

CHAPTER 3

METHODOLOGY

An overview :

Performance appraisal is the process of measuring and assessing the level of performance of the individuals. Evaluation of work has been the tradition in all aspects of life. The evaluator is rightfully quite interested in determining the quality and quantity of performance of their members. The goal of evaluation is to assess the present performance and the potentials that the evaluatee demonstrates for future development and identifying the areas of weaknesses that require assistance and training. Now the question is : Which can be a good and effective performance appraisal system ? An efficient P.A. system is a boon to any organization but its inept handling may give rise to controversy.

The present work is a survey research conducted to critically evaluate the performance appraisal system of six different organizations and relate it with other variables. The present chapter deals with the methodological details of the study. This chapter has been divided into five parts. The first part provides the problem, the aim, the objectives and the hypotheses of the study. The second part provides the detail of the research sites where the study was conducted. The third part outlines the characteristics of sample in terms of the respondents' biographical data and psychometric properties of the measures used. The fourth part describes procedures adopted in the study. The fifth and the last part gives a brief description of the statistical methods employed to analyze the data.

Problem :

A critical study of performance appraisal system as practised in some selected organizations.

Aim :

To compare and contrast the prevailing P.A. systems of various organizations.

Variables :

Following variables have been used for the study -

1. Systems of Performance Appraisal -
 - a. Confidential Reports
 - b. Management By Objectives
 - c. Open Appraisal System
 - d. Development Oriented System
2. Satisfaction on different dimensions related to the prevailing performance appraisal system in respective organisations
3. Personality type
 - a. Extraversion
 - b. Introversion

Objectives :

The present study began with the following objectives in mind :

1. To measure the effectiveness of different systems of performance appraisal in different types of organizations (Public – Private and Manufacturing – Service organisations).

2. To study the satisfaction levels of respondents in public and private organizations with different aspects of P.A. system in their respective organisations viz.
 - (a) Setting up of targets.
 - (b) Techniques of appraisal.
 - (c) Identifying training & development needs.
 - (d) Identifying potential of the appraisee.
 - (e) Review of appraisals.
 - (f) Counselling of the appraisee.
 - (g) Communication of reports.
 - (h) Utilization of reports.

3. To study the uses of performance appraisal data by the organizations.

4. Relating personality factors of extraversion and introversion to the effectiveness of performance appraisal system in different organizations.

Hypotheses :

Hypotheses are statements of assumption. These statements are put to test to draw some kind of conclusions. Generally, any research project begins with certain assumptions. Although the present study is mainly of exploratory in nature (i.e. directed towards finding of efficacies of various kinds of performance appraisal systems). Yet the researcher had certain hypotheses in mind for verification. They were :

- (1) Every organization has thrust areas of its own. While in some organizations, it is

the managerial skills which are given importance, in some others it is the performance of the individual that is given importance. Since private organizations are more oriented towards performance, it is hypothesized that the performance of the individual will be the thrust area in private organizations.

- (2) Since Open Appraisal System is development oriented, it is assumed that employees of the organisations practising Open Appraisal System to Confidential Report System will be more satisfied with the method of appraisal prevailing in their organisations.
- (3) Appraisals have critical role to play in identifying training and developmental needs of individual employees. Thus, it is assumed that the performance appraisal system as practised in the organizations takes care of this requirement of identifying the training and developmental needs of individual in the organizations in satisfactory ways.
- (4) The results obtained from the performance appraisal system in various organizations have different purposes. P.A. becomes an important tool in reaching those outcomes. Therefore, it is assumed that data obtained from the appraisals will be used effectively and widely by all organizations.
- (5) It is also hypothesized that both manufacturing organizations and service sector organisation would be managing their performance appraisal systems equally effectively.

- (6) The different dimensions of performance appraisal system should positively correlate with the dimension of overall satisfaction of the employees/appraisees.
- (7) It is commonly believed that private organizations are more closely controlled than public organizations. This is because, as the argument goes, there is more (or better) accountability in the private organisations than in public organisations. And because of more accountability, it is assumed that the performance appraisal system would be more effective and objective in the private organisations than in public organizations.
- (8) It is hypothesized that all organisations under study will be able to achieve the purpose and the objectives of their appraisal systems by their annual appraisals.
- (9) Looking at the characteristics of extravert employees, it is quite obvious that they carry an impression of being smart people. One associated thinking is that smart people are more intelligent and hence it has "halo effect" on the appraiser which leads to positive appraisal. So it is hypothesized that extravert employees, being positively appraised, will be more satisfied with the prevailing P.A. system in their organisation.

