



## EFFECTIVENESS OF PERFORMANCE APPRAISAL PROCESS: AN EMPIRICAL PILOT STUDY AT SELECT CORPORATE HOSPITALS OF HYDERABAD CITY

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### ABSTRACT

The study was descriptive using both primary and secondary data. Data were collected with the help of questionnaires and analyzed with the help of the Statistical Package for the Social Sciences. The study found out that the institution has in place an appraisal system, and this was largely acknowledged by all categories of respondents: junior and senior members of the select Hospitals in Hyderabad city. Further, respondents indicated general understanding and support from the various stakeholders on the institution's appraisal system. The study found out that most employees show cooperation in the appraisal process. Again, most staff believe that feedback reflects their performance. It was noted that the process has helped in identifying systematic factors that are barriers to effective performance. Key challenges identified included low feedback rate and lack of adequate resources, among other challenges. The study recommended the need to ensure that fairness is maintained in the appraisal process so that the necessary trust and cooperation will be forthcoming from staff. Further, there is the need to ensure regular feedback. Failure to do this could affect staff interest in the process, as much as possible feedback should be given to staff on their performance.

**KEYWORDS:** Appraisal System, Effective Performance, Appraisal Process and Hospitals

### INTRODUCTION

The performance appraisal is essential for the effective management and valuation of staff. Appraisals help develop individuals, improve organizational performance, and feed into business planning. Formal performance appraisals are generally conducted annually for all staff in the organization. Each staff member is appraised by their line manager. (Directors are appraised by the CEO, who is appraised by the chairman or company owners, depending on the size and structure of the organization). Annual performance appraisal enables management and monitoring of standards, agreeing expectations and objectives, and delegation of responsibilities and tasks.

Staff performance appraisals also establish individual training needs and enable organizational training needs analysis and planning. Performance appraisal data feeds into organizational annual pay and grading reviews, and coincides with the business planning for the next year. Performance appraisal generally reviews each individual's performance against objectives and standards of the company for the current year, agreed at the previous appraisal meeting.

Performance appraisals are also essential for career and succession planning. Performance appraisals are important for staff motivation, attitude and behavior development, communicating organizational aims, and fostering positive relationships between management and staff. Performance appraisal provides a formal, recorded, regular review of an

individual's performance, and a plan for future development. In short, performance and job appraisals are vital for managing the performance of people and organization.

Every study is taken up for the fulfillment of some particular need or requirement. This study entitled "Effectiveness of Performance Appraisal process at Select corporate Hospitals in Hyderabad" was aimed to know the level of satisfaction from the point of view of employees in the organization.

#### Performance appraisal is important in order to:

1. Provide information about the performance ranks based on which, decisions regarding salary fixation, confirmation and promotion, transfer and demotion are taken.
2. Provide feedback information about the level of achievement and behavior of subordinate, rectifying performance deficiencies and to set new standards of work if necessary.
3. Provide information to diagnose deficiency in employee regarding skill, Knowledge determine training and development needs and to describe the means of employees growth provides information for correcting placement.
4. Provide information that helps to counsel the subordinates
5. To prevent grievances and in disciplinary activities.

### AIMS OF THE RESEARCH PAPER

1. To study the Level of Employee satisfaction at Select Corporate Hospitals
2. To study the effectiveness of performance appraisal system at Select Corporate Hospitals

### RESEARCH METHODOLOGY:

The research design used in this paper is both descriptive and analytical type of research design. The main objective of using descriptive research is to describe the state of affairs as it exists at present. It mainly involves surveys and fact finding enquiries of different things. The type of sampling technique used in this study is Random Sampling. It is a sampling in which the probability of getting any particular sample may be calculated. Data was collected from both primary and secondary sources. Primary data is collected directly from 50 respondents through a questionnaire. The development of any organization depends on the performance of employees. The study is conducted to know the various methods and measures taken to improve the performance of employees in Select Corporate Hospitals.

