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A Study of Performance Appraisal System of Employees at Cement Industry

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ABSTRACT

India is the second largest cement producer in the world that makes cement industry one of the most important industries in India. In any country, the production and consumption of cement define the country's progress to a certain extent. It comes from iron and steel industry, therefore, it plays a vital role in country's economy. Industry depends upon many factors such as capital, funds, technology and the very important factor is a human aspect, therefore, the need for Human Resource Management (HRM) came into focus where PMS is a very important factor. There is a number of factors, which make an impact on the employee, but PMS plays a vital role.

If work force is poorly utilized then the growth of future in terms of employee satisfaction would be very tough. HRM is considered as the backbone of any industry including cement industry and PMS is considered as a key factor for building and developing the profitability of cement industry, besides land, technology, capital etc. HRM concept is considered as a sunrise whereas traditional personnel management is considered as sunset concept. HRM has aspired to be a business partner and see the PMS linkage with organization employee satisfaction. Hence, in cement industry, PMS is very important for whole production cycle. To analyze, understand and review the existing performance appraisal system and its implementation process in Shree Cement Ltd.

Keywords: *Appraisal System, Human Resource Management, Industries.*

1. INTRODUCTION

Cement industry's economic progress can be achieved by increasing production, which can be coupled with sound Performance Appraisal System (PAS). However, the level of efficiency of production of cement industry reflects the quantity and quality of product provided by industry to its customers. Country's performance in terms of the economy depends upon the level of profitability. The optimal utilization of natural resources and other factors of inputs of capital, technologies etc. all are very much dependent on practices of Human Resource (HR). Profitability of cement industry depends upon many factors such as capital, funds, technology and the very important factor is a human aspect, therefore, the need of Human Resource Management (HRM) came in focus where PMS is a very important factor. There are a number of factors, which make an impact on the employee, but PMS plays a vital role.

If work force is poorly utilized then the growth of future in terms of employee satisfaction would be very tough. HRM is considered as the backbone of any industry including cement industry and PMS is considered as a key factor for building and developing the profitability of cement industry, besides land, technology, capital etc. HRM concept is considered as a sunrise whereas traditional personnel management is considered as sunset concept. HRM has aspired to be a business partner and see the PMS linkage with organization employee satisfaction. Hence, in cement industry, PMS is very important for whole production cycle. Performance appraisal is a systematic evaluation of the performance of employees and to understand the abilities of a person for future growth and development performance appraisal is generally done in systematic ways which are as follows:

- The supervisors measure the pay of employees and compare it with targets and plans.
- The employees are in a position to guide the employees for a better performance.

Performance Appraisal

Definitions of Performance Appraisal

Performance Appraisal has been defined as follows:

According to According to Cascio, “Performance appraisal is a review of the job-relevant strengths and weaknesses of an individual or a team in an organization. It is an exercise in observation and judgment.

It is a feedback process and it is an organization intervention”.

- According to **Dessler**, “Performance appraisal is the process of evaluating an employee “current and/ or past performance relative to his or her performance standards”.²
- Edwin Flippo, —Performance appraisal is the systematic, periodic and an impartial rating of an employee’s excellence in matters pertaining to his present job and his potential for a better job.¶

USES OF PERFORMANCE APPRAISAL

- **Help in Deciding Promotion**

It is in the best interest of the management to promote the employees to the positions where they can most effectively use their abilities.

- **Help in Personnel Actions**

Personnel actions such as lay-offs, demotions, transfers, and discharges etc. May be justified only if they are based on performance appraisal. While in some cases, actions are taken because of unsatisfactory performance of the employee, in some other cases it may be called for due to some economic conditions beyond control such as changes in the production process. In the former case, the action can only be justified on the basis of the result of performance appraisal.

- **Help in Wage and Salary Administration**

The wage increase given to some employees on the basis of their performance may be justified by the performance appraisal results. In some cases appraisal, i.e. merit and seniority are combined for higher salaries on better positions.

- **Help in Training and Development**

An appropriate system of performance appraisal helps the management in devising training and development programmes and in identifying the areas of skill or knowledge in which several employees are not at par with the job requirements. Thus the appraisal system points out the general training deficiencies which may be corrected by additional training, interviews, discussions or counseling. It helps in spotting the potential to train and develop them to create an inventory of executives.

5. Aid to Personnel Research: Performance appraisal helps in conducting research in the field of personnel management. Theories in personnel field are the outcome of efforts to find out the cause and effect relationship between personnel and their performance. By studying the various problems which are faced by the performance appraiser, new areas of research may be developed in personnel field.

2. METHODS OF PERFORMANCE APPRAISAL

Traditional Method	Modern Method
1) Straight Ranking Method	1) BARS
2) Rating Scale	2) MBO [Management By
3) Graphic Rating Scales	3) 360 Degree Appraisal
4) Forced Distribution Method	4) Human Resource
5) The checklist Method	
6) Critical Incidents	
7) Field Review Method	
8) Essay Method	

Area of Study

The study is a descriptive and analytical nature and the main aim is, to understand the Performance Appraisal of the private sector of cement industries in Rajasthan with special reference to Shree Cement Ltd.

- The exceptional, indigenous model of "Happiness" underpinning Shree's HR initiatives plays a prominent role in generating multiple micro HR/People strategies that result in efficiencies at each stage of the operation, which cumulatively provide the Company a distinct competitive edge.

3. OBJECTIVES OF THE STUDY

- To major performance appraisal system of employees in private sector in Rajasthan.
- To analyze, understand and review the existing performance appraisal system and its implementation process in Shree Cement Ltd.

4. LITERATURE REVIEW

Sabharwal (1995), Gopalan and Rivera (1997).

