

A STUDY ON EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEES PERFORMANCE IN IT SECTOR

Submitted in partial fulfillment of the requirements for the award of

MASTER OF BUSINESS ADMINISTRATION

by

NANDHAKUMAR D

Register No: 40410107



SCHOOL OF MANAGEMENT STUDIES

SATHYABAMA

INSTITUTE OF SCIENCE AND TECHNOLOGY

(DEEMED TO BE UNIVERSITY)

Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE

JEPPIAAR NAGAR, RAJIV GANDHI SALAI, CHENNAI - 600 119

APRIL 2022



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Jeppiaar Nagar, Rajiv Gandhi Salai, Chennai – 600 119

www.sathyabama.ac.in

SCHOOL OF MANAGEMENT STUDIES

BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of **NANDHAKUMAR D 40410107** who carried out the project entitled "**A STUDY ON EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEES PERFORMANCE IN IT SECTOR**" under my supervision from January 2022 to March 2022.

Dr.S.UMAMAHESWARI

Internal guide

External Guide

Dr. BHUVANESWARI .G

Dean – School of Management Studies

Submitted for Viva voce Examination held on_____

Internal Examiner

External Examiner

DECLARATION

I **NANDHAKUMAR D (40410107)** hereby declare that the Project Report entitled “**A STUDY ON EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEES PERFORMANCE IN IT SECTOR**” done by me under the guidance of **DR.S.UMAMAHESWARI** is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

DATE:

PLACE:

NANDHAKUMAR D

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ABSTRACT

Performance Appraisal has been considered as the most significant and indispensable tool for an organization, for the information it provides is highly useful in making decisions regarding various personnel aspects such as promotion and merit increases. Performance measures also link information gathering and decision making processes which provide a basis for judging the effectiveness of personnel subdivisions such as recruiting, selection, training and compensation. This research will concentrate on examine the effect of the performance appraisal on an individual as well as on the organizations. The sample size of 175 has been chosen from the IT employees. The data used for the study is primary data collected through the help of questionnaire filled by the samples. The data was evaluated with the help of statistical tools i.e., descriptive statistics, regression, correlation, residual analysis and chi square test. The findings of the research show that there is a noticeable effect of the performance appraisal on the organization as well as on the Individual.

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CHAPTER 1

INTRODUCTION

1.1 Introduction:

This research focuses on analyzing the IT sectors employees perception towards the fairness of performance appraisal, satisfaction of last performance appraisal and work attitude due to performance appraisal and skill improvement due to performance appraisal. Greenberg (1986) organizational justice theory has been taken as base for this research.

Performance management is a holistic process which is bringing together many of the elements to make up the successful practice of people management, including in particular learning and development. But, it is complex and capable of being misunderstood. Performance management is not achievable unless it is effective processes of continuous development. Performance management is also called performance and development management (Armstrong and Baron, 1998) .

Performance appraisal is one of the elements of performance management, which involves different measurements throughout the organization. Performance appraisal is the most important factor, hence the organization has to take the advantage of their most important assets, employees and gain human capital.

1.2 Performance Appraisal:

Performance appraisal is a well-established way of providing milestones, feedback, guidance and monitoring for staff (Weightman, 1999). Performance appraisal is an important part of performance management. It is the only tool amongst a range of tools that can be used to manage performance (Fombrun, et. al., 1984). It is highlighting the fact because performance appraisals are usually carried out by the line managers, rather than human resource professionals. It is important that the employees understand their role in the process and have the right skills to conduct them effectively.

Milkovich and Wigdor (1991) stated that the performance appraisal aims to assess accurately the effectiveness of an individual's job performance, as well as improve organizational performance system. It is impossible to standardize the context within which the appraisal takes place, or indeed the people who are appraising or being appraised, further compounding the reasons behind the decision that performance appraisal often receives.

1.3 History of Performance Appraisal:

There is evidence in the history of performance appraisal that suggests formal performance appraisal began to appear and get used in the evaluation of work performance as early as in the 20th century from the time of the First World War initiated by American rather than a British phenomenon (Fletcher and Williams,

1992). In the US, organization used performance appraisal as a measure to raise morale of the workforce, the assumption being that high morale led to high productivity. It was reinforced by Hawthorne studies in 1920s.

But, the introduction of performance appraisal in the 1920s and 1930s was limited mainly to managers and how to identify those amongst them who had potential for development.

In 1950s the potential usefulness of appraisal as a tool for motivation and development was gradually recognized and the number of companies using performance appraisal programs has risen since then (Fletcher and Williams, 1992). Hale and Whitlam (2000) claimed that as with many human resource systems, performance appraisal systems evolved out of a perceived requirement to institutionalize and centralize good human resource management practice. The systems were set up in order to aid corporate decision-making, particularly for the purpose of salary review and promotion. The assumption was that line managers concentrated on their line activities and the human resource manager was interested in the people aspects of management. This led to the disempowering of the line manager and the abdication of good people management practices to the human resource department.

In 1960's, it was realized that more systematic approach ought to be used and hence the introduction and development of a number of performance appraisal techniques including the popular technique called the management by objectives (MBO).

During the 1990's the evident difficulties of assessment and appraisal as isolated activities resulted in growing shift in performance management and the need to link the requirement of business strategy for all employees (Fletcher and William, 1992). Hence, the performance measurement system like Balanced Score Card (BSC) introduced by Norton and Kaplan (1992) come to force and has become popular and was used by many large organizations globally to measure the overall extensive performance of a company including performance appraisal. Unlike earlier performance appraisal systems where the application of the systems was limited to the managers, there were trends to broaden the application of performance appraisal systems to employees in most job roles, and making performance appraisal much more than a top-down only process.

It is commonly accepted that performance appraisal is more effective if an appraiser have more involvement in the review of his own performance (Hale and Whitlam, 2000). Moreover, with the development in upward appraisal, whereby the subordinate actually appraises the performance of the boss, performance appraisal has become even more democratized.

Some observations on the development of performance appraisal practice concluded the changes that taken place in the field of performance appraisal illustrate the fact that activity in this area reflect wider changes in societies as a whole.

Performance appraisal has developed from becoming the sole concern of top management to being something that the appraisee and the trade unions (Fletcher and Williams, 1992).

1.4 Key Elements of a Performance Appraisal Measurement :

1.4.1 Feedback

Feedback means to provide information to the individual on their performance and progress.

1.4.2 Positive Reinforcement

Emphasizing what has been done well and making only constructive criticism about what might be improved.

1.4.3 Exchange of Views

A frank exchange of views about what has happened, how appraisee can improve their performance, the support they need from their managers to achieve this and their aspirations for their future career.

1.4.4 Agreement

Jointly coming to an understanding by all parties about what has to be done to improve performance generally and overcome any issues raised in the course of the discussion. Wolff (2008) stated that the key to solve underperformance is communication. Communication, coupled with clarity about expectations and objectives, early intervention and ensuring that managers have a clear view of the underlying problem before applying a solution.

1.5 Approaches to Performance Appraisal:

There are two approaches to performance appraisal viz. administrative approach and developmental approach.

1.5.1 Administrative approach

Making and carrying out employment decisions are the fundamental goals of the administrative decision making. Administrative decisions include deciding which employees to promote, whom to terminate, which employees to transfer etc. In administrative approach, performance appraisal can be used as a key input for administering a formal organization reward and punishment system. Administrative approach deals with the human resource planning, reward decisions e.g. salary and wages increase, promotions and personnel research.

1.5.2 Developmental approach

When performance appraisal information is intended to be used for developmental purposes, employees receive concrete feedback about their job performance.

This serves as a valuable function in order to improve in the future and employees need to know what their weaknesses, were in the past and how to correct them. This also enables managers to identify which employees would receive the most benefit from developmental inputs. Pointing out strengths and weakness is a counselling function for the manager, while receiving meaningful feedback and acting upon it is a motivational experience for the employee. In this way performance appraisal serves as a vehicle for personal development. Developmental approach deals to provide employee with feedback on their strengths and weakness and how to improve future performance, to aid career planning and development and to provide inputs for personal remedial interventions.

1.6 Sources of Performance Appraisal:

The appraiser may be any person, who has thorough knowledge about the job content, contents to be appraised and who observes the employee while performing a job.

1.6.1 The immediate supervisor

The general practice is that immediate supervisor appraises the performance of the subordinates. The immediate supervisor is in position to observe, direct and evaluate the subordinate's performance and is responsible for that person's performance. The findings of a case study suggest that managers who receive positive feedback about their performance subsequently rate the employee significantly higher than managers who receive negative feedback regarding their own performance. This occurs despite the fact that the managers know the evaluation of them is bogus. Hence it can be said that one's own performance appraisal is related to the subsequent appraisal of one's subordinates (Gary, et. al., 2008).

1.6.2 Peers

Appraisal by peers is popular in the firms that use team appraisal or peer appraisal. Peers are in better position to evaluate certain facts of job performance which the subordinates or superiors cannot do. Such facts include contribution to work on group projects, interpersonal effectiveness, communication skills, reliability and initiative etc. This technique of appraisal may be reliable if work group remains stable over a reasonably long period of time and performs the task that requires interaction. Peer appraisals can have impact on open communication, motivation and group viability. Here, every year an employee chooses an appraisal chairperson who then selects one supervisor and three-four other peers to evaluate employee work.

1.6.3 Subordinates

Many organizations let the subordinates to rate their superior's performance. This process is called as upward feedback. It helps in assessing certain aspects of superior's performance like management style, ability to communicate, delegate the work, allocate resources and deal with employee on a fair basis etc., It also helps to know the expectations of the subordinates from their superiors.

The rating given by subordinates would also help to identify the competent superiors. Here, the fear or reappraisal often compels a subordinate to be dishonest in his rating.

1.6.4 Self- appraisal

Self-appraisal gives a chance to the employee to look at his/her strengths and weakness, his achievements, and judge his own performance. If employees are clear with their objectives and responsibilities, they are to a great extent in a better position to appraise their own performance. Employees generally rate their performance more favorably than do their supervisors, which can lead to conflict and poor job performance. However, comparative international research indicates that persons from other-oriented collectivist cultures are less self-enhancing, suggesting that other-oriented employees will exhibit greater agreement with ratings provided by their supervisors (Audrey, et. al., 2004).

1.6.5 Rating Committees

Many organizations use rating committees. These committees contain the employee's immediate supervisor and three or four other supervisors. There can be discrepancy among ratings by individual supervisors and the composite rating tends to be more reliable, fair and valid.

1.6.6 User of Services

This appraisal is done in service organizations, where performance of an employee is evaluated on certain criteria like promptness, speed in performing a given task, accuracy etc. is judged by users of the service.

1.6.7 Benchmarking

Benchmarking is a continuous process of measuring products, services and practices against the recognized competitors with the objective of rectifying performance gaps. Meaningful benchmarking should be there between organizations with similar goals and characteristics in order to deliver similar services to their customers. By benchmarking, organizations can identify better performance appraisal procedures and systems and can redesign their own evaluation system for increased effectiveness and utility.

1.7 Performance Appraisal Process:

1.7.1 Setting the performance standards

The first step in the process of performance appraisal is setting up of the standards which will be used as a benchmark to compare actual performance of the employees. This step requires setting the performance criteria to judge performance of the employees as successful or unsuccessful of the degrees. To be useful standards set should relate to the desired result of each job.

The standards set should be clear, easily understandable and in measurable terms. In case the performance of the employee cannot be measured, great care should be taken to describe the standards.

1.7.2 Communicating the standards

There are two parties involved in performance appraisal: appraiser and appraisee. Appraiser is one who does the appraisal and the appraisee is the one whose performance is evaluated. An appraisee should be informed about the standards. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or the evaluators and if required, the standards can also be modified at this stage itself based on the relevant feedback from the employees or the evaluators.

1.7.3 Measuring the actual performance

The most difficult part of the performance appraisal process is measuring actual performance of the employees i.e. the work done by the employees during a specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires careful selection of the appropriate techniques of measurement such as personal observation, statistical reports, and written reports for measuring the performance.

1.7.4 Comparing actual performance with desired performance

At this stage, actual performance is compared with the desired performance or performance standards. Comparison reveals deviations in the performance of the employees from set standards. This comparison can show actual performance being more than the desired performance or, actual performance being less than the desired performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

1.7.5 Providing feedback

Result of the appraisal is communicated and discussed with the employees on one-time basis. The focus of this discussion is on communication and listening.

The results, problems and possible solutions are discussed with the aim of problem solving and reaching consensus.

The feedback should be given with a positive attitude which can help to improve the employees' future performance. The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better.

1.7.6 Taking corrective action

The last step of the process is to take decision corrective action to overcome the deficiencies or the related HR decisions like rewards, promotions, demotions, transfers etc.

1.8 Traditional Methods of Performance Appraisal:

1.8.1 Essay Appraisal Method

In essay appraisal, appraiser rates the employee in an open-ended manner and put down his impressions about the employee on a continuous basis. These impressions relate to strong and weak points of the employees behaviour.

It is the simplest evaluating method in which evaluator writes an explanation about employee's strength and weakness points, previous performance, positional and suggestions for their performance improvement at the end of evaluation term. This kind of evaluation usually includes some parts of other systems to cause flexibility for them. This method often combines with other methods. In essay appraisal, we attempt to focus on behaviors (Mondy, 2008).

1.8.2 Grading

In this technique, the rater considers certain features and marks them according to a scale. The selected features may be analytical ability, cooperativeness, dependability, self-expression, job knowledge, leadership and organizing ability. These may be graded as e.g. A-Outstanding, B-Very good, C- Average, D-Fair, E-Poor and F-Very poor. The actual performance of an employee is then compared with these grades and he is allotted the grade which best describes his performance.

1.8.3 Ranking Method

Under this method, superior ranks his subordinates in order of their merit, starting from the best to the worst. The relative position of each employee is expressed in terms of his numerical rank. In this type of appraisal, individuals are ranked from highest to lowest. It is assumed that the difference between the first and second employee is equal to difference between 21st and 22nd employee. In this method, the manager compares each person with others than work standards (Dessler, 2000).

1.8.4 Checklist Method

In this method, the evaluator has a list of situations and statements and compares it with employees. The checklist is a presentation of employee's characteristics and performance. The results can be quantitative and give weight to characteristics.

A typical checklist is given in the table below. After ticking off against each item, rater forwards the list to human resources department. The human resources department assigns certain points to each 'Yes' ticked. When points are allotted to the checklist, technique becomes a weighted checklist. The advantages of checklist are economy, ease of administration, limited training of rater, and standardization.

The disadvantages include susceptibility to rater's biases (especially the halo effect), use of personality criteria instead of performance criteria, misinterpretation of checklist items, and the use of improper weights by the human resources department. Another disadvantage of this approach is that it does not allow the rater to give up relative ratings.

1.8.5 Rating Scales

This is the simplest and the most popular technique for appraising employee performance; the typical rating-scale system consists of several numerical scales, each representing a job-related performance criterion such as dependability, initiative, output, attendance, attitude, co-operation, and the like. Each scale ranges from excellent to poor. The rater checks the appropriate performance level on each criterion, and then computes the employee's total numerical score.

The number of points scored may be linked to salary increases, whereby so many points equal a rise of some percentage. Rating scales offer the advantages of adaptability, relatively easy use and low cost. Nearly, every type of job can be evaluated in a short time, and rater does not need any training to use the scale. The disadvantages of this method are several. The rater's biases are likely to influence evaluation, and the biases are particularly pronounced on subjective criteria such as cooperation, attitude and initiative. Furthermore, numerical scoring gives an illusion of precision that is really unfounded.

1.9 Modern Methods of Performance Appraisal:

1.9.1 Assessment Centre

An assessment centre typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees to assess their competencies to take higher responsibilities in the future. Generally, employees are given an assignment similar to the job and they would be expected to perform to get promoted. This review of potential is concerned with forecasting the direction in which an individual's career should go and the rate at which he is expected to develop. The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics. The major competencies that are judged in assessment centers are interpersonal skills, intellectual capability, planning and organizing capabilities, motivation, career orientation etc., Assessment centre is also an effective way to determine the training and development needs of the targeted employees.

1.9.2 Management by Objectives

MBO (Management by Objectives) is a technique credited to management guru Peter Drucker, to describe a method of performance management that is based on the setting of clear and measurable objectives, and the use of those objectives to evaluate and review performance. When done correctly, MBO is probably the best and fairest way to plan for and create effectively performing employees. The principle behind Management by Objectives is to make sure that everybody within the organization has a clear understanding of the aims, or objectives, of that organization, as well as awareness of their own roles and responsibilities in achieving those aims. The complete MBO system is to get managers and empowered employees acting to implement and achieve their plans, which automatically achieve those of the organization.

