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## IMPACT OF EMPLOYEE PERFORMANCE APPRAISAL IN PRODUCTIVITY OF SPINNING MILLS, WITH SPECIAL REFERENCE TO TIRUPPUR CITY

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### ABSTRACT

Performance is a crucial element in the success and survival of an organization as it enhances overall productivity, profitability, and employee morale. The objective of this study is to analyze the impact of employee performance appraisal in productivity of spinning mills, with special reference to Tiruppur city. The study primarily relies on primary data, with secondary data being of lesser importance. A sample of 60 respondents was drawn from the population of employees working in spinning mills in Tiruppur, using a convenient sampling method. Structured questionnaires were utilized to collect the data, with assistance provided to respondents who lacked formal education. The major findings were: 41% of the respondents feels good about performance appraisal system. 82% of the respondents mentioned that they get the increment always less than what they actually expected. The suggestions provided by the respondents indicated that the appraisal process negatively affects employees and often causes headaches. They suggested that an unbiased appraisal system would be preferable instead of frequent meetings that irritate employees. The company should avoid rushing employees to attend last-minute appraisal tests. Respondents emphasized the importance of following common standards to ensure transparency and security in the appraisal process.

### KEYWORDS:

Impact of Employee Performance Appraisal, Performance Appraisal, Appraisal Measures, Spinning Mill, Employee Compensation, Employee Progress Monitoring

### 1. INTRODUCTION OF THE STUDY

Employee performance refers to how effectively an employee carries out their job responsibilities within the workplace. Companies often evaluate their employees' performance on a regular basis, such as annually, semi-annually, or quarterly, in order to identify areas that need improvement and to encourage continued success in areas that meet or exceed expectations. Performance plays a crucial role in the overall success and sustainability of an organization, as it contributes to increased productivity, profitability, and employee morale. Through regular performance evaluations, companies can pinpoint areas that require improvement, provide necessary support and

training to employees, and ensure that everyone is working towards the same objectives. The assessment of employee performance may vary across industries, roles, and businesses.

A performance appraisal is a systematic and periodic process or tool used to measure an individual's job performance against established standards. It involves a subjective evaluation of the employee's strengths and weaknesses, their value to the organization, and their potential for future development. Performance appraisals are also referred to as performance evaluations, performance reviews, development discussions, or employee appraisal indicators. Conducting a successful performance appraisal allows for a better understanding of an employee's strengths and areas for improvement. Additionally, appraisals are useful in determining how to fill new vacancies within the company using existing employees.

## 2. REVIEW OF LITERATURE

**Pravin Wararkar et al. (2016)** stated that of employee performance is crucial in order to gain insight into their abilities, skills, and value to the organization. Performance appraisal evaluates employees based on their performance, and it has become a common practice in today's society. The origins of performance appraisal can be traced back to the 20th century and the Second World War, when the concept of merit rating was first introduced. The evaluation of employees by employers is a well-established and long-standing concept. Performance appraisals are an essential component of performance measurement systems. This paper provides an overview of a study conducted on performance appraisal in the Textile Industry.

**Debesh Mishra et al. (2017)** researched that National Aluminium Company, a profitable public sector organization, previously had an incentive scheme in place for its employees at NALCO, Angul (Orissa). However, this scheme was based on the employees' wages rather than their performance. Additionally, employees who were absent from the plant were receiving the same incentive amount as those who were present. In order to address this issue and reduce absenteeism, a revised incentive scheme was introduced, which focused on productivity. This study aims to conduct a comparative analysis of the previous and newly implemented incentive schemes at NALCO, Angul. The objective analysis clearly demonstrates that the newly introduced scheme not only improved productivity and performance, but also significantly reduced employee absenteeism.

**Kanchanamala (2017)** underwent a study with the purpose to examine the correlation between Performance Appraisal (PA) and business performance in Indian garment firms. Data was collected from 68 garment firms, including 18 non-large firms and 50 large firms. The second and third hypotheses examined the differences in perceived quality of PA and business performance between large and non-large garment firms, respectively. The Independent Sample T test was used to validate these hypotheses. The results of the study revealed a significant and positive relationship between the perceived systematic use of the PA system and the perceived degree of business performance in Indian garment firms.

**Aghalya et al. (2021)** highlighted that Understanding the abilities, intentions, possibilities, and qualities of the individuals working in an organization is crucial. Each job has its own set of profiles and specifications. To conduct research on this, a survey was conducted using a sample of 250 employees from various spinning mills in the Rajapalayam region. Statistical tools were used to examine the data, along with demographic factors analyzed using tools. The results of the chi-square analysis indicated a significant relationship between the age and awareness of the respondents, as well as a significant relationship between the experience and job performance of the respondents.