Research Sites

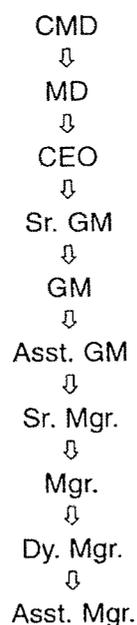
The study was conducted in six diverse organizations in Western India. Since one of the objectives of the study was to see the effectiveness of performance appraisal system in different organizations, it included Public, Private, Manufacturing and Service organiza-

tions. The study involved two chemical units, one oil refinery and two engineering organisations and a big service organisation. Out of the two chemical units, one belonged to private sector while the other is owned and managed by the Government of Gujarat.

Organization No.1 (O1)

O1 made a small beginning as an engineering department of its parent company which was a chemical/drug manufacturing limited company. It started its activities in the manufacturing of burners and blowers, fabricated tanks, paper cutting machines, water pumps and other engineering products. In 1943, the engineering department was converted into an independent private limited company. Apart from sundry engineering products, it developed tube-well, vertical turbine and centrifugal pumps. Later, it undertook the manufacturing of electric motors. The company has received many awards from the Government of India. It is a private sector, family managed organization. It employs in all 819 employees. The relevant hierarchy of the organization is as shown in figure 8.

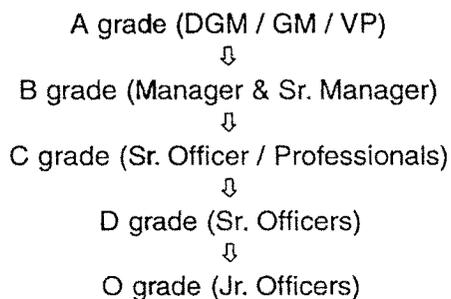
FIGURE - 8



Organization No. 2 (O2)

O2 has an expertise in industrial equipment and systems which help industries produce large superior quality goods. Beginning with trading operations in 1920s, today, they have manufacturing facilities at Bangalore, Baroda, Bombay, Faridabad, Mysore and Rai-Bareilly in Uttar Pradesh. In Baroda, it has the largest production facility. Products, Systems, and Services are generated which cater to power generation, transmission and distribution, metallurgy, marine engineering, renewable energy systems and transportation. It was established in 1962 and today it has a work force of 2200 people. The study was conducted at the Baroda unit of the organization. Men in position includes managers, officers and workers. The hierarchy of the organization presented in figure 9 is as required for the study.

FIGURE - 9

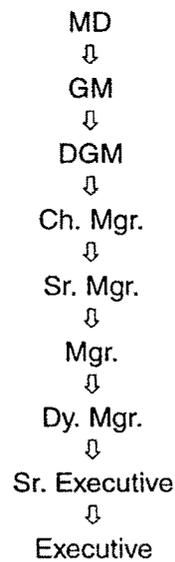


Organization No.3 (O3)

O3 is a chemical industry situated at Nandesari, district of Baroda. Its MD. (Managing Director) is a man with rare business acumen who looked beyond the realms of trading and turned to the challenging world of manufacturing. This bold move paved the way for the setting up of a plant that produced two important substitution products. Sodium Nitrite and sodium Nitrate. The plant was built with 100 per-cent indigenous technology.

Later, Nitric acid, Ammonium Nitrate and DNPT were added to its products. Today, the company has a big investments of over Rs. 3900 million to produce industrial chemicals and fertilizers. The organization has a tall structure. It has 395 employees. The hierarchy chart is given in figure 10.

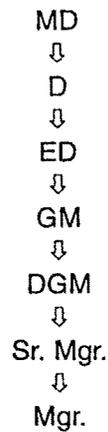
FIGURE - 10



Organization NO. 4 (O4)

O4 is also a chemical industry situated at about 15 km. from Baroda. It was established in 1973, financed by M/S Gujarat Industries Investment Corporation Ltd. (GIICL). It is a corporation owned by government of Gujarat. It produces Caustic soda, Liquid chlorine, Hydrochloric acid and Sodium cyanide. Total No. of people employed in O4 are 900. The hierarchy of the organisation presented in figure 11, given on next page, is as per the requirement of the study.

