



APPROACHES OF PERFORMANCE APPRAISAL PRACTICED AT VIDARBHA VINKAR SHETKARI SAHKARI SUT GIRNI LTD.

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ABSTRACT

The demand for cotton Industry in today's world has widely been increased due to its inheritable advantages like reduce installation cost, minimum space consumption, easy extension, aesthetic benefits, and its increased productivity options. So, Cotton Industry plays vital role in Textile hub. People differ in their abilities and attitudes. There is always some difference between quality and quantity of the same work on the same job being done by different people. Performance Appraisal of Employees is necessary to understand each employee's abilities, competencies and relative merit and worth for the organization. Performance Appraisal of Employees rates the employees in terms of their performance. Performance appraisals are widely used in the society. The history of performance appraisal can be dated back to the 20th century and then to the second world war when the merit rating was used for the first time. An employer evaluating their employees is a very old concept. Performance appraisals are an indispensable part of performance measurement. This paper explores a study of performance appraisal practiced at cotton Industry "Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd."

Key Words: Textile, Cotton, Performance appraisals.

I. INTRODUCTION

A. About "Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd." :

"Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd." was established in the co-operative sector at Wani, Yavatmal, a major cotton growing district in the western Indian state of Maharashtra near the Wardha and Penganga rivers. With 10000 spindles capacity, the mill produces 10 tonnes of 100% cotton yarn per day. The mill has complete range of Lakshmi Rieter Spinning machinery from Blow Room to Spinning, LUWA air-conditioning system, Process cones from Murata, Japan and Yarn Clearers & Laboratory Equipment's from Zellweger Uster, Switzerland.



Figure 1: Actual Set up of Sut Girni

B. An Overview of Performance Appraisal

Performance Appraisal is necessary to measure the performance of the employees and the organization to check the progress towards the achievement of the desired goals and aims. The latest mantra being followed by organizations across the world being—“get paid according to what you contribute” -- the focus of the organization is turning towards performance management and specifically to individual performance. Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goals. If the process of performance appraisals is formal and properly structured, it helps the employees to clearly understand their roles and responsibilities and give direction to the individual’s performance. It helps to align the individual performances with the organizational goals and also review their performance.

Performance appraisal takes into account the past performance of the employees and focuses on the improvement of the future performance of the employees. It provides staff with clarity of aims and focus on job expectation, motivates staff to perform better, cultivates the desired cultures, helps focus on the desired results, improves communication, helps develop staff and helps achieve departmental objectives. Employees’ job performance is an important issue for all employers. However, satisfactory performance does not happen automatically; therefore it is more likely with a good performance management system. A performance management system consists of the processes used identify, encourage, measure, evaluate, improve, and reward employees performance at work.

DEFINITIONS

“A system for determining how well employees are performing their jobs, communicating that information to them and making plans to improve their performance”.

“The evaluation of an individual’s work performance in order to arrive at objective personnel decisions”.

“An evaluation in which the performance level of employees is measured against established standards to make decisions about promotions, compensation, additional training, or firing”.

“A system for determining how well employees are performing their jobs, communicating that information to them and making plans to improve their performance”.

“Process of evaluating the extent to which people are doing their assigned work satisfactorily”.

“Performance management is the process of creating a work environment or setting in which people are enabled to perform to the best of their abilities. Performance management is a whole work system that begins when a job is defined as needed. It ends when an employee leaves your organization”.

C. Why Performance Appraisal

The history of performance appraisal is quite brief. Its roots in the early 20th century can be traced to Taylor's pioneering Time and Motion studies. But this is not very helpful, for the same may be said about almost everything in the field of modern human resources management. As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War – not more than 60 years ago.

There is, says Dulewicz (1989), "... a basic human tendency to make judgments about those one is working with, as well as about oneself." Appraisal, it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate. Performance appraisal systems began as simple methods of income justification. That is, appraisal was used to decide whether or not the salary or wage of an individual employee was justified.

The process was firmly linked to material outcomes. If an employee's performance was found to be less than ideal, a cut in pay would follow. On the other hand, if their performance was better than the supervisor expected, a pay rise was in order. Little consideration, if any, was given to the developmental possibilities of appraisal. If it was felt that a cut in pay, or a rise, should provide the only required impetus for an employee to either improve or continue to perform well.

Sometimes this basic system succeeded in getting the result that was intended, but more often than not, it failed.

For example, early motivational researchers were aware that different people with roughly equal work abilities could be paid the same amount of money and yet have quite different levels of motivation and performance.

