

# PERFORMANCE APPRAISAL SYSTEMS IN FACILITY SERVICES SECTOR: A CASE STUDY

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**Abstract** *One of the responsibilities of manager is to ensure that an organization functions effectively and efficiently. In order to achieve these goals, a manager must be able to determine and assess performance levels of both an organization and its individual employees. Effective appraisals must focus on proper performance criteria and standards. The purpose of this study is to enquire into the opinions of employees towards the effectiveness of their performance appraisal system in the Private Services Sector in Coimbatore. For the purpose, 120 respondents were selected using random sampling, including managers and executives. A structured questionnaire was administered to the respondents and primary data was collected. Secondary data was collected through various sources like magazines, journals, company records etc. Based on the analysis made, suggestions will be offered.*

**Keywords:** *Employee Appraisal, Private Service Sector*

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## INTRODUCTION

The service industry forms the backbone of social and economic development of a region. It has emerged as the largest and fastest-growing sector in the world economy, making ever higher contributions to global output and employment. It is a large and dynamic part of the Indian economy both in terms of employment potential and contribution to national income. In India, the services sector, as a whole, contributed as much as 68.6 per cent of the overall average growth in gross domestic product (GDP) between the years 2006-08 and 2009-11. There was a marked acceleration in service sector growth in the Eighties and Nineties. One of the reasons for this sudden growth, especially in the nineties was the liberalization of the regulatory framework that gave rise to innovation and higher exports from the services sector.

Performance Appraisal is an objective system to judge the ability of an individual employee to perform his tasks. A good performance appraisal system should focus on the individual and his development, besides helping him to achieve the desired performance. This means that while results are important, the organization should also examine and prepare its human capital to achieve this result. Different approaches and techniques could be blended together, depending on

the goals of performance appraisal in the organization and the type of review. The purpose of appraisals is to ensure that employees receive a fair and honest assessment of their performance over the past year, and to develop a plan to improve their effectiveness in the future. Therefore, an employee would desire that the appraisal system should aim at their personal development; their work satisfaction and their involvement in the organization..

## THE PROBLEM

Today, many organizations in the services sector are facing the attrition problem increases through each year and the management was in the position to know whether the employees are satisfied with the existing performance appraisal system or not.

And they want their employees opinion to suggest some ways to improve individual performance level of the organization's growth and development, to identify areas for improvement, to measure the satisfaction level of the employees towards their present appraisal method, to find the impact of existing performance measurement approaches and to suggest the area of improvement, and finally, to know whether the existing performance appraisal system is effective or not.

## OBJECTIVES OF THE STUDY

To determine the effectiveness of the performance appraisal system in services sector through the following objectives:

1. To study the existing performance measurement approaches.
2. To measure the satisfaction level of the employees towards their present appraisal method.

## SCOPE OF THE STUDY

It helps each employee understand more about their role and comprehend better, their functions and become instrumental in helping employees to better understand their strengths and weaknesses with respect to their role and functions in the organization; it increases mutuality between employees and their supervisors so that every employee feels happy to work with their supervisor and thereby contributes their maximum to the organization and acts as a mechanism for increasing communication between employees and their supervisors. This study is confined to Coimbatore city. The sample respondents are the customers of various selected private service sectors, namely:

## METHODOLOGY

This study was based on primary data obtained through a structured questionnaire containing Twenty One questions. The first part of the questionnaire measuring the satisfaction level of employees towards their present appraisal method consists of six statements and the second part carries fifteen statements studying the existing performance measurement approaches and suggesting improvements. The sample size was One Hundred and Twenty, and the respondents were selected through convenient random sampling method. The primary data obtained from the questionnaire was analyzed by using the Garrett's ranking method, percentage analysis and statistical data analysis of Correlation method.

## LIMITATIONS OF THE STUDY

This is an empirical study on the effectiveness of performance appraisal systems in the services sector of Coimbatore city. PAS is vital to an organization. Undoubtedly, the results and findings of the study can be applied directly to other areas. Due to limitations of time and financial considerations, the sample size has been restricted to one hundred and twenty respondents. Many respondents have been unable to respond properly due to lack of time

## DATA ANALYSIS & INTERPRETATION

### Correlation Analysis

Correlation analysis attempts to study the relationship that exists between two variables. The correlation co-efficient of the selected independent variables with the overall performance measure approaches has been worked out in order to identify the most important variable, which has a relationship with the dependent variable. Also, the correlation co-efficient has been worked out so as to arrive at a correlation matrix, which incorporates the correlation co-efficient and all the selected variables with the dependent variable, as well as correlation coefficients among different independent variables. The calculated correlation co-efficient values were compared with a critical value of simple correlation co-efficient available in the statistical tables for its significance.

