

# A Study on the Effectiveness of Performance Appraisal in G. B. Engineering Enterprises [P] Ltd. Thuvakudi, Trichy, Tamil Nadu, India

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**Abstract:** *This paper attempts to evaluate the performance of the employees in G. B. Engineering Enterprises [P] Ltd. Thuvakudi, Trichy, Tamil Nadu, India. For this purpose, a sample of 150 employees out of 500 employees was randomly selected. The statistical techniques such as chi-square test and Anova tests were used. Simple percentage method was also used to analyze the data presented in the table formats. The findings are that performance appraisal helps in job promotion, formulating a suitable Training and development program to improve the quality of performance, serves as a feed back to the employee, serves as a means for evaluating the effectiveness of devices used for the selection and classification of workers. But the appraisal of performance must be done carefully and cautiously. Otherwise, it may result in Halo or Horns effect, lenient effect etc.*

**Keywords:** performance appraisal, Halo effect, Horns effect, perception, feed back

## 1. Introduction

Organization is established to achieve certain objectives. Achievement of goals or targets depends upon the performance of individual employees. Hence it is quite necessary to understand as to what extent employees have been successful at their jobs for achievement of their goals. Thus performance appraisal forms an important part of HRM. This necessitates the study of performance appraisal. The history of performance appraisal can be dated back to the twentieth century and then to the II world war when the merit rating was used for the first time. Performance appraisal is mainly used for three purposes - [1] As a basis of reward allocation such as salary increments, promotion and other rewards etc. [2] Performance appraisal will point out the weakness of employees and will spot the areas where development efforts are needed. Performance appraisal is a tool for identification of deficiencies [3] it can be used for the selection and development program. It will differentiate satisfactory performers from unsatisfactory ones. The PA will help the management to perform functions relating to selection, development, salary, promotion, penalties, lay-off and retrenchment.

## 2. Literature Review

A good literature review is characterized by a logical flow of ideas; current and relevant references with consistent, appropriate referencing style; proper use of terminology and an unbiased and comprehensive view of the previous research on the topic. Some of the published literature concerning outcomes and detriments of effectiveness of performance appraisal are given below.

### 2.1 Outcomes of effective performance appraisal

- Research studies show that employees are likely more satisfied with their appraisal result if they have the chance to talk freely and discuss their performance. It is also more likely that such employees will be better able to meet future performance goals. [e.g., Nemeroff & Wexlev. 1979]

- Common outcomes of an effective performance appraisal process are [i] employees learning about themselves [ii] employees knowledge about how they are doing and [iii] employees learning about “what management values”. [Beer, 1981]
- Employees are also more likely to feel that appraisal process is fair if they are given a chance to talk about their performance. This is especially so when they are permitted to challenge and appeal against their evaluation. [Greenberg. 1986]
- It is very important that employees recognize that negative appraisal feedback is provided with a constructive intention, i.e., to help them overcome present difficulties and to improve their future performance. Employees will be less anxious about criticism, and more likely to find it useful, when they believe that the appraiser’s intentions are helpful and constructive. [Fedor et al. 1989]
- According to Stephan Dorfman [1989] outcomes of effective performance appraisal are improvement in the accuracy of employee performance and establishing relationship between performance on tasks and a clear potential for reward.
- Dobbins, Cardy & Platz vien [1990] told 5 outcomes i. e. use of evaluations as feed back to improve performance, reduced employee turnover, increased motivation, existence of feelings of equity among employees, linkage between performance and rewards.
- Nurse [2005] viewed provision of information for the development of managerial strategies for T & D as outcome.
- Teratanavat, Raitano and Kleiner [2006] found outcomes like reduced employee stress, review of overall progress, linkage between current performance

and employees goal and development of specific action plans for future.

## 2.2 Detriments to the effectiveness of PA

- Literature uncovered following aspects that can make harm to the effectiveness of performance appraisal – exemptions to the highly visible employees, conduct of PA to punish the low performers, rewards on non-performance, doubts in the mind of performers about appraisal's after effects, organization's politics that leads to disturb performance of targeted employee [Deluca,1993].
- Use of fundamentally flawed appraisals, focus on encouraging individual, which automatically discourages team work or collaboration, inconsistencies in setting and applying appraisal criteria, focus on extremes [exceptionally good / poor performance], appraisal's focus on achievement of short term goals, support to autocratic supervisors, subjectivity of appraisal results and creation of emotional anguish in employees [Segal, 2000].
- Use of vague qualities and irrelevant measurement criteria, use of useless checklists for evaluation, monologues instead of dialogues in feedback sessions, reluctance of appraisers to offer feedback, supervisor's misguidance to appraiser [Nurse, 2005].
- Inaccuracies at supervisor's or at organizations end [Horvath & Andrews, 2007].
- In contrast, other studies [e.g., Baron. 1988] have reported that "destructive critics" – which is vague, ill-informed. Unfair or harshly presented will lead to problems such as anger, resentment, tension and work place conflict, as well as increased resistance to improvement, denial of problems, and poorer performance.

## 3. An introduction to G. B. Engineering Enterprises [P] Ltd

GB Engineering Enterprises Private Limited was founded in 1980 and has been specializing in Boilers, Pressure Vessels, Heat Exchangers, Deaerators, etc., for Power and Process Industries. GB has served prestigious customers in Indian market as well as global market.