These observations were confirmed in empirical studies. Pay rates were important, yes; but they were not the only element that had an impact on employee performance. It was found that other issues, such as morale and self-esteem, could also have a major influence.

As a result, the traditional emphasis on reward outcomes was progressively rejected. In the 1950s in the United States, the potential usefulness of appraisal as tool for motivation and development was gradually recognized. The general model of performance appraisal, as it is known today, began from that time.

Why Performance Appraisal?

Performance appraisal is a vehicle to

- (1) Validate and refine organizational actions (e.g. selection, training); and
- (2) Provide feedback to employees with an eye on improving future performance.

Validating and refining organizational action

Employee selection, training and just about any cultural or management practice—such as the introduction of a new pruning method or an incentive pay program—may be evaluated in part by obtaining worker performance data.

The evaluation may provide ideas for refining established practices or instituting new ones. For instance, appraisal data may show that a farm supervisor has had a number of interpersonal conflicts with other managers and employees.

Some options include

- (1) Paying more attention to interpersonal skills when selecting new supervisors,
- (2) Encouraging present supervisors to attend communication or conflict management classes at the local Community college, or
- (3) Providing the supervisor one-on-one counseling.

D. Concept of Performance Appraisal

Each organization concerned about the performance assessment of staff and is done through specific methods are often based division of Supervisors in order to identify the overall efficiency of the staff, in order to identify aspects of the development in performance And know the performance appraisal process "as a process aimed at determining the performance of the worker is defined and how it should perform its work and design plan for the development group, it would assess the performance of not only the definition of the worker level of performance but also influence the level of performance in the future."

And Other researchers say that the evaluation of performance "means the assessment of the efficiency of workers for their work and their behavior in it, and that a formal system designed to measure and evaluate the performance and behavior of individuals at work and through constant observation and the Organization for this performance, behavior, and results, during certain time periods and unknown.

And definitions of the comprehensive performance assessment that "a periodic report shows the level of individual performance and the type of behavior compared with the tasks and duties of the job entrusted to it. It helps officials to find out the weaknesses and strength in the activity of that individual. And the goal is to address the weaknesses, if any, promoting aspects of the force. The focus of this concept to the actual performance under the requirements of the job, and standardized achievement that is expected of them performed. Evaluation criteria vary from company to company, according to the philosophy adopted by the company, and in particular whether the administrative philosophy is the philosophy of sufficiency (Sufficiency) or the philosophy of efficiency (Efficiency), or the philosophy of effectiveness

According to Flippo, 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.

E. Need for Performance Appraisal

Performance appraisal is needed to provide information about the performance ranks basing on which decision regarding salary fixation, confirmation, promotion transfer are taken. It also helps to provide the feedback about the achievement behavior of the subordinate. A subordinate which helps to review the performance of the subordinate rectifying performance deficiencies and setting new standards of work, if necessary. An important aspect which is counseling of the subordinate can also be achieved through this technique. Counseling helps to diagnose the deficiency in the employee regarding skill, knowledge, determining the necessity of training required for the employee growth and development, which in turn helps to place the employee aptly, resulting in a conducive environment preventing grievance and in disciplinary activities leading to higher productive workforce for long term.

Performance management is an ongoing, continuous process of communicating and clarifying job responsibilities, priorities and performance expectations in order to ensure mutual understanding between supervisor and employee. It is a philosophy which values and encourages employee development through a style of management which provides frequent feedback and fosters teamwork. It emphasizes communication and focuses on adding value to the organization by promoting improved job performance and encouraging skill development. Performance Management involves clarifying the job duties, defining performance standards, and documenting, evaluating and discussing performance with each employee.



Figure 2 : Need for Performance Appraisal

Managing employee performance is an integral part of the work that all managers and rating officials perform throughout the year. It is as important as managing financial resources and program outcomes because employee performance or the lack thereof, has a profound effect on both the financial and program components of any organization.

Performance elements tell employees what they have to do and standards tell them how well they have to do it. In an effective organization, work is planned in advance. This includes setting performance expectations and goals for individuals in order to channel efforts toward achieving organizational objectives. Involving employees in the planning process is essential to their understanding of the goals of the organization, what needs to be done, why it needs to be done, and expectations for accomplishing goals.

