PERFORMANCE APPRAISAL AMONG SELECTED IT AND NON-IT INDUSTRIES –A COMPARATIVE STUDY

By,

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ABSTRACT

The author attempts to assess the performance appraisal system in selected Information Technology Companies and non-information technology companies of Mysore region. A total of 160 (58 IT and 102 non- IT) employees belonging to Information Technology and Non- Information Technology Companies who were selected through stratified random sampling technique completed modified questionnaire of Rao (2000) which was used to measure the Performance Appraisal System for Industries. One sample t test and multi variate analysis of variance techniques were employed. Overall results indicated deficit in the performance appraisal in IT and non-IT sector. Further, it was found that there were no significant differences in performance appraisal between IT and NON-IT sector for all the components and total except for 'role and responsibility' of employees, where IT sector had higher appraisal scores. Further, age related increase in most of the components of performance appraisal was observed which were specific to IT sector. Effective ways of increasing performance appraisal have been discussed.

Key words: Performance appraisals, Information technology, Non Information Technology.

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Introduction:

Human beings are considered as human resource in the modern, competitive and technological era. A continuous monitoring is needed to put the human resources into effective use for the desired results (A handbook on HRD; NIPM, 1998). Performance Appraisal is the tool which guides the management to provide training in the areas of needs of employees and extend facilities to the employees for the optimum utilization of human resource in the organisations.

Performance appraisal is the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does.

Performance appraisal system is focused to integrate the expectations i.e., performance, which gives a total clarity between the appraiser and appraisee. It is an instrument to create a conducive atmosphere in the organization. The purpose of any management is to build a very competitive and congenial work culture, which builds healthy competition, gives a sense of achievement to the employees and the stakeholders. Performance appraisal system is the right instrument that has a vital role directly or indirectly in achieving the above. It improves the interpersonal relationship among the employees and employers in the organization. It reflects an evaluative judgment of the traits, characteristics and the work performance of the employees on jobs. It is a continuous process to reach the desired goals of not only the organization but also the employees (Bhagoliwala. 1991).

Flippo (1976) defines performance appraisal as, "performance appraisal is the systematic, periodic and an impartial rating of an employee's excellence in the matters pertaining to his present job and his potential for a better job."

According to Roland Benjamin (Mammoria & Gaonkar 2008) "A Performance Appraisal determines who shall receive merit increases, counsels employees on their improvement, determines training needs, determines ability to get promoted and identifies those who should be relocated.

Objective:

To evaluate the qualitative and quantitative functioning of the Performance Appraisal System adopted in IT and non IT industries of Mysore District and to make an in depth analysis and understanding of performance appraisal system.

Hypotheses:

- Performance appraisals were low in the Mysore region.
- IT and Non- IT employees differ significantly in their performance appraisals.
- Employees of different age groups differed in their performance appraisals.

Sample:

Stratified Random Sampling was adopted to gather data; a total of 160 (58 IT and 102 Non IT) respondents working in Information Technology and Non- Information Technology Companies in and around Mysore region participated in the study.

Instrument:

1. An interview schedule was prepared to gather the general information about employees in the organisation.

2. A modified questionnaire based on Rao. T.V., (2000) Indian Institute of Management (IIM) – Ahmadabad, who developed questionnaire to measure performance appraisal system for industries.

Questionnaire by Rao (2000) aims at assessing the performance appraisal system in the organisation. Based on the principles followed by Rao, the present researcher developed questionnaire to measure performance appraisal system for appraisees with some modifications. The questionnaire comprises of 33 questions and they are classified into 6 components as shown below:

	Components of performance appraisal	Question Numbers	No of statements
A	Rules and regulations	1,3,4	3
B	Inter personal relations	2,6,27,28,33	5
C	Identification of training and development needs	5,14,15,16,17,18,19,20	8
D	Roles and responsibilities	8,9,10,11,22,25,26,29,30	9
E	Target and task orientation	12,13,24,31,32	5
F	Open communication	7,21,23	3
		Total	**33**

The answering pattern would be -1-Strongly disagree, 2-disagree, 3-Can't say, 4-Agree, and 5-Strongly agree, for positive questions and the reverse scores for negative questions. The above questionnaires are validated by the researcher and experts in the field using face and content validity. Later reliabilities for the questionnaires were established through split-half reliability technique.

Methodology:

Data collection for the main study was carried out in two sessions. In the first session the participants were informed about the purpose of the study and their oral consent was obtained. In the second session questionnaire on performance appraisal was administered. An attempt was also made to maintain interest and cooperation throughout the testing session. The participants were given assurance about the confidentiality of obtained information. A consent letter was taken from each participant before the study. They were informed to cooperate throughout the study and if at all they felt discomfort during the sessions or in answering questions they had option to opt out from the investigation.

Scoring and Analysis:

One sample t test and multi variate analysis of variance technique has been employed to test significance of the difference between means of performance appraisal of employees and the expected standards. Further, sector-wise and age wise differences in each component and total performance appraisal scores has been done through MANOVA (multivariate analysis of variance) using SPSS for Windows software (version 16.0).

