

# AN INVESTIGATION INTO PERFORMANCE APPRAISAL EFFECTIVENESS FROM THE PERCEPTION OF EMPLOYEES IN STAR CEMENT LIMITED

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**ABSTRACT:** Performance appraisal deals with how organizations evaluate and measures its employee's achievements and behaviors. The work performance of an employee is reviewed and evaluated by his manager and strengths and weaknesses are identified so that the employee knows his improvement areas. Dynamic people can build dynamic organizations and effective employees can contribute effectively. Competent and motivated people can make things happen to achieve Goals. Hence every Organization should continuously ensure that dynamism, necessary competence, motivation and effectiveness of employees remain at high levels at all times.

The objectives of my study are to know the effectiveness of the Performance Appraisal system from the employee's perspective and diagnose the loopholes if any in the existing appraisal system in the organization. Performance Appraisals are an imperative part of Human Resource System systems within organizations. The study was carried out in Guwahati Office of Star Cement Limited. The research adopts a survey approach which is totally primary where self administered questionnaires were issued to gather data from the employees to measure their opinions of the Performance Appraisal System and how successful they feel it is. And some secondary data was also collected about company history from different websites. The surveys were issued to a total of 50 employees within the company. The findings of the study revealed the organization is using both Key Result Area Assessment System as well as Self Assessment System and the employees were happy with the performance appraisal system, but there is still some work to be done in improving the system and making it more successful and rewarding. There are a few elements of the current system that are limiting the effectiveness of the appraisal the organization is also missing some of the vital elements that are needed in an effective performance appraisal.

**Key Words – Performance Appraisal; Motivation; Survey Approach; Key Result Areas; Self Assessment System; Rewarding.**

## **INTRODUCTION**

Star Cement Limited is the largest cement manufacturer in north east India. The plant is spread across 40 acres of land in the idyllic town of Lumshnong, a strategic location at Meghalaya that ensures easy availability of high-grade limestone. The brand “Star Cement” has established itself as the most accredited brand of the region on grounds of both quality and fair pricing.

Star Cement Limited is one of the most profitable cement manufacturers in North East India.

- Because of its prudent locational advantage
- Because of its timely raw material linkage
- Because of its proactive capacity expansion
- Because of its expert brand positioning

**Parentage:** Star Cement is a 70.48% subsidiary of Century Ply boards (India) Limited.

**Product:** Star Cement's product range includes Ordinary Portland Cement (OPC 43-Grade) and (OPC 53-Grade) and Portland Pozzolana Cement (PPC) in line with evolving customer needs.

**Plant:** Star Cement's 0.6 MTPA integrated cement plant at Lumshnong (Meghalaya) is proximate to key raw material reserves of limestone, coal and shale. The company also added 0.46 MTPA cement unit in Meghalaya (via its subsidiary) aggregating an installed capacity of 1.0 MTPA.

**Pride:** Star Cement was recognized by the Meghalaya state government for its pioneering cement plant in the backward area of Lumshnong in 2005. The company is an ISO 9001:2008, ISO 14001 & OHSAS 18001 certified Company.

**Penetration:** Brand “Star Cement” is one of the largest in the Northeastern region. Its output is marketed through a 400 b dealer network resulting in the largest market share in North East India. The Company's institutional customers comprise Larsen & Turbo, National Hydro Power Corporation, Public Works Department, Indian Railways and Ministry of Defence.

The plant is located at village Lumshnong, situated on National Highway 44 and 135 Kms away from Shillong towards Silchar; in Jaintia Hills.Meghalaya.

This plant has been producing clinker from 23rd Dec.2004 and cement from 2nd Feb.2005. This is the largest cement plant in North East India, which is shortly to be expanded to 1 Million Ton per annum capacity.

Presently Star Cement is marketing super quality clinker to different grinding units located in India, Nepal & Bhutan, along with cement of 3 types.

1. Ordinary Portland Cement 43 grade
2. Ordinary Portland Cement 53 grade
3. Portland Pozzolana Cement Part I Fly ash based

The fourth variety i.e. Portland Pozzolana cement Part II. Calcined clay based will shortly to be introduced. The company has received BIS License for the products being sold in the market. The company has developed a good image in the Market since launch of the product due to its superior quality. The company has also received ISO certificate.

The plant was supplied by M/S Walchandnagar, Pune.

### **Vision**

- To become the fastest growing and the most competitive cement company in eastern India
- To be respected for high level of integrity and value
- To achieve 10 Million ton capacity by 2022

### **Business Mission**

- To provide utmost satisfaction to the consumer through best quality and customer care
- To continuously upgrade the product through innovations and convergence of new technology and to produce the best quality at the lowest cost.
- To safeguard and enhance shareholder value
- To respect the dignity of all employees and together to become instrumental in the development of the country while protecting the environment
- To utilize the surpluses for the welfare of employees and the society at large

The Study 'An Investigation into Performance Appraisal effectiveness from the perception of Employees in Star Cement Limited' is based on a survey done on employees of Star Cement Limited. This study will help to understand the perception of the employees regarding the effectiveness of the Performance Appraisal System followed in the organization.

### **NEED OF THE STUDY**

The study on the perception of the employees regarding the effectiveness of the Performance Appraisal System followed in the organization is very important so that the organization can understand their employees perception and review and alter the performance appraisal methods followed by them if necessary.

