ABSTRACT

Performance appraisal is a formal assessment and rating of individuals by their managers at usually an annual review meeting. 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. This topic is specifically selected to study those best practices which are under implementation to suggest the management about the problems and perspectives to refine further to achieve organizational goals as well as implementing the new methodologies for achieving organizational goals. The main need of the study is gain the practical knowledge in the subject and to know the process and purpose of appraisal system in Yashoda Hospital.

Keywords: performance appraisal, organizational effectiveness, key performance indicators, appraisal process, techniques of performance appraisal.

I. OBJECTIVE OF THE STUDY

The overall objective of taking up a project “performance Appraisal” is to study and evaluate the growing importance of human element in organization sector. With this unprecedented growth, the importance of performance appraisal as a tool for the growth and development of both employee and organization has also tremendously increased. It is now been realized that simply having a good system in place does not make the firm successful. This has therefore given a needed for integrating the strategic concerns of firm with its performance monitoring system

1. To find employees are satisfied with the performance appraisal program
2. To ensure organizational effectiveness through correcting employee for standard and improved performance and suggesting the change in employee behavior
3. To help the organization as well as the superiors to have a proper understanding about their subordinates
4. To identify development needs of employees and also to establish objectives for training programmes

II. SCOPE OF THE STUDY

By this study, the company may know the factors, which according to the employees determine the performance and motivation levels. If the company tries to consider the concerns of the employees, it may then lead to better performance and there, by increased loyalty among employees dedicating towards achieving the organizational goals. The study aims at to investigate the opinion of staff, manager senior manager, and assistant manager about their performance levels at the work place. The study is limited to concerned staff only.

III. RESEARCH METHODOLOGY

There are two sources for data collection they are:

PRIMARY SOURCE

There was constant interaction with the HR department for the inputs and the information required through
1. Direct personal investigation through questionnaires
2. Indirect oral investigation through observation

SECONDARY SOURCE

Collection of other relevant information through secondary sources like:
1. Internal records, reports and the manuals of the company
2. Literature review
3. Company website
4. Books of management for reference

There are two basic types of sampling depending on who is allowed to govern the selection of the sample. They are probability sampling and non probability sampling. In probability sampling the decision whether a particular element included in the sample or not is governed by chance alone. In non-probability sampling samples may be picked up base on the convenience of the numerator. For the present study, I want to adopt convenience – sampling method.

IV. RESEARCH DESIGN

The study conducted is a descriptive study.
The design of the sample plan is restrictive because of the busy schedule of employees. Formats of appraisal system and key performance indicators are widely used.

V. SAMPLE DESIGNING

A sample of 50 employees were selected on a total and the percentage of employees in data analysis are found using the formula

Percentage = (no of respondents /sample size)*100

VI. LIMITATIONS OF THE STUDY

As the period of the study is limited for only 45 days the data collected is very limited. As the data is collected in the working hours of the employees, they are busy and they could not give the complete response. Unable to obtain proper feed back because of the limited time period and busy schedule of the employees. Unable to interact with all the employees. Problem with the confidential information.

VII. INTRODUCTION

Performance Appraisal is a formal, structured system that compares employee performance to established standards. Assessment of job performance is shared with employees being appraised through one of several primary methods of performance appraisals. Elements in performance appraisal methods are tailored to the organization's employees, jobs, and structure. An effective review process helps organizations in three areas:

1. Evaluation and improving personnel selection and training systems;
2. Preventing wrongful termination; and
3. Increasing real employee diversity

Performance and Development Planning (PDP):

PDP is a process for managers that aligns individual performance with company goals and ensures focus on the development of talent company-wide. PDP is an important step in their corporate effort to engage and enable employees to deliver their contribution to their business. Also, PDP serves to enable employees to identify and realize personal opportunities for development that are aligned to current and future business challenges.