The correlation coefficient matrices of the selected variables with the dependent variable.

It can be seen from the table that five variables, namely  $X_1$  (Self- Appraisal Approach),  $X_2$  (Group Approach),  $X_3$  (Intuitive Approach),  $X_4$  (Trait Approach) and  $X_5$  (Achievement of results) have a significant positive correlation with the overall performance appraisal. Hence, there is a relationship between performance appraisal

**Table 1: Correlation of Overall Performance Appraisal (Y) & Independent Variables**

S.NO.	FACTORS	Mean	STD	r-value	p-value	S/NS
1	Overall performance appraisal (Y)	65.767	7.6452			
2	Self- Appraisal Approach( $X_1$ )	11.917	2.0150	.623	.005**	S
3	Group Approach( $X_2$ )	16.525	2.4391	.863	.002**	S
4	Intuitive Approach( $X_3$ )	12.492	1.9532	.828	.003**	S
5	Trait Approach( $X_4$ )	12.533	2.1574	.635	.000**	S
6	Achievement of results( $X_5$ )	12.300	1.4985	.866	.002**	S

\*\*  $P < 0.05$  S-Significant NS- Not Significant

**Table 2: Rank & Score for the Factors Influencing the PAS by Using Garret's Ranking Method for the Question of "Please Rank the Following Needs Derived from the Performance Appraisal System?"**

S.No.	Factors Score(X)	Rank	1	2	3		4	5	6	7
		78	66	57	50	43	35	22		
1	Training needs	F1	36	36	12		0	12	0	24
	X*f1	2808	2376	684	0	516	0	528		
2	Motivation	F2	12	36	24		12	12	24	0
	X*f2	936	1584	684	600	1032	0	0		
3	Counseling	F3	24	0	48		12	12	12	12
	X*f3	1872	0	2736	600	516	420	264		
4	Stress Management	F4	12	12	0		60	24	12	0
	X*f4	936	792	0	3000	1032	420	0		
5	Developments	F5	12	12	12		0	36	24	24
	X*f5	936	792	684	0	1548	840	528		
6	Coaching	F6	12	12	12		12	0	36	36
	X*f6	936	792	684	600	0	1260	792		
7	Leadership quality	F7	12	12	12		24	24	12	24
	X*f7	936	792	684	1200	1032	420	528		

**Table 3: Rank for Finding the Most Influences Factor Among all the Given Factors**

S.No	Factors	Total Score	Mean Score	Rank
1	Training needs	6912	57.6	I
2	Motivation	4836	40.3	VII
3	Counseling	6408	53.4	II
4	Stress Management	6180	51.5	III
5	Developments	5328	44.4	V
6	Coaching	5064	42.2	VI
7	Leadership quality	5592	46.6	IV

Source: Primary Data

and the overall performance and performance measure approaches namely Self- Appraisal Approach ( $X_1$ ), Group Approach( $X_2$ ), Intuitive Approach( $X_3$ ), Trait Approach( $X_4$ ) and Achievement of results( $X_5$ ).

### Garrett's Ranking Method

To find out the most influential primary factor, Garret's ranking method was applied. This technique was used to rank the preference of the respondents for different aspects of the study. The order of merit given by the respondents was converted into ranks by using the following formula:

$$\text{Percentage Position} = \frac{100 (R_{ij} - 0.5)}{N_j}$$

Where  $R_{ij}$  = Rank given for  $i^{\text{th}}$  factor by  $j^{\text{th}}$  individual.  
 $N_j$  = Number of factors ranked by  $j^{\text{th}}$  individual

The percentage position of each rank thus obtained is converted into a score by referring to the table given by Henry E.Garret. Then, for each factor, the scores of individual respondents are added together and then divided by the total number of respondents for whom the scores were added. These mean scores for all the factors were arranged in the descending order, ranks given and the most important aspects identified.