### **OBJECTIVES OF THE STUDY**

- To study the effectiveness of the Performance Appraisal system from the employee's perspective.
- To diagnose the loopholes if any in the existing appraisal system in the organization.
- To know the methods of performance appraisal that are using in the company.

### **RESEARCH METHODOLOGY**

The study is basically focused upon the use of primary data which was collected with the help of questionnaires filled up by the employees of Star Cement Limited. Secondary Data was collected from the websites of the company.

### **SOURCES OF DATA**

The study is based on both Primary and Secondary Data. The secondary data was collected from the website of the organization. The primary data was collected with the help of questionnaires filled up by the employees of Star Cement Limited with whom the researcher interacted individually.

### **SAMPLE UNIT**

The sample unit of the study are Employees of Star Cement Limited.

### **SAMPLE SIZE**

Total 50 employees of samples are taken to collect the data.

### **PERORMANCE APPRAISAL SYSTEM**

A performance appraisal is a method by which the job performance of an employee is documented and evaluated. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations. It is a systematic general and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. Other aspects of individual employees are considered as well, such as accomplishments, potential for future improvement, strengths and weaknesses, etc.

Historically, PA has been conducted annually (long-cycle appraisals); however, many companies are moving towards shorter cycles (every six months, every quarter) etc. The interview could function as "providing feedback to employees, counseling and developing employees, and conveying and discussing compensation, job status, or disciplinary decisions.

### **NEED OF PERFORMANCE APPRAISAL**

There are many varying opinions on the subject of performance appraisals and why they are done. Some organizations do performance appraisals because they feel obligated to do them – because everyone else does.

Some organizations do performance appraisals to make sure they have a piece of paper in the employee's file – in case they ever need to do corrective action.

But successful organizations understand the importance of incorporating performance appraisals into their performance management process and strategy.

#### Advantages of performance appraisals:

- They provide a document of employee performance over a specific period of time.
- They provide a structure where a manager can meet and discuss performance with an employee.
- They allow a manager the opportunity to provide the employee with feedback about their performance and discuss how well the employee goals were accomplished.
- They provide a structured process for an employee to clarify expectations and discuss issues with their manager.
- They provide a structure for thinking through and planning the upcoming year and developing employee goals.
- They can motivate employees if supported by a good merit increase and compensation system.

#### Disadvantages of performance appraisals:

- If not done right, they can create a negative experience.
- Performance appraisals are very time consuming and can be overwhelming to managers with many employees.
- They are based on human assessment and are subject to rater errors and biases.
- Can be a waste of time if not done appropriately.
- They can create a very stressful environment for everyone involved.

Finally, performance appraisals are only as good as the performance management system it operates within. Organizations that only do performance appraisals for the sake of doing them are wasting their time.

But organizations that incorporate performance appraisals into a comprehensive performance management system and use them to implement business goals have an advantage for accomplishing their goals and ultimately their strategic plan.

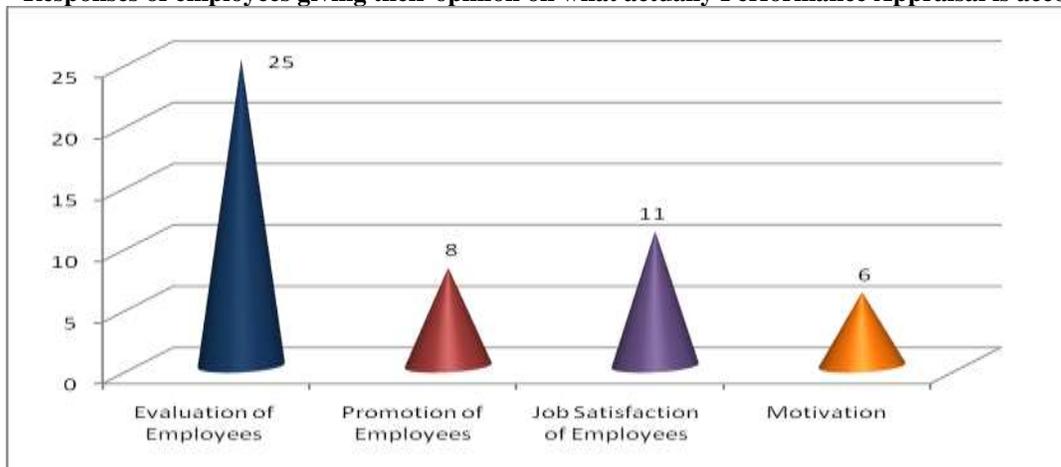
### DATA ANALYSIS AND INTEPRETATION

**TABLE 1.1: - Responses of employees giving their opinion on what actually Performance Appraisal is according to them**

In your Opinion Performance Appraisal is?	Responses	Percentage
Evaluation of Employees	25	50%
Promotion of Employees	8	16 %
Job Satisfaction of Employees	11	22 %
Motivation	6	12 %