GB is an ISO 9001 certified company and has approval by American Society of Mechanical Engineers [ASME] for use of "S" and "U" stamps. GB Engineering Enterprises Pvt. Ltd., Enmas Engineering Pvt. Ltd. and Engenius Erectors Pvt. Ltd. have come together as a single entity, to provide total services comprising Basic Engineering, Detailed

Engineering, manufacture, procurement, quality control and assurance, construction, commissioning and R & M services or any combination of these activities

*Motto:* GB works on its quality policy which aims – "To achieve the customers agreed requirements in cost, quality and delivery of products and services meeting statutory

and regulatory requirements with continual improvements and with the involvement of all the employees.

## 4. Statement of the problem

Performance appraisal seems inevitable for any organization to judge the performance of employees that leads to improved productivity at the workplace. Organization goals can be achieved only when people put in their best efforts. This leads to an effective implementation of the performance appraisals system, which helps the attainment of the organizational goals and productivity.

"Performance appraisal is a systematic, periodic and impartial rating of employee's excellence in matters pertaining to his present job and to his potentialities for a better job." [Flippo]

"Performance appraisal may be defined as any effort concerned with enriching attitudes, experiences and skills that improves the effectiveness of employees." [Boswell and Boudreau, 2002]

Performance appraisals provide the information relevant for various personnel decisions, including promotions and rewards, employee T & D programs and performance feedback. [Cleveland, Murphy and Williams, 1989]

Performance appraisal is mainly used for three purposes – [1] As a basis of reward allocation such as salary increments, promotion and other rewards etc. [2] Performance appraisal will point out the weaknesses of employees and will spot the areas where development efforts are needed. Performance appraisal is a tool for identification of deficiencies. [3] It can be used for the selection and development program. It will differentiate satisfactory performers from unsatisfactory ones. The PA will help the management to perform functions relating to selection, development, salary, promotion, penalties, lay-off and retrenchment.

### 4.1 Appraisal Methods

In a landmark study, Locher & Teel [1977] found that the three most common appraisal methods in general use are rating scales [56per cent], essay methods [25per cent] and results- oriented or MBO methods [13per cent]. Certain techniques in performance appraisal have been thoroughly investigated, and some have been found to yield better results than others.

### 4.2 Set Performance Goals

It has been shown in numerous studies that goal- setting is an important element in employee motivation. Goals make employees find new and better ways to work. [e.g., Locke et al. 1981] the usefulness of goals as a stimulus to human motivation is one of the best supported theories in management. It is also quite clear that goals which are specific, difficult and accepted by employees will lead to higher levels of performance than easy, vague goals [such as do your best] or no goals as all" [Harris & Didimone. 1994].

#### Appraiser credibility

It is important that appraiser [usually the employee's supervisor] be well informed and credible. Appraisers should feel comfortable with the techniques of appraisal, and should be knowledgeable about the employee's job and performance. When these conditions exist, employees are more likely to view the appraisal process as accurate and fair. They also express more acceptances of the appraiser's feedback and a willingness to change.

#### 4.3 Perceptual errors

This includes various well-known problems of selective perception [such as the horns and halos effect] as well as problems of perceived meaning.

Selective perception is the human tendency to make private and highly subjective assessments of what a person is "really like", and then seek evidence to support that view [while ignoring or downplaying evidence that might contradict it].

This is a common and normal psychological phenomenon. All human beings are affected by it. In other words, we see in others what we want to see in them.

An example is the supervisor who believes that an employee is inherently good [halo effect] and so ignores evidence that might suggest otherwise. Instead of correcting the slackening employee, the supervisor covers for them and may even offer excuse for their declining performance. On the other hand, a supervisor may have formed the impression that an employee is bad [horns effect]. The supervisor becomes unreasonably harsh in their assessment of the employee, and always ready to criticize and undermine them.

The horns and halo effect are rarely seen in extreme and obvious forms. But in its more subtle manifestations, it can be a significant threat to the effectiveness and credibility of performance appraisal.

#### 4.4 Perceived meaning

Problems of perceived meaning occur when appraisers do not share the same opinion about the meaning of the selected traits and the language used on the rating. For example, to one appraiser, an employee may demonstrate the trait of initiative by reporting work problems to a supervisor. To another appraiser, this might suggest an excessive dependence on supervisory assistance- and thus a lack of initiative.

As well, the language and terms used to construct a scale- such as "performance exceeds expectations" or below average skill" – may mean different to different appraisers.

#### 4.5 Essay method

In the essay method approach, the appraiser prepares a written statement about the employee being appraised. The statement usually concentrates on describing specific strengths and weaknesses in job performance. It also

suggests courses of action to remedy the identified problem areas. The statement may be written and edited by the appraiser alone, or it be composed in collaboration with appraise.

#### 4.6 Management by Objectives

The use of Management By Objectives was first widely advocated in the 1950's by the noted management theorist Peter Drucker. MBO [management by objectives] methods of performance appraisal are results- oriented. That is, they seek to measure employee performance by examining the extent to which predetermined work objectives have been met.

Usually the supervisor and subordinate establish the objectives jointly. An example of an objective for a sales manager might be: increase the gross monthly sales volume to \$250,000 by 30th June.

Once an objective is agreed, the employee is usually expected to self- audit; that is, to identify the skills needed to achieve the objective. Typically they do not rely on others to locate and specify their strengths and weaknesses. They are expected to monitor their own development and progress.