1.9.3 Human Resource Accounting Method

Human resources are valuable assets for every organization. Human resource accounting method tries to find the relative worth of these assets in the terms of money. In this method the performance appraisal of the employees is judged in terms of cost and contribution of the employees. The cost of employees include all the expenses incurred on them like their compensation, recruitment and selection costs, induction and training costs etc whereas their contribution includes the total value added (in monetary terms).

The difference between the cost and the contribution will be the performance of the employees. Ideally, the contribution of the employees should be greater than the cost incurred on them.

1.9.4 360 Degree Feedback

360 degree feedback is also known as multi-source feedback. First, it was developed at General Electric, US in 1992. The system has become popular in India. GE (India), Reliance Industries, Crompton Greaves, Wipro and Infosys are the organizations using this method with great benefits. The sources are immediate supervisors, peers, customers, self. Having collected data from these sources 360 degree feedback provides broader perspective about employee performance. The 360-degree evaluation can help one person to be rated from different sides, different people which can give the wider prospective of the employee's competencies (Shrestha, 2007). It has been used for human resource development, appraisal and pay decisions (Stone, 2002). In the past few years, few human resource practices have received as much attention as Multi-Source Feedback Systems (MSFSs). In US and Canada, it is estimated that over one-third of organizations are using some form of MSFS and recent surveys show that this practice is still gaining popularity. The results of an international survey of MSFS, the data collected from HR managers and consultants from Argentina, Australia, China, Spain and the UK demonstrated that MSFS are being implemented, in slightly different ways, in each of these countries. The main challenges in the application of MSFS in these various countries are the communication efforts necessary before and after implementation, and the inherent difficulty in giving and receiving feedback.

1.9.5 Computerized and Web based performance appraisal

Now a day, several performance appraisal software programmes are available. These software programmes enable the managers to keep computerized notes on subordinates during the year, and then to combine these with ratings of employees with several performance traits. The 360 degree Feedback is systematic collection of performance data on an individual or group from a number of sources. The software programmes then generate written text to support each part of the appraisal. In the traditional appraisal system, the paper based appraisal causes a lot of manual work, which is time consuming, not secure and difficult to analyze the performance. Whereas Web based performance appraisal provides an easy way to conduct appraisal.

1.9.6 Psychological Appraisals

Large organization employs full-time industrial psychologists. These psychologists work is used for evaluation. They assess an individual's future potential and past performance. The appraisal normally consists of in-depth interviews, psychological tests, discussions with supervisors and a review of other evaluations. The psychologists then write an evaluation of the employees intellectual, emotional, motivational and other-related characteristics that suggest individual potential and may predict future performance.

The evaluation made by the psychologist may be a specific job opening for which the person is being considered. Or it may be a global assessment of his or her future potential. From these evaluations, placement and development decisions may be made to shape the person's career. Highly critical bosses have tendency to compare the performance of their subordinates with negative attitude.

1.10 Characteristics of an Effective Performance Appraisal System:

Watson and Wyatt Survey (2002) stated that the organizations need strategic support of employees in new economy. People are more important than ever, people are the only sustainable source of competitive advantage. Thus, performance appraisal assumes significance for every business organization. A good appraisal system possesses is based on evidence, highly individualized, joint activity, understanding, commitment, self-analysis and self-discovery and improved performance.

1.10.1 Simple rating system

The rating system should be simple and based on job analysis for ensuring accuracy and fairness of performance evaluation of employees.

1.10.2 Training in appraisal system

All employees, including managers, should be trained to use the appraisal system so that they understand the objectives, methodology and purpose of performance appraisal.

1.10.3 Quantifying performance

Performance appraisal should be based on accurate up-to-date job descriptions and ratings should be made based on observed performance.

1.10.4 Freedom from biases

Evaluations should be done under standard conditions and should be free from adverse impact arising due to personal biases and gender discrimination. A biased appraisal system is worse than having no appraisal system as it damages the motivation, morale and productivity of employees and impairs performance oriented behaviour.

1.10.5 Participative

Preliminary results of performance appraisal should be shared with the employee to develop confidence of employees in the system and to provide opportunities for discussions.

1.10.6 Reviewing officer

There must be some upper level reviews with appeal provision so that appraisal ratings are normalized and employees have an opportunity to speak against unfair treatment by their immediate superiors.

1.10.7 Performance feedback

Performance counseling and feedback should be provided to the employees for creating joint action plans for rectifying deficiencies in performance and seeking means and measures for improving performance in future.

1.10.8 Combining absolute and relative standards

Appraisal should be carried out by combining absolute and relative performance standards so that job performance expectations are relative and achievable.

1.10.9 Using behavior based measures

Behavioural based measures should be used to correct and develop appropriate employee attitudes, motivation and behavior for directing and controlling employee efforts and outcomes.

1.10.10 Identification of performance goals

Performance appraisal of employees should also be based upon agreed performance goals and targets for ensuring that employees are rated for the level of performance expected from them.

1.10.11 Training and Development

Performance should be used for the employee development purposes so that gaps in skills and competencies are addressed and removed for better performance and productivity.

1.10.12 Recognize and reward achievement

Appraisals should recognize, reward, reinforce and publicize employee achievements to motivate and serve as a role model for others to emulate.

1.10.13 Identifying improvement areas

Appraisal should identify areas where performance is good and when it can be improved.

1.10.14 Confidence and acceptability of employees

Performance appraisal process should be carried out in such a way that employees response trust and have confidence in the system. Without employee acceptance, performance appraisal shall serve no organizational purposes and will get reduced to a mere ritual on paper.

1.10.15 Documentation

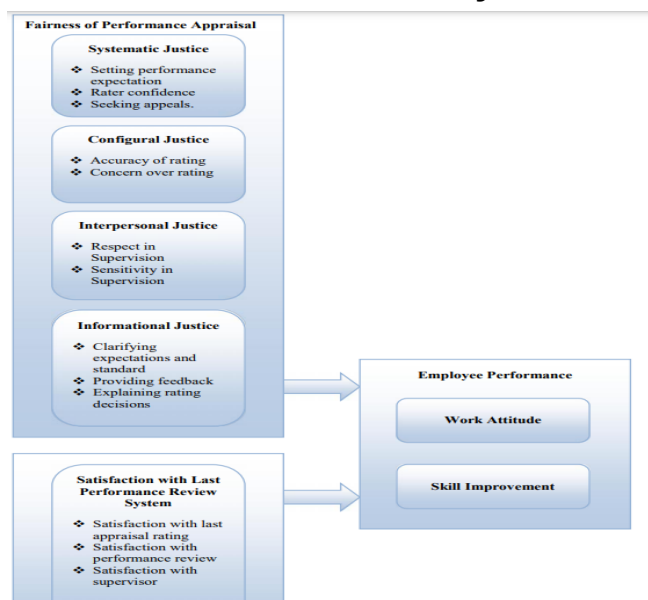
Appraisal process should ensure that performance goals and specific activities for developing performance of employees are documented for further reference and as legal backup.

1.11 Significance of the Study:

The purpose of this study was to measure the perception of fairness of and satisfaction with performance appraisal using Greenberg's hypothesized four-factor of organizational justice as a theoretical framework. Better understanding of the perceptions of the fairness based on the concepts of systemic, configural, informational and interpersonal justice of performance appraisal and related to employees reaction. It should provide decision makers with more specific information needed to improve the effectiveness of the system in achieving organizational goals. Multi-item scales are used based on the research of performance appraisal effectiveness and fairness shows research utilized to measure individual's perception of the extent to which fair processes and interactions are manifested in an organization's performance appraisal system.

The study was conducted in IT industry employment system located Tamil Nadu. Performance appraisal process is a mandatory requirement for the IT sector employees. The IT sectors have significantly different missions and work processes and different classifications of employees. The only measurement of the performance appraisal system has been the determination of the rate of usage of the system.

1.12 Frame work of the study:



1.13 STATEMENT OF PROBLEM:

Performance appraisal in IT sectors remains a widespread and common practice, however, it has the criticism of the process by practitioners and researchers. Exhaustive research has been conducted on a range of related topics with limited advances in the understanding and practice of performance appraisal. Lack of efficient ways to evaluate performance appraisal systems within organization has discouraged advances in theory related to performance appraisal as an organizational phenomenon.

1.14 Objectives of the Study:

1. To know the employees perception towards the fairness of performance appraisal in the IT industry.
2. To analyse the employees satisfaction towards last performance review system.
3. To examine the relationship between fairness of performance appraisal, last performance review and employees work attitude and skill improvement.
4. To know the employees perception towards work attitude and skill improvement based on their demographic profile.

1.15 Need for the study:

Today's corporate world demands sustainability in delivering high quality performance. Improvement is the rules of the game today; you simply cannot afford may consider performance of an organization as the sum of the total performance of each individual. In fact, performance management has today occupied an important role.

Global economy forced the organizations to be more and more competitive and the last word of competitiveness is "to perform". Thus, performance management is a managerial function for planning, improving, appraising and rewarding one's performance.

1.16 Hypotheses of the study:

1. Fairness of performance appraisal is not having relationship with employees work attitude.
2. Fairness of performance appraisal is not having relationship with employees skill improvement.
3. Employees satisfaction with last performance review is not having relationship with work attitude.
4. Employees satisfaction with last performance review is not having relationship with skill improvement.
5. Fairness of Performance appraisal and satisfaction with last performance review are not influencing the employees skill improvement.

Chapterization of The Study:

This research work is presented into five chapters. Chapter one deals with introduction about the topic. This chapter explained the concept and meaning of performance appraisal, organizational justice theory, research problem, significance of the study, framework for this research, objectives of the study and hypotheses of the study.

Chapter two explains the past literature available related with this topic.

Chapter three elucidates the research methodology adopted for this study. Here type of research, research tools description, pilot study, reliability of the research tool, sample size calculation, sampling procedure, data collection procedure and statistical tools applied are explained.

Chapter four explains the results of the study variables. Employees perception towards the fairness of performance appraisal, satisfaction with last performance review are presented.

Chapter five provides the findings, recommendations, scope for further research and conclusion. Bibliography and questionnaire are enclosed in the annexure.

CHAPTER 2

REVIEW OF LITERATURE

2.1 Introduction:

Review of related literature is an important step in undertaking a research. It helps the researcher to clarify and define the problem, stating objectives, formulating hypotheses, selecting appropriate design and methodology of research as well as interpreting the results in the light of the research work already undertaken. In this chapter, an endeavour has been made to provide an overview of various aspects of this study through the review of existing literature. The sources referred to include various journals, books, doctoral theses, working papers, reports, magazines, internet sites, newspapers, etc. In this research, the researcher has identified the relevant review of literature related to this topic, which are to be discussed in this chapter.

Karunakaran and Kathiresan (2017) examined the employees satisfaction towards their last performance. This research conducted at IT industry employees worked in Chennai region. Employees satisfaction with last performance rating satisfaction with last performance review and satisfaction with their supervisor are the variables considered to measure the employees satisfaction with last performance appraisal. Hence, this study uses descriptive research approach. Samples of 400 employees are surveyed through snowball sampling technique. The collected data are analyzed with descriptive statistics. It is found that the employees are having moderate level of satisfaction with last performance appraisal.

Karunakaran and Kathiresan(2017) examined the fairness of the performance appraisal in the IT industry in Chennai, Tamil Nadu, India. This research further examines how fairness of performance appraisal influences on employee works attitude. Hence, the study uses a descriptive research approach. Here, fairness about information justice, interpersonal justice and configural justice are analyzed in the research. Samples of 440 employees are surveyed to snowball sampling techniques. The collected data are analysed with descriptive statistics.

Karunakaran and Kathiresan (2016) noted that the performance appraisal of employees in IT sector at Chennai. This study sample size is 200 employees from It industry in Chennai. The authors used structured questionnaire to collect data. The employees performance appraisal is an emerging concept of corporate world that taps all areas of human resource management. The managers has to identify and find out each stage of human resource issues and have to solve it until the employees are not able to engage effectively. Employee performance appraisal practices are border in scope and nature. Also it has the impact on employees performance. The employees performance is based on the skill, knowledge, involvement and rapport between management and employees.

Karunakaran and Kathiresan (2016) analyzed the impact of performance appraisal of employees performance with special reference to IT sector in Chennai.

This study results shows the job satisfaction has positive and direct impact on performance of employees. In the present scenario the drives of performance are involvement and loyalty of employees in organization. Performance appraisal is playing vital role in achieving the work goals, stimulate the personal growth, learning and development. In addition, it can utilize resources with optimum manner. Particularly, it has the motivational potential in the face of high job demands. Further, satisfied employees are different from other employees in terms of their personal characteristics and performance. Finally, employees are possessed more personal resources, including optimism, self efficiency, self esteem and active coping style. These characteristics surely help them to make an impact in their work environment and they can give best performance successfully.

Maria Hermel-Stanescu (2015) stated that the performance management is a complex concept that integrates all business activities and creates a continuous system for improvement. One of the key ingredients in an efficient performance management system is a well-designed performance appraisal that integrates the individual goals with the team and organization goals. When designing a performance appraisal system one has to consider many existing techniques, tools and sources of error. Also, when defining the expected results and KPI's for measurement, it is important to know the difference between output and outcome. The present paper aims to synthesize, through a literature review, the main aspects of performance appraisal in the context of performance management, pointing out its advantages and disadvantages.

Venclová Kateřina, et.al., (2013) focused on methods of employee performance appraisal in agricultural organizations in the Czech Republic. The first part of the article deals with the theoretical background of the term formal appraisal and employee performance appraisal methods as defined by Czech and foreign specialists. Further, the article describes, based on a questionnaire survey, employee performance appraisal methods that are considered important for the agricultural organizations in the Czech Republic. The aim of the article is to identify the current state of formal employee appraisal in a sample group of agricultural organizations and to test dependencies between selected qualitative characteristics. The outcomes show that the most commonly used methods of employee performance appraisal in agricultural organizations include predefined goal-based performance appraisal, predefined standard outcome-based performance appraisal and appraisal interviews. Agricultural organizations apply these methods in particular due to the fact that their findings are further utilized in other areas of human resource management, such as reward system and personnel planning. In statistical terms, dependency on the method of employee performance appraisal according to predefined goals applied by agricultural organizations and personnel planning has been proven.

Samaduzzaman (2013) discussed that 360 degree feedback is an effective performance evaluation method to measure the efficiency of a person. The feedback helps in removing the misconceptions or wrong perceptions.

Where in the author failed to focus on the type of the organizations, 360 degree feedback has been used and has made an impact.

Michael, et. al., (2013) stated that performance appraisal policy has been viewed by organizations and human resources practitioners as an effective tool for human resources management. However, effective performance appraisal policy remains a practical challenge to managers and employees because of cognitive, motivational and behavioural factors. At an organizational level, the performance appraisal policy impacts other human resources policies as well as organizational strategy. The effectiveness of an organization's performance appraisal policy is a prerequisite for ensuring the success of its selection, training and employee performance. At a strategic level, the need for rapid and effective organizational changes in today's dynamic social, economic and political environment requires that employees continually re-align their performance with the evolving goals and objectives of the organization.

The need to continually re-align employee performance characterizes many organizational units which continue to struggle with getting their employees to embrace the philosophy and practices that are geared at enhance employee performance.

Nathalie Abi Saleh (2012) noted that the principal purpose of an appraisal system should be to improve the employee and the organizational performance. The system must be based on a deep regard for people and recognize that employees are the most important resource. The system should first of all contribute to the satisfaction of all the employees. This tenet will require a continuous effort in counseling, coaching and honest, open communications between the employee and supervisors. The findings of this research conducted in the Lebanese firms seem to suggest that firms interested in improving their performance through the performance appraisal systems should seek to enhance the employee satisfaction toward this appraisal system. The findings of this research can be summarized as follows: The most common types of the performance appraisal employed in the Lebanese firms are the Graphic Rating Scale and the Management by Objectives. In all the firms, a performance feedback is given to the employees once a year during November and December by their direct managers. Rare are those HRM interviewed who considered that the feedback should be focused on solving the problems causing a poor performance. In most of the companies, employees are asked to complete a self- assessment before the feedback session and managers are the only source used to rate the employees. When asking about the performance appraisal purposes, the HRM cited that they use performance appraisal information for salary administration, promotions and recognition. None of them mentioned the functions of the development approach. Regarding the problems generated by the appraisal systems, we can distinguish five different types of problems according to the HRM citations: An unfair perceived performance appraisal system, the use of inconsistent criteria which may lead to negative attitude towards the appraisal system, unskilled appraisers who lack communication skills and consequently are not able to conduct an effective performance feedback, absence of tools aiming to improve the

performance appraisal system and finally the lack of the senior management support and Finally, the findings of this research indicated many areas have to be improved in the appraisal system such as the use of explicit evaluation criteria, an open and sincere feedback, a greater senior management support, a process perceived as being fair by employees and finally a structure in which improvements in performance appraisals may be facilitated.

