

A STUDY ON THE INFLUENCE OF EMPLOYEE PERFORMANCE APPRAISAL ON EMPLOYEE ENGAGEMENT WITH SPECIAL REFERENCE TO NON BANKING FINANCIAL COMPANIES IN NORTH MALABAR, KERALA

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Abstract

Evaluating Employee performance is a Human Resource process that exists in one or another form in any organization. Most of the managers and employees opine only positive things about the Performance Appraisal conducted and some may dislike the Performance Appraisal Process. Performance appraisal plays a key role to measure the employee's performance and help the organization achieve its desired goals and Objective. Now a day's performance appraisal system is being used as a strategic process by coordinating the human resource functions and business policies. The organization considers it as a broad function which covers number of activities like examining employees, improving abilities, improving the working environment, maintaining performance and also allocating awards/rewards. Performance appraisal system aims at aligning individual goals and objectives with that of organizations'. The Performance Appraisal system engages and motivates employees and thereby direct them towards achieving strategic goals of the organization

(Keywords: Employee Engagement, Performance Appraisal)

INTRODUCTION

Appraising the performance of the individual, groups and organisation is a practice of all societies. While in some instance, these appraisal processes are structured and formally sanctioned, while in some others, they are integral and informal part of the daily activities. The teacher evaluates the performance of student, banker evaluated the performance of creditors, parents evaluate the performance of their children and all of us consciously or unconsciously evaluate our own action from time to time.

Performance appraisal means "evaluating an employee's current and/or past performance relative to his/her performance standards" (Dessler, 2013, p.274). Performance appraisal is mainly conducted to identify the employees potential and weakness for further growth and advancement within the organisation's career ladder.. The employee performance appraisal is done as a part of the performance management system of an organisation. Meanwhile the perception of the employees is important at arriving at the point of whether or not the process of performance appraisal is procedurally correct just, ethical and or fair (Hughes, 2019, p.82). This has several outcomes such as organisation performance, employee commitment, employee jobsatisfaction, employee effectiveness, employee turnover intention, and employee engagement among others.

It is said that if performance appraisal system (PAS) is successfully carried out in an organisation, the employees would be able to know how well are they performing and what is expected of them in future in terms of effort and task direction through an established plan for performance improvement. In general, performance appraisal is useful tool for understanding and assessing employee skill and potential.

STATEMENT OF THE PROBLEM

Maximizing the performance of the organization is the main aim of every management as every organization is concerned. Employee's performance can be improved by evaluating them now and then regularly and offer a better environment to work within. Performance appraisal system can be undertaken in the organization that help them to achieve its desired goals and objectives and at the same time influences employees' abilities aims at improving them so that they can perform better in the near future. Performance appraisal helps in understanding the strengths and weakness of every employee and help them overcome their weakness and motivate them to perform at par with the same strengths.

The study entitled “A STUDY ON EMPLOYEE PERFORMANCE APPRAISAL ON EMPLOYEE ENGAGEMENT WITH SPECIAL FOCUS IN NBFCs” intends to identify how the Performance Appraisal system enables employees to contribute their best towards the organisation which is focused on Non banking financial institutions.

SCOPE OF THE STUDY

This study is conducted to know about the performance appraisal methods adopted by the NBFs for and how far these methods are useful for the employees in improving their skills, abilities, motivation and moreover how the PA system affect their engagement towards their organisation.

OBJECTIVES OF THE STUDY

- To study the performance appraisal system in NBFCs.
- To understand the relationship between employee’s performance and performance appraisal.
- To determine the impact of performance appraisal on employee performance.
- To evaluate the effectiveness and satisfaction level of employees towards performance appraisal in their organisation (NBFCs)

To understand whether employees know the purpose and the outcomes of the Performance Appraisal process

RESEARCH METHODOLOGY

- primary data was collected by providing questionnaire to the employees directly as well as through social medias
- On the basis of the data collected, the facts were presented in the form of various charts.

Observation :- Personal observation

Indirect observation

Sampling unit: NBFCs in north Malabar

Sampling size: 100 employees in various NBFCs

Sampling procedure: For the study, respondents were selected on the basis of convenient sampling.

Type of the study: The study is descriptive study. It is based on data collected through structures questionnaire from the respondents.

- Sources of data: The study requires both primary and secondary data
 - Primary data: Questionnaire and Personal interview
 - Secondary data: Indirect observation, Library and research works Internet, web portals and blogs, Books
- Secondary data will be used to analyse the primary data in the light of real world situation.

Analysis of data:

The collected data will be analysed with the help of statistical tools and techniques (Testing of hypothesis, Tests etc.)

Limitations of the study:

- The interpretations and suggestions is applicable to only these NBFCs.
- The respondents were not ready to disclose all the methodologies used by the organisation because of security reasons.
- The employees were restricted in opening up themselves about the PA System and their outcomes and impact to a large extent.
- Sample size were restricted to 100 employees.