### REVIEW OF LITERATURE

**Dr. V. Antony Joe Raja and R. Anbu Ranjith Kumar (2016)**<sup>1</sup> examined the Effectiveness of performance appraisal system. Performance appraisal has increasingly become part of a more strategic approach to integrating HR activities and business policies and may now be seen as a generic term covering a variety of activities through which organizations seek to assess employees and develop their competence, enhance performance and distribute rewards. The purpose of this study was to examine the performance appraisal. To obtain results, descriptive statistics and chi-square techniques are applied to data collected from 80 respondents. The result of the study shows that overall performance appraisal system is high rated by its respondent. Respondents are highly satisfied with their work. The recommendations were provided based on the research finding and analysis. **Muhammad Waqas Maharvi, Dr. Muhammad Zahid Iqbal, and Dr. Malik Ikram Ullah (2014)**<sup>2</sup>, this study is to determine the effectiveness of Performance Appraisal System for government employees working in the Education department of Punjab, Pakistan. The researcher has intended to propose users' and system centric framework for the effectiveness of performance appraisal system. This study will highlight the importance of effective performance appraisal system in government departments" and it will furnish various guidelines to concerned authorities for improvements in performance appraisal system for government employees of Punjab, Pakistan. **Mavis Mensah Senyah, Rosemary Boateng Coffie and Kwadwo Adu-Pakoh (2016)**<sup>3</sup> Performance appraisals allow the organization to tell the employee something about their rates of growth, their competencies, and their potentials. The absence of effective performance appraisal is a fundamental cause of low output of staff to work. This study outlines the benefits that can be derived from the use of the performance appraisal system if it is properly administered to workers on the campus of Kumasi Polytechnic. It was found out that performance appraisal

influences performance positively. However, the researchers realized that performance appraisal is mostly undertaken on annual basis at the workplace. Again, it was also realized that Kumasi Polytechnic uses rating scale, descriptive system and management by objective system methods of appraisal to evaluate employees. It was also realized that management by objective is the mostly used method. Hence, it showed that appraisal is conducted annually in the institution. Finally, we realized from the research that performance appraisal has got much influence on job performance of Kumasi Polytechnic employees. **Liza Estino Daoanis (2012)**<sup>4</sup>, The result of the study showed that the performance appraisal system of the company are in place, aligned with the vision and mission of the institution, and is accurate in terms of content and purpose. On the other hand, the results reflected that the performance appraisal system of the company has brought about both positive and negative impact on the employees performance. Further, the respondents identified some major gaps in the implementation of the company's appraisal system: no appropriate rewards are given to best employees, appraisal system was not fully explained to employees, no feedback of results and employees do not participate in the formulation of evaluation tools. It is recommended that the company should revisit and redesign its appraisal system that is align to its vision and mission towards the attainment of its organizational goals. **R.G.Ratnawat and Dr P.C.Jha (2013)**<sup>5</sup>, Performance management is one of the most researched areas in the domain of human resource management. In spite of all the efforts made by the organizations, the effectiveness of performance management system remains a grey area. The research results are inconsistent as far as the critical success factors of PMS are concerned, and therefore cannot be generalized. The present review attempts to identify the critical success factors of effectiveness of performance management system and will report the inconsistencies in the performance management research results. **Dr. J. Vincent Xavier (2015)**<sup>6</sup>, Performance appraisal is the step where the management finds out how effective it has been at hiring and placing employees. If any problems are identified, steps are taken with the employed and to remedy them. The performance of an employee is influenced with various factors. The socio demographic factored has influenced in many ways. Here the researcher tries to find out the effectiveness of the performance appraisal system in Tamil Nadu based manufacturing industry, India. It is a descriptive type of research, simple random sampling was adopted, and self-prepared, structured questionnaire with the five point scale was used to collect the primary data. The finding is the socio demographic factors and the overall performance of the employee has the influence. **G.Jabarethina (2014)**, Performance appraisal enables an employee to know how his/her performance and to identify areas which need improvement and proper training. Effective appraisal system serves determines how well an employee is working at his or her job and also decides the ways to improve his/ her performance. The objective of the study was to understand the effectiveness of the performance appraisal system at a Multi specialty Hospitals, Chennai.