Objectives of Performance Appraisal:

- Assess the training and development needs of employees.
- Identify the strengths and weaknesses of employees.
- Decide upon a pay raise (increments).
- Determine whether human resource programs such, as selection, training and transfers have been effective or not.
- Form a basis for personnel decisions-salary (merit) increases, promotions, disciplinary actions, etc.
- Provide the opportunity for organizational diagnosis and development.

- Facilitate communication between employee and administrator.
- Increase motivation to perform effectively.
- Better clarify and define job functions and responsibilities.
- Clarify organizational goals so they can be more readily accepted.

Performance Appraisal Process

- Prepare - prepare all materials, notes agreed tasks and records of performance, achievements, incidents, reports etc - anything pertaining to performance and achievement
- Inform - ensure the appraise is informed of a suitable time and place and clarify purpose and type of appraisal
- Venue - ensure a suitable venue is planned and available - private and free from interruptions
- Introduction - relax the appraise - open with a positive statement, smile, be warm and friendly
- Review and measure - review the activities, tasks, objectives and achievements one by one
- Agree an action plan - An overall plan should be agreed with the appraisee, which should take account of the job responsibilities, the appraisee's career aspirations, the departmental and whole organization's priorities.
- Agree necessary support - This is the support required for the appraisee to achieve the objectives, and can include training and anything relevant and helpful that will help the person develop towards the standard and agreed task. Also consider training and development that relates to 'whole-person development' outside of job skills. Developing the whole person in this way will bring benefits to their role, and will increase motivation and loyalty.
- Invite any other points or questions - make sure you capture any other concerns.
- Close positively- Thank the appraisee for their contribution to the meeting and their effort through the year, and commit to helping in any way you can.
- Record main points, agreed actions and follow-up - Swiftly follow-up the meeting with all necessary copies and confirmations, and ensure documents are filed and copied to relevant departments.

Benefits:

The following are the benefits of a successful appraisal system:

1. For the Organization:
- Improved performance throughout the organization due to:
  - Effective communication of organization’s objectives and values
  - Increased sense of cohesiveness and loyalty.
  - Managers are better equipped to use their leadership skills and to develop their staff.
- Improved overview of tasks performed by each member of a group.
- Identification of ideas for improvement.
- Communication to people that they are valued.

2. For the Appraiser:
- Opportunity to develop an overview of individual jobs.
- Opportunity to identify strengths and weaknesses of appraisees.
- Increased job satisfaction.
- Opportunity to link team and individual objectives with department & organizational objectives.
- Opportunity to clarify expectations that the manager has from teams and individuals.
- Opportunity to re-prioritize targets.
- Means of forming a more productive relationship with staff based on mutual trust and understanding.
- Due to all above Increased sense of personal value.

3. For the Appraiser:
- Increased motivation and job satisfaction.
- Clear understanding of what is expected and what needs to be done to meet expectations.
- Opportunity to discuss aspirations and any guidance, support or training needed to fulfill these aspirations.
- Improved working relationships with the superior.
- Opportunity to overcome the weaknesses by way of counseling and guidance from the superior.

Performance Appraisal Techniques:

Traditional Methods of Appraisals:

1. Ranking
In this, the superior ranks his/her subordinates in order of their merit, from best to worst.
- It is done in a competitive group.
- It is done by placing the appraise on numerical scales I.e. 1st, 2nd, 3rd etc. in the total group.
- Ranking of an appraise on his job performance/traits against that of another member.

2. Person-to-Person/ Paired Comparison
Under this method the appraiser compares each employee with every other employee, one at a time.
- Certain key performance areas/traits are developed. E.g: Leadership, Creativity, Initiative etc.
- A scale for each factor is designed.
- A scale of people is also created for each factor.
- Each appraisee is compared to every other person on the scale.
- Certain scores for each factor are awarded to the appraisee.