**Jeseni et al. (2022)** examined that Inspiration is closely linked to representative efficiency and often serves as the driving force behind execution and self-realization, providing opportunities for increased productivity. By employing an exploratory research design and involving 109 participants, the study's findings on the evaluation of performance in textile and garment industries in Kozhikode reveal a significant relationship between performance assessment and employee efficiency. Consequently, it is recommended that the issue of performance evaluation be addressed in these industries. Performance evaluation should carefully assess employees' strengths and weaknesses in relation to the requirements for potential future higher responsibilities.

### 3. STATEMENT OF THE PROBLEM

The process of performance appraisal involves measuring an individual's work performance against established job standards on a systematic and periodic basis. It is a subjective evaluation that takes into account the employee's strengths and weaknesses, their worth to the organization, and their potential for future development. Performance appraisals are also referred to as performance evaluations, reviews, development discussions, or employee appraisal indicators. The purpose of the current study is to analyze the impact of employee performance appraisal in productivity of spinning mills, with special reference to Tiruppur city. While previous studies have covered various aspects of performance appraisal, this study aims to explore the impact of employee performance appraisal used among spinning mill employees.

### 4. OBJECTIVES OF THE STUDY

Following were the undertaken objectives for the study.

- ❖ To explore the impact of employee performance appraisal in productivity.
- ❖ To analyze the consequences of employee performance appraisal.

### 5. RESEARCH METHODOLOGY

The research utilized both primary and secondary sources of data. The primary data was gathered through structured questionnaires that were specifically designed to achieve the study's objectives. The first section of the questionnaire focused on the personal profiles of the respondents, while the second section delved into the opinions, impacts and consequences of employee performance appraisal. The sample size of the study comprised 60 respondents from Tiruppur district, and a non-random sampling method was used. The employees were requested to fill out the questionnaire, and non-formally educated respondents were assisted. Convenient sampling was also employed to draw out samples. The secondary data, on the other hand, was collected from various sources such as websites, books, and journals. The study also utilized specific tools such as Percentage Analysis, Rank Analysis, Chi-square Test, and Correlation analysis.

### 6. HYPOTHESES OF THE STUDY

Following hypotheses were framed for the study.

1. There is a relationship between annual income and opinion of appraisal.
2. There is a relationship between gender and impacts of appraisal.

## 7. ANALYSIS OF DATA

TABLE 7.1: SOCIO-ECONOMIC PROFILE

| Factor             | Components             | No. of Respondents | Percentage (%) |
|--------------------|------------------------|--------------------|----------------|
| Gender             | Male                   | 25                 | 41.67          |
|                    | Female                 | 35                 | 58.33          |
| Level of Education | No formal education    | 12                 | 20.00          |
|                    | Upto school level      | 33                 | 55.00          |
|                    | Diploma                | 10                 | 16.67          |
|                    | Graduation (UG/PG)     | 5                  | 8.33           |
| Annual Income      | Below Rs.100000        | 12                 | 20.00          |
|                    | Rs.100001 to Rs.150000 | 18                 | 30.00          |
|                    | Rs.150001 to Rs.200000 | 22                 | 36.67          |
|                    | Above Rs.200000        | 8                  | 13.33          |
| Department         | Finance                | 3                  | 5.00           |
|                    | Human Resource         | 3                  | 5.00           |
|                    | Marketing              | 2                  | 3.33           |
|                    | Production             | 21                 | 35.00          |
|                    | Purchase               | 9                  | 15.00          |
|                    | Store                  | 5                  | 8.33           |
|                    | Quality control        | 7                  | 11.67          |
|                    | Others                 | 10                 | 16.67          |
| Shift              | Day                    | 27                 | 45.00          |
|                    | Night                  | 20                 | 33.33          |
|                    | Rotational (Day-Night) | 13                 | 21.67          |

Source: Primary Data

The above table shows the socio-economic profile of the respondents. 58.33% of the respondents are female. 55% of the respondents are educated upto school level. Annual income is below Rs.1.5 lakh to Rs.2 lakhs for 36.67% of respondents. 35% of the respondents does work in Production department and 45% of the respondents works in day shift.

### CHI-SQUARE ANALYSIS

#### (i) There is a relationship between annual income and opinion of appraisal

Annual income and opinion of appraisal are compared. The calculated chi-square value is 6.68 and table value at five percent level is 12.59. Since the calculated Chi-square value is lower than the table value at five percent level, there is a significant association between annual income and opinion of appraisal. Therefore, the hypothesis is accepted.