#### 4.7 Motivation and Satisfaction

Performance appraisal can have a profound effect on levels of employee motivation and satisfaction- for better as well as for worse. Performance appraisal provides employees with recognition for their work efforts. The power of social recognition as an incentive has been long noted. In fact, there is evidence that human beings will even prefer negative recognition in preference to no recognition at all. If nothing else, the existence of an appraisal program indicates to an employee that the organization is genuinely interested in their individual performance and development. This alone can have a positive influence on the individual's sense of worth, commitment and belonging.

The strength and prevalence of this natural human desire for individual recognition should not be overlooked. Absenteeism and turnover rates in some organizations might be greatly reduced if more attention were paid to it. Regular performance appraisal, at least, is a good start.

#### 4.8 Training and Development

Performance appraisal offers an excellent opportunity- perhaps the best that will ever occur for a supervisor and subordinate to recognize and agree upon individual training and development needs. During the discussion of an employee's work performance, the presence or absence of work skills can become very obvious- even to those who habitually reject the idea of training for them. Performance appraisal can make the need for training more pressing and relevant by linking it clearly to performance outcomes and future career aspirations.

From the point of view of the organization as a whole, consolidated appraisal data can form a picture of the

overall demand for training. This data may be analyzed by variables such as sex, department, etc. In this respect, performance appraisal can provide a regular and efficient training needs audit for the entire organization.

#### 4.9 Recruitment and Induction

Appraisal data can also be used to monitor the effectiveness of changes in recruitment strategies. By following the yearly data related to new hires [and given sufficient numbers on which to base the analysis] it is possible to assess whether the general quality of the workforce is improving, staying steady, or declining.

#### 4.10 Employee evaluation

Though often understated or even denied, evaluation is a legitimate and major objective of performance appraisal. But the need to evaluate [i.e., to judge] is also an ongoing source of tension, since, evaluation and development priorities appear to frequently clash. Yet at its most basic level, performance appraisal is the process of examining and evaluating the performance of an individual.

Though organizations have a clear right- some would say duty- to conduct such evaluations of performance, many still recoil from the idea. To them, the explicit process of judgment can be dehumanizing and demoralizing and a source of anxiety and distress to employees. It has been said by some that appraisal cannot serve the needs of evaluation and development at the same time; it must be one or the other.

#### 4.11 Performance appraisal process

The performance appraisal process typically consists of four inter- related steps as follows:

- Establish a common understanding between the manager [evaluator] and employee [evaluate] regarding work expectations; mainly, the work to be accomplished and how that work is to be evaluated.
- Ongoing assessment of performance and the progress against work expectation. Provisions should be made for the regular feedback of information to clarify and modify the goals and expectations, to correct unacceptable performance before it was too late, and to reward superior performance with proper praise and recognition.
- Formal documentation of performance to be done, through the completion of a performance and development appraisal appropriate to the job.
- The formal performance and development appraisal discussion to be made, based on the completed appraisal form and ending in the direction in the construction of a development plan.

### 5. Research Methodology

The study of research methods provides you with the knowledge and skills you need to solve the problems and

meet the challenges of a fast- paced decision-making environment. We may define research as a systematic inquiry whose objective is to provide information to solve managerial problems.

### 6. Scope of the study

The study has been conducted on evaluation of performance appraisal of the employees of G.B. Engineering Enterprises Pvt. Ltd., Thuvakudi, Trichy. The study has been conducted on the office staff in the staff section of the administration department.

### 7. Research design

The research design constitutes the blueprint for the collection, measurement, and analysis of data. It is a plan and structure of investigation so conceived as to obtain answers to research questions. A research design expresses both the structure of the problem and the plan of the investigation used to obtain empirical evidence on relations to the problem.

The research methodology deals with the defining a problem for gathering information for the research process. The research design specifies the method for the purpose of data collection and data analysis. Design adopted for the purpose of the study has been descriptive in nature.

#### 7.1 Collection of data

There are two sources by which the data can be collected i.e. Primary sources and Secondary sources

##### 7.1.1 Primary data

Primary data may be defined as the data, which is collected by the investigator directly by means of the following forms:

- Observations
- Experimentation
- Personal interview
- Questionnaires

##### 7.1.2 Secondary data

The researcher indirectly by means of books and Internet may collect secondary data. Data were collected in the administrative office, G.B. ENGINEERING ENTERPRISES [P] LTD., THUVAKKUDI, employees. The researcher with the help of structured questionnaire from 150 employees collected has primary data. The questionnaire was given to the respondents personally and the researcher was present with the respondents while filling and all the doubts regarding the questionnaire were classified then and there.

#### 7.2 Research Instrument

The research instrument used in the study was a questionnaire. The questionnaire comprised taking into consideration the objective of the study. The data were



collected from the respondents using a well-structured questionnaire.

### 7.3 Sampling Design

A sample is a smaller representation of a universe. The sample has been collected by means of random sampling method. The random sampling is the method by which each population element has an equal chance of being selected into the sample. Therefore the sample design of the study is out of 500 employees, 150 employees have been selected as sample. The sample size was suggested by the organization.

### 7.4 Statistical Tools

The various statistical tools that were used are Questionnaire, Percentage analysis and bar diagram, pie diagram, chi-square test and Anova test.