3. Grading
- Certain categories of traits/performance criteria, which are worth of appraising, are established. E.g. cooperativeness, self-expression, dependability, job knowledge etc.
- The actual performance (Key performance area) of an employee is then compared to the predetermined grade definitions.
- Appraisee is allotted with the grade, which describes his performance in the best possible manner.
- Any grade that is selected should be well defined.

4. Graphic Scales
- A printed form, one for each person to be rated is used.
- The factors included in the form are Employee characteristics such as leadership, cooperativeness, enthusiasm, loyalty etc. or Employee contribution which includes quantity and quality of work, specific goals achieved, regularity of attendance, responsibility assumed etc.
- The traits can be evaluated on continuous scale – the appraiser places a mark along a continuum (range).

5. Checklist
- A series of questions are presented concerning an appraiser’s behavior.
- The appraiser has to reply to the questions in either negative or positive tone - (Yes/No).
- The value of each question may be weighted I.e. one can have predetermined scale and scoring to those questions.

6. Essay
- A blank form is given to the appraiser.
- The form contains main heading such as employees’ characteristics, attitudes, job knowledge, potential etc.
- The appraiser is asked to put in words his impressions about the employee.
- It gives specific information about the employee.

7. Confidential Reporting
- It is the most traditional way of appraising employee’s performance. The basic assumption here is that since the superior is in direct contact he knows his subordinates better than any other and hence his appraisal would be more appropriate.
- The superior writes a paragraph or so about his subordinate’s strengths, weaknesses, intelligence, attitude to work, attendance, conduct and character, work efficiency, etc.

8. Critical Incident Method
- Initially a set of noteworthy (good or bad) on-the-job behaviors is prepared. This is usually in the form of incidents.
- These incidents are given to a group of experts who assign scale values depending upon the degree of desirability for the job.
- This checklist is used by superiors for evaluating the employees.
- This method helps in identifying the key areas where the employees are weak or strong.
- It emphasizes rating on objective evidence and helps in counseling.

9. Forced Choice Technique
- In forced choice system the appraiser is forced to choose one from among a group of 4 statements that best fits the individual being rated and one which least fits him.
- Each statement is given a value or a score.
- The evaluator does not know the score value of statements; hence he cannot show any favor towards the appraise.
- The method of arranging the traits involves a long process from getting the description of “good” or “bad” employees to establishing their validity and reliability.

**Modern Methods of Appraisal:**

1. **Behaviorally Anchored Rating Scales:**

   Behaviorally Anchored Rating Scales (BARS) is a relatively new technique which combines the graphic rating scale and critical incidents method. It consists of predetermined critical areas of job performance or sets of behavioral statements describing important job performance qualities as good or bad (for eg. the qualities like inter-personal relationships, adaptability and reliability, job knowledge etc). In this method, an employee’s actual job behaviour is judged against the desired behaviour by recording and comparing the behaviour with BARS. Developing and practicing BARS requires expert knowledge.

2. **Human Resource Accounting Method**

   Human resources are valuable assets for every organization. Human resource accounting method tries to find the relative worth of these assets in the terms of money. In this method the performance of the employees is judged in terms of cost and contribution of the employees. The cost of employees include all the expenses incurred on them like their compensation, recruitment and selection costs, induction and training costs etc whereas their contribution includes the total value added (in monetary terms). The difference between the cost and the contribution will be the performance of the employees. Ideally, the contribution of the employees should be greater than the cost incurred on them.

3. **Assessment Centers**

   An assessment centre typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees to assess their competencies to take higher responsibilities in the future. Generally, employees are given an assignment similar to the job they would be expected to perform if promoted. The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics.

   The major competencies that are judged in assessment centers are interpersonal skills, intellectual capability, planning and organizing capabilities, motivation, career orientation etc. Assessment centers are also an effective way to determine the training and development needs of the targeted employees.

4. **Management by Objectives**

   The concept of ‘Management by Objectives’ (MBO) was first given by Peter Drucker in 1954.

