

An Empirical Study on the Effect of Performance Appraisal: A Tool of HRD Practices in Industrial Organization with Special Reference to Delhi & NCR

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Abstract

Today HR professionals have lots of challenges to face, in the form of changing composition and attitude of the work force, growing emphasis on quality of product and services and the quality of work life, fast paced technological changes, government policies, etc. Similarly as we all know that any change in the organization would have significant impact on its employees and the factors that determine their ultimate response to change. This paper aims to explore the factors that are essential in evaluation of performance appraisal as a tool of HRD Practices in industrial organization.

Key Words: Performance Appraisal, HRD, Organization Effectiveness

I. Introduction

The nature of performance appraisal role varies from company to company, depending primarily on the size of the organization. This discussion assumes a large company with a sizable HRM department. However, in smaller companies without large HRM departments, line managers must assume an even larger role in effective HRM practices. HR professionals typically assume the following four areas of responsibility: establishing HRM policies and procedures, developing/choosing HRM methods, monitoring/evaluating HRM practices, and

advising/assisting managers on HRM-related matters.

While most firms have a human resource or personnel department that develops and implements HRM practices, responsibility lies with both HR professionals and line managers. The interplay between managers and HR professionals leads to effective HRM practices. For example, consider performance appraisals. The success of a firm's performance appraisal system depends on the ability of both parties to do their jobs correctly. HR professionals develop the system, while managers provide the actual

performance evaluations. HR professionals typically decide (subject to upper-management approval) what procedures to follow when implementing an HRM practice. For example, HR professionals may decide that the selection process should include having all candidates (1) complete an application, (2) take an employment test, and then (3) be interviewed by an HR professional and line manager. Usually the HR professionals develop or choose specific methods to implement a firm's HRM practices. For instance, in selection the HR professional may construct the application blank, develop a structured interview guide, or choose an employment test. HR professionals also must ensure that the firm's HRM practices are properly implemented. This responsibility involves both evaluating and monitoring. For example, HR professionals may evaluate the usefulness of employment tests, the success of training programs, and the cost effectiveness of HRM outcomes such as selection, turnover, and recruiting. They also may monitor records to ensure that performance appraisals have been properly completed.

II. Literature Review

In the period of rapidly changing technology and increasing competition, organizations are becoming highly conscious about the development of its human resources. Every human being has the ability and potentials to do remarkable things if

they are provided with the opportunities and climate to understand develop, and utilize his or her potentials. In other words, employee's capabilities must be continuously acquired, sharpened, and used.

HRD Practices and Role of Organizational Effectiveness:

Organizational effectiveness in a given situation is influenced by human competence, potentialities and commitment which can be developed through the techniques of Human Resource Development. Organization can be effective mostly when the existing Human Resources are utilized, their potentialities are developed and their behavior is channeled towards the expected targets.

Organizational effectiveness is the extent to which an organization achieves its goals with the given resources and means. An organization is said to be effective if it is able to achieve its goals.

Criteria and Measures of Organizational Effectiveness

A survey of different writers and thinkers on this topic has made a long list of thirty items which have been described as "Criteria and Measures of Organizational Effectiveness" by John, P Campbell in his article titled, "On the nature of Organizational Effectiveness", which has been quoted by Stephen P. Robbins also. They are (1) Overall effectiveness, (2) Productivity, (3) Efficiency, (4) Profit, (5) Quality, (6) Accidents, (7) Growth, (8) Absenteeism, (9) Turnover, (10)

Job Satisfaction, (11) Motivation, (12) Morale (13) Control, (14) Conflict/Cohesion, (15) Flexibility adaptation, (16) Planning and Goal settings, (17) Goal consensus, (18) Internationalization of Organizational goals, (19) Role and Norm congruence, (20) Managerial interpersonal skills, (21) Managerial task skills, (22) Information Management and Communication (23) Readiness, (24) Utilization of environment, (25) Evaluation by external entities, (26) Stability, (27) Value of human resources, (28) Participation and shared influence, (29) Training and development emphasis and, (30) Achievement emphasis.

Changes and Organizational Developmental Study:

Change and development in organizations is closely intertwined with technological advances and socio-cultural changes. Most organizations in the early industrial period were highly bureaucratic with tightly prescribed ways of working. The bureaucratic organization still exists, but it is now joined by many other forms with different ways of working as well as different ways of relating to coworkers, customers, and competitors (Baker and Branch, 2002; Mohrman et al, 1998; National Research Council, 2001).

Study by G. Morgan on Organizational Metaphors

Organization is always shaped by underlying images and ideas (G. Morgan, 1986, p. 343). There

are many ways to conceptualize and model organizations. One of the more interesting approaches, described by Gareth Morgan in his 1986 book, *Images of Organization*, uses metaphors to understand the key features of organizations and their consequences for effectiveness measures. Of the metaphors he discusses, three have high relevance for workplace design: “machine”, “organism”, and “brain”. The driving force for each metaphor is the external context in which the organization exists. It shapes the co-evolution of organizational form and function. For instance, is the environment stable and predictable? Or is it complex, rapidly changing, highly competitive, and turbulent? A stable environment favors a machine-like, bureaucratic organization. A complex and competitive environment favors an organic approach, while a turbulent, rapidly changing, extremely competitive environment favors an organization that acts like a brain. Organizations in the industrial period had a highly mechanical, bureaucratic structure and functioning as described by the Machine metaphor.

Beginning in the 1950’s, organizations began to show more features of the Organism metaphor largely due to concern that internal rigidity was maladaptive and could lead to competitive stagnation (Peters and Waterman, 1982; Scott, 1987). This concern coincided with the human

relations movement in psychology and its emphasis on employee motivation, satisfaction, participation, and quality of work life (Weisbord, 1987). The organic model is commonplace today. An emerging form, one which resembles a brain in its structure and functioning, is associated with innovative, high-tech firms.