## 8. Data Analysis & Interpretation

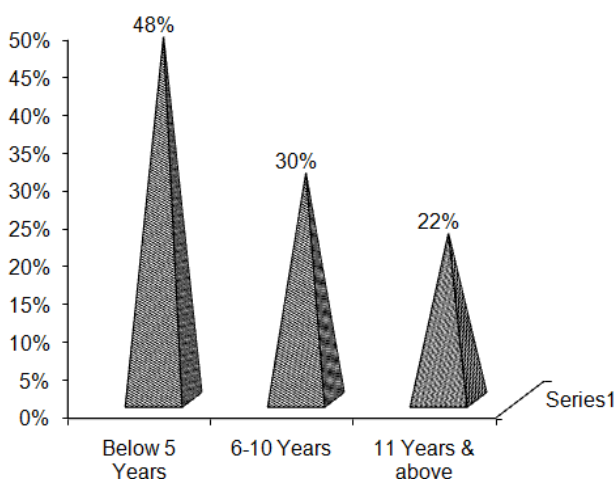
A structured questionnaire was used to assess the performance appraisal system of the organization by observing the opinion and satisfaction level of employees. Most of the respondents have responded to the questionnaire and the summary of the responses was given in the following paragraphs. The data were collected significantly and analyzed systematically which were interpreted with the help of tables and graphs along with the relevant description.

**Table 1:** Experience Wise Distribution of the Respondents

S. No.	Experience	No. of Respondents	Percentage of Respondents
1	Below 5 Years	72	48.00
2	6-10 Years	45	30.00
3	11 Years & Above	33	22.00
	Total	150	100.00

Source: Primary Data

Out of the total respondents, 48 per cent of them have put in less than 5 years of service and 30 per cent of them have put in 6-10 years of service. But only 22 per cent of the respondents have 11 years and more of service.



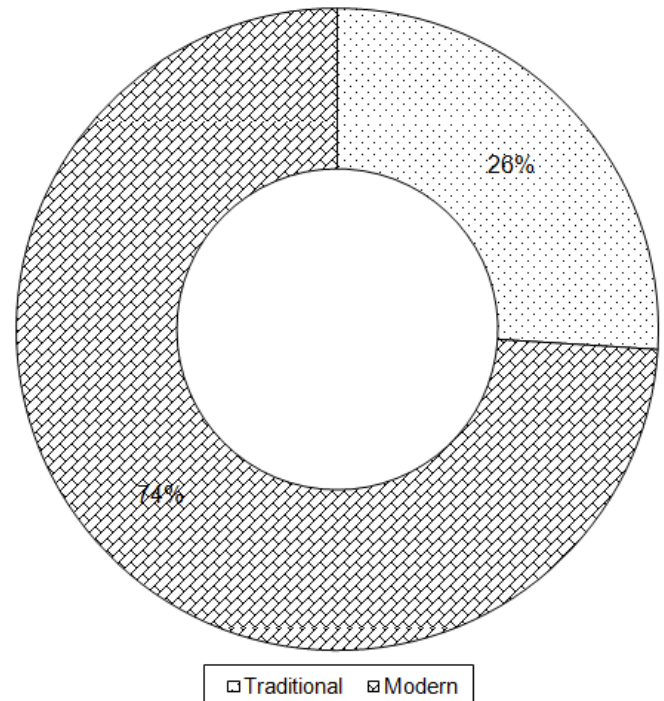
**Figure 1:** Chart Showing the Experience wise Distribution of the Respondents

**Table 2:** Opinion on Method of Appraisal

S. No.	Method of Appraisal	No. of Respondents	Percentage of Respondents
1	Traditional	39	26.00
2	Modern	111	74.00
	Total	150	100.00

Source: Primary Data

The method of appraisal of the company is significant to provide the good atmosphere inside the organization. Out of the total respondents, 74 per cent of them have opined that there is a modern method of appraisal and 26 per cent of them have opined that there is a traditional method.



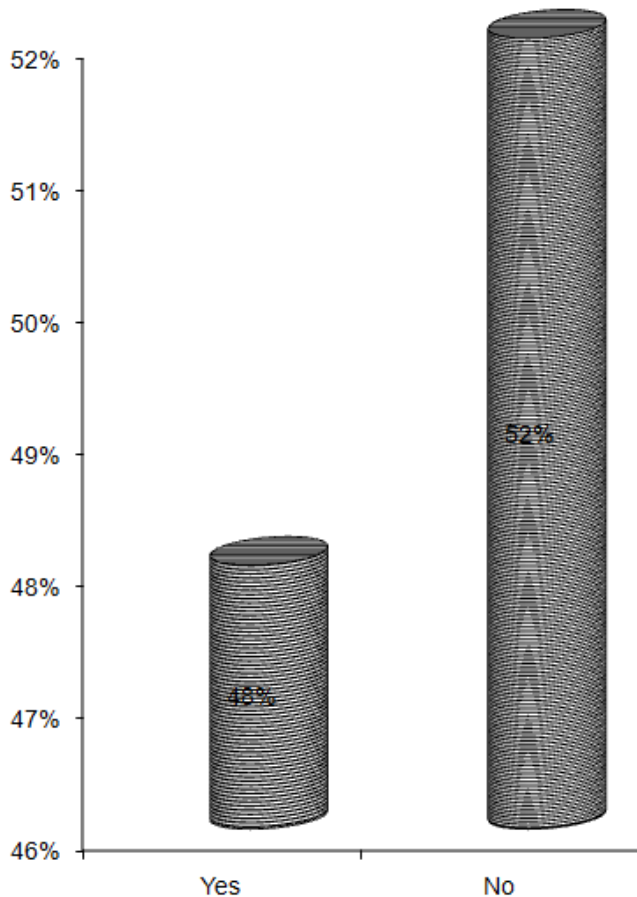
**Figure 2:** Chart Showing the Opinion on Method of Appraisal

**Table 3:** Opinion on Standard Fixed for Appraisal

S. No.	Opinion Standard	No. of Respondents	Percentage of Respondents
1	Yes	72	48.00
2	No	78	52.00
	Total	150	100.00

Source: Primary Data

From the above table, it is noted that out of the total respondents, 52 per cent of the respondents have said that there is no fixed standard for appraisal and 48 per cent of them have said that there is a fixed standard for appraisal in the company.



