A study of performance appraisal and organizational effectiveness in terms of individual and organizational basis. A comparative study of BSNL and AIRTEL

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ABSTRACT

According to Peter Drucker 'an organization is like a tune; it is not constituted by individual sounds but by their synthesis. The success of an organization will therefore depend on its ability to measure accurately the performance of its members and use its objectivity to optimize them as a vital resource. The performance appraisal plays a very important role in success of any organization. It not only motivates the employee but also improves the productivity level of any organization. Though the need of Performance appraisal is generated in every organization but there is a difference in mechanism in public and private sector. This research paper is an attempt to highlight various dimensions of appraisal in both the sectors, do comparative analysis and suggest some corrective measures for betterment. The analysis is done on the telecom sectors of Bhopal city including BSNL and AIRTEL [1].

Key words: SMART, CPM, PRP, KRA’s

INTRODUCTION

Organizations are run and steered by people. It is through people that goals are set and objectives realized. The performance of an organization is thus dependent upon the sum total of the performance of its members. The performance of an employee is his resultant behavior on task which can be observed and evaluated. Performance can be measured by some combination of quantity, quality time and cost. Performance Appraisal system Provides management an opportunity to recall as well as feedback to people as to how they are doing so that they can correct their mistake and acquire new skill [2].

LITERATURE REVIEW

Performance Appraisal may be defined as a structured formal Interaction between a subordinate and supervisor, that usually take the form of periodic interview (annual or semi annual), in which the work performance of the subordinate is examined and discussed, with a view of Identifying weakness and strengths as well as opportunities for improvement and skills development [3].

Niklos' define Performance as

"The outcome of behavior. Behavior is individual activity where outcomes of behavior are the way in which the behaving individual environment is some how different as a result of his or her behavior. It is the systematic
evaluation of the individual with respect to his or her Performance on the job and his or her potential for development [4].

Performance Appraisal has many facets. It is an exercise in observation and judgment, it is a feedback process, and it is an organizational interventions. It is a measurement process as well as an intensely emotional process. While it is fairly easy to prescribe how the process should work, description of how it actually works in practice are rather discouraging. Wayne F Cascio.

**Need of the Study: Why Appraisal**

Dulewicz says "There is a basic human tendency to make judgments about those one is working with, as well as about oneself." Appraisal it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal People will tend to judge the work Performance of others, including subordinates, naturally, informally and arbitrarily.

The human inclination to judge can create serious motivational, ethical and legal problems in the work place without a structured appraisal system, there is little chance of ensuring that the judgment made will be lawful, fair, defensible and accurate. Thus proper appraisal system should exist on all organization for achieving the overall effectiveness in terms of both employee satisfaction, development and overall cost effectiveness.

**Objective of Performance Appraisal**

- Providing basis for Promotion / transfer /termination and identifying those subordinate who deserves promotions or require lateral shift.
- Helping employees to identify his strength and weakness and informing him as to what performance is expected from him, would go a long way in making him understand his role well, and he is likely to be more effective on the job. The feedback reinforces good performance and discourages poor ones.
- Identifying Training and development need of employees to prepare them for meeting challenge in their current and future employment.
- Counseling Employees corrects misconception, which might results in work alienation. Performance Appraisal also helps employees to internalize the norms and values of the organization.
- Identifying and removing factors responsible for workers discontent and motivate them for better work performance.
- Performance Appraisal helps in creating a positive and healthy climate in the organization.

**Company profile**

**Bharat Sanchar Nigam Limited An Overview**

On October 1, 2000 the Department of Telecom Operations, Government of India became a corporation and was christened Bharat Sanchar Nigam Limited (BSNL). Today, BSNL is the Number. 1 Telecommunications Company and the largest Public Sector Undertaking of India with authorized share capital of $ 3600 million and net worth of $ 13.85 billion. It has a network of over 45 million lines covering 5000 towns with over 35 million telephone connections. [5].

**Existing Performance Appraisal Programme in BSNL**

The performance appraisal programme is a grading system basically conducted in two stages. In the first stage appraisal is done by immediate supervisor and in the second stage self-appraisal system exists, where employee is asked to analyze his strength and weakness. The appraisal form is an important document, which is kept confidential. It provides basic and vital inputs for assessing the performance of an officer and for his/her future advancement in his/her career. The reporting officer in the beginning of the year set quantitative/Physical/Financial targets in consultation with each of the officer with respect to whom he is required to report upon. Performance appraisal is a joint exercise between the officer reported upon and the reporting officer. The targets are set at the commencement of the reporting year i.e. April, in the case of All India service officers. In case of an officer taking up a new assignment in the middle of the reporting year such targets are set at time of assumption of the new assignment.
The targets are clearly known and understood by both the officers concerned. While fixing the targets priority is assigned item wise taking into consideration the nature and the area of work and any special feature that may be specific to the nature, or the area, of work of the officer to be reported upon.

Although Performance appraisal is a year-end exercise, in order that it is a tool for human resource development, the reporting officer and the officer reported upon, are meeting during the course of the year at regular intervals to review the performance and to take necessary corrective steps.