The study revealed that employees want to have simplicity, objectivity and efficiency in the performance appraisal system. High emphasis require on supervisor's fair dealing with all employees with a clear and unbiased appraisal. For the betterment of the employees, job rotation is highly recommended. No work should depend on any individual. Every individual who are working in this organization must know how the system works. **R.Poovitha, D.Ambika, B.Lavanya (2018)<sup>7</sup>**, Performance measurement and performance appraisal has

been liable to be subjected to a considerable amount of research and consideration over the past decade years. The trigger point for much of this research has been the inadequacy of performance measurement systems based on traditional financial management and the initiation of nonfinancial measures in construction industry. The principal purpose of this paper is to review the main performance measurement frameworks and the performance management and the appraisal executed in the current scenario.

## DATA ANALYSIS AND INTERPRETATION

**Table1:** How frequently is the performance reviewed?

Category options	No. of respondents	%
Monthly	12	24
Quarterly	16	32
Yearly	22	44
Total	50	100

### Interpretation

From the above table it clear that 44% of the employees think that the Performance of employees is reviewed yearly that is true, Hospitals reviews overall performance of its employees annually. Rest of the 32% feel its

quarterly and 24% say monthly are also accepted as it depends on the department mangers how they appraise because few of the job profiles require monthly and quarterly reviews by their immediate managers on achieving the short term goals.

**Table2:** Does the Performance Appraisal system help in achieving Organizational Goals?

Category options	No. of respondents	%
Yes	38	76
No	12	24
Total	50	100

### Interpretation

76% of the employees feel the performance Appraisal system helps in achieving organizational goals as individual goals of Hospitals employees are aligned to organizational goals. Whereas, 24% feel that Performance

Appraisal system in Hospitals does not help in achieving organizational goals as they have to understand the relationship between Performance Appraisal and organizational goals.

**Table3:** Do you feel framing of the Goals are important?

Category options	No. of respondents	%
Yes	42	84
No	8	16
Total	50	100

### Interpretation

84% of the employees feel that framing of goals are important as they understand the significance of goals in

the organization and 16% of them feel goals are not important because they need to understand the concept of goal setting and its importance in the organization.

**Table 4:** Does any change arise in the performance, after appraisals?

Category options	No. of respondents	%
Yes	32	64
No	18	36
Total	50	100

**Interpretation**

36% of the employees say that no change arises in the performance, after appraisal as they may be already performing well and the data available does not specify the ratings of the employees in the questionnaire so there is probability that employees are exceeding expectations so

they want to continue their performance without any change after appraisal also. However, 64% of the employees feel change arises after knowing the strengths, weaknesses, opportunities and threats (SWOT) through self and manager's appraisal as their performance might have been better after the appraisal.

**Table 5:** Do you think performance appraisal helps to change behaviour and attitude?

Category options	No. of respondents	%
Yes	30	60
No	20	40
Total	50	100

**Interpretation**

60% of them believe that performance appraisal helps in changing the behavior and attitude. Whereas, rest of the

40% feel there is no change in the behavior and attitude of the human resource in the organization.

**Table 6:** Do you think performance appraisal improves motivation and job Satisfaction?

Category options	No of respondents	%
Yes	45	90
No	5	10
Total	50	100

**Interpretation**

Most of the employees think that performance appraisal system improves motivation and job Satisfaction among

the workforce, 10% don't think motivation and job satisfaction improves the performance.