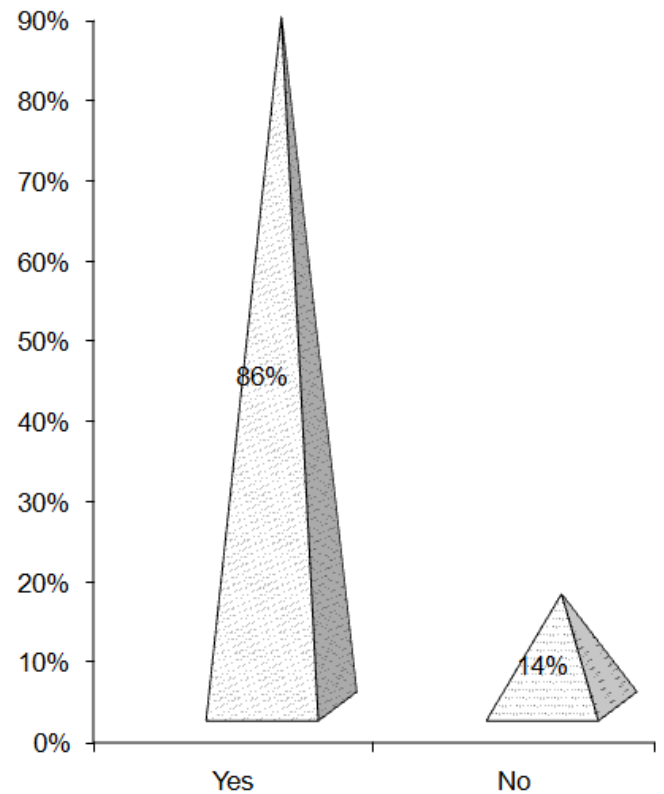
**Figure 3:** Chart Showing the Opinion on Fixed Stand for Appraisal

**Table 4:** Opinion on the Comparison of Standard with actual performance

S. No.	System of Comparison	No. of Respondents	Percentage of Respondents
1	Yes	129	86.00
2	No	21	14.00
	Total	150	100.00

Source: Primary Data

Out of the total, 86 per cent of the respondents have opined that there is a system of comparison of standard with actual performance and 14 per cent of the respondents have opined that there is no system of comparison of standard with actual performance.



**Figure 4:** Opinion on the comparison of standard with actual performance

**Table 5:** Opinion on the rewards/awards for performance

S. No.	Opinion on Rewards for the Performance	No. of Respondents	Percentage of Respondents
1	Yes	18	12.00
2	No	132	88.00
	Total	150	100.00

Source: Primary Data

From the above table, it is noted that out of the total respondents, 88 per cent of them have opined that there are no awards and rewards for their performance. But 12 per cent of them have opined that there are the awards and Rewards for the performances.

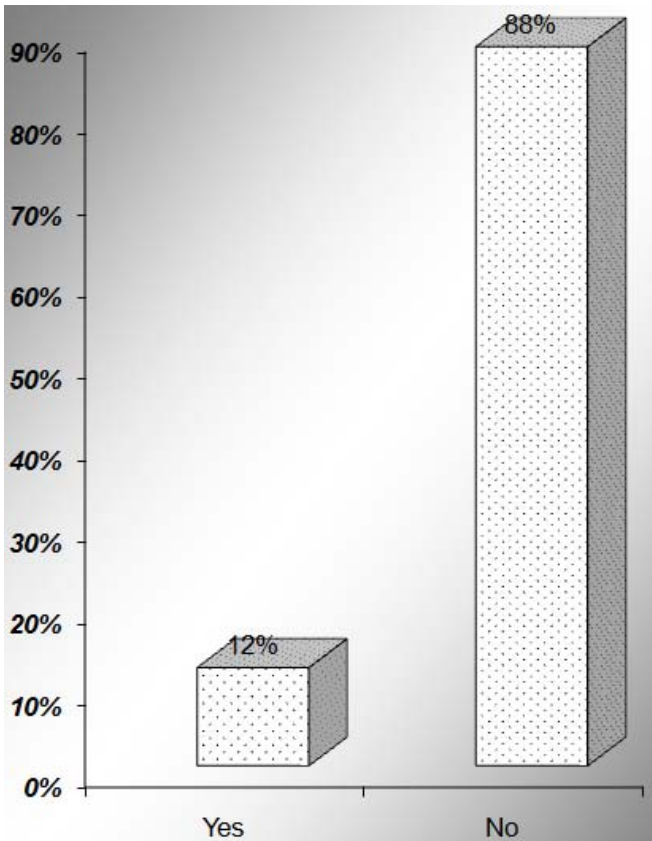


Figure 5: Awards / rewards for opinion on the performance

Table 6: Level of satisfaction regarding the appraisal system

S. No.	Level of Satisfaction	No. of Respondents	Percentage of Respondents
1	Highly Satisfied	9	6.00
2	Satisfied	87	58.00
3	Neutral	18	12.00
4	Dissatisfied	12	8.00
5	Highly Dissatisfied	24	16.00
	Total	150	100.00

Source: Primary Data

From, out of the total respondents regarding the satisfaction of appraisal system, the maximum of 58 per cent of them were satisfied and 28 per cent of them dissatisfied. 16 per cent of them were highly dissatisfied and 6 per cent of them were highly satisfied. Only 12 per cent of them have shown their neutral position.