"Training needs" was ranked first by the selected sample respondents with the total score of 6912 and mean score of 57.6. "Counseling" was ranked second with the total score of 6408 and mean score of 53.4. "Stress management" occupied third with the total score of 6180 and mean score of 51.5. Fourth position "Leadership quality" with the total score of 5592 and mean score of 46.6. "Developments" was ranked fifth with the total score of 5328 and mean score of 44.4. "Coaching" occupied sixth position with the total score of 5064 and mean score of 42.2. "Motivation" occupied last position with the total score of 4836 and mean

**Table 4: What Does 360 Degree Performance Appraisal Actually Measure?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Leadership Quality	7	5.8	5.8	5.8
	Training Needs	7	5.8	5.8	11.7
	Performance	106	88.3	88.3	100
	Total	120	100	100	

**Table 5: What Can the 360 Degree Feedback be Used for?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Self-Development.	35	29.2	29.2	29.2
	Team Building.	36	30	30	59.2
	Organization Development.	27	22.5	22.5	81.7
	Motivation.	22	18.3	18.3	100
	Total	120	100	100	

**Table 6: What Types of Information are Produced Through this Method ?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Hidden Strength	27	22.5	22.5	22.5
	Weakness	32	26.7	26.7	49.2
	Both	61	50.8	50.8	100
	Total	120	100	100	

score of 40.3. It is evident that most of the respondents gave top priority to Training needs as the most influential.

The Table shows that an overwhelming majority (88.3%) of sample respondents have chosen "Performance". We can conclude that 360 degree performance appraisal measures "Performance".

The Table shows that a majority (29.2%) of sample respondents have chosen "Self Development". We can conclude that the 360 degree feedback used for "Self- Development" shows the highest level among all respondents.

The Table shows that a majority (50.8%) of sample respondents had been chosen the answer of "Both" and they concluded that "Hidden Strength & Weakness" are the types of information produced through this method.

The Table shows that a majority (40%) of sample respondents have chosen "Data". The table also shows that "Data" content is important for this method.

The Table shows that a majority (22.7%) of the sample respondents have chosen "Performance" as the most required term for this method. Next to this is "Roles".

## SUGGESTIONS

Based upon the results of the research, it is clear that the PAS would improve both the organization and the employees. Also, managers need to select a fair and accurate method of conducting appraisals, and determine how to utilize the results in order to boost employee motivation and productivity. Different approaches and techniques could be blended, depending on the goals of performance appraisal in the organization and the type of review. This is essential because employees can develop only when the organization's interests are fulfilled. The organization's main resources are its employees, and their interests cannot be neglected. Overall, managers should take the time to educate themselves about these issues in order to effectively measure performance levels through a system that meets the unique needs of their specific organization.

## CONCLUSION

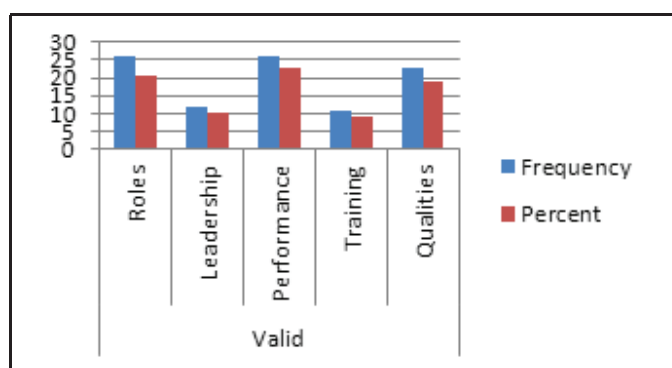
In conclusion, the research suggests that performance appraisal research and approaches seem to converge on many issues and diverge on others. While research has done much to suggest improvements regarding many of the

**Table 7: Which Content is Important for this Method?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Data	48	40	40	40
	Contents of Form	38	31.7	31.7	71.7
	Evolution of Form	21	17.5	17.5	89.2
	Appraised Method	13	10.8	10.8	100
	Total	120	100	100	

**Table 8: In Your 360 Degree Performance Appraisal Method, Which of These Would You Say, are Most Required?**

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Roles	26	20.7	21.7	21.7
	Leadership	12	10	10	31.7
	Performance	26	22.7	21.7	53.3
	Training	11	9.2	9.2	62.5
	Qualities	23	19.2	19.2	81.7
	Interpersonnel Relations	22	18.3	18.3	100
	Total	120	100	100	

**Chart 1: In Your 360 Degree Performance Appraisal Method, Which of the Following, Would You Say, is Most Required?**

practices noted above, it may ultimately be the changing nature of work that leads managers to implement practices that research has legitimized. Therefore, it appears that current performance appraisal research could be expanded to include these concerns. While the current focus is productive and necessary, an expanded research agenda that includes these issues discussed above would further allow performance appraisal research to influence human behavior in organizations.

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