Malik Ikramullah,et. al., (2012) examined perceptions of the civil servants regarding various purposes of the PAS. Data was collected from the civil servants working in the two departments of far flung district Dera Ismail Khan, Khyber Pakhtunkhwa. The results show that appraises has mixed responses regarding purposes of PAS. It implies that appraises are not fully aware to all the purposes of PAS, with exception of a sole purpose i.e. support to promotion decisions. In the article we discuss the factors affecting appraises perceptions about purposes of the appraisal system. Subsequently, we proffer few recommendations for making the appraisal system purposeful in minds of appraises. Finally, we give directions for future research in the PAS of civil service.

Liza Estino Daoanis (2012) stated that performance appraisal is a vital tool to measure the frameworks set by any organization to its employees. It is utilized to track individual contribution and performance against organizational goals and to identify individual strengths and opportunities for future improvements and assessed whether organizational goals are achieved or serves as basis for the company's future planning and development .This study examined the status of the performance appraisal system of Nass Construction Company and its implication to employees performance.

The respondents of this study were tenured employees. The purposive sampling technique was used in the selection of respondents. Quantitative and qualitative method of research was utilized in the gathering of data. Interviews, focus group discussions and survey questionnaires were the main instrument used in this study. The result of the study showed that the performance appraisal system of the company are in place, aligned with the vision and mission of the institution , and is accurate in terms of content and purpose.

On the other hand, the results reflected that the performance appraisal system of the company has brought about both positive and negative impact on the employees performance. Further, the respondents identified some major gaps in the implementation of the company's appraisal system: no appropriate rewards are given to best employees, appraisal system was not fully explained to employees, no feedback of results and employees do not participate in the formulation of evaluation tools. It is recommended that the company should revisit and redesign its appraisal system that is aligned to its vision and mission towards the attainment of its organizational goals.

Leena Toppo and Twinkle Prusty (2012) evaluated the employee's performance appraisal system, critics the system suffered and how the performance management system came to the practice.

The main purpose of this paper is to differentiate these two systems, employee's performance appraisal and management system. This paper uses a review of the literature to evaluate the development of appraisal system and argues the critic areas of appraisal system. The review identified as advancement in the management field and growing complexity in corporate sectors demand more capable HR, so more appraisal of employee's performance is not sufficient. Employee's contribution should be aligned with organizational objectives and strategy. Performance management eliminates the shortcomings of performance appraisal system to some extent.

Warokka et. al., (2012) carried out a study on organizational justice in performance appraisal system and work performance. In this analysis data were collected from 151 sampled respondents. The descriptive finding for the study indicates that performance appraisal satisfaction is moderate with mean= 3.49 and SD= 0.76 and the level of work performance is also moderate with mean= 3.70 and SD= 0.46.

Alwadael (2010) carried out a study on employees' perception of, satisfaction with performance appraisal of electricity and water authority in kingdom of Bahrain and data were collected from 258 sample respondent. The descriptive findings of the study indicates that performance appraisal satisfaction is low with mean= 2.66 and SD= 1.14. This finding indicates that employees are dissatisfied in the existing performance appraisal system. More over, subordinates relying on performance keep all parties working as a unit. The members of the organization, including the leader, adopt a supportive attitude in which they share one another's needs, values, aspirations, goals and expectations. Performance appraisals are generally not very popular in organizations. Ironically, they are valuable tools for maintaining and improving performance. At the organizational appraisal, some appraisal systems are outdated and cumbersome and seem to measure only that which can be qualified. On the personal level, some managers are resent the time consumed by appraisal and feel uncomfortable sitting in judgment upon another person .

Rabia Karimi et. al., (2011) examined the relationship of employee performance appraisal system (PER) and employee satisfaction (SAT) in a sample of 101 employees working at one of the international non for profit organization. The data was collected by convenient sampling and snow ball sampling techniques with the help of adopted questionnaires. The reliability of the instruments used is reaffirmed which is accordance with the required standards. After applying Pearson's correlation and linear regression the results show that there is a positive relationship between the independent and the dependent variables. The study has implications for managers of all the profit and profit organizations. The results are compared with and discussed in the light of relevant research studies.

Kai-Ping Huang, et.al., (2011) analyzed the management by objective and assessment centre techniques. Employees are appraised for several reasons, the most important of which is to realize the best use of human resources and to plan for future needs; rewards and punishments are secondary. Assessment Centre evaluation or appraisal is valuable because it allows a candidate to concentrate on

the task at hand. The literature review and arguments were conducted to provide a systematic discussion of the study. In management by objective performance appraisal, employees are obliged to deal with overcoming empirical challenges. In Assessment Centre Appraisal, the different outcomes for particular tasks can be evaluated and management can assess employees' relative proficiencies in terms of these tasks. In both forms, consistency in criteria is crucial, for purposes of comparison and standardization. Where comparisons are made with other employees, the criteria need to be parallel for employees at similar levels of responsibility. Differences between organizational cultures will have impact on the way that assessment results are received under MBO performance appraisal as well. The outcomes that employees achieve in the tasks provided for appraisal purposes may involve different levels of risk, even within firm guidelines. In the assessment centre, the candidate is separated from colleagues. To make comparative rating assessments, effective MBO will incorporate objective criteria. At times, MBO will be useful in judging change over time for employees performing fairly routine work.

Desler (2011) stated that the effective appraisal begins long before the actual appraisal. He put into detail the steps in appraising performance as follows: first, is to make sure that employee's job and performance criteria are defined. Defining the job means making sure that the superior and subordinate agree on his or her duties on job standards and on the appraisal methods that will be used. Secondly, appraising performance means comparing the subordinate's actual performance to the standards which involve the rating form. Finally, an effective appraisal requires a feedback system, where superior discuss with subordinate on his or her performance and progress, and make plans for any development required.

Desler (2011) argued that it is better to have an appraisal which has problems than to have no appraisal at all. The problems in a performance appraisal can be remedied by actually minimizing them. It is suggested that five things should be done to have an effective appraisal. First, he suggested that potential appraisal problems should be learned and understood. Knowing the problem and anticipating it would help in avoiding it in the process of appraising. Second, it would be proper to choose an appropriate appraisal tool or a combination of tools to use. Third, he suggested that a proper recording of an employees performance for the year in appraisal is a must. Hence, he suggested that a diary of employees performance is proper. Fourth, there must be an agreement to improve unsatisfactory performance of employees. And fifth, a process of appraisal must be rendered fairly every time.

Saeed and Shahbaz (2011) analysed the employee satisfaction with performance appraisal system in India. In this study a total of 163 questionnaire was distributed of them 129 completed response (representing 79.14% of response rate) were used for data analysis. The finding of the study indicates that satisfaction of respondents to performance appraisal system is at moderate level. Desler (2011) gives four reasons to appraise subordinates performance. First, from a practical point of view, most employers still base pay and promotional decisions on the employees appraisal.

Second, the appraisal lets the boss and subordinate develop a plan for correcting any inefficiencies, and to reinforce the things the subordinate does right. Third, appraisals should serve a useful career planning purpose. They provide an opportunity to review the employees career plans in light of his or her exhibited strengths and weaknesses. Fourth, appraisals play an integral role in the employers performance management process.

Robertson (2010) highlighted on the impact of gender differences on seniority level by using 360 degree assessments which has a behavioral impact on influencing, leadership and team behaviors. The author suggested that in every organization the employees should be well familiar with the influential factors of change process as well with the hierarchical systems of authority. The study also imparted on development of leadership system in an organization to make well conversant with the change in different level of positions both from the aspect of male and female which ultimately lead to growth in organizational performance.

Pichler (2009) summarized the previous studies of the social context of performance appraisal, supervisor trust, supervisors support and supervisor satisfaction are three widely measured constructs besides rater-ratee relationship quality. It is pointed out that these three constructs have very similar meaning as rater-ratee relationship quality. As the leader- member exchange theory proposes that supervisor trust and support are just some aspects of exchange quality, it is expected that these three constructs have a similar meaning and will have similar ways of relating to employees reactions.

Drew (2009) highlighted on individual leadership development by using 360 degree feedback. The author analyzed that 360 degree feedback has favourable influence in different universities as well as also in knowledge based entities in the aspect of leadership. Here "People engagement" was thoroughly checked by gaining well defined feedback. 360 degree feedback is considered to add value to individuals where in individuals look into their self and work on it for their own development there by meeting the organization's objective.

Stark, et. al., (2008) highlighted on the degree of effect 360 degree feedback has on the comfort level of faculty and their skills. It was found that 360 degree feedback provides best results when it is used for training purpose. The limitation of the study was that they were unable to figure out the differences in attitudes.

Newbold (2008) said that 360 degree appraisals are classics. 360 degree appraisals are a powerful addition to the performance management system. It should be in alignment with the strategic aim of the organization. The author also focuses on the success of the 360 degree feedback. It is a success only because of few factors like the purpose being clear, organization readiness, employee preparation, the way it has to be run, and finally effective delivery of the feedback.

Youngcourt, et al., (2007) contends that a decision on the purpose appraisal is helpful in determining what is to be appraisal. In the government setting, a well-developed and systematic employees performance appraisal and maintenance system can serve in many ways. It can be a tool to discover civil servants' weaknesses, stimulate them to continue improving themselves, and assist the organization in assigning work in accordance with their abilities.

Grubb (2007) expressed that performance appraisal is done because at first, it fits direct approach to management. Secondly, people are suited into the system. He argued that, employees are organized to fit into the production machine. Employees are viewed as an accessory to the organizational structure and machinery of producing goods and services. Additionally, performance appraisal is needed to control performance. Performance appraisal is present because management has to set a performance standard for its employees.

Youngcourt, et al., (2007) emphasized that knowledge of and experience with the multi-source system as well as social support play an important role in multi-source system reactions. A supportive work environment and an individuals self-efficacy are the most important predictors of employees attitudes towards multi-source feedback and frequency of developmental activities. When individuals receive lower than expected ratings, they respond quiet negatively and this may influence their response to developmental activities. Generally, if participants do not perceived the system to be fair, the feedback to be accurate, or sources to be credible, then they are more likely to ignore and not use the feedback they receive.

Gurbuz and Dikmenli (2007) positioned that the less experienced and youthful employees are relatively more anxious during appraisal than the more experienced and older ones. However, employees who undergo performance appraisal several times, regardless of their age, accumulate valuable information, knowledge and experience about its process and purpose through the feedback system. This eventually helps reduce their anxiety during subsequent appraisals. In general, both youthful and older employees perception of performance appraisal system does not vary significantly according to their ages. The authors further suggest that highly educated and professionally competent appraises are generally more cooperative and supportive of performance appraisal than those of relatively lower educational and professional competence

Morse (2007) discussed about the gender differences within the 360 managerial performance appraisals. It was found in the study that 360 appraisal systems does not discriminate the female managers in relation to their male counterparts. Here, the view of superior, sub ordinate, peers are taken and where in it was found that there was hardly any difference. It says that 360 degree feedback is one of the feedback process in which the process is very genuine giving the accuracy in the data collected. The limitation of the study was it was conducted on one company which cannot be generalized.

Prideaux (2006) highlighted on using of Multi-Source Feedback in converting professionals into managers. MSF (Multi-Source Feedback) was found to be useful tool for the development of the seniors professionals where there was a willingness and acceptance leading to the personal and organizational change. The limitation of the study was it was conducted in a particular organization and the results can't be generalized. 360 degree feedback to be successful needs the senior management support, relevance of the feedback, communication and accountability.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 METHODOLOGY:

Research methodology is mainly needed for the purpose of framing the research process and the designs and tools that are to be used for the project purpose. Research methodology helps to find performance appraisal to employee's. This time research methodology is framed for the purpose of finding the level of **Performance Appraisal & Employees Performance in IT Sector**.

3.2 RESEARCH DESIGN:

Descriptive Research Design

Descriptive research is a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study

3.3 SAMPLING TECHNIQUE:

Convenience sampling method

A convenience sample is one of the main types of non-probability sampling methods. A convenience sample is made up of people who are easy to reach.

3.4 SOURCES OF DATA:

In this project ,we collect the data from data collection through the questionnaire. Primary data sources are to be followed as the questionnaire was directly participants through respondents and desired answers for set of questions to them.

3.5 STRUCTURE OF THE QUESTIONNAIRE:

In this questionnaire we follow basic and simple way. Hence it is easy for participants respondents of the questionnaire without delay or confusion. Set of questions prepare in questionnaire constructed on the based questions. In structure of questionnaire used in this project as follows:

3.5.1 Based introduction:

In this questionnaire, we should be following small and simple description of questionnaire.

3.5.2 Personal details:

In this questionnaire begins with participants are asked about their personal details like name, age, gender, occupation and income etc.

3.5.3 Basic questions:

In this set of questions in the questionnaire consider of questions related to performance appraisal where participants are asked to their general options of concept of employee's performance in IT sector.

3.5.4 Experience relate to questions:

In set of questions in the questionnaire related to experience questions on the participants having preparation of performance appraisal.

3.5.5 Rating scale:

In this questionnaire it is focuses on ratings of the participants related to the questions.

3.6 SAMPLE SIZE:

Sample size of the project having target of 200 participants. The total number of responses 175. It is analysis the data as more participants of the survey. It is more responsible to participants in the survey. Target peoples : IT employees.

3.7 PERIOD OF STUDY:

In this project it is consider the one-time research and it is useful to us. It is important get knowledge about it. The period of study for the project was about 90days.The project is responses for 175 participants and in the period of 90 days.

3.8 HYPOTHESIS /ANALYTICAL TOOLS:

As we mentioned, the analytical tools used for project of qualitative variables and itis used for the measuring the level of satisfaction on the survey using the rangescale. Also, we mentioned where the survey directly participants for their responsefor the questionnaire. The questionnaire will have framed according to order hypothesis test using T-Test, Chi-square test and One-way ANOVA. The sequestions framed of quantitative data as survey of qualitative data.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 Percentage Analysis

The following consist of the data analysis and interpretation of my questionnaire:

Table No .4.1:

Gender wise classification of respondents

Gender	No of Responses	Percentage
Male	127	72.6%
Female	48	27.4%
Prefer not to say	0	0
TOTAL	175	100

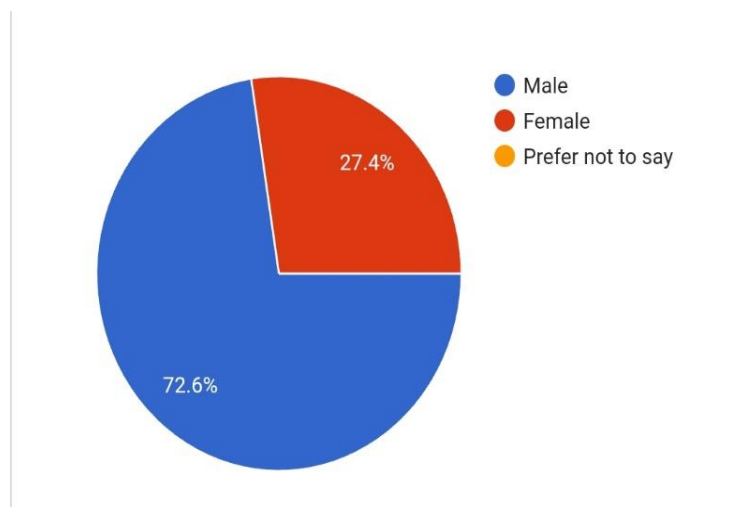


Chart No. 4.1.1:

Gender wise classification of respondents

Interpretation:

From the above table, it is interpreted that 72.6% of respondents are of male category and 27.4% of them belong to female category. It also to be noted that none of them have opted for the option for transgender 0%.

Inference:

Majority 72.6% of the respondents of my questionnaire are Male.

Table No.4.2:

Age wise classification of the respondents

Age	No of responses	Percentage
20-35	124	70.9%
36-50	42	24%
51-60	8	5%
Above 60	1	0.1%
total	175	100

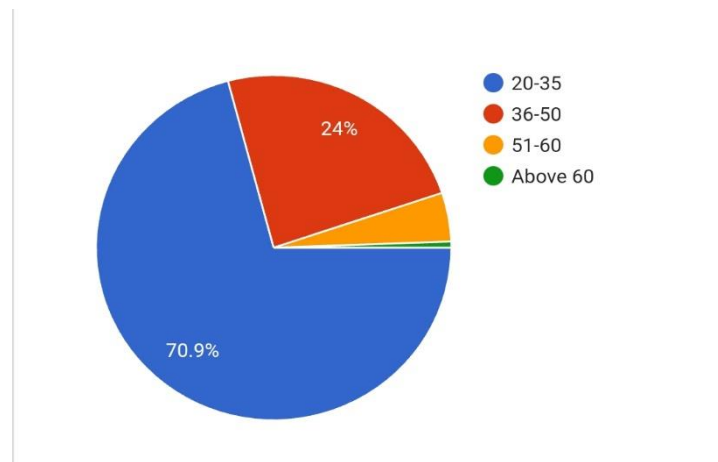


Chart No. 4.2.1:

Age wise classification of the respondents

Interpretation:

From the above table, it is interpreted that 70.9% of respondents are of age group 20-35 years, 24% of them belong to age group 36-50 years, 5% of them belong to age group 51-60 years, 0.1% of them belong to age group over above 60 years.