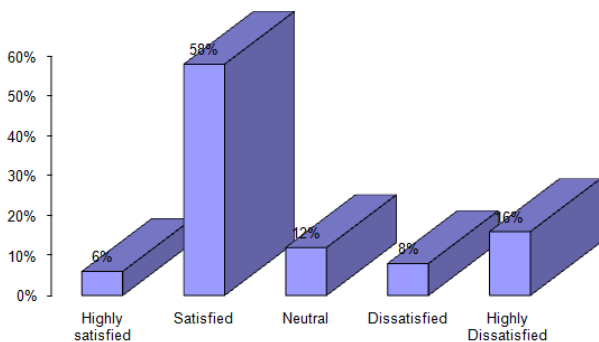


Figure 6: Level of satisfaction regarding the appraisal system

Table 7: Opinion on the attitudes towards the appraisal system

S. No.	Opinion on the Attitudes	No. of Respondents	Percentage of Respondents
1	Excellent	9	6.00
2	Good	57	38.00
3	Moderate	75	50.00
4	Bad	6	4.00
5	Very Poor	3	2.00
	Total	150	100.00

Source: Primary Data

Out of the total, 50 per cent of the respondents attitudes are moderate towards the appraisal system, 38 per cent have said that they are good and 6 per cent of them have opined excellent. But 4 per cent of them have expressed that the system is bad and 2 per cent of them have said very poor.

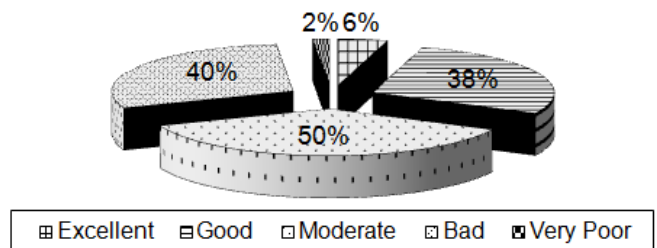


Figure 7: Opinion on the attitudes towards the appraisal system

Table 8: Opinion on the emotional stability of the respondents

S. No.	Opinion on the Emotional Stability	No. of Respondents	Percentage of Respondents
1	Excellent	6	4.00
2	Satisfactory	135	90.00
3	Unsatisfactory	9	6.00
	Total	150	100.00

Source: Primary Data

Out of the total, 90 per cent of the respondents have said that they have emotional stability which is satisfactory. 6 per cent of them have said that they have unsatisfactory opinion and only 4 per cent have opined that they have excellent emotional stability.

Table 9: Opinion on the feelings about the co-operation

S. No.	Opinion on the Feelings about Co-Operation	No. of Respondents	Percentage of Respondents
1	Excellent	42	28.00
2	Satisfactory	93	62.00
3	Unsatisfactory	15	10.00
	Total	150	100.00

Source: Primary Data

From the above table it is noted that 62 per cent of the respondents have satisfactory feelings about the co-operation, 28 per cent of them have said excellent co-operation and only 10 per cent of them have said unsatisfactory co-operation.

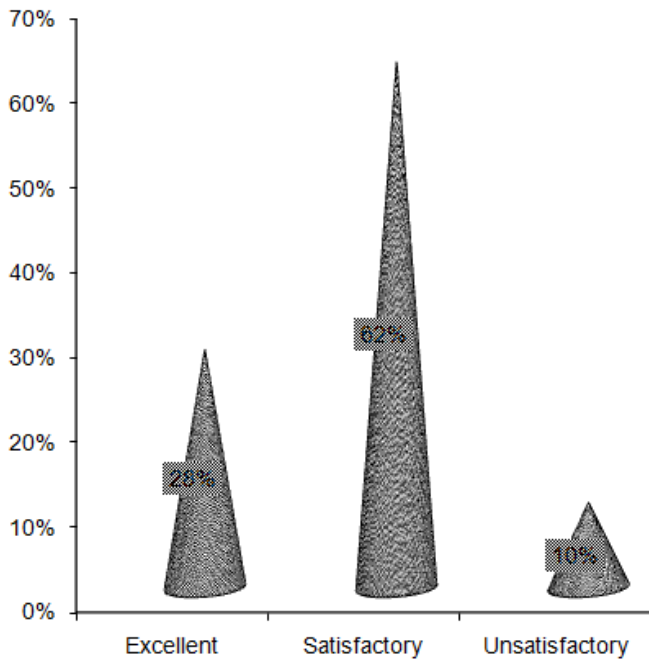


Figure 8: Opinion on the feelings about the co-operation

Table 10: Opinion on the grievances handling procedures of the organization

S. No.	Opinion on the Grievance Handling	No. of Respondents	Percentage of Respondents
1	Excellent	12	8.00
2	Satisfactory	72	48.00
3	Unsatisfactory	66	44.00
	Total	150	100.00

Source: Primary Data

From the above table it is understood that 48 per cent of the respondents have satisfactory opinion; 44 per cent of them have unsatisfactory opinion and 8 per cent of them have excellent opinion about the grievances handling procedures of the organization.

Table 11: Opinion on the method of ranking

S. No.	Opinion on the Method of Ranking	No. of Respondents	Percentage of Respondents
1	Individual	81	54.00
2	Group	69	46.00
	Total	150	100.00

Source: Primary Data

From the above table it is understood that 54 per cent of the respondents have opined that method of ranking is individual and 46 per cent of them have opined that it is group-ranking method.