#### (ii) There is a relationship between gender and impacts of appraisal.

Gender and impacts of appraisal are compared. The calculated chi-square value is 2.28 and table value at five percent level is 5.59. Since the calculated Chi-square value is lower than the table value at five percent level, there is a significant association between gender and impacts of appraisal. Therefore, the hypothesis is accepted.

**RANK ANALYSIS****TABLE 7.2: RANKING OF EXPECTED APPRAISAL METHOD**

| S. No. | Particulars             | Total Rank | Mean | Rank |
|--------|-------------------------|------------|------|------|
| 1      | Increments              | 127        | 2.12 | I    |
| 2      | Promotion               | 128        | 2.13 | II   |
| 3      | Transfer                | 170        | 2.83 | III  |
| 4      | Delegation of authority | 246        | 4.10 | VI   |
| 5      | Recognition             | 218        | 3.63 | V    |
| 6      | Facility/Perks          | 170        | 2.83 | III  |

**Source:** Primary Data

With the help of the primary data, the appraisal method is ranked. Increments is ranked I. II rank is given to Promotion. Transfer and Facility/Perks are given rank III. Recognition is ranked V and Delegation of authority is ranked VI which is least bothered.

**CORRELATION ANALYSIS****TABLE: 7.3 PERFORMANCE APPRAISAL SYSTEM AND PRODUCTIVITY**

|                                 |       |
|---------------------------------|-------|
| Pearson correlation coefficient | 0.686 |
| Significant (One-tailed)        | 0.002 |
| N                               | 60    |

**Source:** Primary Data

The above table depicts that the derived Pearson Correlation Coefficient is 0.686 means that there is a strong positive (direct) relationship between the performance appraisal system of the firm and productivity of the mills. As the significant value (0.002) is smaller than the desire level of significance (0.005), the found correlation coefficient (0.686) is statistically significant. Therefore, there is statistical evidence to claim that there is a significant relationship between perceived systematic use of performance appraisal system of a firm and its productivity.

**8. SIGNIFICANT FINDINGS**

58.33% of the respondents are female. 55% of the respondents are educated upto school level. Annual income is below Rs.1.5 lakh to Rs.2 lakhs for 36.67% of respondents. 35% of the respondents does work in Production department and 45% of the respondents works in day shift. 41% of the respondents feels good about performance appraisal system. Creation of transparency was supported by 61% of the respondents. 50% of the respondents rated 3 for performance appraisal transparency. 82% of the respondents mentioned that they get the increment always less than what they actually expected. There is a significant association between annual income and opinion of appraisal. There is a significant association between gender and impacts of appraisal. . Increments is ranked I. There is a strong positive (direct) relationship between the performance appraisal system of the firm and productivity of the mills.

The analysis reveals that most employees receive greater benefits through allowances. It is evident from the analysis that the motivating factors for the majority of employees are similar to other packages, as they are easily provided only when the employees perform well in the organization. A significant number of employees in the company strongly agree with the overall responsibility of the organization, while none strongly disagree. Similarly, a considerable number of employees in the company strongly agree with the discussion between company plans and employees in performance appraisals, while none strongly disagree.

## 9. SUGGESTIONS

The suggestions provided by the respondents indicate that while the company conducts performance appraisals, it also creates some bureaucratic processes. Respondents expressed the need for prior information about the appraisal so that they can adequately prepare. Some respondents mentioned that the appraisal process negatively affects employees and often causes headaches. They suggested that an unbiased appraisal system would be preferable instead of frequent meetings that irritate employees. The company should avoid rushing employees to attend last-minute appraisal tests. Respondents emphasized the importance of following common standards to ensure transparency and security in the appraisal process.

The Management should prioritize assuring their employees that they are committed to investing both time and resources into their professional growth. Given that a significant portion of the workforce consists of middle-aged and older individuals, it presents an opportune moment for the management to enhance the essential skills required by the employees within the organization, considering their wealth of experience. It is imperative to create diverse avenues for employees to share their ideas and knowledge with the management and their colleagues.

## 10. CONCLUSION

Businesses must consider several important factors, such as employee qualifications, experience, character, and personality, when assessing their individual employees. Research studies have consistently demonstrated that the behaviour of employees significantly impacts their performance within organizations. Since organizations compensate their employees based on their performance, it is crucial to compare employees' actual accomplishments with the performance standards expected from them. Many employees diligently focus on self-improvement for the appraisal, but their expectations are often unmet. Therefore, the company should strive to make the appraisal process more participative, interactive, and transparent to avoid rendering it purposeless. This study also highlights the need to address the difficulties faced by employees during performance appraisal. Overall, the majority of respondents expressed moderate satisfaction with the current appraisal format in the organization.

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