   Management by Objectives is basically a process whereby the superior and the subordinate managers of an enterprise jointly identify its common goals, define each individual’s major areas of responsibility in terms of the results expected of him and use these measures as guides for operating the unit and assessing the contribution of each of its members. Management by Objectives is primarily to change the behavior and attitude towards getting an activity or assignment completed in a manner that it is beneficial for the organization. Management by objectives is a result-oriented process, wherein emphasis is on results and goals rather than a prescribed method.

   A number of companies have had significant success in broadening individual responsibility and involvement in work planning at the lowest organizational levels.

   Management by Objectives is a process having following basic steps:
   
   I. Set Organizational Goals
   II. Joint Goal Setting
   III. Performance Reviews
   IV. Set check posts
   V. Feedback

5. **360° Feedback**

   The 360° Feedback process is called multi-source assessment, taps the collective wisdom of those who work most closely with the employee, superiors, colleagues (peers), direct reports and possibly internal and often external customers. The collective intelligence these people provide on critical competencies or specific behaviors and skills gives the employee a clear understanding of personal strengths and areas ripe for development. Employees also view this performance information from multiple perspectives as fair, accurate, credible, and motivating.

   As the 360° Feedback process better serves the needs of employees, it serves the changing needs of their organizations too. Organizations are reducing hierarchy by removing layers of management and putting more emphasis on empowerment, teamwork, continuous learning, individual development, and self-responsibility. The 360° Feedback Model aligns with these organizational goals to create opportunities for personal and career development.

   **360 degree appraisal has four integral components:**
   1. Self appraisal
   2. Superior’s appraisal
   3. Subordinate’s appraisal
   4. Peer appraisal.
Electronic Appraisal System (e-APPRaisal)

E-Appraisal is a recently introduced method of performance appraisal that eliminates paper work. E-Appraisal simplifies and enhances the employee performance appraisal process. It provides an organization with a powerful tool to help develop organization’s critical talent all year round. It is easier to conduct e-Appraisals by automating the time-consuming process of administrating employee performance reviews. It is flexible and can be customized to suit an organization’s needs. The comprehensive workflow makes it easy for human resource professionals to manage the process by approving appraisal forms, monitoring the status and sending automatic email notifications to managers.

VIII. REVIEW OF LITERATURE

Top Leadership Perspectives on Performance Management
by Leslie Allan AIMM MAITD

How important is your leadership team's support of the performance management system in your organization? Sibson Consulting's 2010 study into the attitudes of human resources professionals towards their appraisal systems sheds some interesting light on the value of top level endorsement.

Sibson Consulting teamed up with WorldatWork, an association of human resources people, in mid-2010 to survey HR staffs on performance management practices and the challenges they were facing in their organizations. The survey was conducted in a number of countries and with organizations ranging from just a few employees to large multinationals. From the 750 people that responded, we can draw a picture of the current state of performance management in organizations today.

To begin with, what are the key messages from the report? One maybe not surprising finding that shone through was the low confidence that human resources professionals had in the efficacy of their performance management processes. Although 91% of respondents reported that their organization had a performance management system in place, over one quarter (28%) said that their managers regarded the appraisal process as an administrative burden only.

Alarmingly, not even half of those surveyed (47%) saw their performance management system as helping their organization achieve its strategic objectives. In addition, less than one third (30%) reported their employees as trusting the system. Overall, less than half of all respondents (43%) regarded their performance management system as effective.

HR professionals reported three key challenges to making their systems more beneficial to their organization. They said that appraising managers lacked the courage to have difficult performance conversations with employees (63%). Secondly, they lamented that managers viewed performance management as a HR process not critical to business success (47%). Thirdly, they observed the poor goal setting skills of managers at the start of each employee appraisal cycle (36%).

In effect, only a little over one third of HR professionals thought that managers complete thorough performance assessments. Another one third of respondents openly disagreed. Not even half (46%) thought the system worthwhile considering the amount time expended in conducting and reporting the evaluations.