Inference:

Majority 70.9% of the respondents of my questionnaire belong to the age group of 20-35 years.

Table No. 4.3 :

Qualification of the respondents

Qualification	No of responses	Percentage
Ug	111	63.8%
Pg	63	36.2%
total	174	100

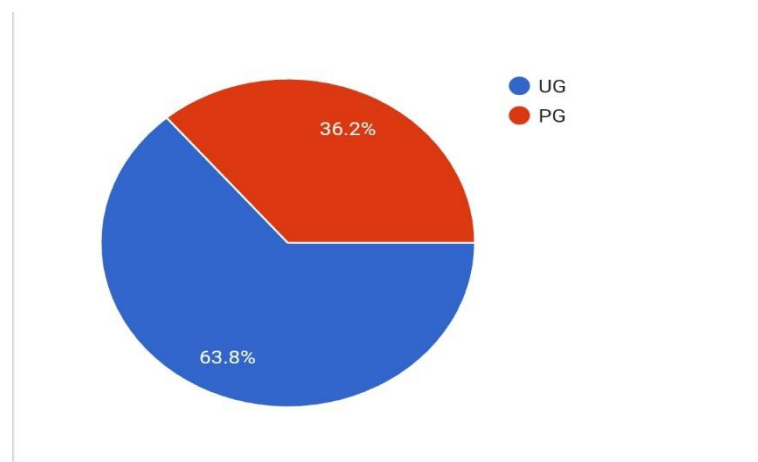


Chart No. 4.3.1:

Qualification of the respondents

Interpretation:

From the above table, it is interpreted that 63.8% of respondents are of qualified UG, 36.2% of them belong to qualified PG.

Inference:

Majority 63.8% of the respondents of my questionnaire belong to the qualified UG.

Table No. 4.4 :

Designation of the respondents

Designation	No of responses	Percentage
Senior level	32	18.3%
Middle level	82	46.9%
Entry level	32	34.9%
Total	175	100

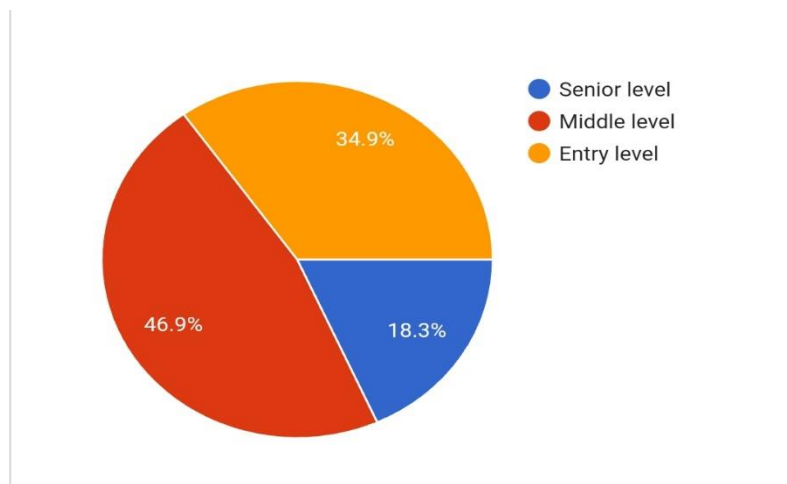


Chart No. 4.4.1:

Designation of the respondents

Interpretation:

From the above table, it is interpreted that 18.3% of respondents are of designation to senior level, 46.9% of them belong to middle level, 34.9% of them belong to entry level.

Inference:

Majority 46.9% of the respondents of my questionnaire belong to the designation to middle level.

Table No.4.5:

Department of the respondents

Department	No of responses	Percentage
Technical	117	67.2%
Non-technical	55	31.6%
Others	3	1.2%
Total	174	100

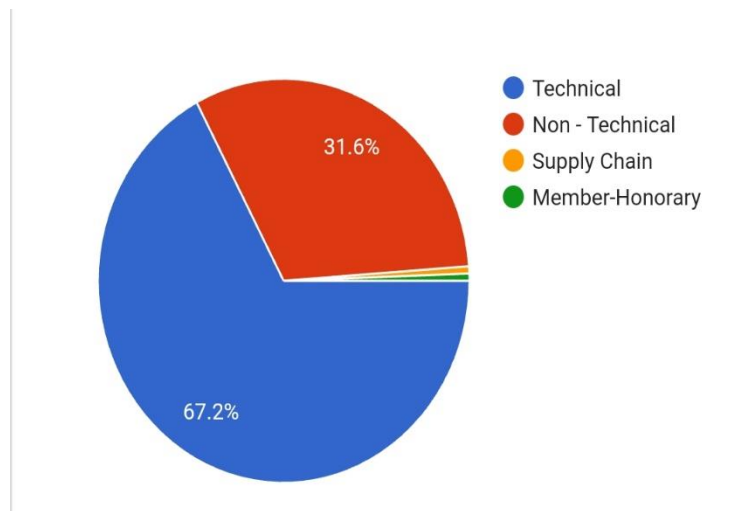


Chart No.4.5.1:

Department of the respondents

Interpretation:

From the above table, it is interpreted that 67.2% of respondents are departments of technical, 31.6% of them belong to non-technical departments, 1.2% of them belong to other departments.

Inference:

Majority 67.2% of the respondents of my questionnaire belong to technical departments

Table No.4.6:

Annual salary of the respondents

Annual salary	No of responses	Percentage
Below 2.5 lakhs	22	12.6%
2.5-5 lakhs	65	37.4%
5-8 lakhs	46	26.4%
8-12 lakhs	21	12.1%
Above 12 lakhs	20	11.5%
total	174	100

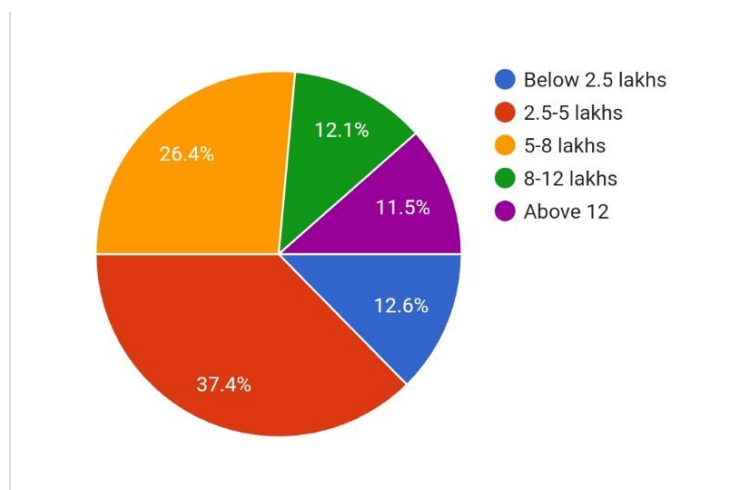


Chart No.4.6.1:

Annual salary of the respondents

Interpretation:

From the above table, it is interpreted that 12.6% of respondents are salary below 2.5 lakhs, 37.4% of them belong to 2.5-5 lakhs salary, 26.4% of them belong to 5-8 lakhs salary, 12.1% of them belong to 8-12 lakhs salary, 11.5% of them belong to above 12 lakhs.

Inference:

Majority 37.4% of the respondents of my questionnaire belong to get salary 2.5 – 5 lakhs

Table No.4.7:

Experience of the respondents

Experience	No of responses	Percentage
Below 2 years	53	30.3%
3-8 years	83	47.4%
Above 8 years	39	22.3%
total	175	100

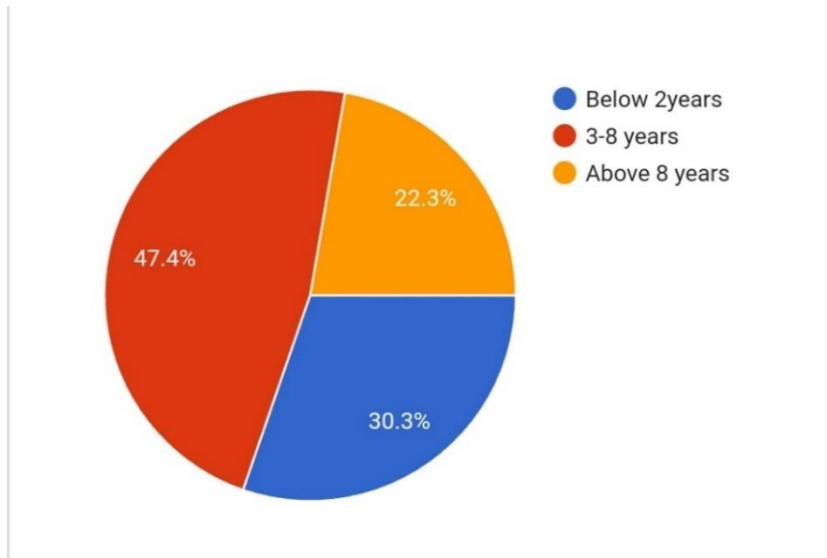


Chart No.4.7.1:

Experience of the respondents

Interpretation:

From the above table, it is interpreted that 30.3% of respondents are below 2 years experience, 47.4% of them belong to 3-8 years experience, 22.3% of them belong to above 8 years experience.

Inference:

Majority 47.4% of the respondents of my questionnaire belong to the 3-8 years experience.

Table No.4.8:

Respondents of opinion to performance appraisal is

Opinion	No of responses	Percentage
Evaluation of employees	52	29.9%
Promotion of employees	76	43.7%
Job satisfaction of employees	36	20.7%
Motivation	10	5.7%
Total	174	100

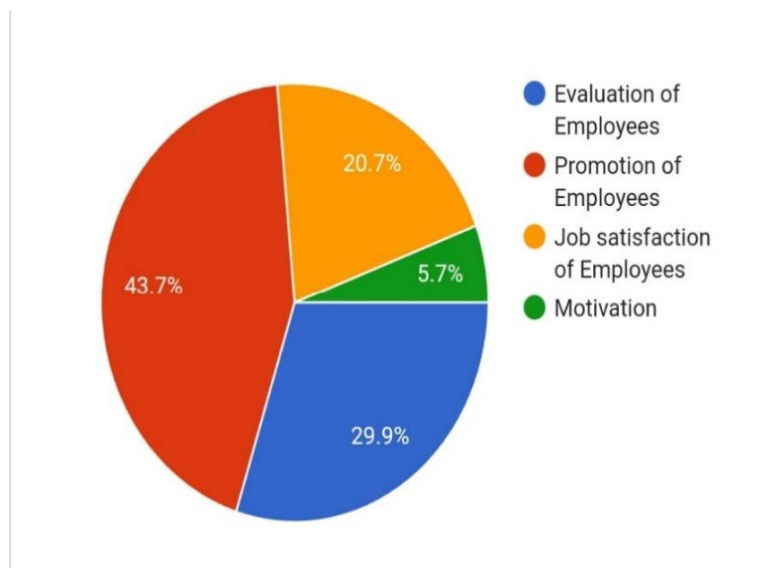


Chart No.4.8.1:

Respondents of opinion to performance appraisal is

Interpretation:

From the above table, it is interpreted that 29.9% of respondents are opinion to evaluation of employees, 43.7% of them belong to promotion of employees, 20.7% of them belong to job satisfaction of employees, 5.7% of them belong to motivation.

Inference:

Majority 43.7% of the respondents of my questionnaire belong to be opinion to promotion of employees.

Table No.4.9:

Respondents choose the method of performance appraisal is implemented in the organization

Methods	No of responses	Percentage
Merit	73	42.7%
Grading	97	56.7%
Others	5	.6%
Total	171	100

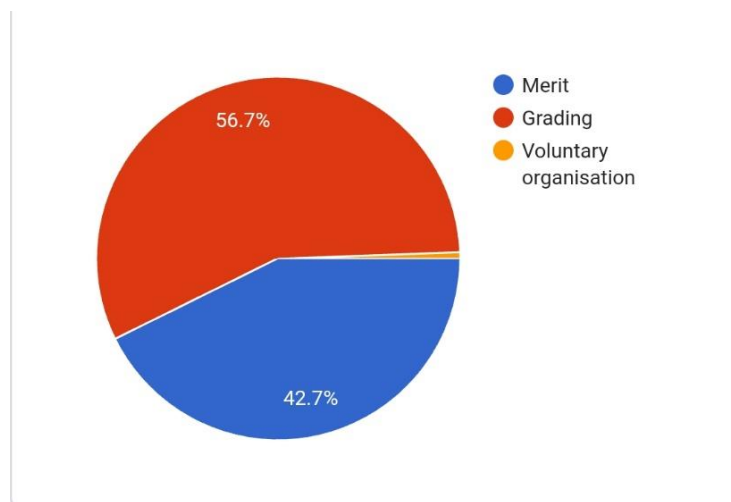


Chart No.4.9.1:

Respondents choose the method of performance appraisal is implemented in the organization

Interpretation:

From the above table, it is interpreted that 42.7% of respondents are implementing merit methods, 56.7% of them belong to grading methods, 0.6% of them belong to other methods.

Inference:

Majority 56.7% of the respondents of my questionnaire belong to the implementing grading method.

Table No.4.10:

Respondents are receive any increment in salary after performance appraisal

Receiving Increment	No of responses	Percentage
yes	121	69.1%
No	34	19.4%
May be	20	11.4%
Total	175	100

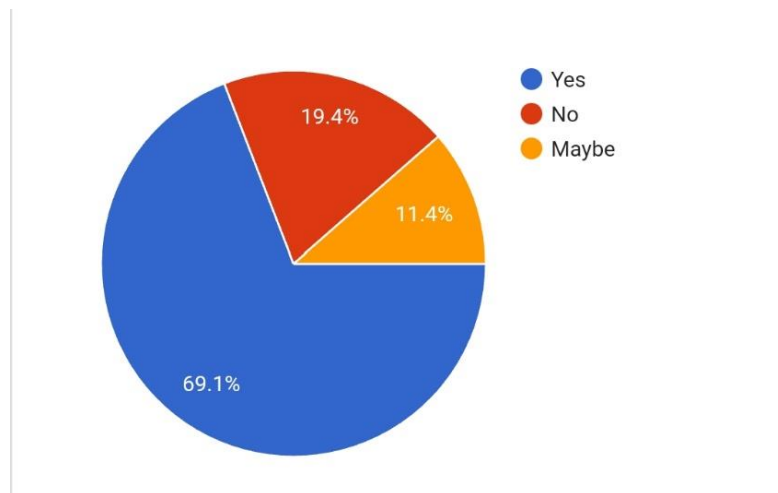


Chart No.4.10.1:

Respondents are receive any increment in salary after performance appraisal

Interpretation:

From the above table,it is interpreted that 69.1% of respondents are receiving increment yes, 19.4% of them belong to No, 11.4% of them belong to may be receiving increments.

Inference:

Majority 69.1% of the respondents of my questionnaire belong to the receiving increment yes.

Table No.4.11:

Respondents are think performance appraisal helps people set and achieve meaningful goals

Achieving goals	No of responses	Percentage
Strongly agree	59	33.7%
Agree	70	40%
Neutral	37	21.1%
Disagree	7	3.2%
Strongly disagree	2	2%
Total	175	100

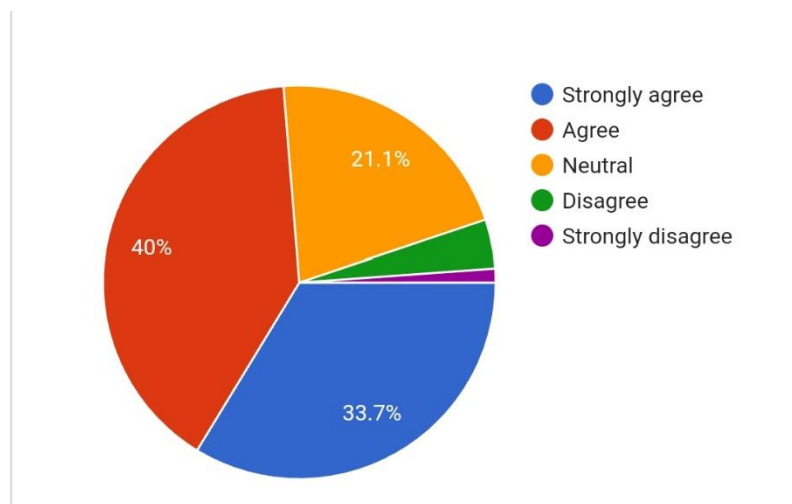


Chart No.4.11.1:

Respondents are think performance appraisal helps people set and achieve meaningful goals

Interpretation:

From the above table,it is interpreted that 33.7% of respondents are achieving goals to strongly agree, 40% of them belong to achieving goals to agree, 21.1% of them belong to achieving goals to neutral, 3.2% of them belong to achieving goals to disagree, 2% of them belong to achieving goals to strongly disagree.