Source: Survey through questionnaire November 2017

**CHART 1.1: - Responses of employees giving their opinion on what actually Performance Appraisal is according to them**



#### INFERENCES

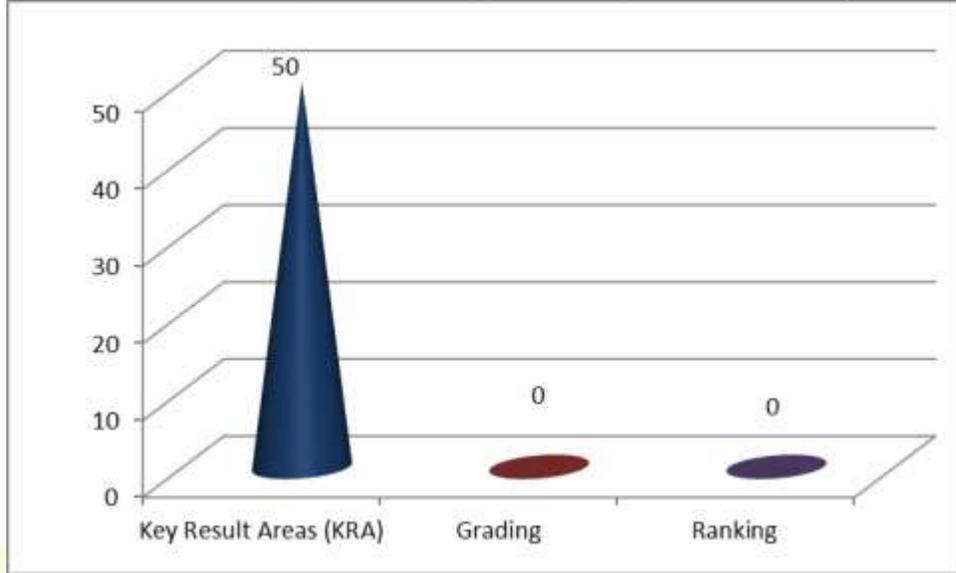
- **50% Employees feel that Performance Appraisal is Evaluation of Employees.**
- **16 % Employees feel that Performance Appraisal is Promotion of Employees**
- **22% Employees feel that Performance Appraisal is Job Satisfaction of Employees**
- **12% Employees feel that Performance Appraisal is Motivation of Employees**

**TABLE 1.2:- Method of performance appraisal is implemented in the organization**

Which method of performance appraisal is implemented in your organization	Responses	Percentage
Key Result Areas (KRA)	50	100%
Grading	0	0%
Ranking	0	0%

Source: Survey through questionnaire November 2017

**CHART 1.2: - Method of performance appraisal is implemented in the organization**



**INFERENCES**

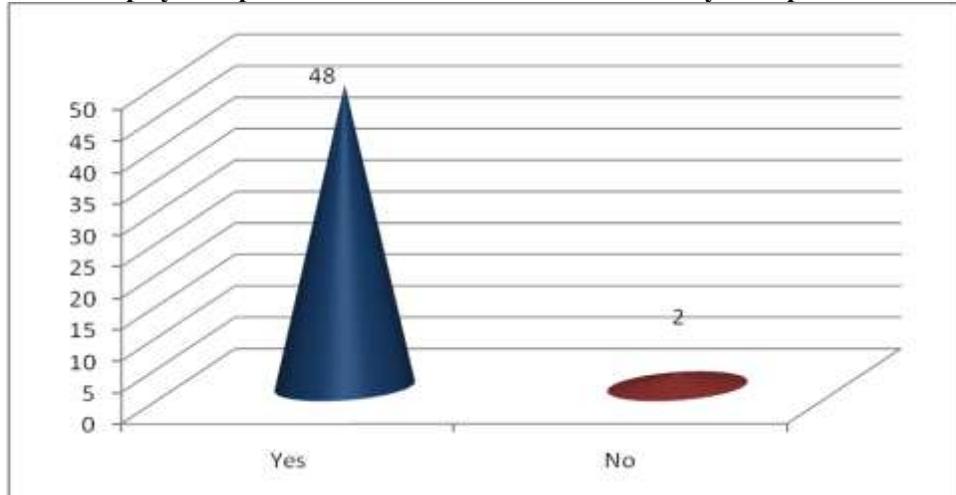
- **100% Employees said that KRA method is used to do Performance Appraisal.**
- **0% Employees said that Grading method is used to do Performance Appraisal.**
- **0% Employees said that Ranking method is used to do Performance Appraisal.**

**TABLE 1.3:- Employee response whether there is increment in salary after performance Appraisal**

Do you receive any increment in your salary after performance Appraisal?	Responses	Percentage
Yes	48	96 %
No	2	4%

Source: Survey through questionnaire November 2017

**CHART 1.3: - Employee response whether there is increment in salary after performance Appraisal**



**INFERENCES**

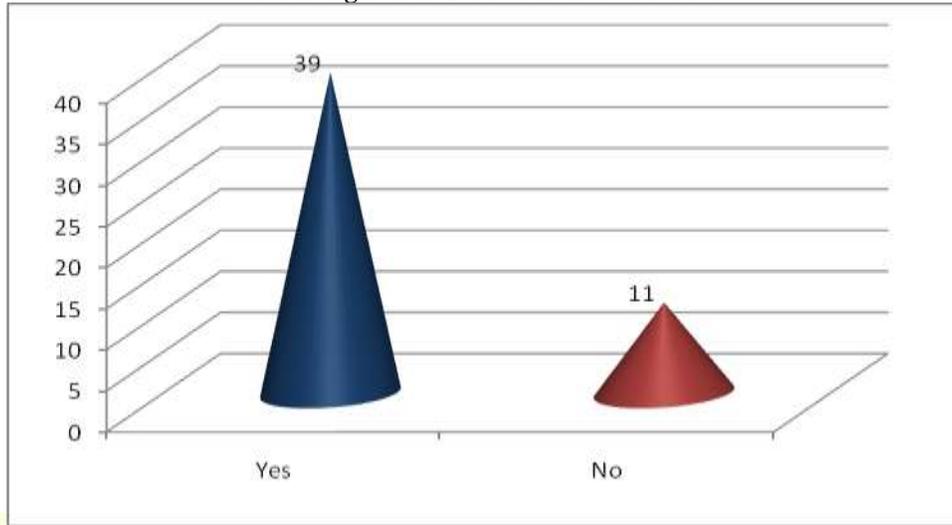
- **96% Employees said that they receive increment in salary after Performance Appraisal.**
- **4% Employees said that they don't receive increment in salary after Performance Appraisal.**