With such a dismal picture painted, what role is the executive currently playing in supporting the performance management system in their organization? The good news is that nearly three quarters of all survey respondents (74%) felt the support of senior managers for the system. So bracingly, that still leaves one in four organizations struggling with displaying confidence in their appraisal process at the top level.

With such widespread support from top management, why are organizations struggling with their performance management processes? Perhaps the answer lies in how the leadership team views the importance of their performance management system. According to the HR professionals surveyed, in only one third of organizations do the executive strongly or mostly consider the appraisal system business-critical. According to the respondents, the same number of executive teams consider the process a mostly pencil pushing exercise.

And perhaps it is this attitude to the system that prevents top managers' supporting words from being translated into real action. Only 40% of survey respondents reported seeing their leaders model the right behaviors. As a case in point, in only 65% of organizations did senior management require completed employee evaluations for all employees.

How important then is senior management's support for the performance management system in driving business results? The survey designers tackled this question by separating companies into quartiles according to shareholder value over a three year period. The survey authors found 87% of respondents working in the top quartile of companies feel their senior managers publicly support the performance management process. This contrasts with 66% of respondents working in the bottom quartile of companies feeling likewise. The margin between the top and bottom performers is not huge, but it is significant.

Of more significance is the difference in number that felt that their senior management team did not support the process. Here, only 3% of respondents in the top quartile reported the lack of top management support. Contrast this response with the 14% working in the bottom quartile companies. The implications are clear. Top leadership support is an important factor in the success of any performance management system. As this survey shows, HR professionals by and large enjoy that support. The next challenge for HR managers is to translate verbal support for the system into modeled behaviors.
IX. DATA ANALYSIS

Interpretation:

It is evident that 80% of employees strongly agree with the statement, 14% of employees agree with the statement, 6% of employees neutral with the statement and 0% of employees strongly disagree with the statement that performance appraisal is the method needed in the organization.

1. Performance appraisal helps to win and cooperation and team work

Interpretation:

It is evident that 60% of employees strongly agree with the statement, 30% of employees agree with the statement, 6% of employees neutral with the statement and 4% of employees strongly disagree with the statement that performance appraisal is the method which helps to win cooperation and team work.

Interpretation:

It is evident that 36% of employees strongly agree with the statement, 44% of employees agree with the statement, 16% of employees neutral with the statement and 4% of employees strongly disagree with the statement that performance appraisal is the method which gives a proper assessment of your contribution to the organization.

1. Does your performance assessment match your expectation

Interpretation:

It is evident that 60% of employees strongly agree with the statement, 30% of employees agree with the statement, 6% of employees neutral with the statement and 4% of employees strongly disagree with the statement that performance appraisal is the method which matches expectations every time.
expectations match rarely and 0% of employee expectations never match for the statement how often their performance assessment match to their expectations.

1. Position of current appraisal system

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**Interpretation:**
It is evident that 10% employees satisfaction is very high 22% of employees satisfaction was high 64% of employees satisfaction was average 4% of employees satisfaction was low 0% of employee satisfaction was very low for the statement what is your satisfaction level with the current appraisal system.

1. Performance appraisal should match with your performance

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**Interpretation:**
It is evident that 60% of employees strongly agree with the statement, 30% of employees agree with the statement, 10% of employees neutral with the statement and 0% of employees strongly disagree with the statement and 0% of the employees disagree with the statement that performance appraisal system helps to identify the strength and weakness of the employee.

1. Performance appraisal helps for improving competencies of employees

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**Interpretation:**
It is evident that 24% of employees strongly agree with the statement, 44% of employees agree with the statement, 64% of employees neutral with the statement and 10% of employees strongly disagree with the statement and 0% of the employees disagree with the statement.
statement that performance appraisal helps in improving competencies of employee.

