

## Opinion of the employees of chemical industries of Thane district, Maharashtra about performance appraisal systems

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### ABSTRACT

The study was conducted in the chemical industries located in Thane district, Maharashtra in 2019-20. Twenty employees each were randomly selected from four departments of the industries viz procurement, manufacturing, marketing and sales, making a sample size of 80 employees. Data were collected through survey and data gathering. It was found that 75.00, 57.50, 60.00 and 60.00 per cent employees agreed or strongly agreed that 360-degree methods functioned fairly/equitably, was able to gauge real performance and was transparent and satisfactory respectively. Therefore, the employees had a positive opinion about the method. However, majority of the employees viz 27.50, 37.50, 30.00 and 30.00 per cent under management by objectives method and 32.50, 27.50, 27.50 and 30.00 per cent under forced distribution method, neither agreed nor disagreed that the methods functioned fairly/equitably, were able to gauge real performance and were transparent and satisfactory respectively. Therefore, the employees were uncertain about latter two methods.

**Keywords:** Performance appraisal; 360-degree feedback; management by objectives; forced distribution performance

### INTRODUCTION

Employee performance reviews are essential for all businesses. However, how the reviews are conducted, determines their effectiveness. A performance review can empower the employees to reach new heights or drive the team away (Peak 2023). Performance appraisal (PA) capabilities are a set of activities that company managers use by using available information to improve business processes and achieve company goals (Gangadharan and Swami 2004). The PA programme is based on the evaluation of two components at the end of each year: the competencies and levels identified for the position and the key objectives established between each manager and their staff members for the period covered by an appraisal cycle (Najafi et al 2011). It is a regular review of a worker's job performance and overall contribution to the company. It is used by companies to provide employees with broad feedback on their work and is usually performed once a year (Vasava and Pillai

2021). It is identifying, measuring and developing the performance of individuals and teams and aligning performance with the strategic goals of the organization (Aguinis et al 2011).

PA plays a central role in managing human resources in organizations (Boswell and Boudreau 2002, Judge and Ferris 1993). The term performance appraisal (or performance evaluation) refers to the methods and processes used by organizations to assess the level of performance of their employees. This process usually includes measuring employees' performance and providing them with feedback regarding the level and quality of their performance (DeNisi and Pritchard 2006).

PA is a continuous process to secure information necessary for making correct and objective decisions about an employee. PA may be understood as the assessment of an individual's performance in a systematic way (Aswathappa 2017).

According to Islami et al (2018), wanting people to perform in high level, high standards of performance should be set. The employees must know precisely why they figure in the payment list, what is expected from them and what makes a high performance. All organizations, nowadays, are faced with a competing, unstable and turbulent environment, therefore, managers' focus is in creating competing advantage through employees' development of organization. PA of employees is one of the most efficient methods for employees' development, motivation and evaluation in modern time.

Traditional approaches and modern methods are the two categories under which performance appraisal techniques are categorized (Barreto et al 2022). Chemical Industries in Thane district, Maharashtra basically have been using three different types of performance appraisal systems viz 360-degree feedback, management by objectives and forced distribution system, which are a combination of traditional and modern methods of PA.

Feedback may be seen as a mirror which reflects employees' level of productivity. It provides an opportunity to see you from other people's perspectives. 360-degree feedback combines the advantages of giving feedback and evaluating performance in its unique character. It has attracted attention as a human resources method (Ward 2004). The process has been widely used by many organisations and popularity of the approach has been increasing (Waldman and Atwater 2009). The authors that studied the techniques of PA classified the management by objectives (MBO) method as a modern method or a method oriented toward the future. A lot of studies that compared successful methods of performance appraisal considered that management by objectives technique was the most effective. In their research, Jafari et al (2009) claimed that management by objectives was the most successful method that enabled employees to successfully complete their work.

Many renowned organizations have used and some still use relative grading system for performance evaluation in the form of a forced distribution system (FDS) (Grote 2005). FDS was developed in an attempt to directly deal with the problems of rater leniency and lack of discrimination while measuring an individual's performance (McBriarty 1988). This system forces the managers to discriminate between high and low performers either by sorting the employees into some

pre-determined performance categories based on a pre-defined distribution or by ranking them on the basis of their relative performance (Guralnik et al 2004).

## METHODOLOGY

The study was conducted in the chemical industries located in Thane district, Maharashtra in 2019-20. Sample size of 20 employees each was randomly selected from four departments of the industries viz procurement, manufacturing, marketing and sales. Thus in total, 80 employees were selected for the present study. Data were collected through survey and data gathering. Primary data were collected by interviewing the industry employees and secondary data from the company records, company websites and internet.

Data were analysed using analytical tools viz Minnesota satisfaction questionnaire (Martins and Proenca 2014), graphical methods (Fienberg 1979) and percentages and averages (Panse and Sukhatme 1985).

## RESULTS and DISCUSSION

The data in Table 1 (Fig 1) show that 75.00, 57.50, 60.00 and 60.00 per cent employees agreed or strongly agreed that 360-degree method functioned fairly/equitably, was able to gauge real performance and was transparent and satisfactory respectively. Therefore, the employees had a positive opinion about the method.