**TABLE 1.4:- Response of Employees to whether Performance Appraisal help them to provide an atmosphere where all are encouraged to share one another burden.**

Q4. Do you think that performance Appraisal help to provide an atmosphere where all are encouraged to share one another burden.	Responses	Percentage
Yes	39	78%
No	11	22%

Source: Survey through questionnaire November 2017

**CHART 1.4: - Response of Employees to whether Performance Appraisal helps them to provide an atmosphere where all are encouraged to share one another burden.**



**INFERENCES**

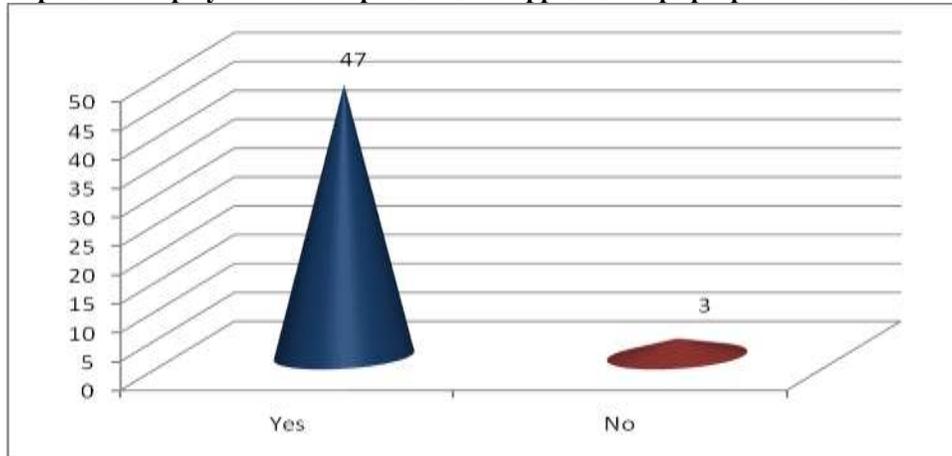
- 78% Employees feel that Performance Appraisal helps them to provide an atmosphere where all are encouraged to share one another burden.
- 22% Employees feel that Performance Appraisal does not helps them to provide an atmosphere where all are encouraged to share one another burden.

**TABLE 1.5:- Response of employees whether performance appraisal helps people set and achieve meaningful goals**

Q 5. Do you think performance appraisal helps people set and achieve meaningful goals	Responses	Percentage
Yes	47	94%
No	3	6%

Source: Survey through questionnaire November 2017

**CHART 1.5: - Response of employees whether performance appraisal helps people set and achieve meaningful goals**



**INFERENCES**

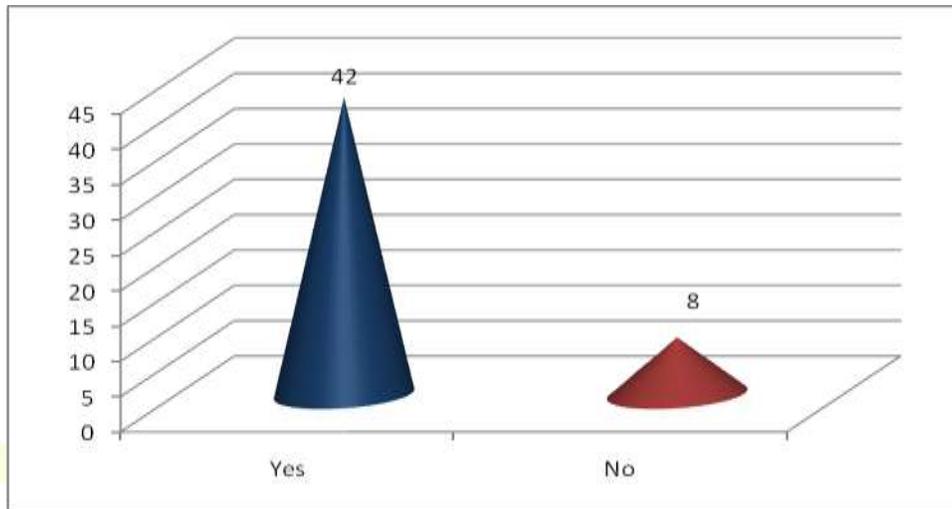
- 94% Employees feel that Performance Appraisal helps people set and achieve meaningful goals
- 6% Employees feel that Performance Appraisal does not helps people set and achieve meaningful goals

**TABLE 1.6:- Response of employees to whether according to them performance appraisal gives constructive criticism in a positive manner**

Q6. Do you think performance appraisal give constructive criticism in a positive manner?	Responses	Percentage
Yes	42	84%
No	8	16%

