

Impact of Employees' Satisfaction on Performance Appraisal System in Spinning Mills, T.N

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Abstract

The performance appraisal activities enable determination of whether the employees' performance accords with the established objectives and are primarily based on the appraisal of employees' work results and activity (behavior), but also on their competence (skills, abilities and characteristics). To analyze the employees' performance, diverse appraisal methods and their combinations are used. During the appraisal process primarily those work results are valued that create preconditions for their improvement in the future and enable differentiation between compensation, rates, thereby, on the one hand, diminishing equalization and on the other hand, increasing fair compensation. This study report reveals that perceived utility of PAS in spinning mills in south Tamilnadu.

Introduction: Appraisal Concept

To appraise means to estimate, to value or to judge. Performance denotes what a person has done and how he has done. So in a simple way, performance appraisal is a formal managerial exercise in organisations to value or estimate or judge what a person has done and how he has done. The data so collected serves the needs of the organisation in a variety of decisions in the human resource management. Organisational Effectiveness depends upon the level of performance of its employees; higher the performance, higher the effectiveness and vice versa. Hence the levels of performance need to be ensured. Periodic stock taking of the qualitative state of this manpower indicates its value and potential in achieving the goals of the organisation. The value of the manpower wealth is known from the periodic appraisal reports.

Appraisal Methods

There are two definable approaches in making appraisal. These are:-

- (a) The work-centred approach.
- (b) The Person-centred approach.
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In this approach, the content of the appraisal is limited to the way in which the person actually performs the significant functions of the job. The items to be evaluated consist of concrete job elements, such as the ability to meet the scheduled deadlines.

Some of the advantages of the approach are as follows:-

- (i) Focuses on concrete and observable behaviour.
- (ii) Appraiser can cite observable behaviour.
- (iii) Supplies an objective basis for discussion between the appraiser and appraisee (in open appraisal systems).
- (iv) Likely to arouse less resentment and be less damaging to an appraisee's ego than a discussion of appraisee's personality deficiencies and shortcomings.
- (v) Amenable to definite plans for corrective action.
- (b) The Person-centred Approach.

In this approach, the content of the appraisal concerns the personal characteristics of the appraisee. The items to be evaluated consist of personality traits such as an ability to cooperate. It is important to evaluate the behaviour trait as well as personality characteristics of an individual to satisfy the organisational and personal requirement.

Review of Literature

Laud (1984) surveyed 267 employees (e.g., vice presidents, directors, managers) of Fortune 1300 corporations regarding such areas as the value of performance appraisal systems in management development, the link of performance appraisal to career planning, long-term strategic succession planning, and compensation systems. Results indicate that most of the companies surveyed underappreciated the role of the appraisal system and its link to strategic management development for systematically improving individual and organizational performance.

Study by **Orpen (1995)** on performance appraisals of 135 employees which were conducted by immediate supervisors and measures of relationships with supervisors and perceptions of the effectiveness of goal setting. The impact of goal setting was strongest on poor performers and on those who had poor relationships with supervisors.

Need for the Study

In the HRD context, performance appraisal system is an important tool to develop the individuals. As the importance of the performance appraisal system is being realised as a significant component of the efforts to develop human resources, progressive organisations have started to have a relook into their performance appraisal practices and redesign the same if need be. But the realisation is still to catch up in many industries and organisations in India.

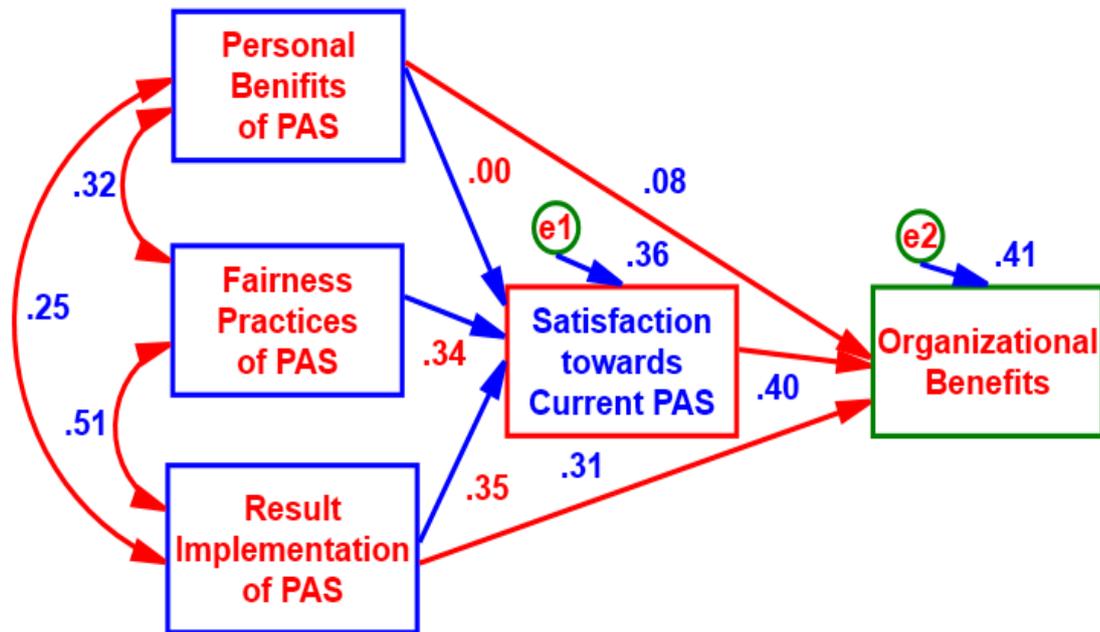
Scope of the Study

The scope of the study is as below: Also it will help in identifying the appraisal practices being followed in industries for assessing executives' performance and to determine whether the objectives of appraisal, were being met or not. The study will in particular, focus on the appraisal systems followed for senior level managers.