FIGURE - 11

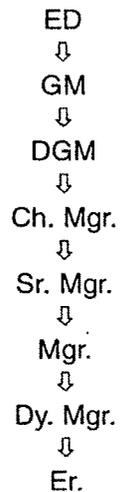


Organization No.5 (O5)

O5 was established following the discovery of oil at Ankleshwar. The Government of India decided to set up a Refinery in public sector at Koyali in Gujarat in May 1963. The Government of USSR offered financial and technical assistance for setting up this refinery. First million tonne crude unit of refinery was commissioned in October 1965, while the second was commissioned in 1966.

This refinery processes various indigenous and imported crudes. Along with this, it has set up a Hydrocraker plant with all associated units like Feed preparation unit, Hydrocraker unit, Hydrogen unit, Nitrogen plant, Power plant, Sulphur recovery unit, Waste water treatment plant etc. The refinery employs in all 2503 employees. The relevant hierarchy is given in figure 12 on next page.

FIGURE - 12



Organization NO.6 (O6)

O6 is the biggest service sector organization of India. The history of this organization dates back to the year 1853. The legislative and administrative power is totally in the hands of the Government of India. Thus, the concerned ministry is responsible for the management and running of the organization. Its structure and decision making is divided in to three levels viz. the board, the zones and the divisions.

The board mainly consists of the Directors, Joint Directors and Deputy Directors. The zone consists of various departments and officials associated with these departments. i.e., engineers, commercial officers, finance officers, personnel officers, stores officers, signal and telecommunication and security. The division is responsible for the day to day functioning of the organizations. It is managed by the representative officers of all departments. The hierarchy of the organization is given in the figure 13 on next page.

FIGURE - 13



Sample :

Representatives of the population under study is called the sample. The sample of the present study was middle line managers from six different organizations. The reason for choosing middle line managers as sample was that, they are in the senior position to know the prevailing appraisal system in their respective organisations adequately. At the same time middle managers are in a position who can answer the question as an appraiser and appraisee both. This would have been difficult if people from more senior positions were taken as sample.

The sample for the pilot study was selected on the availability of the individual managers at the time of researchers' convenience. It consisted of 20 managers from two different divisions of the same organization. Sample distribution for the pilot study.

TABLE : 1
SAMPLE DISTRIBUTION FOR THE PILOT STUDY

Total No. of Respondents	Organisation X	
	X1	X2
20	8	12

The final sample used for the study was randomly selected from each organization. And number of respondents varied from organization to organization depending upon the size of the organization. The age range of the sample was between 45 years to 55 years and their mean work experience was 25 years.

TABLE : 2

SAMPLE DISTRIBUTION IN TERMS OF ORGANISATIONS USED FOR THE STUDY

Name of the Organisation	Type of the Organisation	Number of Respondents
01	Private - Manufacturing	20
02	Private - Manufacturing	25
03	Private - Manufacturing	30
04	Public - Manufacturing	47
05	Public - Manufacturing	43
06	Public - Service	80
Total		245

Instruments :

A. Appraisal Evaluation Questionnaire

The present study was undertaken with the view to critically analyze the appraisal system of some organizations. Keeping this in mind an elaborate questionnaire for evaluating the performance appraisal system of an organization was designed. The questionnaire measured the effectiveness of P.A. systems and also examined the satisfaction level of the respondents with the prevailing system. The above mentioned scale originally belonged to Academy of HRD, Ahmedabad. It consisted of 41 items with optional answers. This questionnaire was administered to a small

group of people in an organization for pilot study as mentioned above. This helped in modifying the questionnaire rather drastically. Finally a questionnaire with 47 items was prepared. Each question / statement had the alternative answers given. The alternative answered varied from two to nine alternatives (all possible statements taken care of). The respondents were required to put a tick mark on the alternative he / she chooses as best reflecting his / her views. He / she was also given the choice to mark more than one items for certain questions as appropriate. An extra alternative in the end provided for any other specific information (left uncovered) that the respondents might wish to add.

2. The questionnaire contained statements related to several aspects of the P. A. Systems. The different components comprising the questionnaire have been enumerated in table 3.

TABLE : 3

**DIFFERENT COMPONENTS OF P.A. QUESTIONNAIRE AND
THE CORRESPONDING QUESTION NUMBER**

Components	Name of the Dimension	Question No.
1	Purpose of P. A. system	1-2
2	P.A. system as whole	3-10
3	Assessments methods	11-21
4	Potential appraisal and development plan	22-26
5	Usefulness of P.A. system	27-28
6	Review & Counselling	29-38
7	Role of HRD cell	39-43
8	Overall satisfaction	44-47

The various components comprising the questionnaire have been briefly described below :

1. Purpose of the P.A. system :

The first portion of the questionnaire dealt with the basic purpose for which performance appraisal is done in the organization. Besides purpose, it also dealt with identifying the thrust of P.A. system in their organizations.