II. SCOPE & OBJECTIVES OF THE PERFORMANCE APPRAISAL

A. Scope of Performance Appraisal

Performance appraisal is going over how employees have worked. This is important because it can highlight problems that there have been. This can be through low production figures and then any issues that employees could have had can be raised. This will then motivate them as they know a problem will be solved and that they will not get the blame. It is also another chance for employers to motivate employees if they do not have many opportunities in the workplace.

As discussing about the Performance Appraisal Technique it would be helpful for the following reasons:

- Discuss the strengths and weakness of the appraisee.
- Feedback of the appraisee is encouraged.
- Explains the ways to improve the performance.
- For promotion, separation and transfer decisions.

- Feedback to employees regarding how the organisation viewed the employee's performance.
- To evaluate the contribution made by the individual and entire department in achieving organisation goals.
- To decide about training and development programme.
- To know about the weakness of employees that must be removed.

In short, it may be concluded that performance appraisal is a window through which employer can look deeply in to the professional life of their employees and may help to improve their performance to achieve the desired standard. And through it will help the employees to know how they are performing because their performance is going to be evaluated against a standard by a particular method known to them in advance.

B. Objectives of Performance Appraisal

- To have deeper knowledge of employees' Performance Management System'
- To get an idea of the existing Performance Appraisal System in "Vidarbha Vinkar Shetkari Sahakari Sut Girni Ltd." in a broader perspective.
- To study the employees' general opinion of this system.
- To study the effectiveness of Performance Appraisal System with regard to both employer and employees.
- To study the existing criteria on which the existing Performance Appraisal System is based.
- To study the further scope for improvement in the present Performance Appraisal System.

III. PROCESS OF PERFORMANCE APPRAISAL

A. Establishing Performance Standards

The first step begins with the establishment of the performance standards, which is evolved after job analysis and job description. These performance standards should be clear and enough to be understood and measured.

B. Communicating the Standards

The second step says that once performance standards are set it is necessary to communicate these expectation. It should not be the part of the employee to judge the what exactly is expected out of him/her. It is important to note that mere transference of information one way only will land no profitability to anyone, Communication ia a two way traffic

C. Measuring the Actual Performance

The Third step says an appraisal system is the measurement of performance. To determine what the actual performance is it is necessary to acquire information about it. We should be concerned with what we measure and how we measure, which can be done in four ways: personal observation, statistical reports, oral reports and written reports. Each has its strengths and weaknesses, however the combination of them increases both the number of input sources and profitability of receiving reliable information.

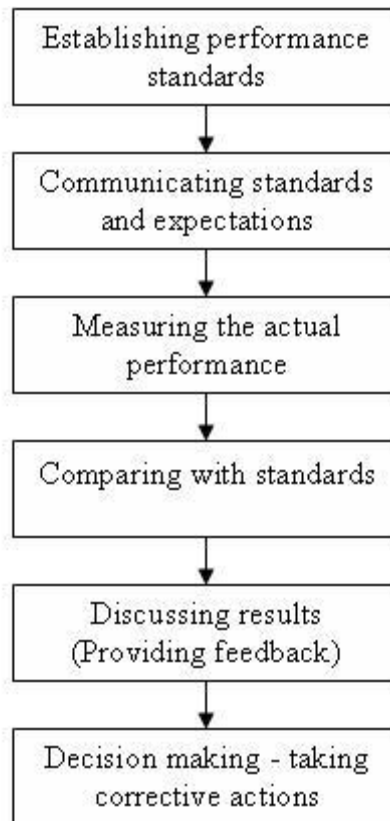


Figure 3 : Flowchart for Measuring the Actual Performance

D. Comparing the Actual Performance

The fourth step is the appraisal process of comparison of actual performance with the standards. The attempt in this step is to note deviations between standard performance and the actual performance desired. One of the most challenging aspect for managers of to measure accurately and communicate the same accurately to the subordinate. The impression that the subordinate has about their assessment has a strong impact on the subordinate's self esteem and is directly shown in the subsequent performances, This discussion on performance standards can have a positive as well as negative motivational consequences.

E. Discussing Results

Lastly the final step in the appraisal system is the initiation of corrective action when necessary. Corrective action can be of two types: One immediate and deals predominately with symptoms. The other is basic and delves into causes. Immediate corrective action is often termed as “putting out fires” where as basic corrective action gets to the source of deviation and seeks to adjust the differences permanently. Immediate action corrects something right now and gets back on the track. Basic action asks ‘how and why’ performance deviated, but in this case it involves a lot of time, energy and resources, to rationalize action and therefore must be content to ‘perpetually put out fires”.

