




A Study on Performance Appraisal at Private Limited Companies in Chennai City

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Abstract. In this study, the researcher mainly focuses to study performance appraisal processes happening at private limited companies at Chennai city. The primary objective of this study is to gain a comprehensive understanding of the Performance Appraisal system utilized by Private Limited companies in Chennai City. The statistical tools used for this study is T-tests, F-test (ANOVA) and regression analysis. This study is based both primary and secondary data, primary data is acquired through conducting interviews in addition to that by circulating questionnaires to the private company employees. Whereas, secondary data is compiled with the help of many research journals, articles, and books. For this research study a sample size of 10 is considered for measuring the replies from the selective respondents. Some of the important findings of this paper by applying statistical tools can be concluded as that it is very much important to encourage continuous training and development programs to maintain and build on improvements. Address any significant differences in salary increases among companies to ensure equity and Monitor and measure the impact of these programs over time.

Keywords: Performance Appraisal, Employees, Private limited companies, Chennai City.

1 Introduction

Performance appraisal is a structured procedure for assessing the job performance of employees within an organization. This methodical approach involves a comprehensive evaluation of an employee's contributions, skills, and developmental progress, comparing these aspects with the requirements of their role and the organization's policies. The primary aim of performance appraisal is to pinpoint an employee's strengths and weaknesses, offering valuable feedback aimed at enhancing their performance and increasing their effectiveness within the organization. Performance appraisal processes are systematic and periodic, occurring at intervals such as annually, semi-annually, or quarterly. These evaluations serve as a platform for assessing employees' work performance, determining salary adjustments, and considering promotions. Importantly, since performance appraisal results are often shared with employees, they provide valuable insights that enable individuals to evaluate their own performance, boost productivity, refine their skills, and potentially advance within the company. There are few key aspects of the performance appraisal process there are Standards and Goals, Measurable Objectives, Development Planning, and Measurement of Actual Performance.

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1.1 Various methods used in performance appraisal

Graphic Rating Scale Method: It is a widely used method employs a scale, often ranging from 1 to 10, to rate employee's performances based on predefined criteria for each position within the organization. Criteria may include job knowledge, work quality, and interpersonal skills. The simplicity and ease are some of the advantages of this method, but it can be subject to bias and may not capture all aspects of an employee's performance.

Checklist Method: This method involves creating a list of criteria or behavioral indicators that employees are expected to demonstrate in their roles. Evaluators use this list to check off whether the employee has displayed each behavioral aspect. This structured approach is useful for assessing specific skills or behaviors but should be used in conjunction with other methods for a comprehensive evaluation.

360-Degree Feedback Appraisal: This method collects feedback on an employee's performance from multiple sources, including colleagues, supervisors, subordinates, and customers. It offers a more diverse and balanced perspective on an employee's performance but can be time-consuming and may raise concerns about confidentiality and biases.

Ranking Method: This method involves ranking of employees from best to worst based on their performance or contribution. Clear evaluation criteria are identified, such as productivity, quality of work, and attendance. This approach is straightforward but can lead to challenges when differentiating employees with similar levels of performance.

2 Review of literature

To concentrate on the examination [1], of performance appraisal and the subsequent action plan based on appraisal outcomes. This research is a case study conducted in Bandar Lampung, with Sigerhub Lampung as the focal point. It adopts a qualitative approach and employs structured interviews, observations, and documentation as data collection techniques. The data analysis adheres to the interactive model developed by Miles and Huberman. The findings reveal that Sigerhub conducts performance assessments for permanent employees, freelance employees, and interns on a weekly and monthly basis. These appraisals are conducted by immediate supervisors, often combined with 360-degree feedback, and are conducted using the Management by Objectives method. The outcomes of the performance assessments lead to follow-up actions, which include promotions and rewards as well as verbal and written reprimands for permanent employees, freelance employees, and interns.

To asserts the significance of employee performance [2], appraisal in organizational development and overall performance. This study employs a mixed-methods research design, incorporating both quantitative and qualitative analyses. The research methodologies encompass correlational, causal, survey, and descriptive designs, utilizing questionnaires, surveys, and interviews as data collection tools. The study emphasizes the advantages of performance appraisals, which include identifying employees' strengths and weaknesses, enhancing working conditions, facilitating resource allocation, pro-

moting training and development, and fostering employee motivation to improve performance. Furthermore, performance appraisals support professional growth, inform administrative decisions, and enable organizations to pinpoint areas requiring enhancement while encouraging active employee participation. Additionally, they yield positive outcomes for employees, such as recognition for achievements, opportunities for promotion, and the identification of additional training needs.