III. Objectives of Study

1. To explore the factors that affect performance evaluation with respect to their productivity.
2. To identify the gaps between expected results and outcome of the productivity in respect to the performance appraisal of the employee by comparing factors with the available internal environment of the organization.
3. To find out the role of performance appraisal as a psychological tool for the motivation of the employee in developing organization by dominant Eigen values.

IV. Research Methodology

Sample Size: The sample size will consist of 80 respondents.

Sampling Design: Sample will be selected using convenience sampling technique.

Hypothesis:

Some factors in HRD tools have a positive impact on Organizational Effectiveness and this is proportionate to the productivity.

There are some significant factors with positive relationship between performance appraisal and Organizational effectiveness.

Enriched workforce is significant instrumental to high Organizational effectiveness.

Data Collection Process

There are two types of data which will be collected. These are primary data as well as secondary data.

Primary data will be collected with the help of structured questionnaire. Authors personally visited respondents and requested them to provide required details. The questionnaires were made available online so that it was convenient for consumers to respond and also through online filling; diverse group of population can be covered.

Design of Postal Questionnaires

General theme of the questionnaire was made explicit in a covering letter. It has been stated that who you are; why the data is required; give, if necessary, an assurance of confidentiality and/or anonymity; and contact number and address or telephone number. This ensures that the respondents know what they are committing themselves to, and that they understand the context of their replies. All information regarding filling

questionnaire were provided clearly and unambiguous for completion. Within most questionnaires, there are general instructions and specific instructions for particular question structures. It is usually best to separate these, supplying general instructions as a preamble to the

questionnaire. There were two kind of questions asked to respondents. One is dichotomous and another is based on Likert's five point scale. (Factors through explored via SPSS.)

V. Data Analysis

Case Processing Summary

		N	%
Cases	Valid	80	100.0
	Excluded ^a	0	0.0
	Total	80	100.0

a. List wise deletion based on all variables in the procedure.

Reliability Statistics

Cronbach's Alpha	N of Items
0.906	16

Interpretation: Value of Cronbach's alpha is 0.906 which means the scale we are using in our research is accurate.

KMO Test

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.851
Bartlett's Test of Sphericity	Approx. Chi-Square	819.425
	Df	79
	Sig.	0.000

Interpretation: The Value of KMO Test is .851, it means that we should be confident that sample size is good for factor analysis.

Factor Analysis:

Performance is always of exceptional quality. Employee anticipates circumstances to maintain high performance. Employee is the main contributor to team performance.

Total Variance Explained

Component	Initial Eigen Values			Extraction Sums of Squared Loadings			Rotation Sums of Squared Loadings		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	6.767	42.296	42.296	6.767	42.296	42.296	4.237	26.480	26.480
2	2.916	18.224	60.520	2.916	18.224	60.520	4.084	25.523	52.003
3	1.353	8.458	68.977	1.353	8.458	68.977	2.716	16.974	68.977
4	0.772	4.825	73.803						
5	0.645	4.034	77.837						
6	0.569	3.557	81.394						
7	0.505	3.157	84.551						
8	0.451	2.821	87.372						
9	0.408	2.552	89.924						
10	0.349	2.184	92.108						
11	0.311	1.943	94.052						
12	0.284	1.777	95.829						
13	0.259	1.616	97.445						
14	0.168	1.048	98.493						
15	0.148	0.927	99.421						
16	0.093	0.579	100.000						

Extraction Method: Principal Component Analysis.

Rotated Component Matrix (Sorted)

	Component		
	1	2	3
Overall CONTRIBUTION ON THE JOB	0.907	-0.065	0.022
Qualitative achievements / progress made with respect to job assigned.	0.858	0.18	0.038
Quantitative achievements / progress made with respect to job assigned.	0.798	0.102	0.15
Overall INNOVATIVENESS / SPECIAL ACHIEVEMENTS	0.683	0.2	0.393
Ability to come up with new / creative ideas leading to improvements.	0.648	0.11	0.461

Mental ability and curiosity in grasping new ideas.	0.52	0.238	0.407
Ability to accomplish tasks with limited resources.	0.082	0.87	0.136
Appropriate task delegation to individuals and integration of their efforts.	0.241	0.784	0.23
Monitoring activities delegated to employees to ensure performance is as per plans.	0.002	0.754	0.171
Providing help to improve employee's performance.	0.103	0.699	-0.056
Overall DECISIVENESS	0.222	0.122	0.812
Ability to take appropriate decisions and be firm in presenting or implementing them.	0.396	0.232	0.578
Extraction Method: Principal Component Analysis.			
Rotation Method: Varimax with Kaiser Normalization.			
Rotation converged in 5 iterations.			

Interpretations

As we seen from above factor analysis that some factors in HRD tools have a positive affect impact on Organizational Effectiveness and this is proportionate to the productivity like qualitative achievements / progress made with respect to job assigned, monitoring activities delegated to employees to ensure performance is as per plans, ability to come up with new / creative ideas leading to improvements. Even there are some significant factors which positive relationship between performance appraisal and organizational effectiveness and enriched workforce is significant instrumental to high organizational effectiveness. So, alternate hypotheses were accepted.

VI. Conclusion

Organization can be effective mostly when the existing human resources are utilized, their potentialities are developed and their behavior is channeled towards the expected targets.

Organizational effectiveness is the extent to which an organization achieves its goals with the given resources and means. In the period of rapidly

changing technology and increasing competition, the organizations are becoming highly conscious about the development of its human resources. Every human being has the ability and potential to do remarkable things if they are provided with the opportunities and climate to understand develop, and utilize his or her potentials. In other words, employee's capabilities must be continuously acquired, sharpened, and used.

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