Results and Findings

The study focuses on the employees performance evaluation and its influence on their overall efficiency in the organization.

TABLE SHOWING THE RATING GIVEN BY RESPONDENTS ON WHETHER PERFORMANCE APPRAISAL EFFECTIVELY EVALUATE EMPLOYEES OR NOT

Sl.No	Opinion	Number of Respondents	Percentage
1	Strongly Agree	39	39%
2	Agree	38	38%
3	Neutral	22	22%
4	Disagree	1	1%
5	Strongly Disagree	0	-
Total		100	100%

TABLE SHOWING WHETHER MANAGEMENT USES RESULTS OF PERFORMANCE APPRAISAL FOR DECISION MAKING

Sl.No	Opinion	Number of Respondents	Percentage
1	Yes	50	50%
2	No	33	33%
3	May be	17	17%
Total		100	100%

The above depicted figure, shows whether management uses the performance appraisal results for decision making and setting standards. About 50% of people responded that the management uses the results for decision making and setting new performance standards while 33% people responded that the management never uses this for decision making and about 17% people were unsure about the usage of performance appraisal results by the management for decision making.

TABLE SHOWING THE OPINION OF THE RESPONDENTS WHETHER THEY ALWAYS GET THE EXPECTED RESULTS OR NOT

Sl. No	Opinion	Number of Respondents	Percentage
1	Yes	55	55%
2	No	28	28%
3	May be	17	17%
Total		100	100%

The above depicted figure shows whether the employees who are being evaluated always get expected results or not. 55% people says that they always get expected results from the procedures, while 28% respondents says that they do not always get expected results and 17% respondents are of the opinion they aren't sure about the expected results.

TABLE SHOWING THE OPINION OF EMPLOYEES REGARDING THE AFFECT OF PERFORMANCE APPRAISAL PROCESS ON THE PERFORMANCE OF EMPLOYEES

Sl.No	Opinion	Number of Respondents	Percentage
1	Yes	88	88%
2	No	5	5%
3	May Be	7	7%
Total		100	100%

The above depicted chart, figure shows how employees opine about the effect of performance appraisal on the performance of employees. 88% of the employees says that the performance appraisal procedure adopted by their firms have effect on their performance. 5% of people respond that the processes do not have any effect on their performance while 7% of people are unsure about the effect

Correlation analysis between performance evaluation results and Employee engagement in an organisation.

The table below shows the result of the Correlation analysis:

	Evaluation Results	Employee Engagement
Evaluation Results	1	0.0308
Employee Engagement	0.0308	1

Conclusion: Here, Evaluation Results is taken as X variable and Employee engagement is taken as Y variable. The coefficient of correlation (r) is equal to 0.0308 which shows that there is positive correlation between evaluation results and employee engagement but is not strongly positive.

TABLE SHOWING THE YEAR OF SERVICE AND SATISFACTION LEVEL OF THE EMPLOYEES IN NBFCs

Particulars	0-10	10-20	20-30	Row Totals
Yes	19	9	39	67
No	2	3	1	6
Maybe	11	11	5	27
Column Totals	32	23	45	100

Source: Primary Data

Hypothesis: H₀: There is a relationship between year of service of employees and their job satisfaction level in the organisation.

H₁: There is no relationship between year of service of employees and their job satisfaction level in the organisation.

Table below shows the results of Chi-square Test:

Degree of Freedom	Level of Significance	Calculated Value	Table Value
4	0.05 (5%)	17.0642	9.488

Conclusion: Here we can see that the calculated value of Chi-square is more than the table value. Thus it can be concluded that the null hypothesis is rejected and the

alternative hypothesis is accepted. i.e) There is no relationship between year of service of employees and their job satisfaction level in the organisation.

There must be both formal and informal communication and relationship between the employees and higher authority. Performance appraisal should be conducted not for the sake of the organisation. Instead it should focus on the career development of the employees working in the firm. The employees expect their supervisors to give them guidance and support to get rid of their weakness and address their current gap skills..

Measuring the performance of the employees is obviously a very difficult task. It must be measured against standards which are fixed. The criteria against which the performance is measured should be same for every individual who undergo the process. If Preparation for performance appraisal should start early.

CONCLUSION:

Every type of organisation, be it banking institutions, non-banking institutions, corporate undertake performance appraisal with its own objectives. Whatever be the type of the organisation, the basic purpose of the appraisal system is to improve the employee performance that will lead towards the organisational success. It is clear from the study that effective appraisal process is related to higher level of satisfaction and employee engagement. Engaged employees are those employees who are willing to invest more efforts towards enhancing market position of their organisation and contribute to better financial results. Highly engaged employees are not only motivated and satisfied towards their organisation but they also know exactly what to do and how to do it more effectively.

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