Statement of the Problem

The objectives and purposes of a performance appraisal system amply justify the need for the same in any organisation. Literature on the subject and previous studies indicate that attitudes of individuals viz. the appraisers and appraisees and the management of organisations towards the appraisals determine the utility and efficiency in the administration of any performance appraisal system. Preliminary discussions brought out a general belief that the management in spinning mills in TN based industries is conservative and do not adequately subscribe to development of human resources.

Path Analysis of Perceived Utility of PAS



The above path analysis is run on a sample of 405 to know the correlation and regression of independent variables with respect to performance appraisal system of employees. Likewise the independent variables are personal benefits of PAS, fairness practices of PAS and result implementation of PAS. The variable satisfaction towards current PAS is a mediator variable. Organizational benefits considered as an outcome variable.

Model Fit Indication

Chi Square	p	RMS	RMSEA	GFI	AGFI	CFI	NFI
0.906	0.341	0.000	0.000	0.999	0.987	1.000	1.000

Source: primary data

From the above table it is found that the calculated chi-square value is 0.906, p value is 0.341 which is greater than 0.05, which indicates that perfectly fit. Here GFI (Goodness of Fit Index) value and AGFI (Adjusted Goodness of Fit Index) values are greater than 0.90 which represent it is a good fit. The calculated CFI (Comparative Fit Index) value and NFI (Normed Fit Index) values are greater than 0.90 which means that it is a perfectly fit. It is found that RMSEA (Root Mean Square Error of Approximation) value is 0.000 and RMS (Root Mean Square) value is 0.000 which are less than 0.08, which indicates that it is perfectly fit.

Regression Weights

DV	Path	IV	Estimate	S.E.	C.R.	B	p
Satisfaction towards current PAS	<---	Personal Benefits of PAS	.009	.465	.019	.001	.984
Satisfaction towards current PAS	<---	Fairness Practices of PAS	4.424	.615	7.198	.341	***
Satisfaction towards current PAS	<---	Result Implementation of PAS	4.491	.586	7.663	.354	***
Organizational Benefits	<---	Personal Benefits of PAS	.064	.033	1.938	.076	.053
Organizational Benefits	<---	Result Implementation of PAS	.295	.044	6.775	.308	***
Organizational Benefits	<---	Satisfaction towards current PAS	.030	.003	8.900	.400	***

Source: primary data

Null hypothesis H₀ = There is no influence of personal benefits of PAS, fairness practices of PAS and result implementation of PAS on satisfaction towards Perceived utility of PAS.

Considering the significant individual regression coefficients, it is seen that the variable fairness practices of PAS shows (C.R. – 7.198, B – 0.341 and p – 0.000) and result implementation of PAS shows (C.R. – 7.663, B – 0.354 and p – 0.000). Hence, the p value is less than 0.01 and significant at 1% level. The rest of the variable personal benefits of PAS p value is greater than 0.050 and the null hypothesis is accepted and alternative hypothesis is rejected. Hence, it is concluded that there is influence of fairness practices of PAS and result implementation on satisfaction towards current PAS and does not influence of personal benefits of PAS on satisfaction towards perceived utility of PAS.

Null hypothesis H₀ = There is no influence personal benefits of PAS, result implementation of PAS and satisfaction towards current PAS on organizational benefits towards Perceived utility of PAS.

Considering the significant individual regression coefficients, it is seen that the variable result implementation of PAS shows (C.R. – 6.775, B – 0.308 and p – 0.000) and satisfaction towards current PAS shows (C.R. – 8.900, B – 0.400 and p – 0.000). Hence, the p value is less than 0.01 and significant at 1% level. The rest of the variable personal benefits of PAS p value is greater than 0.050 and the null hypothesis is accepted and alternative hypothesis is rejected.

Covariances

IV	Path	IV	Estimate	S.E.	C.R.	R	Label
Personal benefits of PAS	<-->	Result Implementation of PAS	.021	.004	4.859	.249	***
Result Implementation of PAS	<-->	Fairness Practices of PAS	.036	.004	9.074	.506	***
Personal benefits of PAS	<-->	Fairness Practices of PAS	.026	.004	6.179	.323	***

Source: primary data

Null hypothesis H₀ = There is no relationship among the variables personal benefits of PAS, fairness practices of PAS and result implementation of PAS towards perceived utility of PAS.

The relationship between the variables personal benefits of PAS and result implementation of PAS obtained r value is 0.249 and p value as 0.000; relationship between the variables fairness practices of PAS and result implementation of PAS obtained r value is 0.506 and p value as 0.000; relationship between the variables fairness practices of PAS and personal benefits of PAS obtained r value is 0.323 and p value as 0.000. Hence, the p values are lesser that 0.010 and the null hypotheses are rejected and alternative hypotheses are accepted

Findings

1. There is relationship among the variables personal benefits of PAS, fairness practices of PAS and result implementation of PAS towards perceived utility of PAS.
2. There is influence of result implementation of PAS and satisfaction towards current PAS on organizational benefits and satisfaction towards current PAS and does not influence of personal benefits of PAS on organizational benefits towards current PAS towards perceived utility of PAS.

Conclusion

Performance appraisals are a reality in organizations of all sizes and types. The process may take considerable time on the part of supervisors and may require subordinates to gather reams of information and prepare descriptions of their own performance. Some take the process very seriously, while others simply see it as a burden. Supervisors must be careful how they deliver the results, and subordinates must be careful how they respond. Relationships and trust may become permanently strained due to misunderstanding and miscommunication. Good satisfaction of employees can produce more benefits to the organisation.

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