Inference:

Majority 40% of the respondents of my questionnaire belong to the achieving goals to agree.

Table No.4.12:

Respondents of opinion, the performance appraisal system of your organization is related to

Opinion	No of responses	Percentage
Retention of employees	83	47.7%
Recruitment system	74	42.5%
Organizational culture	63	36.2%
motivation	60	34.5%
total	174	100

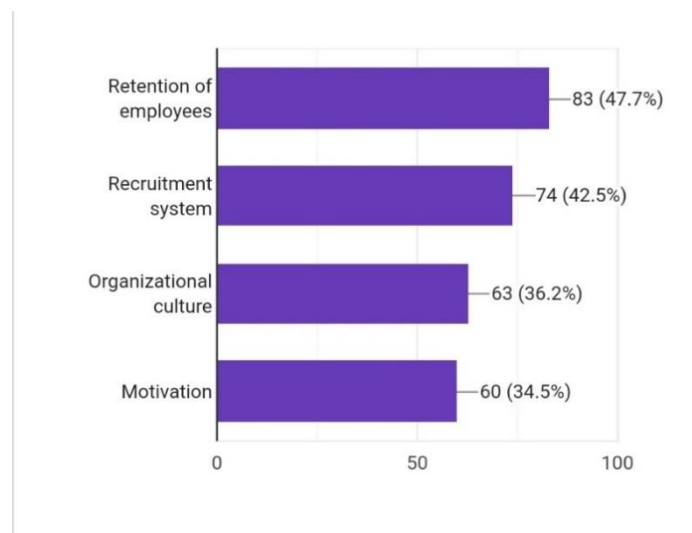


Chart No.4.12.1:

Respondents of opinion, the performance appraisal system of your organization is related to

Interpretation:

From the above table, it is interpreted that 47.7% of respondents are opinion to retention of employees, 42.5% of them belong to recruitment system, 36.2% of them belong to organizational culture, 34.5% of them belong to motivation.

Inference:

Majority 47.7% of the respondents of my questionnaire belong to the opinion to retention of employees.

Table No.4.13:

Respondents are think performance appraisal improves motivation and job satisfaction

Improvements	No of responses	Percentage
Strongly agree	70	40.2%
Agree	54	31%
Neutral	34	19.5%
Disagree	15	8.6%
Strongly disagree	1	0.7%
Total	174	100

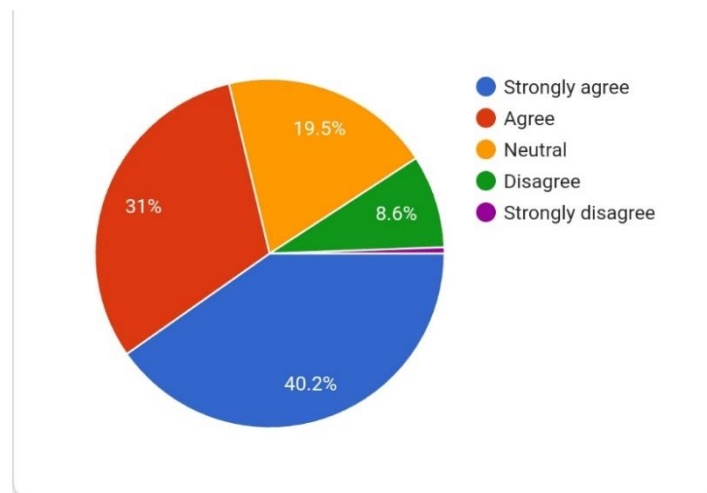


Chart No.4.13.1:

Respondents are think performance appraisal improves motivation and job satisfaction

Interpretation:

From the above table, it is interpreted that 40.2% of respondents are improvement of motivation and job satisfaction is strongly agree, 31% of them belong to agree, 19.5% of them belong to neutral, 8.6% of them belong to disagree, 0.7% of them belong to strongly disagree.

Inference:

Majority 40.2% of the respondents of my questionnaire belong to the improvement of motivation and job satisfaction to strongly agree.

Table No.4.14:

Respondents on what basis performance appraisal is made

Basis	No of responses	Percentage
Total output	69	39.9%
Behavioral efficiency	64	37%
both	40	23.1%
total	173	100

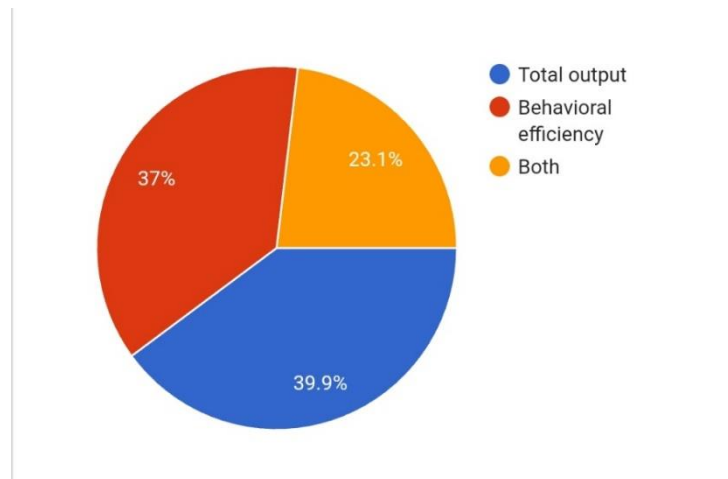


Chart No.4.14.1:

Respondents on what basis performance appraisal is made

Interpretation:

From the above table, it is interpreted that 39.9% of respondents are basis from total output, 37% of them belong to behavioural efficiency, 23.1% of them belong to basis from both.

Inference:

Majority 39.9% of the respondents of my questionnaire belong to basis from total output.

Table No.4.15:

Respondents of opinion are the cause for failure of performance appraisal system

Opinion	No of responses	Percentage
Lack of role clarity	43	25.1%
Interval of appraisal	44	25.7%
Lack of communication by supervisors	67	39.2%
Any other please	21	10%
Total	171	100

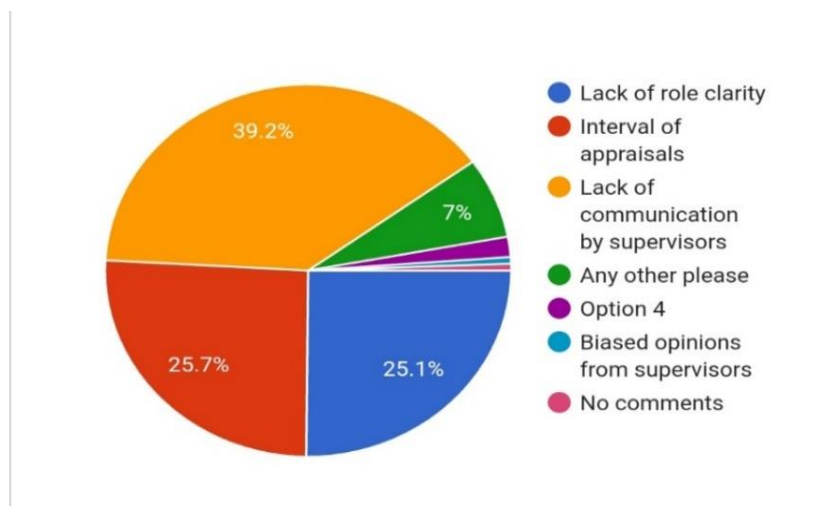


Chart No.4.15.1:

Respondents of opinion are the cause for failure of performance appraisal system

Interpretation:

From the above table, it is interpreted that 25.1% of respondents are lack of role clarity, 25.7% of them belong to interval of appraisal, 39.2% of them belong to lack of communication by supervisors, 10% of them belong to any other please.

Inference:

Majority 39.2% of the respondents of my questionnaire belong to lack of communication by supervisors.

Table No.4.16:

Respondents are think performance appraisal give constructive criticism in an friendly and positive manner

Reactions	No of responses	Percentage
Yes	115	66.1%
No	34	19.5%
May be	25	14.4%
Total	174	100

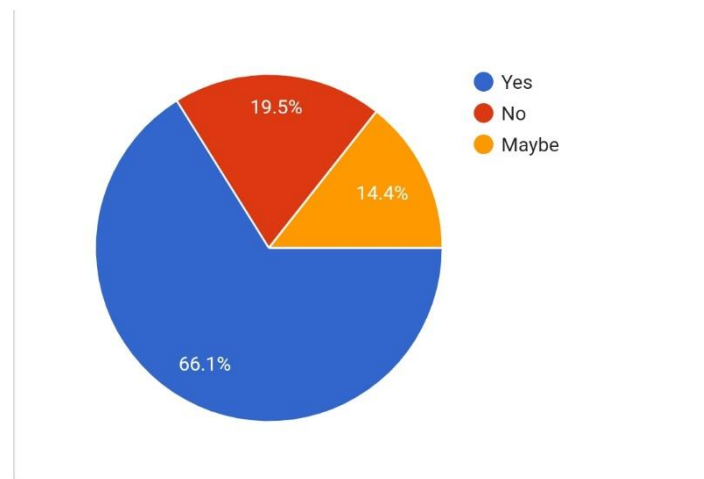


Chart No.4.16.1:

Respondents are think performance appraisal give constructive criticism in an friendly and positive manner

Interpretation:

From the above table,it is interpreted that 66.1% of respondents are yes , 19.5% of them belong to No , 14.4% of them belong to may be .

Inference:

Majority 66.1% of the respondents of my questionnaire belong to Yes.

Table No.4.17:

Respondents of the top-level management partial in performance appraisal

Partial	No of responses	Percentage
Strongly agree	46	26.4%
Agree	50	28.7%
Neutral	54	31%
Disagree	13	7.5%
Strongly disagree	11	6.3%
Total	174	100

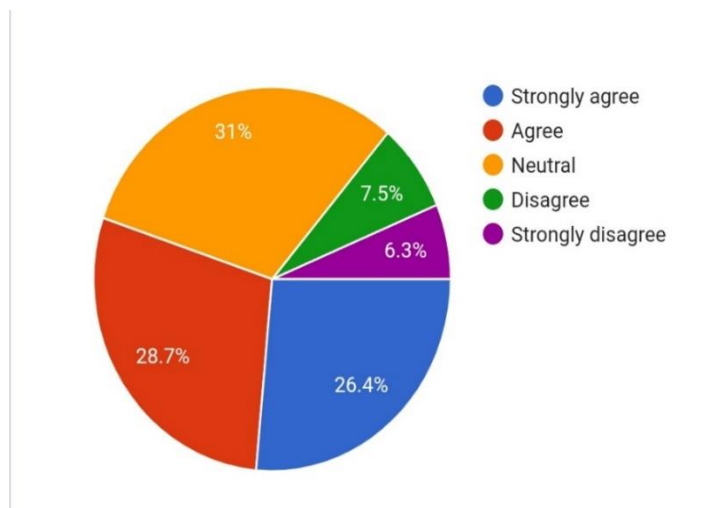


Chart No.4.17.1:

Respondents of the top-level management partial in performance appraisal

Interpretation:

From the above table, it is interpreted that 26.4% of respondents are partially strongly agree, 28.7% of them belong to partially agree, 31% of them belong to partially neutral, 7.5% of them belong to partially disagree, 6.3% of them belong to partially strongly disagree.

Inference:

Majority 31% of the respondents of my questionnaire belong to the partially neutral.

Table No.4.18:

Respondents are think performance appraisal is responsible for the change in behaviour

Behaviour	No of responses	Percentage
Rarely	38	21.8%
Occasionally	53	30.5%
Sometimes	50	28.7%
Frequently	16	9.2%
Always	17	9.8%
Total	174	100

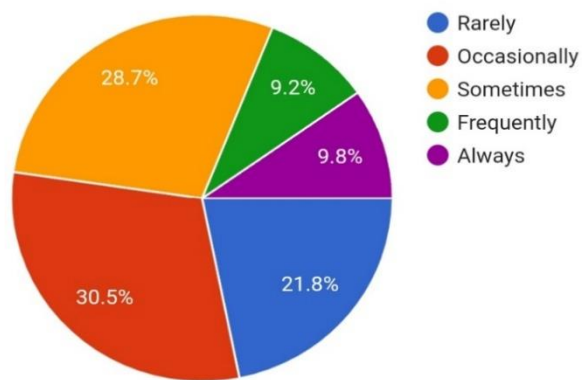


Chart No.4.18.1:

Respondents are think performance appraisal is responsible for the change in behaviour

Interpretation:

From the above table,it is interpreted that 21.8% of respondents are rarely , 30.5% of them belong to occasionally , 28.7% of them belong to sometimes , 9.2% of them belong to frequently, 9.3% of them belong to always.

Inference:

Majority 30.5% of the respondents of my questionnaire belong to occasionally.

Table No.4.19:

Respondents to be choose the level of satisfaction employees has towards the existing performance appraisal system

Level of satisfaction	No of responses	Percentage
Least satisfied	34	19.8%
Somewhat satisfied	57	33.1%
Occasionally satisfied	53	30.8%
Frequently satisfied	16	9.3%
Always satisfied	12	7%
Total	174	100

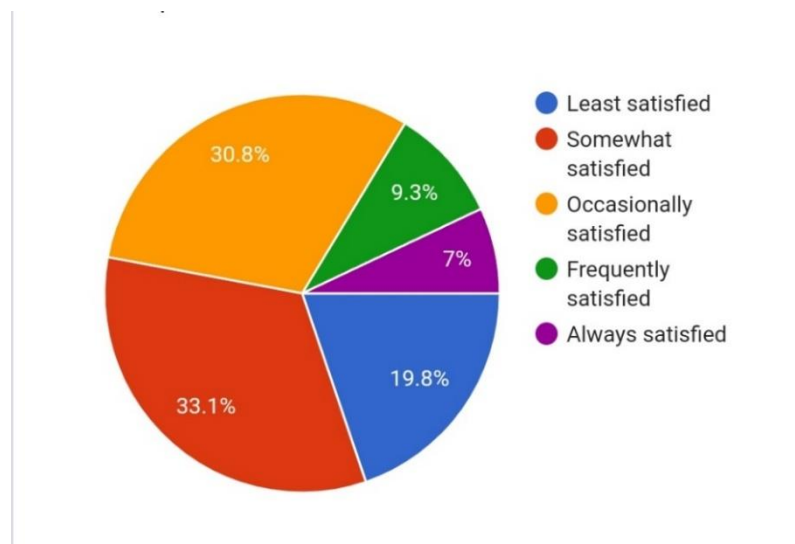


Chart No.4.19.1:

Respondents to be choose the level of satisfaction employees has towards the existing performance appraisal system

Interpretation:

From the above table, it is interpreted that 19.8% of respondents are least satisfied, 33.1% of them belong to somewhat satisfied, 30.8% of them belong to occasionally satisfied, 9.3% of them belong to frequently satisfied, 7% of them belong to always satisfied.

Inference:

Majority 33.1% of the respondents of my questionnaire belong to somewhat satisfied.

Table No.4.20:

Respondents satisfaction towards last performance rating

Rating	No of responses	Percentage
Poor	0	0%
Not bad	2	1.1%
Neutral	21	12.1%
Good	53	30.5%
Excellent	98	56.3%
Total	174	100

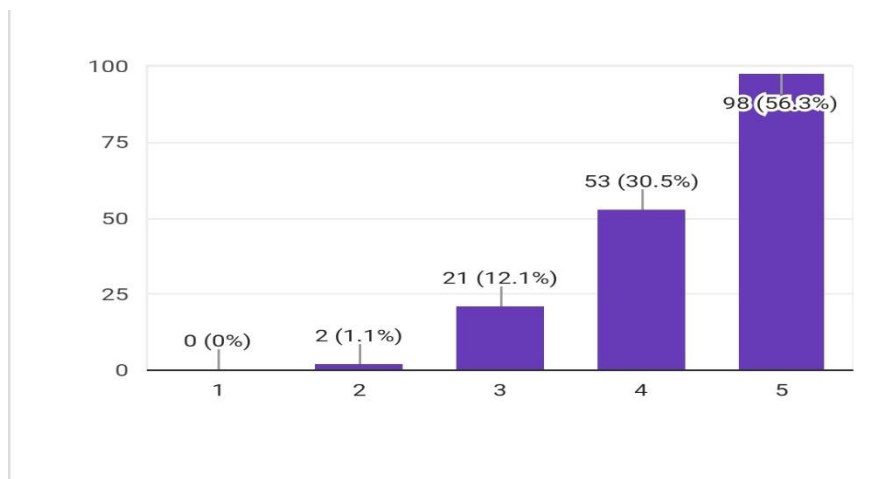


Chart No.4.20.1:

Respondents satisfaction towards last performance rating

Interpretation:

From the above table, it is interpreted that 0% of respondents are poor, 1.1% of them belong to not good, 12.1% of them belong to neutral, 30.5% of them belong to good, 56.3% of them belong to excellent.