Table 12: Opinion on the promotional strategies on the basis of performance

S. No.	Opinion on the Promotional	No. of Respondents	Percentage of Respondents
1	Excellent	6	4.00
2	Satisfactory	117	78.00
3	Unsatisfactory	27	18.00
	Total	150	100.00

Source: Primary Data

The above table shows that 78 per cent of the respondents have opined that there is a satisfactory level; 18 per cent have opined unsatisfactory level and 4 per cent of them have opined excellent level of promotional strategies on the basis of performance.

Table 13: Opinion on the need of training for the good performance

S. No.	Opinion on the Need of Training	No. of Respondents	Percentage of Respondents
1	Yes	129	86.00
2	No	21	14.00
	Total	150	100.00

Source: Primary Data

From the above table, it is noted that 86 per cent of the respondents have accepted to have training further for good performance and 14 per cent of them have not accepted.

### 8.1 Chi Square Test – 1: Relationship between the level of satisfaction and experience

#### Null Hypothesis [H<sub>0</sub>]

There is no significant relationship between the level of satisfaction and experience.

#### Alternative Hypothesis [H<sub>1</sub>]

There is a significant relationship between the level of satisfaction and experience.

Satisfaction Experience	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied	Total
Below 5 Years	4	46	6	4	12	72
6-10 Years	2	30	4	3	6	45
11 Years And Above	3	11	8	5	6	33
TOTAL	9	87	18	12	24	150



Calculation of  $\chi^2$  value

O	E	O-E	[O-E] <sup>2</sup>	[O-E] <sup>2</sup> /E
4	4.32	-0.32	0.1024	0.0237
2	2.70	-0.70	0.4900	0.1815
3	1.98	+1.02	1.0404	0.5255
46	41.76	+4.24	17.9776	0.4305
30	26.10	+3.90	15.2100	0.5828
11	19.14	-8.14	6.2596	3.4618
6	8.64	-2.64	6.9696	0.8067
4	5.40	-1.40	1.9600	0.3630
8	3.96	+4.04	16.3216	4.1216
4	5.76	-1.76	3.0976	0.5378
3	3.60	-0.60	0.3600	0.1000
5	2.64	+2.36	5.5696	2.1097
12	11.52	+0.48	0.2304	0.0200
6	7.20	-1.20	1.4400	0.2000
6	5.28	+0.72	0.5184	0.0982
				13.5628

The calculated value of  $\chi^2 = 13.5628$   
 Degree of freedom =  $[c-1][r-1]$   
 =  $[5-1][3-1]$   
 =  $4 \times 2 = 8$

The table value for 8 degrees of freedom at 5% significance level = 15.507

The calculated value of  $\chi^2$  is less than the table value of 15.507. Hence the hypothesis is accepted. Thus, the researcher has concluded that, there is no significant relationship between the level of satisfaction and experience.

8.2 Chi Square Test – 2: Relationship between the nature of work and the emotional stability

Emotional Stability	Excellent	Satisfactory	Unsatisfactory	Total
Nature				
General	1	16	1	18
Individual	3	67	5	75
Group	2	52	3	57
TOTAL	6	135	9	150

Null hypothesis [H<sub>0</sub>]

There is no significant relationship between the nature of work and the emotional stability

Alternative hypothesis [H<sub>1</sub>]

There is a significant relationship between the nature of work and the emotional stability

O	E	O-E	[O-E] <sup>2</sup>	[O-E] <sup>2</sup> /E
1	0.72	+0.28	0.0784	0.1089
3	3.00	0	0	0
2	2.20	-0.28	0.0784	0.3439
16	16.20	-0.20	0.0400	0.0025
67	67.50	-0.50	0.2500	0.0037
52	51.30	+0.70	0.4900	0.0096
1	1.08	-0.08	0.0064	0.0059
5	4.50	+0.50	0.2500	0.0556
3	3.42	-0.42	0.1764	0.0516
				0.5817

The calculated value of  $\chi^2 = 0.5817$   
 Degrees of freedom =  $[r-1][c-1]$   
 =  $[3-1][3-1]$   
 =  $2 \times 2 = 4$

The table value for 4 degrees of freedom at 5% significant level = 9.488

The calculated value of  $\chi^2$  is less than the table value of 9.488. Hence the hypothesis is accepted. Thus, it is concluded that, there is no significant relationship between the nature of work and the emotional stability.

8.3 Anova Test

Satisfaction	Highly	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	Total
Below 5 years	4	46	6	4	12	72
6-10 years	2	30	4	3	6	45
11 Years and above	3	11	8	5	6	33
Total	9	87	18	12	24	150

Squares

	Highly	Satisfied	Neutral	Dissatisfied	Highly dissatisfied	Total
Below 5 years	16	2116	36	16	144	2328
6-10 years	4	900	16	9	36	965
11 Year s and above	9	121	64	25	36	255
Total						3548

$$\text{Correction factor} = \text{C.F.} = \frac{G^2}{N} = \frac{150^2}{15} = 1500$$

$$\text{Total sum of squared} = \text{TSS} = 3548 - \text{C.F.}$$

$$3548 - 1500 = 2048$$

$$\text{Column sum of squares} = \text{CSS} = \left[ \frac{72^2}{5} + \frac{45^2}{5} + \frac{33^2}{5} \right] - \text{C.F.}$$

$$= 1659.6 - 1500$$

$$= 159.6$$

$$\text{Sum of squares due to Error} = \text{SSE} = \text{TSS} - \text{CSS}$$

$$= 2048 - 159.6$$

$$= 1888.8$$

Source of variation	Degrees of freedom	Sum of squares	Mean sum of squares
Between experience	r-1=3-1=2	159.6	$\frac{159.6}{2} = 79.8$
Error	n-c=15-3=12	1888.8	$\frac{1888.8}{12} = 157.4$

$$F = \frac{157.4}{79.8}$$

$$= 1.97$$

The table value of F for [12, 2] d. f at 5% level of significance is 19.4.