Source: Survey through questionnaire November 2017

**CHART 1.6: - Response of employees to whether according to them performance appraisal gives constructive criticism in a positive manner**



**INFERENCES**

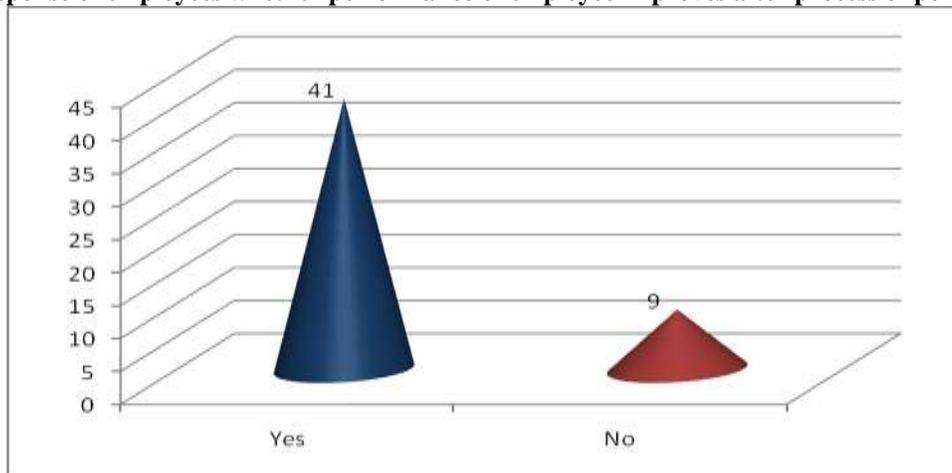
- 84% employees said that according to them performance appraisal gives constructive criticism in a positive manner
- 16% employees said that according to them performance appraisal does not gives constructive criticism in a positive manner

**TABLE 1.7:- Response of employees whether performance of employee improve after process of performance appraisal**

Q7. Do you think that performance of employee improve after process of performance appraisal?	Responses	Percentage
Yes	41	82%
No	9	18%

Source: Survey through questionnaire November 2017

**CHART 1.7: - Response of employees whether performance of employee improves after process of performance appraisal**



**INFERENCES**

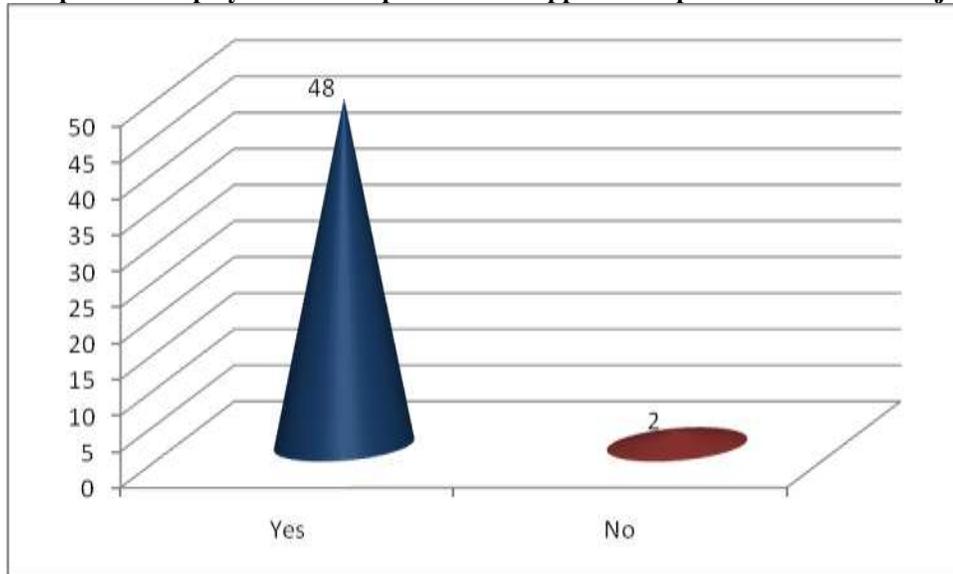
- 82% employees said that performance of employee improves after process of performance appraisal
- 18% employees said that performance of employee does not improves after process of performance appraisal

**TABLE 1.8:- Response of employees whether performance appraisal improves motivation and job Satisfaction.**

Q8. Do you think performance appraisal improves motivation and job Satisfaction?	Responses	Percentage
Yes	48	96%
No	2	4%