Inference:

Majority 56.3% of the respondents of my questionnaire belong to Excellent.

4.2 CHI-SQUARE:

4.2.1 Question

The two-question using in chi-square that is qualification and designation.

Solution: Hypothesis

Hypothesis Null hypothesis (H₀): There is no significant difference between the qualification and designation.

Alternate hypothesis(H₁): There is significant difference between the qualification and designation.

Output Paired T-Test:

Educational qualification * Designation Crosstabulation

			Designation			
			1	2	3	Total
Educational qualification	1	Count	20	47	44	111
		Expected Count	20.4	52.3	38.3	111.0
	2	Count	12	35	16	63
		Expected Count	11.6	29.7	21.7	63.0
Total	Count		32	82	60	174
	Expected Count		32.0	82.0	60.0	174.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2- sided)
Pearson Chi-Square	3.876 ^a	2	.144
Likelihood Ratio	3.957	2	.138
Linear-by-Linear Association	1.854	1	.173
N of Valid Cases	174		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 11.59.

Conclusion :

Since p value (0.144) is the greater than 0.05 at 5 percent level of significance, the null hypothesis is accepted and alternate hypothesis is rejected. Hence it is proved that there is significant difference between the qualification and designation.

4.3 ONE WAY ANOVA TEST:

4.3.1.Question

The two-question using in one way anova that is receiving increment after performance appraisal and level of satisfaction.

Hypothesis: Hypothesis

Null hypothesis (H₀):There is no significance difference between the receiving increment after performance appraisal and level of satisfaction.

Alternate Hypothesis(H₁):There is significance difference between receiving increment after performance appraisal and level of satisfaction.

Output one way anova

Descriptives

Do you receive any increment in your salary after performance appraisal?

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	34	1.50	.749	.128	1.24	1.76	1	3
2	57	1.40	.728	.096	1.21	1.60	1	3
3	53	1.42	.633	.087	1.24	1.59	1	3
4	16	1.31	.602	.151	.99	1.63	1	3
5	12	1.50	.798	.230	.99	2.01	1	3
Total	172	1.42	.693	.053	1.32	1.53	1	3

ANOVA

Do you receive any increment in your salary after performance appraisal?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.493	4	.123	.252	.908
Within Groups	81.525	167	.488		
Total	82.017	171			

Conclusion:

Since p value (0.908) is greater than 0.05 at 5 percent level of significance, the null hypothesis is accepted and alternate hypothesis is rejected. Hence we can conclude that generally the receiving increment after performance appraisal and level of satisfaction.

4.4 ONE SAMPLE TEST :

4.4.1 question

The two-question using in one sample test that is opinion of employees performance appraisal and receiving increment after performance appraisal.

Hypothesis: Hypothesis

Null hypothesis (H₀): There is significance difference between the opinion of employees performance appraisal and receiving increment after performance appraisal.

Alternate Hypothesis(H₁): There is no significance difference between the opinion of employees performance appraisal and receiving increment after performance appraisal.

Output one sample test

One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
In your opinion performance appraisal is?	174	2.02	.860	.065
Do you receive any increment in your salary after performance appraisal?	175	1.42	.689	.052

One-Sample Test

		Test Value = 1.75		Mean Difference	95% Confidence Interval of the Difference	
	t	df	Sig. (2-tailed)		Lower	Upper
In your opinion performance appraisal is?	-2653.610	173	.000	-172.977	-173.11	-172.85
Do you receive any increment in your salary after performance appraisal?	-3330.511	174	.000	-173.577	-173.68	-173.47

Conclusion:

Since p value (0.00) is greater than 0.05 at 5 percent level of significance, the null hypothesis is rejected and alternate hypothesis is accepted. Hence we can conclude that generally the opinion of employees performance appraisal and receiving increment after performance appraisal.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 Findings:

From the questionnaire the following points are noted:

- 1) Majority 72.6% of the respondents of my questionnaire are Male.
- 2) Majority 70.9% of the respondents of my questionnaire belong to the age group of 20-35 years.
- 3) Majority 63.8% of the respondents of my questionnaire belong to the qualified UG.
- 4) Majority 46.9% of the respondents of my questionnaire belong to the designation to middle level.
- 5) Majority 67.2% of the respondents of my questionnaire belong to technical departments.
- 6) Majority 37.4% of the respondents of my questionnaire belong to get salary 2.5 – 5 lakhs.
- 7) Majority 47.4% of the respondents of my questionnaire belong to the 3-8 years experience.
- 8) Majority 43.7% of the respondents of my questionnaire belong to be opinion to promotion of employees.
- 9) Majority 56.7% of the respondents of my questionnaire belong to the implementing grading method.
- 10) Majority 69.1% of the respondents of my questionnaire belong to the receiving increment yes.
- 11) Majority 40% of the respondents of my questionnaire belong to the achieving goals to agree.
- 12) Majority 47.7% of the respondents of my questionnaire belong to the opinion to retention of employees.
- 13) Majority 40.2% of the respondents of my questionnaire belong to the improvement of motivation and job satisfaction to strongly agree.
- 14) Majority 39.9% of the respondents of my questionnaire belong to basis from total output
- 15) Majority 39.2% of the respondents of my questionnaire belong to lack of communication by supervisors .
- 16) Majority 66.1% of the respondents of my questionnaire belong to Yes.
- 17) Majority 31% of the respondents of my questionnaire belong to the partially neutral.
- 18) Majority 30.5% of the respondents of my questionnaire belong to occasionally.

19) Majority 33.1% of the respondents of my questionnaire belong to somewhat satisfied.

20) Majority 56.3% of the respondents of my questionnaire belong to Excellent.

5.2 Suggestions :

From the above inference the following things can be suggested:

The performance standards should be set in the planning session according to the performance expectation of the employees even though the employees work changes.

The organization should assign a qualified ratter who should know what the employees suppose to do.

The rater in the organization should clearly explain how the employees can improve their performance.

The rater in the organization should routinely provide the feedback about the work of the employees in order to improve their performance.

The accuracy of performance rating should reflect how much work the employees have done. The rater should help the employees to understand the process used to evaluate and rate their performance.

The employees should be allowed to seek appeal for their performance rating if it is shown incorrect or unfair. Supervisors should give the same PPR ratings to all their subordinates in order to avoid resentment and rivalries among them.

The rater in the organization should treat the employees with dignity.

The supervisor in the organization should treat the employees with kindness.

The employees are not satisfied with the most recent performance rating. Hence the most recent performance rating should reflect how the employees did the job.

The performance planning review process should help the employees to improve their job performance.

The employees are not much satisfied with the support given by supervisor so the supervisor should provide much support and guidance to the employees.

The employees are having least level of efficiency and effectiveness towards organization commitment, hence the organization should provide training to improve the efficiency and effectiveness in their work.

The employees are lacking leadership skills, hence the organization should frequently conduct leadership training programme for the employees to improve their leadership skills.

The fairness of performance appraisal and satisfaction with performance appraisal are having relationship with the employees skill and Commitment. Hence, it is recommended that the committed skilled employees should invest additional efforts towards enhancing better position of the company.

5.3 Scope for Further Research :

Future research can be conducted to refine the scales used to measure perceptions of fairness to further clarify the constructs. The scales in the informational justice factors such as, clarifying expectations and providing feedback may benefit from revisions to more closely link the items in these scales to the performance appraisal system instead of the more general topic of performance. Evaluation of the systemic justice factor would be strengthened by the addition of scale or items assessing the processes of performance sampling, gathering of information for the rating and documentation. Clarification of the configural justice factor (structural- distributive) should be pursued through addition of items to more clearly discern the perception of outcomes of the current performance and determine if other outcomes are perceived to occur beyond the rating itself.

Additional research is recommended for the use of reactions to measure fairness and other performance appraisal characteristics to clarify importance of the use reaction in evaluating the success and efficacy of performance appraisal. The complex nature of performance appraisal indicates that no single component or factor will be a sufficient indicator of the efficacy of a system. The development of reliable reaction to evaluate the fairness of performance appraisal will provide researchers and practioners, a more substantial foundation to consider in the evaluation of performance appraisal systems.

The researcher recommends that further research can investigate more thoroughly the reaction measurements of fairness and satisfaction with performance appraisal to clarify the relative influence of different areas or factor of organizational justice to satisfaction with performance appraisal and the relationship of these indicators with an ultimate criterion of appraisal effectiveness.

5.4 Conclusion:

The aim of the study is to analyze the effect of performance appraisal on employee performance in the IT sector. To achieve the aim, the researcher studied literatures of the related issues extensively and conducted survey questionnaire among the employees of IT sectors. It is found that the employees are having fairness about the performance appraisal. The employees are satisfied with last performance rating. Fairness of performance appraisal and satisfaction of last performance rating are having positive effect on employees' work attitude and skill improvement Hence, it is concluded that performance appraisal policy has been viewed by organization and human resources practitioners are considered as an effective tool for human resources management.

However, effective performance appraisal policy remains a practical challenge to managers and employees because of cognitive, motivational, behavioural factors. At an organizational level, the performance appraisal policy impacts other human resources policies as well as organizational strategy. The effectiveness of an organization performance appraisal policy is a prerequisite for ensuring the success of its selection, training and employee performance. In today's dynamic, social, economic and political environment, there is a need for rapid and effective fairness of performance appraisal system for the IT sector employees and its employees performance and it will face the organizational changes in strategic level.

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ANNEXURE 1

QUESTIONNAIRE

A study on effect of performance appraisal on employees performance in IT sector

1. Name

2. Gender

Mark only one oval.

- ☐ Male
- ☐ Female
- ☐ Prefer not to say

3. Mail-ID

4. Age

Mark only one oval.

- ☐ 20-35
- ☐ 36-50
- ☐ 51-60
- ☐ Above 60

5. Educational qualification

Mark only one oval.

☐ U

☐ G

☐ P

G

Other: _____

6. Name of the organization

7. Designation

Mark only one oval.

☐ Senior level

☐ Middle level

☐ Entry level

8. Department

Mark only one oval.

☐ Technical

☐ Non - Technical

☐ Other: _____

9. Annual salary

Mark only one oval.

- ☐ Below 2.5 lakhs
- ☐ 2.5-5 lakhs
- ☐ 5-8 lakhs
- ☐ 8-12 lakhs
- ☐ Above 12

10. Experience

Mark only one oval.

- ☐ Below 2years
- ☐ 3-8 years
- ☐ Above 8 years

11. In your opinion performance appraisal is?

Mark only one oval.

- ☐ Evaluation of Employees
- ☐ Promotion of Employees
- ☐ Job satisfaction of Employees
- ☐ Motivation

12. Which method of performance appraisal is implemented in the organization ?

Mark only one oval.

- ☐ Merit
- ☐ Grading
- ☐ Other: _____

13. Do you receive any increment in your salary after performance appraisal?

Mark only one oval.

- ☐ Yes
- ☐ No
- ☐ Maybe

14. Do you think performance appraisal helps people set and achieve meaningful goals ?

Mark only one oval.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree

15. In your opinion, the performance appraisal system of your organization is related to which of the following?

Tick all that apply.

- ☐ Retention of employees
- ☐ Recruitment system
- ☐ Organizational culture
- ☐ Motivation

16. Do you think performance appraisal improves motivation and job satisfaction?

Mark only one oval.

- ☐ Strongly agree
- ☐ Agree
- ☐ Neutral
- ☐ Disagree
- ☐ Strongly disagree

17. On what basis performance appraisal is made?

Mark only one oval.

- ☐ Total output
- ☐ Behavioral efficiency
- ☐ Both

18. What is your opinion are the causes for failure of performance appraisal system?

Mark only one oval.

- ☐ Lack of role clarity Interval of
- ☐ appraisals
- ☐ Lack of communication by
- ☐ supervisorsAny other please
- ☐ Other:_____

19. Do you think performance appraisal give constructive criticism in a friendly and positive manner?

Mark only one oval.

- ☐ Yes
☐ No
☐ Maybe

20. Is the top-level management partial in performance appraisal

Mark only one oval.

- ☐ Strongly agree
☐ Agree
☐ Neutral
☐ Disagree
☐ Strongly disagree

21. Performance appraisal is responsible for the change in behaviour

Mark only one oval.

- ☐ Rarely
☐ Occasionally
☐ Sometimes
☐ Frequently
☐ Always

22. Level of satisfaction employees has towards the existing performance appraisal system

Mark only one oval.

- ☐ Least satisfied
- ☐ Somewhat satisfied
- ☐ Occasionally satisfied
- ☐ Frequently satisfied
- ☐ Always satisfied

23. What can the management do to help improve work performance?

24. Satisfaction towards last performance rating

Mark only one oval.

1 2 3 4 5

☐ ☐ ☐ ☐ ☐

ANNEXURE II

A STUDY ON EFFECT OF PERFORMANCE APPRAISAL ON EMPLOYEES PERFORMANCE IN IT SECTOR.

Mr.D.NANDHAKUMAR.BBA.,MBA.,

School of Management Studies,Sathyabama Institute Of Science and Technology

Chennai,Tamilnadu,South India.

nandhakdp29@gmail.com

Dr.S.UMAMAHESHWARI.,

**Assistant Professor School of Management Studies,Sathyabama Institute Of Science and
Technology Chennai,Tamilnadu,South India.**

umaaishwarya99@gmail.com

ABSTRACT:

Performance Appraisal has been considered as the most significant and indispensable tool for an organization, for an organization, for the information it provides is highly useful in making decisions regarding various personnel aspects such as promotion and merit increases. Performance measures also link information gathering and decisionmaking processes which provide a basis for judging the effectiveness of personnel sub-divisions such as recruiting, selection, training and compensation. This research will concentrate on examine the effect of the performance appraisal on an individual as well as on the organizations. The sample size of 175 has been chosen from the IT employees. The data used for the study is primary data collected through the help of questionnaire filled by the samples. The data was evaluated with the help of statistical tools i.e., descriptive statistics, regression, correlation, residual analysis and chi square test. The findings of the research show that there is a noticeable effect of the performance appraisal on the organization as well as on the Individual.

1.INTRODUCTION:

This research focuses on analyzing the IT sectors employees perception towards the fairness of performance appraisal, satisfaction of last performance appraisal and work attitude due to performance appraisal and skill improvement due to performance appraisal. Greenberg (1986) organizational justice theory has been taken as base for this research.

Performance management is a holistic process which is bringing together many of the elements to make up the successful practice of people management, including in particular learning and development. But, it is complex and capable of being misunderstood. Performance management is not achievable unless it is effective processes of continuous development. Performance management is also called performance and development management (Armstrong and Baron, 1998) .

Performance appraisal is one of the elements of performance management, which involves different measurements throughout the organization. Performance appraisal is the most important factor, hence the organization has to take the advantage of their most important assets, employees and gain human capital.

1.1 HISTORY OF PERFORMANCE APPRAISAL:

There is evidence in the history of performance appraisal that suggests formal performance appraisal began to appear and get used in the evaluation of work performance as early as in the 20th century from the time of the First World War initiated by American rather than a British phenomenon (Fletcher and Williams, 1992).

In the US, organization used performance appraisal as a measure to raise morale of the workforce, the assumption being that high morale led to high productivity. It was reinforced by Hawthorne studies in 1920s.

But, the introduction of performance appraisal in the 1920s and 1930s was limited mainly to managers and how to identify those amongst them who had potential for development.

In 1950s the potential usefulness of appraisal as a tool for motivation and development was gradually recognized and the number of companies using performance appraisal programs has risen since then (Fletcher and Williams, 1992). Hale and Whitlam (2000) claimed that as with many human resource systems, performance appraisal systems evolved out of a perceived requirement to institutionalize and centralize good human resource management practice. The systems were set up in order to aid corporate decision-making, particularly for the purpose of salary review and promotion. The assumption was that line managers concentrated on their line activities and the human resource manager was interested in the people aspects of management. This led to the disempowering of the line manager and the abdication of good people management practices to the human resource department.

In 1960's, it was realized that more systematic approach ought to be used and hence the introduction and development of a number of performance appraisal techniques including the popular technique called the management by objectives (MBO).