Since the calculated of F is less than the table value of F, the hypothesis is accepted.

#### 8.4 Anova Test 2

Nature	Excellent	Satisfactory	Unsatisfactory	Total
General	1	16	1	18
Individual	3	67	5	75
Group	2	52	3	57
Total	6	135	9	150

#### Squares

Nature	Excellent	Satisfactory	Unsatisfactory	Total
General	1	256	1	258
Individual	9	4489	25	4523
Group	4	2704	9	2717
Total				7498

$$\text{Correction factor} = \text{C.F.} = \frac{G^2}{N} = \frac{150^2}{9} = 2500$$

$$\text{Total sum of squared} = \text{TSS} = 7498 - \text{C.F.}$$

$$7498 - 2500 = 4998$$

$$\text{Column sum of squares} = \text{CSS} = \left[ \frac{18^2}{3} + \frac{75^2}{3} + \frac{57^2}{3} \right] - \text{C.F.}$$

$$= 3066 - 2500$$

$$= 566$$

$$\text{Sum of squares due to Error} = \text{SSE} = \text{TSS} - \text{CSS}$$

$$= 4998 - 566$$

$$= 4432$$

Source of variation	Degrees of freedom	Sum of squares	Mean sum of squares
Between experience	r-1=3-1=2	566	$\frac{566}{2} = 283$
Error	n-c=9-3=6	4432	$\frac{4432}{6} = 738.67$

$$F = \frac{738.67}{283}$$

$$= 2.61$$

The table value of F for [6, 2] d. f at 5% level of significance is 19.3. The calculated F is less than the table value of F. Hence the hypothesis is accepted.

### 9. Limitations of the study

The study has been conducted inside a time limit of 2 months and they may not be exhaustive. It was comparatively difficult to get response from the employees because of their responsibilities and busy schedule. This made it difficult for some to co-operate. This research is based on the perception of the employees concerned. As the survey is conducted at the work place of employees some of the respondents were hesitant to give correct information. So, there are chances of bias in the study.

#### Findings

The major findings of the research work and the analysis made are as follows:

- 74 per cent of the respondents have opined that the appraisal method of the company is modern.
- The maximum of 52 per cent of the sample respondents have opined that there is no fixed standard for appraisal.
- 64 per cent of the sample respondents have opined that they are given standard facilities for communication.
- 86 per cent of the total sample respondents have opined that there is a system of comparison of standard with actual performance
- Most of the sample respondents have opined that there is no awards / rewards for the performance standards.
- 58 per cent of the sample respondents were satisfied by the appraisal system of the company.

- Nearly 50 per cent of the sample respondents have the moderate attitude towards the appraisal system of the company.
- Most of the respondents have accepted that they were given time to learn the new techniques for their effective performance.
- 90 per cent of the respondents have accepted that they have a satisfactory emotional stability.
- 62 per cent of the respondents have a satisfactory opinion about the co-operation of other employees
- Nearly 48 per cent of the respondents have expressed their satisfactory opinion towards the Grievance handling procedures of the company.
- 68 per cent of the respondents have expressed their satisfactory opinion regarding the overall performance rating.
- Out of the total sample respondent 5 per cent of the respondents have opined the individual ranking method is acceptable and 46 per cent of them have proposed to be having the group ranking method.
- 78 per cent of the sample respondents have expressed their satisfactory opinion regarding the promotional strategies on the basis of performance.
- Nearly 86 per cent of the Sample respondents have opined that there is a need of training additionally for the good performance and effective works.
- It is denoted from the test and analysis that there is a significant relationship between the nature of work in the company and the emotional stability of the respondents.

## 10. Suggestions

- The standards are to be fixed more for individual and group competencies whenever necessary.
- The communication of the standard fixed should reach the employees immediately.
- The reward/award for good performance will encourage the people towards development. Hence, there is a need for a change in the reward schemes.
- The management must create a council for its members to discuss personal problems and find out good solution, and then reduce their stress.
- The management should organize a “cell” for handling the grievance of labor with effective manner.
- The work environment in the organization is good and the company can maintain it at the same level in future also.
- Most of the employees are happy with on-the- job training, and few training programs have to be conducted in future to refresh the employee skill.
- Since only half of the employees are satisfied with the position, promotion, bonus, grievance handling procedures of the company has to set up a special cell to make the employees satisfied.
- The employee morale in the organization is fair and the company may consider improving the employee morale.
- The welfare measures in the organization, children education and canteen facilities are excellent, so company can maintain the same.

## 11. Conclusion

It is found that performance appraisal in the organization is very much associated with identifying the training and development needs, which is beneficial not only for the organization but also for the employees. The concept of Performance appraisal is considered to be old, yet a lot is to be done to make it valuable and effective. Sea changes occur in organizations due to competitive forces. Therefore the focus must be towards enhancing talent capabilities through T & D opportunities or appropriate reward strategies.

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