To delve into the realm of performance appraisal [3], as a pivotal determinant of employees' attitudes and behaviors, focusing on private-sector employees in Yemen. The study examines the impact of performance appraisal accuracy, justice, and feedback on employees' trust in leadership. It also investigates the mediating role of employee satisfaction with their appraisal experience in the relationship between performance appraisal and trust in leadership. Data were collected from employees who had undergone performance appraisal in the past two years. The analysis, utilizing Structural Equation Modeling (SEM), reveals that performance appraisal justice significantly influences employees' satisfaction with their appraisal and trust in leadership. However, performance appraisal feedback only impacts employees' satisfaction with their appraisal. Employee satisfaction with their appraisal, in turn, affects trust in leadership. Notably, the mediating role of employee satisfaction with their appraisal was observed solely in the relationship between performance appraisal justice and trust in leadership. These findings offer insights into promoting positive employee reactions to performance appraisal processes.

3 Methodology

Both primary and secondary data is used for this study, primary data is acquired through conducting interviews in addition to that by circulating questionnaires to the private company employees. Whereas, secondary data is compiled with the help of many research journals, articles, and books. For this research study a sample size of 10 is considered for measuring the replies from the selective respondents. Descriptive research design method and conducting t-tests, an F-test (ANOVA), and regression analysis is used for result inference.

3.1 Objectives of the study

1. The primary objective of this study is to gain a comprehensive understanding of the Performance Appraisal system utilized by Private Limited companies in Chennai City.
2. To assess the effectiveness of the Performance Appraisal system in Private Limited companies in Chennai City.

4 Data analysis and interpretation

Table 1. Comprehensive understanding Performance Appraisal system

S.No	Name of the Company	Employee Satisfaction Before (T-test)	Employee Satisfaction After (T-test)	Salary Increase (%) (F-Test (ANOVA))	Employee Productivity Change (%) (Regression Analysis)
1.	Aban Offshore Limited	7	9	8	15
2.	Binny Mills Limited	6	8	7	10
3.	Crazy Infra & Info Media Limited	8	7	6	8
4.	E.I.D Parry(India) Limited	6	7	6	12
5.	Pradhin Limited	7	8	7	9
6.	Rajendra Confectioners Limited	8	9	8	14
7.	SIP Industries Limited	6	8	7	11
8.	Sri Nandaa Spinners Limited	7	9	8	16
9.	Tejassvi Aaharam Limited	8	7	6	7
10.	Velvette Pharma Products Limited	6	7	6	13

T-tests is performed to compare "Employee Satisfaction Before" and "Employee Satisfaction After" within each company to determine if there is a significant improvement in satisfaction. F-test (ANOVA) has been done to compare the "Salary Increase (%)" among different companies to assess whether there are significant differences in salary increases due to the appraisal system. Regression analysis is performed to model the relationship between "Employee Satisfaction Before" (independent variable) and "Employee Satisfaction After" (dependent variable) to understand how initial satisfaction relates to the improvement.

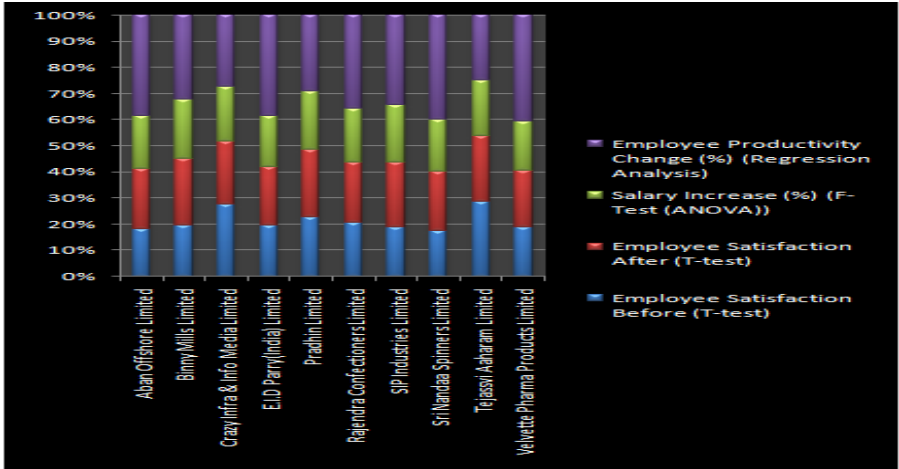


Figure: 1 Comprehensive understanding Performance Appraisal system

Table: 2 Effectiveness of the Performance Appraisal system

S.No	Name of the Company	Employee Performance Before (T-test)	Employee Performance After (T-test)	Salary Increase (%) (F-test-ANOVA)	Employee Satisfaction Rating (Regression Analysis)
1.	Aban Offshore Limited	65	75	8	7
2.	Binny Mills Limited	70	80	7	8
3.	Crazy Infra & Info Media Limited	72	78	6	6
4.	E.I.D Parry (India) Limited	75	82	9	7
5.	Pradhin Limited	68	76	7	8

