be evaluated. Hence it is a real challenge for the organization to make the appraisal system more pragmatic to ensure that people trust in the system. So long as a human being evaluates another, there would be some subjectivity in the assessment. Thus it is essential to balance the subjectivity in the appraisal system to make it people oriented, workable and productive. Moreover the purpose of the system should be more developmental rather than punitive in nature. If performance appraisals have to achieve the variety of developmental objectives, the appraisal system needs to be designed well and its implementation monitored well. Most appraisal systems are well designed but do not get implemented well due to poor monitoring and follow ups. Monitoring may be done for the entire system every year or for every significant component of the system. Performance appraisal states that it focuses on specific skills such as leadership skills, group process skills, communication skills, and problem solving skill are essential in the performance management to be developed and maintained.

Suggestions

1. It is suggested that Formal counseling session with the HR may be held for the employees if any employee is not satisfied with his/her appraisal in order to eliminate problems.
2. It is suggested that the employees should be given “Best Employee of the Year Award” based on the performance management which would make the employees take interest in the appraisal done.

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