Results:

Table1: Descriptive statistics for various components of performance appraisal, hierarchical positioning and results of one sample t test

Sl no	Components	Max possible	Mean	S.D	Percent	Rank	T value	'P' value
1	Rules and regulations	15	13.00	1.79	86.66	1	14.098	**.000**
2	Inter personal relations	25	21.58	2.32	86.32	2	18.649	**.000**
3	Training & development needs	40	33.81	4.35	84.52	3	18.011	**.000**
4	Role & responsibility of employees	45	37.53	4.21	83.40	5	22.425	**.000**
5	Tasks and target orientation	25	19.85	2.67	79.40	6	24.367	**.000**
6	Open communication	15	12.58	1.98	83.86	4	15.432	**.000**
	TOTAL	165	138.36	13.29	83.85	-	25.362	**.000**

On the whole, the selected respondents rated performance appraisal to an extent of 83.85 percent, which was found to be low. Further, rules and regulations had maximum appraisal, followed by interpersonal relations, training and developmental needs, open communication, role and responsibility of employees and tasks and target orientation had least appraisal. Further, one-sample 't' test revealed significant difference from the standard values to the obtained values, showing deficit.

Table 2: Mean scores employees in different age in IT and Non-IT sector on various components of performance appraisal and total scores and results of Multi-variate analysis of variance.

Sector	Age (In years)	Subscales							
		Rules and regulations		Inter personal relations		Training & development needs		Role & responsibility of employees	
		Mean	S.D	Mean	S.D	Mean	S.D	Mean	S.D
IT	Less than 30	11.49	2.00	20.20	2.41	31.76	3.22	36.32	3.68
	31 to 40	13.43	1.70	22.36	2.34	35.21	4.10	40.14	3.96
	More than 45	14.33	0.58	23.67	1.15	36.67	2.89	42.00	0.00
	Total	12.10	2.11	20.90	2.58	32.84	3.79	37.53	4.10
Non-IT	Less than 30	13.22	1.15	22.15	2.05	34.70	3.48	37.89	3.86
	31 to 40	13.47	1.36	21.85	2.22	33.91	5.71	37.77	4.18
	More than 45	13.86	1.48	22.00	1.89	34.79	3.14	36.79	4.90
	Total	13.51	1.36	21.97	2.07	34.36	4.56	37.00	4.29
Total	Less than 30	12.18	1.91	20.97	2.46	32.93	3.60	36.94	3.80
	31 to 40	13.46	1.43	21.97	2.24	34.21	5.38	38.31	4.22
	More than 45	13.90	1.42	22.16	1.88	34.97	3.12	37.29	4.91
	Total	13.00	1.79	21.58	2.32	33.81	4.35	37.53	4.21
F (Sector)		F=1.311; P=.254		F=.019; P=.890		F=.006; P=.939		F=4.127; **P=.044**	
F (Age)		F=9.731; **P=.000**		F=4.067; **P=.019**		F=2.377; P=.096		F=3.357; **P=.037**	
F (Interaction)		F=4.977; **P=.008**		F=5.887; **P=.003**		F=3.986; **P=.021**		F=5.008; **P=.008**	

Rules and regulations: Between IT and Non-It sectors a non-significant difference was observed in their mean appraisal on rules and regulations (F=1.311; P=.254), however, age wise significant differences were observed (F=9.731; **P=.000**), where we see an age related increase in the performance appraisal. Further, the interaction between sector and age was also found to be

significant (F=4.977; **P=.008),** where we find that the age related increase is more in IT than non-IT sector.

Inter personal relations: In interpersonal relations respondents from IT and non-IT sectors had similar scores (F=.019; P=.890), however, age related differences existed (F=4.067; **P=.019**). It is clear that age related increase in the mean inter personal relations was observed. The interaction between sector and age was also found to be significant (F=5.887; **P=.003**), again we see the increase is restricted to only IT sector.

Training and development needs: Neither sector (F=.006; P=.939) nor age (F=2.377; P=.096) have significant influence over mean appraisal scores in training and development needs. However, the interaction between sector and age was found to be significant (F=3.986; **P=.021**), where we see a consistent age related increase in mean scores with IT sector, which was not so for respondents in non-IT sector.

Role & responsibility of employees: The mean appraisal scores on this component was found to be higher for IT sector as compared to non-IT sector (F=4.127; **P=.044**). Age wise differences indicated that (F=3.357; **P=.037**), respondents in the age group of 31-40 years had max appraisal scores than the other two age groups. Further, the interaction between sector and age (F=5.008; **P=.008**), where a clear age related increase is seen among respondents in IT sector.

*Task and target orientation***:** In task and target orientation, respondents from IT and non-IT sector did not differ significantly (F=.116; P=.734). Age wise comparison revealed a related increase (F=3.065; **P=.050**), where age related increase in the mean scores were found and this pattern of response was found to be similar for both respondents in IT and non-IT sector (F=2.133; P=.122).