IV. METHODS OF PERFORMANCE APPRAISAL

A. Critical incident method

- Critical incident is a method used for many sectors.
- Critical incident method- Recording of events by appraiser. An incident is critical when it illustrates what the employers has done or failed to do.
- The critical incidents for performance appraisal are a method in which the manager writes down positive and negative performance behavior of employees throughout the performance period.
- Each employee will be evaluated as such and one’s performance appraisal will be based on the logs that are put in the evaluation form.
- The manager maintains logs on each employee, whereby he periodically records critical incidents of the workers behavior.
- At the end of the rating period, these recorded critical incidents are used in the evaluation of the workers’ performance.
- The critical incidents file of performance appraisal is a form of documentation that reflects all data about employee performances.

B. Weighted checklist

This method describes a performance appraisal method where rater familiar with the jobs being evaluated prepared a large list of descriptive statements about effective and ineffective behavior on jobs.

Process of weighted checklist

- HR department and Managers / Supervisors will set up checklist for each position.
- If the rater believes strongly that the employee possesses a particular listed trait, he checks the item; otherwise, he leaves the item blank.

Sample of weighted checklist

- Does he give respect to his superiors? Yes/No

- Does he follow instructions properly? Yes/No
- Does he make mistakes frequently? Yes/No

The value of each question may be weighted equally or certain questions may be weighted more heavily than others.

C. Paired comparison analysis

- Paired comparison analysis is a good way of weighing up the relative importance of options.
- A range of plausible options is listed. Each option is compared against each of the other options. The results are tallied and the option with the highest score is the preferred option.

Steps to conduct paired comparison analysis

- List the options you will compare (elements as A, B, C, D, E for example).
- Create table 6 rows and 7 columns.
- Write down option to column and row; A to row second, cell first from left and A to row first, cell second from left; B to row third, cell first from left and B to row first, cell third from left etc; column seventh is total point.
- Identify importance from 0 (no difference) to 3 (major difference).
- Compare element "A" to B, C, D, E and place "point" at each cell.
- Finally, consolidate the results by adding up the total of all the values for each of the options. You may want to convert these values into a percentage of the total score.

D. Definition of the rating scales

- The Rating Scale is a form on which the manager simply checks off the employee's level of performance.
- This is the oldest and most widely method used for performance appraisal.
- The scales may specify five points, so a factor such as job knowledge might be rated 1 (poorly informed about work duties) to 5 (has complete mastery of all phases of the job).

Content of appraisal

- Quantity of work. Volume of work under normal working conditions
- Quality of work. Neatness, thoroughness and accuracy of work Knowledge of job.
- Dependability. Conscientious, thorough, reliable, accurate, with respect to attendance, relief, lunch breaks, etc.
- Judgment
- attitude. Exhibits enthusiasm and cooperativeness on the job
- Cooperation . Willingness and ability to work with others to produce desired goals.
- Initiative.

Rating scales

Rating scales can include 5 elements as follows:

- Unsatisfactory
- Fair
- Satisfactory
- Good
- Outstanding

E. Essay evaluation

- This method asked managers / supervisors to describe strengths and weaknesses of an employee's behavior. Essay evaluation is a non-quantitative technique
- This method usually use with the graphic rating scale method.

Input of information sources

Job knowledge and potential of the employee;

- Employee's understanding of the company's programs, policies, objectives, etc.;
- The employee's relations with co-workers and superiors;
- The employee's general planning, organizing and controlling ability;
- The attitudes and perceptions of the employee, in general.

F. Behaviorally anchored rating scales (BARS):

- This method used to describe a performance rating that focused on specific behaviors or sets as indicators of effective or ineffective performance.
- It is a combination of the rating scale and critical incident techniques of employee performance evaluation.

Classification of behaviorally anchored rating scales

- Behavioral observation scales
- Behavioral expectations scales
- Numerically anchored rating scales

Rating scales

Each behavior can rate at one of 7 scales as follows (you can set scales depend on your requirements)

- Extremely poor (1 points)
- Poor (2 points)
- Below average (3 points)

- Average (4 points)
- Above average (5 points)
- Good (6 points)
- Extremely good (7 points)