Source: Survey through questionnaire November 2017

**CHART 1.8: - Response of employees whether performance appraisal improves motivation and job Satisfaction.**



**INFERENCES**

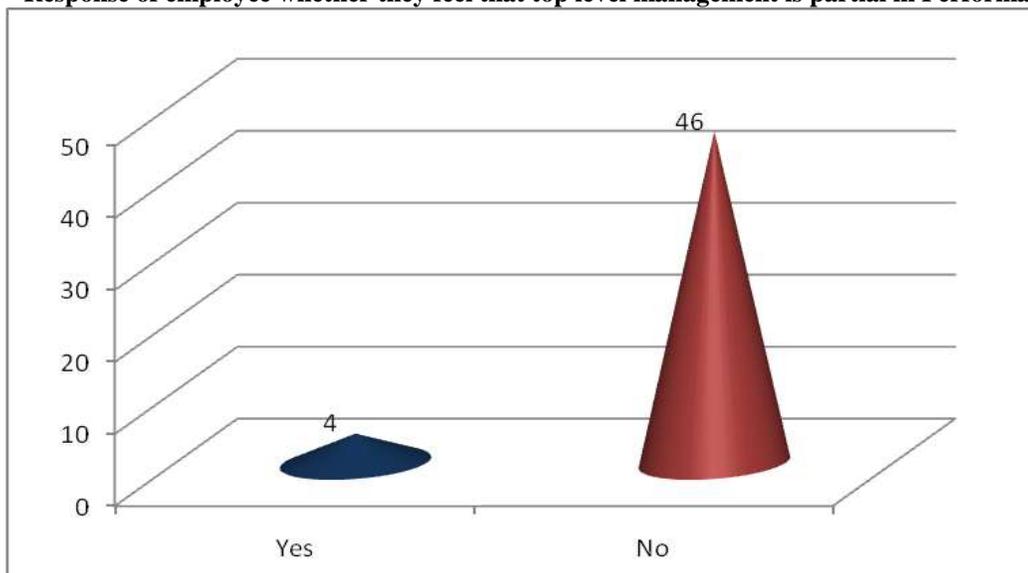
- 96% employees said that performance appraisal improves motivation and job Satisfaction.
- 4% employees said that performance appraisal does not improve motivation and job Satisfaction.

**TABLE 1.9:- Response of employee whether they feel that top level management is partial in Performance Appraisal**

Q9. Is the top level management partial in Performance Appraisal?	Responses	Percentage
Yes	4	8%
No	46	92%

Source: Survey through questionnaire November 2017

**CHART 1.9: - Response of employee whether they feel that top level management is partial in Performance Appraisal**



**INFERENCES**

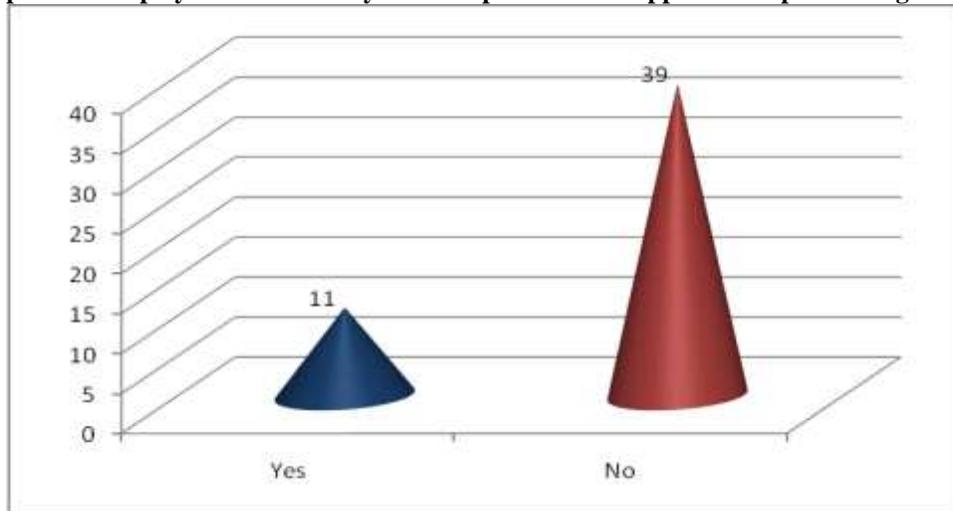
- 8% employees feel that top level management is partial in Performance Appraisal.
- 92% employees feel that top level management is partial in Performance Appraisal.

**TABLE 1.10:- Response of employees whether they feel that performance appraisal helps to change behavior of Employees?**

Q10. Do you think performance appraisal helps to change behavior of Employees?	Responses	Percentage
Yes	11	22%
No	39	78%

Source: Survey through questionnaire November 2017

**CHART 1.10: - Response of employees whether they feel that performance appraisal helps to change behavior of Employees**



**INFERENCES**

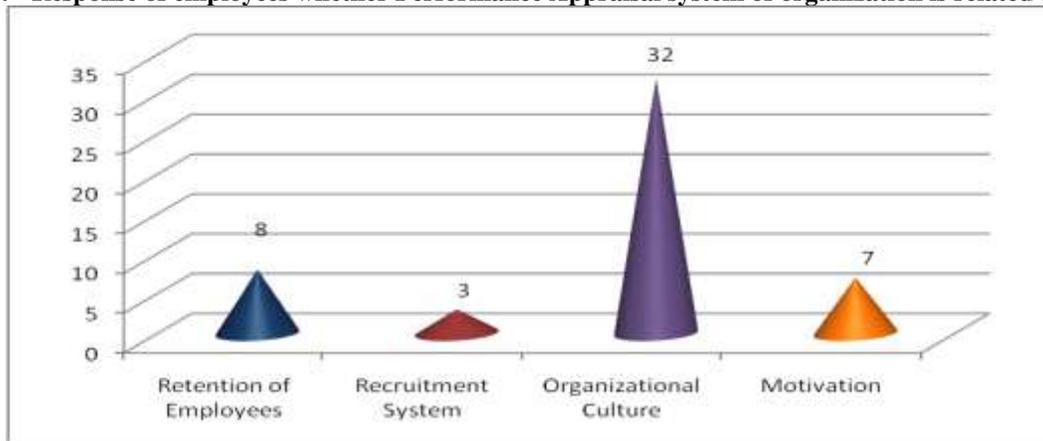
- 22% employees feel that performance appraisal helps to change behavior of Employees
- 78% employees feel that performance appraisal does not help to change behavior of Employees