Open communication: As seen in the previous component, in this component also sector wise (F=2.705; P=.102) and interaction between sector and age (F=3.09; P=.052) non-significant differences observed. Only age related difference was observed (F=3.668; **P=.028**), where higher age groups had more open communication than lower age group.

Total performance appraisal scores: In total appraisal scores, respondents from IT and Non-IT sectors did not differ significantly (F=2.705; P=.102). However, F test indicated age related difference (F=6.345; **P=.002**), having higher age groups higher levels of performance appraisal than lower age group. The interaction between sector and age was also found to be significant (F=7.037; **P=.001**). We see a drastic age related increase in IT sector, however this pattern is not found in non-IT sector.

Table 2 continued: Mean scores of employees in different age groups in IT and Non-IT sector on various components of performance appraisal and total scores and results of Multi-variate analysis of variance.

Sector	Age	Subscales				TOTAL	
		Task and target orientation		open communication			
		Mean	S.D	Mean	S.D	Mean	S.D
IT	Less than 30	18.78	2.04	12.00	1.92	130.54	11.72
	31 to 40	20.86	2.93	13.21	1.12	145.21	14.46
	More than 45	21.33	2.31	15.00	0.00	153.00	6.93
	Total	19.41	2.46	12.45	1.87	135.24	14.24
Non-IT	Less than 30	19.93	2.88	12.56	1.50	140.44	11.54
	31 to 40	20.04	3.13	12.77	2.45	139.81	13.24
	More than 45	20.36	1.95	12.57	1.79	140.36	12.32
	Total	20.10	2.77	12.66	2.05	140.13	12.44
Total	Less than 30	19.24	2.46	12.22	1.78	134.47	12.55
	31 to 40	20.23	3.08	12.87	2.22	141.05	13.60
	More than 45	20.45	1.96	12.81	1.85	141.58	12.42
	Total	19.85	2.67	12.58	1.98	138.36	13.29
F (Sector)		F=.116; P=.734		F=2.705; P=.102		F=2.705; P=.102	
F (Age)		F=3.065; **P=.050**		F=3.668; **P=.028**		F=6.345; **P=.002**	
F (Interaction)		F=2.133; P=.122		F=3.019; P=.052		F=7.037; **P=.001**	

Discussion:

The main findings of the present study are

- The performance appraisal by the employees in different components and total performance appraisal is low.

- In the order of ranking, rules and regulations had maximum appraisal and tasks and target orientation had least appraisal.

- Only in roles and responsibility component, IT sector had higher performance appraisal than non-IT sector.

- As the age increased appraisal in most of the components and total appraisal increased linearly and significantly and this was truer for IT sector.

On the whole the performance appraisals of employees were found to be inadequate in the Mysore region. It is necessary that, steps have to be taken to improve the performance appraisal. The organisations must allow participation of employees in setting targets and deadlines, so that the employees feel committed to achieve the targets set in co-operation with the managements. Research suggests that efforts to improve managers' performance and improve implementation of rapid change efforts need not require huge outlays of organizational resources, but change in appraising managerial performance must happen in order to align with economic realities.

It was also observed that most of the IT sector is private sector; where there is bound to be strict rules and regulations and as such IT employees would naturally score better on the roles and responsibility component than the non IT sector. But when age is taken into consideration most of the IT employees are very young when they join and as such it is observed that they scored lower on performance appraisals. However they exhibit maturity as the age progresses and are more responsible towards their performance. IT sector also has a system of self appraisals where the employees have to rate themselves as follows. Significantly above plan (SAP): Performance significantly and consistently exceeds objectives. On plan (OP): Performance consistently meets objectives and requirements of position. Below plan (BP): Performance falls short of objectives.

In summary, effective managerial performance planning, ongoing performance management, and aligned total rewards program can greatly improve management performance by enhancing a manager's ability and motivation to focus on the results that are most important to the organization and to keep effective performance in the forefront of their actions. In this context, HR professionals and executives can play an invaluable role in helping their enterprises ratchet up managerial performance.

A performance management practice in vogue in contemporary organizations is sharply short of creating high performance culture. Pitfalls in the underlying assumptions and inadequate basis on which this practice is built are the factors responsible for it. Managers tend to believe that high performance culture can be achieved through tightening the system of task allocation, target definition, a systematic appraisal and rewarding good achievement. These practices may not help in obtaining improved human resource performance.

Conclusion:

Performance appraisal is necessary to measure the performance of the employees and the organization to check the progress towards the desired goals and aims. The latest mantra being followed by organizations across the world being – "get paid according to what you

contribute" – the focus of the organizations is turning to performance management and specifically to individual performance. Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goals. If the process of performance appraisals is formal and properly structured, it helps the employees to clearly understand their roles and responsibilities and give direction to the individual's performance. It helps to align the individual performances with the organizational goals and also review their performance.

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