Studies indicate that the Indian society is characterized by a culture of high power distance between superiors and subordinates.

Sparrow and Budhwar (1997)

The findings indicated that leader credibility and motivation to change on the part of the leader significantly increases employee acceptance toward performance management and merit pay. In a research study, it was found that the performance appraisal process is a relatively underemphasized factor in Indian managerial practices, which will jeopardize the external strategic competitiveness of Indian firms.

Amba, Rao (2000)

Employee involvement and successful experiences will help reduce employee anxiety and skepticism toward performance management processes in Indian firm

Paul and Anantharaman (2003)

Used interviews with employees in 35 different software companies located in India to show the positive effect of 'people management practices' on organizational performance and people management practices were defined by nine indicators, training, performance appraisal, induction, selection, job design, work environment, compensation, career development, and incentives.

Appelbaum, Steven H., and Jacques (2005)

Conducted a survey to measure employee satisfaction and found a correlation between job satisfactions, low motivation, and the resulting low productivity. A direct correlation was also found between low productivity and poor communication between management, supervisors, and employees.

In 2008 a paper reports on a study that used focus group interviews with employees in an upscale hotel in Hong Kong, a special administrative region in China, on their views of the appraisal system that has been used. Research findings reveal that the system could be further improved.

Goyal, Rita (2011)

For the purpose of the study, data were collected through personal contact of 250 employees in four branches of LIC in northern India. The result of the study revealed that difference is significant between the perception of male and female employees regarding performance appraisal. Female employees have a favorable attitude towards performance appraisal as compared to male employees. There is no significant difference among employees at different level regarding their perception of performance appraisal selected branches of LIC.

Akuoko, Kofi Osei (2012)

For the study data were collected from 147 employees of six financial institutions were chosen in the Kumasi Metropolis, Ghana. The study demonstrated that the performance appraisal system can be an effective tool in employee motivation if both the process and outcome are fair. The study also revealed that employee participation in the appraisal process was high and this led to employee motivation and perception of the process and outcome as fair.

Sandeep Kumar Joshi (2012)

Performance Management System: A Factorial Study of Cement industry Rajasthan. To identify key factors of performance management system by a factorial study which have significant importance for cement companies.

Research Methodology to be adopted

The research will be carried out using a combination of Primary and Secondary data.

Primary Data- Survey in Study Area: The primary data will be collected:

- Through interviews
- Self-administered questionnaires.

Secondary Data: The secondary data will be collected through

- Articles
- Magazine and Newspaper
- Reports and Journal
- Internet
- Shree Cement Ltd. Office
- Data will be collected from the official records of various cement companies in Rajasthan.

5. RESEARCH DESIGN

- The study is to measure the effectiveness of the training program through performance appraisal system provided by the employees.
- Descriptive research is also called statistical research .the the main goal of this type of research is to describe the data and characteristics about what is being studied. The idea behind this type of research is to study frequencies, averages and other statistical calculations. Although this research is highly accurate, it does not gather the causes behind the situation. Descriptive research is mainly done when a research is mainly done when a research wants to gain a better understanding of a topic.
- Descriptive research answer the questions who, what, where, when and how.

6. RESULTS

Table.1. Employees Satisfaction towards Performance Appraisal System

Sl. No.	Particulars	Frequency					Mean
		Highly Dissatisfied	Dissatisfied	Neutral	Satisfied	Highly Satisfied	
1	Performance appraisal process followed by the company	1	9	4	66	20	3.95
2	Targets set by the appraiser	0	1	3	77	19	4.14
3	Transparency and objectivity of performance appraisal system	2	6	7	71	14	3.89
4	Appraiser's treatment during performance appraisal process	1	8	2	55	34	4.13
5.	Communication about the performance appraisal	0	1	2	73	24	4.20

Source: Field Survey:-From the above table we find it that there is positive response the performance appraisal system. Based on the findings of the study, it can be concluded that to the large extent, workers are comfortable with the way performance appraisal is being implemented at Shree Cement Ltd. They are aware, they are training and participating in setting goals, evaluation, and feedback to the employees.

7. CONCLUSION

Performance Appraisal is a key tool in making of organizations human resource. The purpose of the study was to measure the performance appraisal system in Shree Cement Ltd. Employees are having different views towards each factor of performance appraisal. Even employees have different opinions towards satisfaction of performance appraisal. For maintaining transparency in performance appraisal system in cement industry 360-degree method of performance appraisal should be adopted. Employees should be given rewards as per their achievements of targets. Employees should be given adequate training so, that they can easily participate in the appraisal process. Performance appraisal direct impact on motivation, communication, and other HR functions.

8. SUGGESTION

It is recommended that it should use performance appraisals effectively on individuals and departments. However, prior the launch of the performance appraisal system, training should be given to all managers on the purpose, system, delivery, and outcomes of performance appraisal. Guidance should be developed for staff receiving appraisals.

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APPENDIX

1 Highly Dissatisfied	2 Dissatisfied	3 Neutral	4 Satisfied	5 Highly Satisfied
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1. I am satisfied with the performance appraisal process followed by the company	1	2	3	4	5
2. I am satisfied with the targets set by the appraiser.	1	2	3	4	5
3. I am satisfied with the transparency and objectivity of performance appraisal system.	1	2	3	4	5
4. I am satisfied with appraiser's treatment during performance appraisal process.	1	2	3	4	5
5. I am satisfied with the communication about the performance appraisal system provided by the company.	1	2	3	4	5
6. Salary rewards are based on performance appraisal.	1	2	3	4	5
7. Performance appraisal motivates employees.	1	2	3	4	5