**TABLE 1.11:- Response of employees whether Performance Appraisal system of organization is related to which factor**

In your opinion Performance Appraisal system of your organization is related to which of the following?	Responses	Percentage
Retention of Employees	8	16%
Recruitment System	3	6%
Organizational Culture	32	64%
Motivation	7	14%

Source: Survey through questionnaire November 2017

**CHART 1.11: - Response of employees whether Performance Appraisal system of organization is related to which factor**



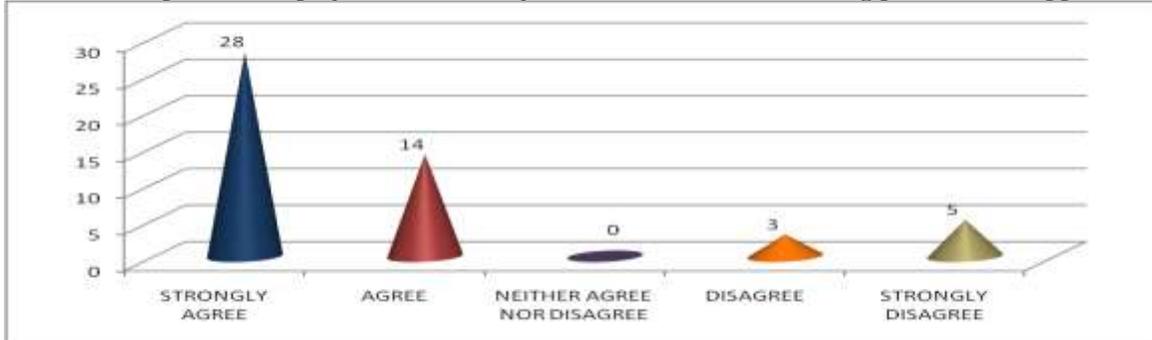
**INFERENCES**

- 16% employees feel that performance appraisal is retention of employees.
- 6% employees feel that performance appraisal is recruitment system
- 64% employees feel that performance appraisal is organizational culture.
- 14% employees feel that performance appraisal is motivation of employees

**TABLE 1.12:- Response of employees whether they are Satisfied with the existing performance appraisal system**

Satisfied with the existing performance appraisal system	Responses	Percentage
STRONGLY AGREE	28	56%
AGREE	14	28%
NEITHER AGREE NOR DISAGREE	0	0%
DISAGREE	3	6%
STRONGLY DISAGREE	5	10%

Source: Survey through questionnaire November 2017

**CHART 1.12: - Response of employees whether they are Satisfied with the existing performance appraisal system**

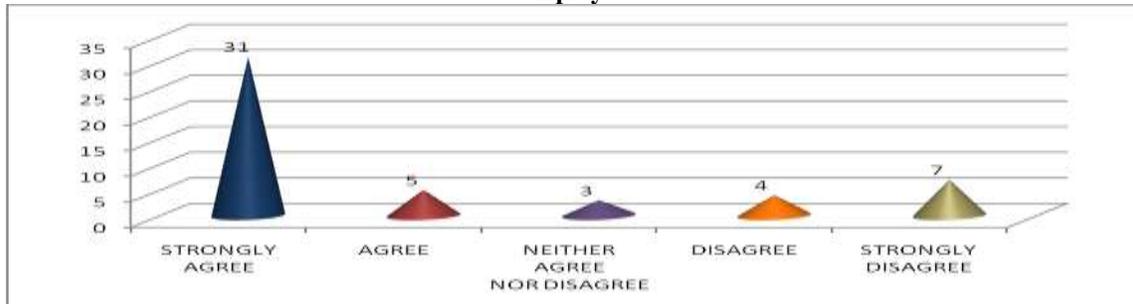
#### INFERENCES

- 56% employees strongly agree that they are satisfied with the performance appraisal system
- 28% employees agree that they are satisfied with the performance appraisal system
- 6% employees disagree that they are satisfied with the performance appraisal system
- 10% employees strongly disagree that they are satisfied with the performance appraisal system

**TABLE 1.13:- Response of employees whether Performance appraisal system helps them to identify the strength and weakness of the employee**

Performance appraisal system helps to identify the strength and weakness of the employee	Responses	Percentage
STRONGLY AGREE	31	62%
AGREE	5	10%
NEITHER AGREE NOR DISAGREE	3	6%
DISAGREE	4	8%
STRONGLY DISAGREE	7	14%

Source: Survey through questionnaire November 2017

**CHART 1.13: - Response of employees whether Performance appraisal system helps them to identify the strength and weakness of the employee**