Data in Table 2 (Fig 2) indicate that majority of the employees (27.50, 37.50, 30.00 and 30.00%) neither agreed nor disagreed that MBO method functioned fairly/equitably, was able to gauge real performance and was transparent and satisfactory respectively. Therefore, the employees were uncertain about the method.

Data in Table 3 (Fig 3) indicate that majority of the employees (32.50, 27.50, 27.50 and 30.00%) neither agreed nor disagreed that forced distribution method functioned fairly/equitably, was able to gauge real performance, was transparent and was satisfactory respectively. Therefore, the employees were uncertain about the method.

In a study conducted on 50 managers from different service organizations across the state of Goa, Baretto et al (2022) found that highest ranked method

Table 1. Opinion of employees of chemical industries of Thane district, Maharashtra towards 360-degree performance appraisal method

Parameter	Opinion					
	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Total
Method functions fairly/equitably	4(5.00)	8(10.00)	8(10.00)	32(40.00)	28(35.00)	80(100.00)
Method is able to gauge real performance	8(10.00)	6(7.50)	20(25.00)	24(30.00)	22(27.50)	80(100.00)
Method is transparent	8(10.00)	16(20.00)	8(10.00)	28(35.00)	20(25.00)	80(100.00)
Method is satisfactory	6(7.50)	10(12.50)	16(20.00)	26(32.50)	22(27.50)	80(100.00)

Figures in parentheses are per cent values

Table 2. Opinion of employees of chemical industries of Thane district, Maharashtra towards management by objectives performance appraisal method

Parameter	Opinion					
	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Total
Method functions fairly/equitably	10(12.50)	12(15.00)	22(27.50)	20(25.00)	16(20.00)	80(100.00)
Method is able to gauge real performance	8(10.00)	12(15.00)	30(37.50)	18(22.50)	12(15.00)	80(100.00)
Method is transparent	10(12.50)	10(12.50)	24(30.00)	26(32.50)	10(12.50)	80(100.00)
Method is satisfactory	10(12.50)	16(20.00)	24(30.00)	16(20.00)	14(17.50)	80(100.00)

Figures in parentheses are per cent values

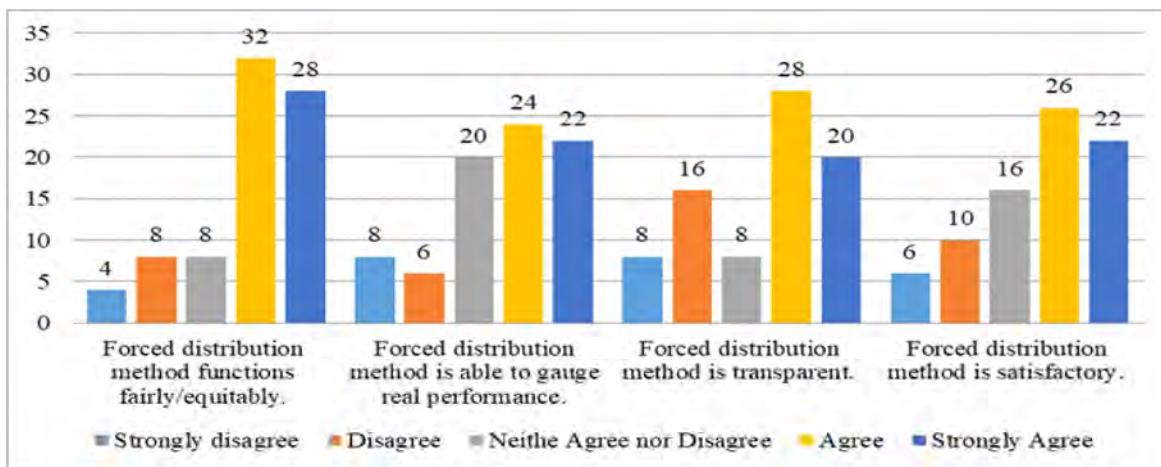
Table 3. Opinion of employees of chemical industries of Thane district, Maharashtra towards forced distribution performance appraisal method

Parameter	Opinion					
	Strongly disagree	Disagree	Neither agree nor disagree	Agree	Strongly agree	Total
Method functions fairly/equitably	12(15.00)	10(12.50)	26(32.50)	20(25.00)	12(15.00)	80(100.00)
Method is able to gauge real performance	14(17.50)	14(17.50)	22(27.50)	16(20.00)	14(17.50)	80(100.00)
Method is transparent	14(17.50)	18(22.50)	22(27.50)	16(20.00)	10(12.50)	80(100.00)
Method is satisfactory	12(15.00)	16(20.00)	24(30.00)	18(22.50)	10(12.50)	80(100.00)