### 1. Are you satisfied with existing performance appraisal system

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**Interpretation:**

It is evident that 28% of employees strongly agree with the statement, 56% of employees agree with the statement, 12% of employees neutral with the statement and 4% of employees strongly disagree with the statement that are you satisfied with existing system of performance appraisal.

### 1. Performance rating helps in reducing grievance of the employees

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**Interpretation:**

It is evident that 32% of employees strongly agree with the statement, 60% of employees agree with the statement, 08% of employees neutral with the statement and 0% of employees strongly disagree with the statement that performance appraisal is helpful in reducing grievances of the employees.

### 1. Performance rating is helpful for the management to provide employee counseling

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**Interpretation:**

It is evident that 22% of employees strongly agree with the statement, 56% of employees agree with the statement, 04% of employees neutral with the statement and 0% of employees strongly disagree with the statement that performance appraisal helps with the statement that performance rating is helpful for the management to provide employee counselling.

### 12. Performance ratings helps to fix increment

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statement and 0% of employees strongly disagree with the statement and 0% of the employees disagree with the statement that performance rating helps to fix increment.

13. Do you feel comfortable discussing any differences opinion about your performance rating with your appraiser.

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<td>15</td>
<td>30</td>
</tr>
<tr>
<td>2</td>
<td>agree</td>
<td>33</td>
<td>66</td>
</tr>
<tr>
<td>3</td>
<td>neutral</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>4</td>
<td>disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>5</td>
<td>strongly disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>total</td>
<td></td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

**Interpretation:**

It is evident that 30% of employees strongly agree with the statement, 66% of employees agree with the statement, 4% of employees neutral with the statement and 0% of employees strongly disagree with the statement and 0% of the employees disagree with the statement that do you feel comfortable discussing any differences opinion about your performance rating with your appraiser.

14. How often the performance review should take place.

<table>
<thead>
<tr>
<th>s.no</th>
<th>options</th>
<th>no of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
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<td>once in a year</td>
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<td>10</td>
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<tr>
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<td>6 months</td>
<td>26</td>
<td>52</td>
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<td>3 months</td>
<td>14</td>
<td>28</td>
</tr>
<tr>
<td>4</td>
<td>2 months</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>5</td>
<td>once a month</td>
<td>3</td>
<td>6</td>
</tr>
<tr>
<td>total</td>
<td></td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

**Interpretation:**

It is evident that 10% of employees responded to once in a year, 52% of the employees responded to every 6 months, 28% of employees responded to every 3 months, 4% of employees responded to once a month for the statement according to you know how often the performance review should take place.

15. Promotion should be based on performance appraisal.

<table>
<thead>
<tr>
<th>s.no</th>
<th>options</th>
<th>no of respondents</th>
<th>% of respondents</th>
</tr>
</thead>
<tbody>
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<td>22</td>
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<tr>
<td>2</td>
<td>agree</td>
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<td>neutral</td>
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<tr>
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</tr>
<tr>
<td>5</td>
<td>strongly disagree</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>total</td>
<td></td>
<td>50</td>
<td>100</td>
</tr>
</tbody>
</table>

**Interpretation:**

It is evident that 22% of employees strongly agree with the statement, 56% of employees agree with the statement, 22% of employees neutral with the statement and 0% of employees strongly disagree with the statement and 0% of the employees disagree with the statement that promotion should be based on performance.

**X. CONCLUSION**

From this study we have come to know that the organization make use of 360 degrees appraisal method in order to appraise the performance of their employees. And the purpose of the performance appraisal in this organization is wage increase. The employees of the organization are comfortable with the existing performance appraisal method and they want it to be improved in some of the areas in order to differentiate performs and non-performers because some of them feel that the performers are not recognized. I feel that existing performance appraisal should be followed by recognizing the work in the form of granting awards/merit certificates in order to motivate the employees. Finally I conclude that an effective and efficient appraisal system is imperative for a company to achieve financial success and organizational objectives.
BIBILOGRAPHY

REFERENCES

WEBSITES
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[4] wikepedia.org