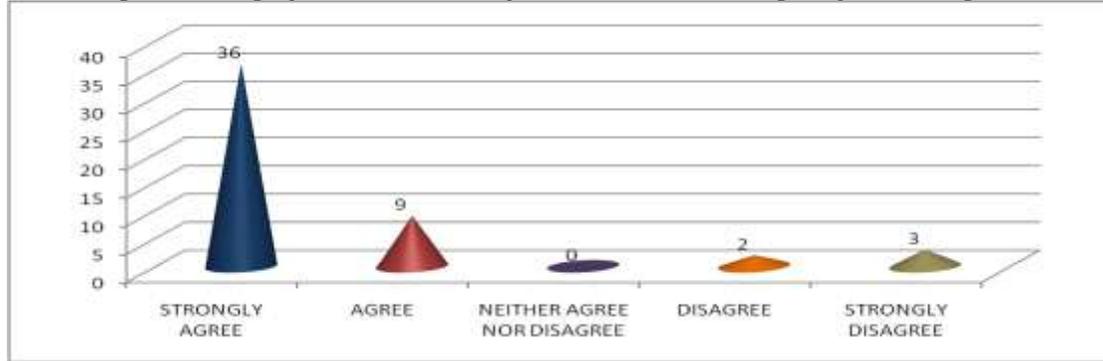
#### INFERENCES

- 62% employees strongly agree Performance appraisal system helps them to identify the strength and weakness of the employee
- 10% employees agree Performance appraisal system helps them to identify the strength and weakness of the employee
- 6% employees neither agree nor disagree that Performance appraisal system helps them to identify the strength and weakness of the employee
- 8% employees strongly disagree Performance appraisal system helps them to identify the strength and weakness of the employee
- 14% employees disagree Performance appraisal system helps them to identify the strength and weakness of the employee

**TABLE 1.14:- Response of employees to whether they feel that Promotion is purely based on performance appraisal**

Promotion is purely based on performance appraisal	Responses	Percentage
STRONGLY AGREE	36	72%
AGREE	9	18%
NEITHER AGREE NOR DISAGREE	0	0%
DISAGREE	2	4%
STRONGLY DISAGREE	3	6%

Source: Survey through questionnaire November 2017

**CHART 1.14: - Response of employees to whether they feel that Promotion is purely based on performance appraisal**

### INFERENCES

- 72% employees strongly agree Promotion is purely based on performance appraisal
- 18% employees agree Promotion is purely based on performance appraisal
- 4% employees disagree Promotion is purely based on performance appraisal
- 6% employees strongly disagree Promotion is purely based on performance appraisal

### FINDINGS OF THE STUDY

- From the study it is revealed that performance appraisal is basically done to evaluate the employees.
- In Star Cement Limited, the management of the company uses KRA method to appraise the employee's performance.
- One important finding from the study is that generally all the employees of this company are getting increment in salary after performance appraisal except some of the few employees because of their performance.
- Most of employees said that performance appraisal encourage them to maintain a good working culture and mutual understanding of the employees.
- 84% of respondents said that performance appraisal gives a constructive criticism about their performance in a positive way which will improve their future performance.
- After analyzing the study it was found that majority of employees are satisfied and motivated after performance appraisal.
- There is very less partiality in performance appraisal of employees by the top management.
- From this study it has been found that the 78% employees are not changing their behavior after performance appraisal.
- Majority of employee of Star Cement Limited think that performance appraisal of this company is basically related to culture factor of the company.
- 56% of employees are extremely satisfied with existing performance appraisal system.
- 62% employees of respondents strongly agree that performance appraisal helps in identifying the strength and weakness of employees.
- Promotion of the employees of the company is purely based on performance appraisal of employees.

### SUGGESTIONS

- The company management should not make any partiality in appraising the performance.
- The employee's strength and weaknesses should be identified in performance appraisal.
- Some new modern technique like MBO, BARS,360 ' appraisal should be introduced where all round performance can be appraised and helps in development of employees performance and increasing the productivity of company.

### LIMITATIONS OF THE STUDY

- This study has been carried out for the employees of star cement Guwahati office only. And the findings and conclusion drawn are confined to that area only.
- This study is based on the employee's perception about present performance system which may be biased.
- It is difficult to induce the respondents to provide complete and accurate information.

**CONCLUSION**

From the study it is concluded that the present performance appraisal system is doing well in satisfying employees and efficient management of the company. As performance appraisal is very sensitive and time consuming process, so it should be carefully initiated. As Human resources are the backbones of the company or any organization, so to analyze the quality and work of the employees so it is very necessary to review the employee's performance at regular interval. Lastly I want to conclude that the company should introduce some new modern method of appraisal and also give some training and development to the employees who did not perform well in as found out after the performance appraisal.

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 [2] [www.starcement.co.in](http://www.starcement.co.in)  
 [3] Kothari C.R.",Research Methodology.",Noida.,New Age International(P)ltd Publishers.1985

**SAMPLE OF KRA FORMAT USED BY SALES AND MARKETING DEPARTMENT**

Quarterly Assessment of Performance for the Year 2017 - 2018								
Name : -			Department : Sales & Marketing				Quarter : -	
Designation: -			Employee Code No : -				Place of Posting: -	
SL NO	Goal for Quarter	Target	Unit of Measurement	Weightage	Achievement	Self	Reporting Manager	Head of Department
1	Sales Target	10000	Metric Tons	25%				
2	Market Share Maintain	15%	%	10%				
3	Dealer Network Expansion	10	Number	20%				
4	Customer Relation Management Activities	5	Number	10%				
5	Average Payment Days	20	Days	15%				
6	Audit Observation	3	% Compliance	5%				
7	Strategic Thinking	2	New Ideas Implemented	5%				
8	Reporting Schedule	48	Number	10%				
	<b>Total</b>			<b>100%</b>				
<b>Performance Scale</b>								
Excellent ( 91% -100% ) :- 4		Good ( 81% - 90%) :- 3		Average ( 61% to 80% ) :- 2		Below Average ( < 60% ) :- 1		
<b>Research Through Innovation</b>								
Appraiser Signature			Reporting Manager Signature			Head of Department Signature		