2. P.A. system as a whole

The second part of the questionnaire tried to evaluate the prevailing system as a whole. It also identified what components of P.A. system are covered as such.

3. Assessment methods

The methods of appraisals differ from organization to organization. The questionnaire has the provision to evaluate those as prevalent in a particular organisation.

4. Potential appraisal and development plan

With the changing phase of appraisal system, identifying potential of the employees and developing them has become one of the most important criteria of the appraisals. How far the organizations involved in the study uses such a practice is examined by this component.

5. Usefulness of P. A. System

Performance appraisal system has various uses. This dimension in the questionnaire evaluated as to what uses a particular P. A. System is served in these organisations.

6. Review and Counselling

It is general practice to review the appraisal reports of the appraisee after appraisals. This practice differs from organization to organisation. Thus, it was evaluated on the techniques used and the level of satisfaction of the respondent for the same.

7. Role of HRD cell

Personnel / HRD departments have major roles to play in planning, administering, reviewing etc., of appraisals in organizations. The questionnaire evaluated this aspects.

8. Overall satisfaction

This portion of the questionnaire comprised of questions which aimed at finding out over all satisfaction of the respondents with the prevailing P.A. system.

In the end, the questionnaire consisted questions related to biographical information of the respondents in brief.

B Maudsley Personality Inventory (MPI)

Along with the above tool one psychological test was also used for the complete sample. This was used to find out the Extraversion and Introversion types of personality of the respondents. As the respondents are themselves appraisers the test used was Indian version of Eysenck's Personality Inventory, (MPI). The Hindi version of MPI was prepared by Jalota S. and Kapoor S. D. in 1964. This Hindi version

consists of 48 items, along three dimensions namely introversion, extroversion and neuroticism with a lie scale to detect individuals faking responses. According to Eysenck, the typical extravert is sociable, likes parties, has many friends, craves for excitement, acts on the spur of moment and is impulsive. The introverts are more sensitive to pain, they become more fatigued and excitement interferes with their performance, they tend to be more careful.

The reliability coefficient of the Hindi version was 0.71 for neuroticism and for extroversion it was 0.42. Thus this scale was used to describe the personality type of the respondents. (Jalota and Kapoor, 1965).

Procedure of the study :

A pilot study was conducted before the actual research. This was done in an organization (X) which has its two subdivisions. The sample was selected randomly from both the divisions. From the result of this pilot study the final questionnaire was formed.

The final questionnaire was administered in the next phase. With the Appraisal Evaluation Questionnaire, the Personality Questionnaire (MPI) was also administered. In all the organizations, the heads of the personnel department were contacted for seeking permission to collect data. The organizations used for the study were three from public sector and three from private sector. There were manufacturing and service organisations involved in the study. The heads of the personnel departments were requested for the list of managers. Thereafter, the respondents were randomly selected from the list. Each respondent was contacted individually at their convenience. For O6 the data was col-

lected from the Training Centre of the organisation which is located in Baroda. Batches of trainees come for training in the institute. The respondents were contacted before or after their training programmes. After introduction, they were explained the objective of the study and were requested to fill in both the questionnaires authentically. The respondents were also assured for the confidentiality of their responses. The last portion of the appraisal comprised of information on biographical data of the respondent. They were explained the importance of certain information required and the rest was left as optional. Filled questionnaires were collected at the convenience of the subjects. Frequent efforts had to be made to collect the questionnaire from the managers. Later, those questionnaire which were filled up completely were used for the analysis. The incomplete questionnaires were rejected. Around fifty per-cent of the questionnaire were wasted. This happened either because of the managers misplaced them or that incomplete information was provided. It took around six months for the complete data collection.

Statistical Analysis :

As the present study is comparative in nature, percentages were computed from the frequency of the responses obtained on each question statement.

Non-parametric tests like Chi-square was used to see the differences in the scores between the organisations.

ANOVAs and Gap Tests were worked out to identify the significance of difference between the means of variables and organisation means.

Some other statistics like Median, Rank Order Correlation were also used.

The next chapter describes the various results obtained from the data collected.