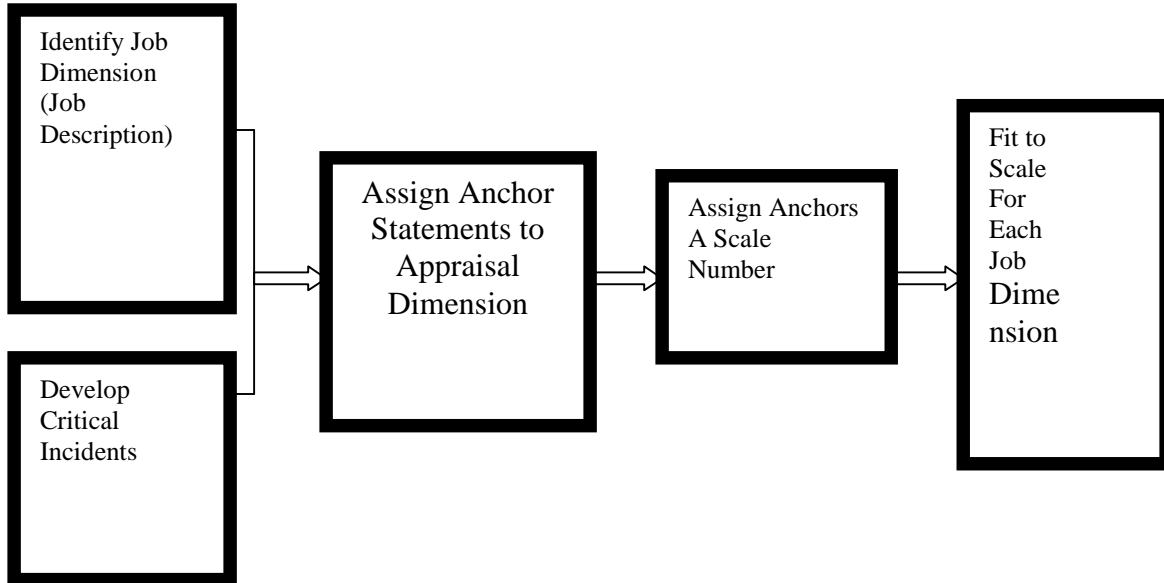


Figure 4 : Flow diagram of BARS

G. Performance Raking Method

Ranking is a performance appraisal method that is used to evaluate employee performance from best to worst. Manager will compare an employee to another employee, rather than comparing each one to a standard measurement.

Rating scale of ranking

- Much better – 5 points
- Slightly better – 4 points
- Equal – 3 points
- Slightly worst – 2 points
- Much worst – 1 point

Process of ranking

- The scaled comparison asks a rater or evaluator to compare the performance of two individuals.
- Continue comparison to other two employees.
- Total points to each employee.

- Give point to employee, for example: A is Slightly better – 4 points so that B is Slightly worst – 2 points.

Management by Objectives (MBO)

- MBO is a process in which managers / employees set objectives for the employee, periodically evaluate the performance, and reward according to the result.
- MBO focuses attention on what must be accomplished (goals) rather than how it is to be accomplished (methods).

Classification of Objectives

- Corporate objectives
- Functional objectives
- Individual objectives

Conditions of Management by Objectives

An objective must be satisfied SMART conditions:

- Specific,
- Measurable,
- Achievable,
- Relevant, and
- Time-Specific.

H. 360 degree performance appraisal

360 Degree Feedback is a system or process in which employees receive confidential, anonymous feedback from the people who work around them.

Who should conduct 360 degree performance appraisal?

- Subordinates.
- Peers.
- Managers (i.e. superior).
- Team members.
- Customers.
- Suppliers/ vendors.
- Anyone who comes into contact with the employee and can provide valuable insights and information.

What are 360 degree measures?

- 360 degree measures behaviors and competencies.
- 360 degree addresses skills such as listening, planning, and goal-setting.

- 360 degree focuses on subjective areas such as teamwork, character, and leadership effectiveness.
- 360 degree provides feedback on how others perceive an employee.

360 degree appraisal has four components

- Self appraisal
- Subordinate's appraisal
- Peer appraisal.
- Superior's appraisal

I. Forced ranking (forced distribution)

Forced ranking is a method of performance appraisal to rank employee but in order of forced distribution. For example, the distribution requested with 10 or 20 percent in the top category, 70 or 80 percent in the middle, and 10 percent in the bottom. The top-ranked employees are considered "high-potential" employees and are often targeted for a more rapid career and leadership development programs.

V. CONCLUSION

A well-designed performance appraisal system supports an integrated human resource strategy which enables the attainment of organizational and business goals. And therefore it will enable the assessment of the present and future potential of staff and determines the training and development needs.

VI. ACKNOWLEDGMENT

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