During the 1990's the evident difficulties of assessment and appraisal as isolated activities resulted in growing shift in performance management and the need to link the requirement of business strategy for all employees (Fletcher and William, 1992). Hence, the performance measurement system like Balanced Score Card (BSC) introduced by Norton and Kaplan (1992) came to force and has become popular and was used by many large organizations globally to measure the overall extensive performance of a company including performance appraisal. Unlike earlier performance appraisal systems where the application of the systems was limited to the managers, there were trends to broaden the application of performance appraisal systems to employees in most job roles, and making performance appraisal much more than a top-down only process.

It is commonly accepted that performance appraisal is more effective if an appraiser has more involvement in the review of his own performance (Hale and Whitlam, 2000). Moreover, with the development in upward appraisal, whereby the subordinate actually appraises the performance of the boss, performance appraisal has become even more democratized.

Some observations on the development of performance appraisal practice concluded the changes that taken place in the field of performance appraisal illustrate the fact that activity in this area reflects wider changes in societies as a whole. Performance appraisal has developed from becoming the sole concern of top management to being something that the appraiser and the trade unions (Fletcher and Williams, 1992).

1.2 Traditional Methods of Performance Appraisal:

1.2.1 Essay Appraisal Method

In essay appraisal, appraiser rates the employee in an open-ended manner and put down his impressions about the employee on a continuous basis. These impressions relate to strong and weak points of the employee's behaviour.

It is the simplest evaluating method in which evaluator writes an explanation about employee's strength and weakness points, previous performance, positional and suggestions for their performance improvement at the end of evaluation term. This kind of evaluation usually includes some parts of other systems to cause flexibility for them. This method often combines with other methods. In essay appraisal, we attempt to focus on behaviors (Mondy, 2008).

1.2.2 Grading

In this technique, the rater considers certain features and marks them according to a scale. The selected features may be analytical ability, cooperativeness, dependability, self-expression, job knowledge, leadership and organizing ability. These may be graded as e.g. A-Outstanding, B-Very good, C- Average, D-Fair, E-Poor and F-Very poor. The actual performance of an employee is then compared with these grades and he is allotted the grade which best describes his performance.

1.2.3 Ranking Method

Under this method, superior ranks his subordinates in order of their merit, starting from the best to the worst. The relative position of each employee is expressed in terms of his numerical rank. In this type of appraisal, individuals are ranked from highest to lowest. It is assumed that the difference between the first and second employee is equal to difference between 21st and 22nd employee. In this method, the manager compares each person with others than work standards (Dessler, 2000).

1.2.4 Checklist Method

In this method, the evaluator has a list of situations and statements and compares it with employees. The checklist is a presentation of employee's characteristics and performance. The results can be quantitative and give weight to characteristics. A typical checklist is given in the table below. After ticking off against each item, rater forwards the list to human resources department. The human resources department assigns certain points to each 'Yes' ticked. When points are allotted to the checklist, technique becomes a weighted checklist. The advantages of checklist are economy, ease of administration, limited training of rater, and standardization.

The disadvantages include susceptibility to rater's biases (especially the halo effect), use of personality criteria instead of performance criteria, misinterpretation of checklist items, and the use of improper weights by the human resources department. Another disadvantage of this approach is that it does not allow the rater to give up relative ratings.

1.2.5 Rating Scales

This is the simplest and the most popular technique for appraising employee performance; the typical rating-scale system consists of several numerical scales, each representing a job-related performance criterion such as dependability, initiative, output, attendance, attitude, co-operation, and the like. Each scale ranges from excellent to poor. The rater checks the appropriate performance level on each criterion, and then computes the employee's total numerical score.

The number of points scored may be linked to salary increases, whereby so many points equal a rise of some percentage. Rating scales offer the advantages of adaptability, relatively easy use and low cost. Nearly, every type of job can be evaluated in a short time, and rater does not need any training to use the scale. The disadvantages of this method are several. The rater's biases are likely to influence evaluation, and the biases are particularly pronounced on subjective criteria such as cooperation, attitude and initiative. Furthermore, numerical scoring gives an illusion of precision that is really unfounded.

1.3 Modern Methods of Performance Appraisal:

1.3.1 Assessment Centre

An assessment centre typically involves the use of methods like social/informal events, tests and exercises, assignments being given to a group of employees to assess their competencies to take higher responsibilities in the future. Generally, employees are given an assignment similar to the job and they would be expected to perform to get promoted. This review of potential is concerned with forecasting the direction in which an individual's career should go and the rate at which he is expected to develop. The trained evaluators observe and evaluate employees as they perform the assigned jobs and are evaluated on job related characteristics.

The major competencies that are judged in assessment centers are interpersonal skills, intellectual capability, planning and organizing capabilities, motivation, career orientation etc., Assessment centre is also an effective way to determine the training and development needs of the targeted employees.

1.3.2 Management by Objectives

MBO (Management by Objectives) is a technique credited to management guru Peter Drucker, to describe a method of performance management that is based on the setting of clear and measurable objectives, and the use of those objectives to evaluate and review performance. When done correctly, MBO is probably the best and fairest way to plan for and create effectively performing employees. The principle behind Management by Objectives is to make sure that everybody within the organization has a clear understanding of the aims, or objectives, of that organization, as well as awareness of their own roles and responsibilities in achieving those aims. The complete MBO system is to get managers and empowered employees acting to implement and achieve their plans, which automatically achieve those of the organization.

1.3.3 Human Resource Accounting Method

Human resources are valuable assets for every organization. Human resource accounting method tries to find the relative worth of these assets in the terms of money. In this method the performance appraisal of the employees is judged in terms of cost and contribution of the employees. The cost of employees include all the expenses incurred on them like their compensation, recruitment and selection costs, induction and training costs etc whereas their contribution includes the total value added (in monetary terms).

The difference between the cost and the contribution will be the performance of the employees. Ideally, the contribution of the employees should be greater than the cost incurred on them.

1.3.4 360 Degree Feedback

360 degree feedback is also known as multi-source feedback. First, it was developed at General Electric, US in 1992. The system has become popular in India. GE (India), Reliance Industries, Crompton Greaves, Wipro and Infosys are the organizations using this method with great benefits. The sources are immediate supervisors, peers, customers, self. Having collected data from these sources 360 degree feedback provides broader perspective about employee performance. The 360-degree evaluation can help one person to be rated from different sides, different people which can give the wider prospective of the employee's competencies (Shrestha, 2007). It has been used for human resource development, appraisal and pay decisions (Stone, 2002). In the past few years, few human resource practices have received as much attention as Multi-Source Feedback Systems (MSFSs). In US and Canada, it is estimated that over one-third of organizations are using some form of MSFS and recent surveys show that this practice is still gaining popularity. The results of an international survey of MSFS, the data collected from HR managers and consultants from Argentina, Australia, China, Spain and the UK demonstrated that MSFS are being implemented, in slightly different ways, in each of these countries. The main challenges in the application of MSFS in these various countries are the communication efforts necessary before and after implementation, and the inherent difficulty in giving and receiving feedback.

1.3.5 Computerized and Web based performance appraisal

Now a day, several performance appraisal software programmes are available. These software programmes enable the managers to keep computerized notes on subordinates during the year, and then to combine these with ratings of employees with several performance traits. The 360 degree Feedback is systematic collection of performance data on an individual or group from a number of sources. The software programmes then generate written text to support each part of the appraisal. In the traditional appraisal system, the paper based appraisal causes a lot of manual work, which is time consuming, not secure and difficult to analyze the performance. Whereas Web based performance appraisal provides an easy way to conduct appraisal.

1.3.6 Psychological Appraisals

Large organization employs full-time industrial psychologists. These psychologists work is used for evaluation. They assess an individual's future potential and past performance. The appraisal normally consists of in-depth interviews, psychological tests, discussions with supervisors and a review of other evaluations. The psychologists then write an evaluation of the employees intellectual, emotional, motivational and other-related characteristics that suggest individual potential and may predict future performance.

The evaluation made by the psychologist may be a specific job opening for which the person is being considered. Or it may be a global assessment of his or her future potential. From these evaluations, placement and development decisions may be made to shape the person's career. Highly critical bosses have tendency to compare the performance of their subordinates with negative attitude.

1.4 Significance of the Study:

The purpose of this study was to measure the perception of fairness of and satisfaction with performance appraisal using Greenberg's hypothesized four-factor of organizational justice as a theoretical framework. Better understanding of the perceptions of the fairness based on the concepts of systemic, configural, informational and interpersonal justice of performance appraisal and related to employees reaction. It should provide decision makers with more specific information needed to improve the effectiveness of the system in achieving organizational goals. Multi-item scales are used based on the research of performance appraisal effectiveness and fairness shows research utilized to measure individual's perception of the extent to which fair processes and interactions are manifested in an organization's performance appraisal system.

The study was conducted in IT industry employment system located Tamil Nadu. Performance appraisal process is a mandatory requirement for the IT sector employees. The IT sectors have significantly different missions and work processes and different classifications of employees. The only measurement of the performance appraisal system has been the determination of the rate of usage of the system.

1.5 Statement of Problem:

Performance appraisal in IT sectors remains a widespread and common practice, however, it has the criticism of the process by practitioners and researchers. Exhaustive research has been conducted on a range of related topics with limited advances in the understanding and practice of performance appraisal. Lack of efficient ways to evaluate performance appraisal systems within organization has discouraged advances in theory related to performance appraisal as an organizational phenomenon.

1.6 OBJECTIVES OF THE STUDY:

1. To know the employees perception towards the fairness of performance appraisal in the IT industry.
2. To analyse the employees satisfaction towards last performance review system.
3. To examine the relationship between fairness of performance appraisal, last performance review and employees work attitude and skill improvement.
4. To know the employees perception towards work attitude and skill improvement based on their demographic profile.

1.7 Need for the study:

Today's corporate world demands sustainability in delivering high quality performance. Improvement is the rules of the game today; you simply cannot afford may consider performance of an organization as the sum of the total performance of each individual. In fact, performance management has today occupied an important role.

Global economy forced the organizations to be more and more competitive and the last word of competitiveness is “to perform”. Thus, performance management is a managerial function for planning, improving, appraising and rewarding one’s performance.

1.8 Hypotheses of the study:

1. Fairness of performance appraisal is not having relationship with employees work attitude.
2. Fairness of performance appraisal is not having relationship with employees skill improvement.
3. Employees satisfaction with last performance review is not having relationship with work attitude.
4. Employees satisfaction with last performance review is not having relationship with skill improvement.
5. Fairness of Performance appraisal and satisfaction with last performance review are not influencing the employees skill improvement.

Chaphterization of The Study:

This research work is presented into five chapters. Chapter one deals with introduction about the topic. This chapter explained the concept and meaning of performance appraisal, organizational justice theory, research problem, significance of the study, framework for this research, objectives of the study and hypotheses of the study.

Chapter two explains the past literature available related with this topic.

Chapter three elucidates the research methodology adopted for this study. Here type of research, research tools description, pilot study, reliability of the research tool, sample size calculation, sampling procedure, data collection procedure and statistical tools applied are explained.

Chapter four explains the results of the study variables. Employees perception towards the fairness of performance appraisal, satisfaction with last performance review are presented.

Chapter five provides the findings, recommendations, scope for further research and conclusion. Bibliography and questionnaire are enclosed in the annexure.

2. REVIEW OF LITERATURE:

Karunakaran and Kathiresan (2017) examined the employees satisfaction towards their last performance. This research conducted at IT industry employees worked in Chennai region. Employees satisfaction with last performance rating satisfaction with last performance review and satisfaction with their supervisor are the variables considered to measure the employees satisfaction with last performance appraisal. Hence, this study uses descriptive research approach. Samples of 400 employees are surveyed through snowball sampling technique. The collected data are analyzed with descriptive statistics. It is found that the employees are having moderate level of satisfaction with last performance appraisal.

Karunakaran and Kathiresan(2017) examined the fairness of the performance appraisal in the IT industry in Chennai, Tamil Nadu, India. This research further examines how fairness of performance appraisal influences on employee works attitude. Hence, the study uses a descriptive research approach. Here, fairness about information justice, interpersonal justice and configural justice are analyzed in the research. Samples of 440 employees are surveyed to snowball sampling techniques. The collected data are analysed with descriptive statistics.

Karunakaran and Kathiresan (2016) noted that the performance appraisal of employees in IT sector at Chennai. This study sample size is 200 employees from It industry in Chennai. The authors used structured questionnaire to collect data. The employees performance appraisal is an emerging concept of corporate world that taps all areas of human resource management.

The managers has to identify and find out each stage of human resource issues and have to solve it until the employees are not able to engage effectively. Employee performance appraisal practices are border in scope and nature. Also it has the impact on employees performance. The employees performance is based on the skill, knowledge, involvement and rapport between management and employees.

Maria Hermel-Stanescu (2015) stated that the performance management is a complex concept that integrates all business activities and creates a continuous system for improvement. One of the key ingredients in an efficient performance management system is a well-designed performance appraisal that integrates the individual goals with the team and organization goals. When designing a performance appraisal system one has to consider many existing techniques, tools and sources of error. Also, when defining the expected results and KPI's for measurement, it is important to know the difference between output and outcome. The present paper aims to synthesize, through a literature review, the main aspects of performance appraisal in the context of performance management, pointing out its advantages and disadvantages.

Venclová Kateřina, et.al., (2013) focused on methods of employee performance appraisal in agricultural organizations in the Czech Republic. The first part of the article deals with the theoretical background of the term formal appraisal and employee performance appraisal methods as defined by Czech and foreign specialists. Further, the article describes, based on a questionnaire survey, employee performance appraisal methods that are considered important for the agricultural organizations in the Czech Republic. The aim of the article is to identify the current state of formal employee appraisal in a sample group of agricultural organizations and to test dependencies between selected qualitative characteristics. The outcomes show that the most commonly used methods of employee performance appraisal in agricultural organizations include predefined goal-based performance appraisal, predefined standard outcome-based performance appraisal and appraisal interviews. Agricultural organizations apply these methods in particular due to the fact that their findings are further utilized in other areas of human resource management, such as reward system and personnel planning. In statistical terms, dependency on the method of employee performance appraisal according to predefined goals applied by agricultural organizations and personnel planning has been proven.

Samaduzzaman (2013) discussed that 360 degree feedback is an effective performance evaluation method to measure the efficiency of a person. The feedback helps in removing the misconceptions or wrong perceptions. Where in the author failed to focus on the type of the organizations, 360 degree feedback has been used and has made an impact.

Michael, et. al., (2013) stated that performance appraisal policy has been viewed by organizations and human resources practitioners as an effective tool for human resources management. However, effective performance appraisal policy remains a practical challenge to managers and employees because of cognitive, motivational and behavioural factors. At an organizational level, the performance appraisal policy impacts other human resources policies as well as organizational strategy. The effectiveness of an organization's performance appraisal policy is a prerequisite for ensuring the success of its selection, training and employee performance. At a strategic level, the need for rapid and effective organizational changes in today's dynamic social, economic and political environment requires that employees continually re-align their performance with the evolving goals and objectives of the organization. The need to continually re-align employee performance characterizes many organizational units which continue to struggle with getting their employees to embrace the philosophy and practices that are geared at enhance employee performance.

3.RESEARCH METHODOLOGY:

3.1 METHODOLOGY:

Research methodology is mainly needed for the purpose of framing the research process and the designs and tools that are to be used for the project purpose. Research methodology helps to find performance appraisal to employee's. This time research methodology is framed for the purpose of finding the level of **Performance Appraisal & Employees Performance in IT Sector.**

3.2 RESEARCH DESIGN:

Descriptive Research Design

Descriptive research is a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study

3.3 SAMPLING TECHNIQUE:

Convenience sampling method

A convenience sample is one of the main types of non-probability sampling methods. A convenience sample is made up of people who are easy to reach.

3.4 SOURCES OF DATA:

In this project ,we collect the data from data collection through the questionnaire. Primary data sources are to be followed as the questionnaire was directly participants through respondents and desired answers for set of questions to them.

3.5 STRUCTURE OF THE QUESTIONNAIRE:

In this questionnaire we follow basic and simple way. Hence it is easy for participants respondents of the questionnaire without delay or confusion. Set of questions prepare in questionnaire constructed on the based questions. In structureof questionnaire used in this project as follows:

3.5.1 Based introduction:

In this questionnaire, we should be following small and simple description of questionnaire.

3.5.2 Personal details:

In this questionnaire begins with participants are asked about their personal detailslike name, age, gender,occupation and income etc.

3.5.3 Basic questions:

In this set of questions in the questionnaire consider of questions related to performance appraisal where participants are asked to their general options of concept of employee's performance in IT sector.

3.5.4 Experience relate to questions:

In set of questions in the questionnaire related to experience questions on the participants having preparation of performance appraisal.

3.5.5 Rating scale:

In this questionnaire it is focuses on ratings of the participants related to the questions.

3.6 SAMPLE SIZE:

Sample size of the project having target of 200 participants. The total number of responses 175. It is analysis the data as more participants of the survey. It is more responsible to participants in the survey. Target peoples : IT employees.