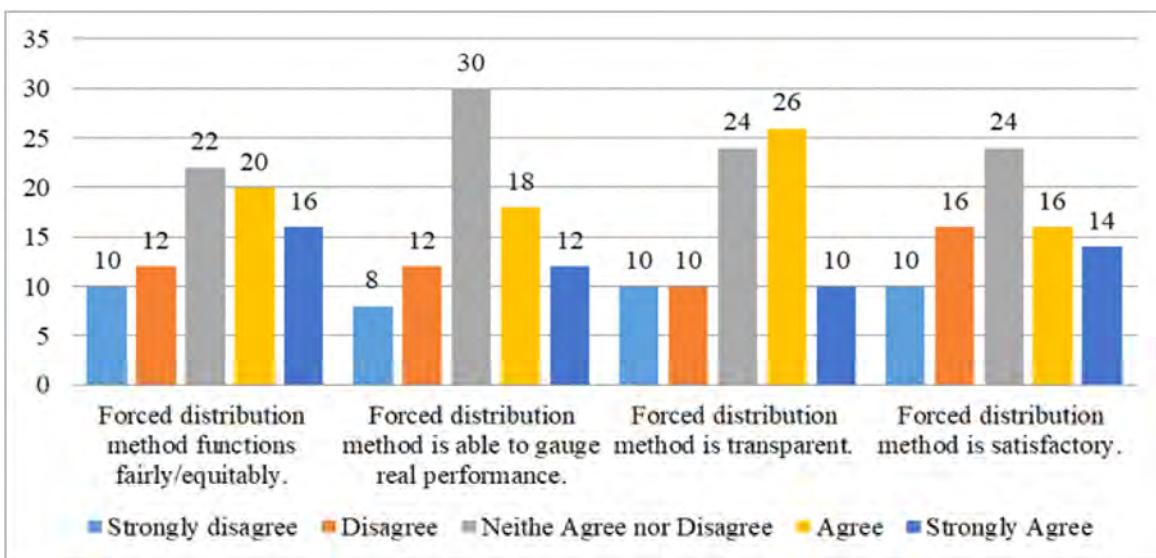
Figures in parentheses are per cent values

of performance appraisal desired by the service managers was the 360-degree method followed by management by objectives (MBO) and assessment centers. Kanaslan and Iyem (2016) concluded that due to the superiority of multi-rater feedback to the traditional methods and the dominance of advantages over disadvantages, 360-degree feedback was effective

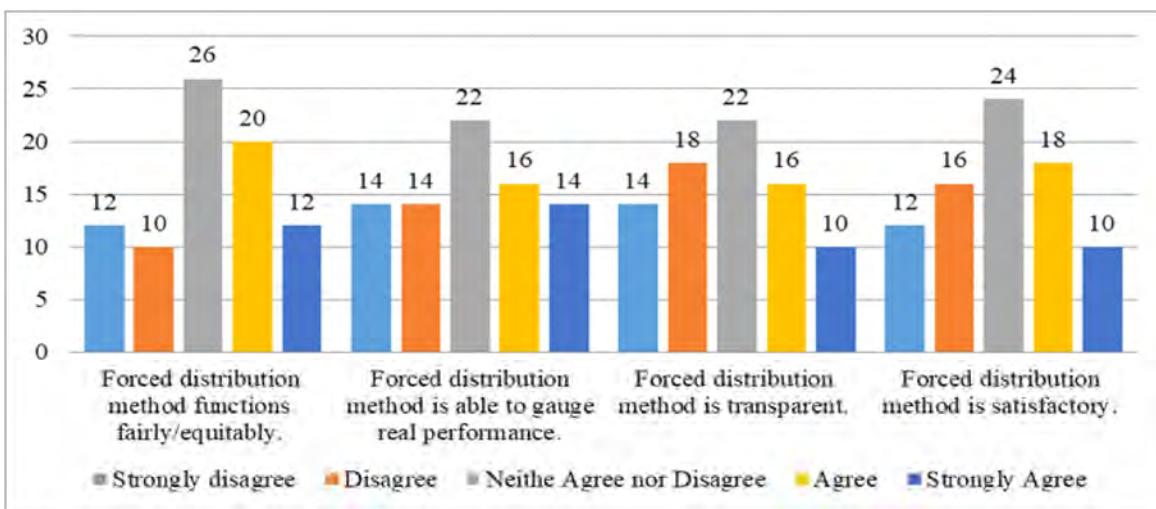
in rating performance. Kottathai and Abinaya (2021) were of the opinion that the 360-degree performance appraisal was a powerful multi-dimensional competence development tool that drew upon the knowledge of an individual within his/her own circle of influence: supervisors, peers and direct reports. A review of successful organizations revealed that many



**Fig 1. Opinion of employees of chemical industries of Thane district, Maharashtra towards 360-degree performance appraisal method**



**Fig 2. Opinion of employees of chemical industries of Thane district, Maharashtra towards management by objectives performance appraisal method**



**Table 3. Opinion of employees of chemical industries of Thane district, Maharashtra towards forced distribution performance appraisal method**

had been using 360-degree appraisal for modern competence development, reinforced by similar systems for administrative performance appraisal. They reported that majority of employees had a positive angle towards the prevailing performance appraisal.

## CONCLUSION

It can be concluded that out of the three methods used by the industries, most satisfying performance evaluation method was the 360-degree feedback process for the employees of the chemical industries of Thane district, Maharashtra. The employees were uncertain about the other two methods viz management by objectives and forced distribution methods.

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