6.	Rajendra Confectioners Limited	80	88	10	9
7.	SIP Industries Limited	73	79	8	7
8.	Sri Nandaa Spinners Limited	77	84	9	8
9.	Tejassvi Aaharam Limited	70	75	6	6
10.	Velvette Pharma Products Limited	85	92	8	9

T-Tests, F-Test (ANOVA), and Regression Analysis) is applied. Similarly T-tests is performed to compare "Employee Satisfaction Before" and "Employee Satisfaction After" within each company. This will help determine if there is a statistically significant improvement in performance after the appraisal. F-test (ANOVA) is made to compare the "Salary Increase (%)" among different companies. This will help assess whether there are significant differences in salary increases due to the appraisal system. Regression Analysis is performed to model the relationship between "Employee Performance Before" (independent variable) and "Employee Performance After" (dependent variable). This will help understand how initial performance relates to the improvement.

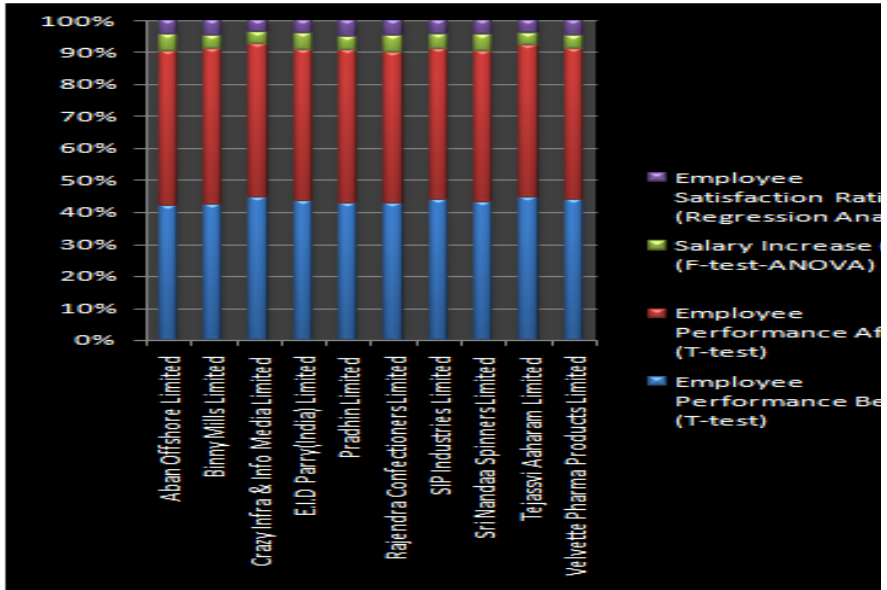


Figure: 2 Effectiveness of the Performance Appraisal system

5 Findings

Findings and reveal that there exists significant difference among the select companies with respect to employee satisfaction before and after performance appraisal. ANOVA test done to compare the "Salary Increase (%)" among different companies. Findings show that there are significant differences in salary increase due to the appraisal system. Post hoc tests (e.g., Tukey HSD) may be needed to identify which companies differ significantly from others in terms of salary increase. Regression Analysis shows significant influence of performance appraisal system on employee satisfaction.

6 Recommendations

- For companies with significant improvements in employee performance, investigate the factors contributing to this success. Share best practices and strategies for performance improvement across all companies. Encourage continuous training and development programs to maintain and build on improvements.
- Ensure fairness and consistency in salary increase policies. Address any significant differences in salary increases among companies to ensure equity. Consider performance-based salary adjustments to motivate employees.
- Use the regression analysis results to predict the expected improvement in performance based on initial performance scores. Tailor training and development programs to employees' initial performance levels. Monitor and measure the impact of these programs over time.

7 CONCLUSION

To conclude, the Performance Appraisal system plays a crucial role in shaping employee performance, salary adjustments, and overall satisfaction level in Private Limited companies at Chennai City. Companies that effectively implement this system can significantly enhance their workforce's capabilities and drive organizational success. Addressing areas of improvement, ensuring fairness, and utilizing data-driven insights are key steps in optimizing the Performance Appraisal process for greater effectiveness and employee growth.

8 References

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