3.7 PERIOD OF STUDY:

In this project it is consider the one-time research and it is useful to us. It is important get knowledge about it. The period of study for the project was about 90days.The project is responses for 175 participants and in the period of 90 days.

3.8 HYPOTHESIS /ANALYTICAL TOOLS:

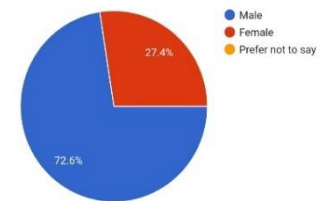
As we mentioned, the analytical tools used for project of qualitative variables and it is used for the measuring the level of satisfaction on the survey using the rangescale. Also, we mentioned where the survey directly participants for their response for the questionnaire. The questionnaire will have framed according to order hypothesis test using T-Test, Chi-square test and One-way ANOVA. The sequections framed of quantitative data as survey of qualitative data.

4.DATA ANALYSIS AND INTERPRETATION:

4.1 Percentage Analysis

4.1 Gender wise classification of respondents

Gender	No of responses	Percentage
Male	127	72.6%
Female	48	27.4%
Prefer not to say	0	0
TOTAL	175	100

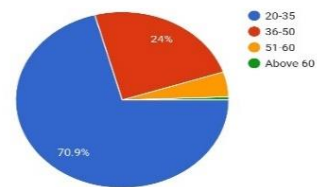


Interpretation:

From the above table, it is interpreted that 72.6% of respondents are of male category and 27.4% of them belong to female category. It also to be noted that none of them have opted for the option for transgender 0%.

4.2 Age wise classification of the respondents

Age	No of responses	Percentage
20-35	124	70.9%
36-50	42	24%
51-60	8	5%
Above 60	1	.1%
total	175	100

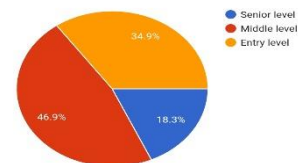


Interpretation:

From the above table, it is interpreted that 70.9% of respondents are of age group 20-35 years, 24% of them belong to age group 36-50 years, 5% of them belong to age group 51-60 years, 0.1% of them belong to age group over above 60 years.

4.3 Designation of the respondents

Designation	No of responses	Percentage
Senior level	32	18.3%
Middle level	82	46.9%
Entry level	32	34.9%
Total	175	100

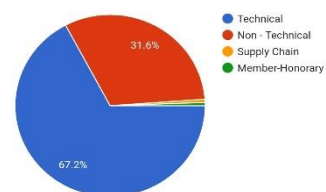


Interpretation:

From the above table, it is interpreted that 18.3% of respondents are of designation to senior level, 46.9% of them belong to middle level, 34.9% of them belong to entry level.

4.4 Department of the respondents

Department	No of responses	Percentage
Technical	117	67.2%
Non-technical	55	31.6%
Others	3	1.2%
Total	174	100

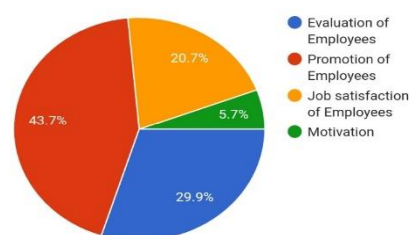


Interpretation:

From the above table, it is interpreted that 67.2% of respondents are departments of technical, 31.6% of them belong to non-technical departments, 1.2% of them belong to other departments.

4.5 Respondents of opinion performance appraisal is

Opinion	No of responses	Percentage
Evaluation of employees	52	29.9%
Promotion of employees	76	43.7%
Job satisfaction of employees	36	20.7%
Motivation	10	5.7%
Total	174	100

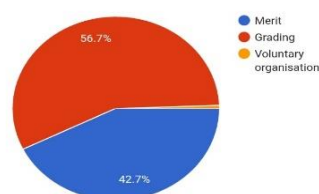


Interpretation:

From the above table, it is interpreted that 29.9% of respondents are opinion to evaluation of employees, 43.7% of them belong to promotion of employees, 20.7% of them belong to job satisfaction of employees, 5.7% of them belong to motivation.

4.6 Respondents choose the method of performance appraisal is implemented in the organization

Methods	No of responses	Percentage
Merit	73	42.7%
Grading	97	56.7%
Others	5	.6%
Total	171	100

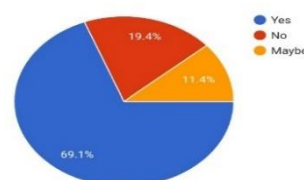


Interpretation:

From the above table, it is interpreted that 42.7% of respondents are implementing merit methods, 56.7% of them belong to grading methods, 0.6% of them belong to other methods.

4.7 Respondents are receive any increment in salary after performance appraisal

Receiving Increment	No of responses	Percentage
yes	121	69.1%
No	34	19.4%
May be	20	11.4%
Total	175	100

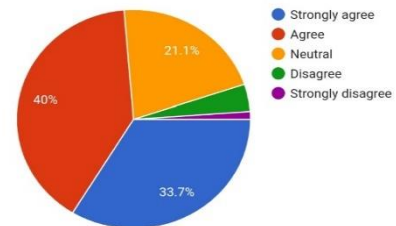


Interpretation:

From the above table, it is interpreted that 69.1% of respondents are receiving increment yes, 19.4% of them belong to No, 11.4% of them belong to may be receiving increments.

4.8 Respondents are think performance appraisal helps people set and achieve meaningful goals?

Achieving goals	No of responses	Percentage
Strongly agree	59	33.7%
Agree	70	40%
Neutral	37	21.1%
Disagree	7	3.2%
Strongly disagree	2	2%
Total	175	100

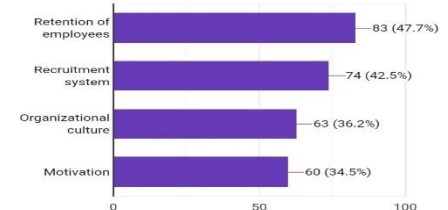


Interpretation:

From the above table, it is interpreted that 33.7% of respondents are achieving goals to strongly agree, 40% of them belong to achieving goals to agree, 21.1% of them belong to achieving goals to neutral, 3.2% of them belong to achieving goals to disagree, 2% of them belong to achieving goals to strongly disagree.

4.9 Respondents of opinion, the performance appraisal system of your organization is related to

Opinion	No of responses	Percentage
Retention of employees	83	47.7%
Recruitment system	74	42.5%
Organizational culture	63	36.2%
motivation	60	34.5%
total	174	100

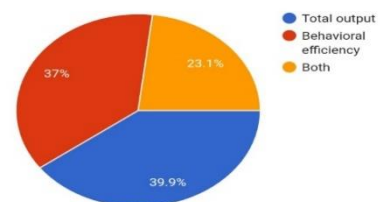


Interpretation:

From the above table, it is interpreted that 47.7% of respondents are opinion to retention of employees, 42.5% of them belong to recruitment system, 36.2% of them belong to organizational culture, 34.5% of them belong to motivation.

4.10 Respondents of what basis performance appraisal is made

Basis	No of responses	Percentage
Total output	69	39.9%
Behavioral efficiency	64	37%
both	40	23.1%
total	173	100

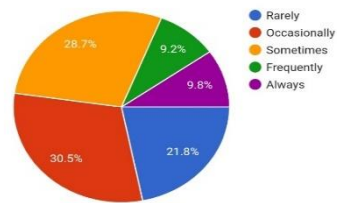


Interpretation:

From the above table, it is interpreted that 39.9% of respondents are basis from total output, 37% of them belong to behavioural efficiency, 23.1% of them belong to basis from both.

4.11 Respondents are think Performance appraisal is responsible for the change in behaviour

Behaviour	No of responses	Percentage
Rarely	38	21.8%
Occasionally	53	30.5%
Sometimes	50	28.7%
Frequently	16	9.2%
Always	17	9.8%
Total	174	100

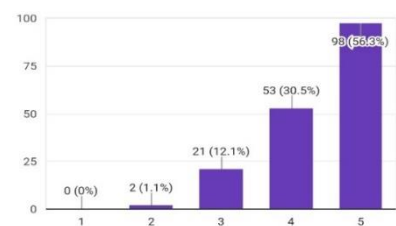


Interpretation:

From the above table, it is interpreted that 21.8% of respondents are rarely, 30.5% of them belong to occasionally, 28.7% of them belong to sometimes, 9.2% of them belong to frequently, 9.3% of them belong to always.

4.12 Respondents satisfaction towards last performance rating

Rating	No of responses	Percentage
Poor	0	0%
Not bad	2	1.1%
Neutral	21	12.1%
Good	53	30.5%
Excellent	98	56.3%
Total	174	100



Interpretation:

From the above table, it is interpreted that 0% of respondents are poor, 1.1% of them belong to not good, 12.1% of them belong to neutral, 30.5% of them belong to good, 56.3% of them belong to excellent.

4.2 CHI-SQUARE:

4.2.1 Question

The two-question using in chi-square that is qualification and designation.

Solution: Hypothesis

Hypothesis Null hypothesis (H0): There is no significant difference between the qualification and designation.

Alternate hypothesis (H1): There is significant difference between the qualification and designation.

Output Paired T-Test:

Educational qualification * Designation Crosstabulation

			Designation			Total
			1	2	3	
Educational qualification	1	Count	20	47	44	111
		Expected Count	20.4	52.3	38.3	111.0
	2	Count	12	35	16	63
		Expected Count	11.6	29.7	21.7	63.0
	Total	Count	32	82	60	174
		Expected Count	32.0	82.0	60.0	174.0

Chi-Square Tests

	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	3.876 ^a	2	.144
Likelihood Ratio	3.957	2	.138
Linear-by-Linear Association	1.854	1	.173
N of Valid Cases	174		

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 11.59.

Conclusion :

Since p value (0.144) is the greater than 0.05 at 5 percent level of significance, the null hypothesis is accepted and alternate hypothesis is rejected. Hence it is proved that is significant difference between the qualification and designation.

4.3 ONE WAY ANOVA TEST:

4.3.1. Question

The two-question using in one way anova that is receiving increment after performance appraisal and level of satisfaction.

Hypothesis: Hypothesis

Null hypothesis (H₀): There is no significance difference between the receiving increment after performance appraisal and level of satisfaction.

Alternate Hypothesis (H₁): There is significance difference between receiving increment after performance appraisal and level of satisfaction.

Output one way anova

Descriptives

Do you receive any increment in your salary after performance appraisal?

	N	Mean	Std. Deviation	Std. Error	95% Confidence Interval for Mean		Minimum	Maximum
					Lower Bound	Upper Bound		
1	34	1.50	.749	.128	1.24	1.76	1	3
2	57	1.40	.728	.096	1.21	1.60	1	3
3	53	1.42	.633	.087	1.24	1.59	1	3
4	16	1.31	.602	.151	.99	1.63	1	3
5	12	1.50	.798	.230	.99	2.01	1	3
Total	172	1.42	.693	.053	1.32	1.53	1	3

ANOVA

Do you receive any increment in your salary after performance appraisal?

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.493	4	.123	.252	.908
Within Groups	81.525	167	.488		
Total	82.017	171			

Conclusion:

Since p value (0.908) is greater than 0.05 at 5 percent level of significance, the null hypothesis is accepted and alternate hypothesis is rejected. Hence we can conclude that generally the receiving increment after performance appraisal and level of satisfaction.

5.FINDINGS:

From the questionnaire the following points are noted:

- 1) Majority 72.6% of the respondents of my questionnaire are Male.
- 2) Majority 70.9% of the respondents of my questionnaire belong to the age group of 20-35 years.
- 3) Majority 63.8% of the respondents of my questionnaire belong to the qualified UG.
- 4) Majority 46.9% of the respondents of my questionnaire belong to the designation to middle level.
- 5) Majority 67.2% of the respondents of my questionnaire belong to technical departments.
- 6) Majority 37.4% of the respondents of my questionnaire belong to get salary 2.5 – 5 lakhs.
- 7) Majority 47.4% of the respondents of my questionnaire belong to the 3-8 years experience.
- 8) Majority 43.7% of the respondents of my questionnaire belong to be opinion to promotion of employees.
- 9) Majority 56.7% of the respondents of my questionnaire belong to the implementing grading method.
- 10) Majority 69.1% of the respondents of my questionnaire belong to the receiving increment yes.
- 11) Majority 40% of the respondents of my questionnaire belong to the achieving goals to agree.
- 12) Majority 47.7% of the respondents of my questionnaire belong to the opinion to retention of employees.
- 13) Majority 40.2% of the respondents of my questionnaire belong to the improvement of motivation and job satisfaction to strongly agree.
- 14) Majority 39.9% of the respondents of my questionnaire belong to basis from total output .
- 15) Majority 39.2% of the respondents of my questionnaire belong to lack of communication by supervisors .
- 16) Majority 66.1% of the respondents of my questionnaire belong to Yes.
- 17) Majority 31% of the respondents of my questionnaire belong to the partially neutral.
- 18) Majority 30.5% of the respondents of my questionnaire belong to occasionally.
- 19) Majority 33.1% of the respondents of my questionnaire belong to somewhat satisfied.
- 20) Majority 56.3% of the respondents of my questionnaire belong to Excellent.

6.SUGESSTION:

From the above inference the following things can be suggested:

The performance standards should be set in the planning session according to the performance expectation of the employees even though the employees work changes. The organization should assign a qualified ratter who should know what the employees suppose to do.

The rater in the organization should clearly explain how the employees can improve their performance.

The rater in the organization should routinely provide the feedback about the work of the employees in order to improve their performance.

The accuracy of performance rating should reflect how much work the employees have done. The rater should help the employees to understand the process used to evaluate and rate their performance.

The employees should be allowed to seek appeal for their performance rating if it is shown incorrect or unfair. Supervisors should give the same PPR ratings to all their subordinates in order to avoid resentment and rivalries among them.

The rater in the organization should treat the employees with dignity.

The supervisor in the organization should treat the employees with kindness.

The employees are not satisfied with the most recent performance rating. Hence the most recent performance rating should reflect how the employees did the job.

The performance planning review process should help the employees to improve their job performance.

The employees are not much satisfied with the support given by supervisor so the supervisor should provide much support and guidance to the employees.

The employees are having least level of efficiency and effectiveness towards organization commitment, hence the organization should provide training to improve the efficiency and effectiveness in their work.

The employees are lacking leadership skills, hence the organization should frequently conduct leadership training programme for the employees to improve their leadership skills.

7.CONCLUSION:

The aim of the study is to analyze the effect of performance appraisal on employee performance in the IT sector. To achieve the aim, the researcher studied literatures of the related issues extensively and conducted survey questionnaire among the employees of IT sectors. It is found that the employees are having fairness about the performance appraisal. The employees are satisfied with last performance rating. Fairness of performance appraisal and satisfaction of last performance rating are having positive effect on employees' work attitude and skill improvement Hence, it is concluded that performance appraisal policy has been viewed by organization and human resources practitioners are considered as an effective tool for human resources management.

However, effective performance appraisal policy remains a practical challenge to managers and employees because of cognitive, motivational, behavioural factors. At an organizational level, the performance appraisal policy impacts other human resources policies a well as organizational strategy. The effectiveness of an organization performance appraisal policy is a prerequisite for ensuring the success of its selection, training and employee performance. In today's dynamic, social, economic and political environment, there is a need for rapid and effective fairness of performance appraisal system for the IT sector employees and its employees performance and it will face the organizational changes in strategic level.

❖ **Scope for Further Research :**

Future research can be conducted to refine the scales used to measure perceptions of fairness to further clarify the constructs. The scales in the informational justice factors such as, clarifying expectations and providing feedback may benefit from revisions to more closely link the items in these scales to the performance appraisal system instead of the more general topic of performance.

Evaluation of the systemic justice factor would be strengthened by the addition of scale or items assessing the processes of performance sampling, gathering of information for the rating and documentation.

Clarification of the configural justice factor (structural- distributive) should be pursued through addition of items to more clearly discern the perception of outcomes of the current performance and determine if other outcomes are perceived to occur beyond the rating itself.

Additional research is recommended for the use of reactions to measure fairness and other performance appraisal characteristics to clarify importance of the use reaction in evaluating the success and efficacy of performance appraisal. The complex nature of performance appraisal indicates that no single component or factor will be a sufficient indicator of the efficacy of a system. The development of reliable reaction to evaluate the fairness of performance appraisal will provide researchers and practioners, a more substantial foundation to consider in the evaluation of performance appraisal systems.

The researcher recommends that further research can investigate more thoroughly the reaction measurements of fairness and satisfaction with performance appraisal to clarify the relative influence of different areas or factor of organizational justice to satisfaction with performance appraisal and the relationship of these indicators with an ultimate criterion of appraisal effectiveness.

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