**Table 7:** Is the top level management partial in performance appraisal?

Category options	No. of respondents	%
Yes	2	4
No	48	96
Total	50	100

**Interpretation**

Only few of them i.e., 4% of the employees feel that top level management is partial in performance appraisal in

the organization and the remaining 96% employees feel that the top level management is not partial in performance appraisal system.

**Table 8:** How do you feel is the Performance Appraisal system?

Category options	No. of respondents	%
Excellent	4	8
Good	12	24
Satisfactory	20	40
No comments	14	28
Total	50	100

**Interpretation**

28% of the employees dont wants to tell what they feel about the performance Appraisal system in Hospitals. But when considered rest of the options like excellent, good and satisfactory 72% of the employees it can be concluded that they are satisfied with the Performance Appraisal system in Hospitals, as the Performance Appraisal is done with the help of PDP program that has workday (workday is a day on which work is performed or the period of time in a day during which work is performed). And HR Scoreboard which consists of 4 components namely, customer goals, internal business process, financial goals

and learning & growth goals which overall develops the employees and create goals to achieve.

**FINDINGS**

- Majority of employees understand that the objective of performance appraisal is performance evaluation and it plays a vital role in the organization.
- Few employees feel its quarterly and rest say monthly are also accepted as it depends on the department mangers how they appraise because few of the job profiles require monthly and

quarterly reviews by their immediate managers on achieving the short term goals.

- Most of the employees feel that they never establish any job expectations before Performance Appraisal is because their managers did not feel it necessary for those employees.
- Most of the employees feel PDP process is very important in the organization in order to improve the performance of the employees and continue motivating the already potential employees.
- Majority of the employees cherish the values of the organization and feel they are covered by Performance Appraisal system.
- Majority of them feel that their managers do have a dialogue with them during the Performance Appraisal process.
- Majority of the employees feel the performance Appraisal system helps in achieving organizational goals as individual goals of Hospitals employees are aligned to organizational goals.
- Most of the employees in the organization are aware of goals and their importance in Performance Appraisal process.
- All most all the employees feel that their goals are SMART, because they understand the significance of SMART goals in a better way.
- However, more than half of the employees feel change arises after knowing the strengths, weaknesses, opportunities and threats (SWOT) through self and manager's appraisal as their performance might have been better after the appraisal.
- Few of them feel there is no change in the behavior and attitude of the human resource in the organization.
- All most all the employees in the organization feel that the performance appraisal gives a constructive criticism in a friendly and positive manner instead of negative and disappointing feedback.
- Most of the employees think that performance appraisal system improves motivation and job Satisfaction among the workforce.
- Only few of the employees feel that top level management is partial in performance appraisal in the organization.
- Majority of the employees are satisfied with performance appraisal system followed by Hospitals.

#### SUGGESTIONS

- Engage the employees in a two-way discussion whenever their performance is the topic. Performance appraisals can be improved by involving the employee in the discussion all year long. Then the official performance appraisal day is just an extension of the normal performance discussion.
- When there is a meeting with the employee, spend time on the positive aspects of his or her

performance. In most cases, the discussion of the positive components of the employee's performance should take up more time than that of the negative components. The employee will find this rewarding and motivating.

- Give the performance review to the employee in advance of the meeting. This allows the employee to digest the contents prior to her discussion of the details with the manager.

#### CONCLUSION

Performance Appraisal is evaluating the performance of the employees in the organization and giving feedback which motivates them to work more efficiently and effectively in achieving individual as well as organizational goals.

To conclude, Hospitals is following a systematic and organized kind of performance appraisal system i.e., self-appraisal, manager's evaluation and manager's manager evaluation according to the departmental need to appraise its employees on the work assigned by the manager, by which both the organization and its employees are benefiting as per the study. Through self-appraisal employees can analyze their own efficiencies and deficiencies based on their performance and further motivate themselves with the help of PDP process. On the other hand, even the managers are aware of the performance of the employees by manager's evaluation along with manager's manager evaluation which act beneficial for management to have supervision on their staff.

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