Self-appraisal forms include questions such as -
- Academic and professional achievement during the year.
- The training course attended during the course or their.
- Brief Resume of the work done by the officer during.

Specification of quantitative/physical/financial targets including degree obtained book/assets published etc. parting officers need also be mentioned the year/period. A separate secret code is recorded and followed up. A copy of the note is sent together with the confidential report to the next superior officer who will ensure that the follow-up action is taken expeditiously. Where it is not possible either to certify the integrity or to record the secret note the reporting officers states either that he had not watched the officers work for sufficient time from a definite judgment or he has heard nothing against the officer as the case may be [6].

**Bharti Telenet- Overview of Bharti:**

Bharti enterprise has been at the forefront of Technology and has revolutionized telecommunication with its world class products and services.

1. Home country direct services
2. Intelligent (IN) services
3. IMMARSAT Data services

Bharti Televetures :- (BTVL) has an aggregate of 4.9 million customers as of August 31, 2003, consisting of approximately 4.4 million mobile and as on Aug. 31,2005 was 35.2/ of which, mobile services constitute the largest portion. Strong Strategic Or Functional Partners:- Bharti Televeturees existing, foreign shareholders have acquired direct and in direct equity interests in the company for a total consideration exceeding US $1 billion. Singtel is one of Bharti Televeturees key strategic partners and its position is one of Asia’s leading telecommunication services providers, gives the company access to valuable knowledge in implementing [7].

**Existing Performance Appraisal Practices in AIRTEL**

**Performance Planning Review & Development Process**

1. Performance Planning will be done after the finalization of business / functional objectives and plans. The Individual KRAs will flow from these plans. These shall be finalized by the appraiser and appraise through a formally bid down process and signed off by both by March 31st for the next performance year.
2. The HR Department will facilitate the Performance Planning exercise in terms of translating the business objectives into Individual KRAs by organizing KRA planning workshops wherever necessary.
3. The performance planning discussion will address the following Issues:
   - Role of appraise, in the light of business/functional plans.
   - KRAs, which would be a mix of talk and competency / performance factors related targets. The total number of KRAs should not exceed 8-10.
   - Task related KRAs should not exceed 5-6 and their weight age would be 60%. These may pertain to the following:
     - Functional / Organizational Targets (financial & non-financial)
     - Process Improvement.
Competency / Performance related KRAs should not exceed 2-3 and their weight age would be 40%. These will be decided with respect to the competencies identified for the job being performed by the appraisee and may pertain to the following:

- Self / Subordinate improvement
- Customer / employee Satisfaction

Following points should be considered at the time of setting the KRAs:

- What element of stretch is going to be built into the targets?
- Are the KRAs SMART i.e. Specific, measurable, Attainable, Relevant & Time bound?
- What support will be required by the appraisee to achieve these KRAs?

Two PRDP systems incorporated:

a. Sr. Manager & Above - Performance Linked Incentive Plan (PLI)
   i. Annualized KRA’s - Section 1(a) to be reviewed every quarter and final performance assessment undertaken at the end of the year.
   ii. KRA’s to be documented in Section 1(a) of the PRDP form and signed off by both the appraiser & the appraisee.
   iii. Mid Term Reviews - Section 1(b) would be carried out to access the performance of the Individual at the end of every quarter. The second quarter review shall be a half yearly review taking into account the feedback of the first quarter also. The annual review shall be at the end of the fourth Quarter & would take into account the feedback of the first, second and third quarter and assessment of the entire year.
   iv. Changes may be made in the individual KRAs / targets during the year, as a result of changes in the business plan / functional objectives. The changed KRAs with the reasons thereof should be documented in Section 1 (b) of the PRDP form after discussing the same with the appraisee.
   v. Annual Performance assessment for both task and competency factors would be captured under Section 1 (c) in the PRDP form.

b. Managers & Below - Quarterly Linked Incentive Plan (QLI)
   i. Quarter based KRA’s, to be reviewed every quarter and active performance assessment to be undertaken at the end of each quarter.
   ii. Assessment year broken into 4 quarters beginning April, July, October and January.
   iii. KRA’s for the year to be documented in Section 1 (a) of the PRDP form and signed off by both the appraiser & the appraisee at the beginning of the year and form to be then returned to the HR department.
   iv. QLI KRA’s to be signed-off and assessed every quarter under Section 1(b). At the end of the quarter the HR department would forward the PRDP form to the Assessors for evaluating performance against set KRA’s for the quarter and also to undertake KRA finalization and sign-offs for the next quarter respectively.
   v. At the end of one year the appraisee would do a Self Appraisal based on KRA’s set at the beginning of the year under Section 1 (a) before appraisal discussion with the appraiser under Section 1 (c). The appraiser would fill in his annual assessment and calculate the score for every KRA. (Score = weight age x % achieved). The Overall score would be the sum of the scores for all the KRAs, which the appraiser would mention in Section-II and mark the corresponding Overall Rating. [8].

RESEARCH METHODOLOGY
Research is the systematic investigation or in-depth analysis of a problem to the solution.

Objectives of Research
The major research objectives are as follow

- To study existing performance appraisal polices in AIRTEL and BSNL.
• To study the perception of different category of employees towards performance approval activities carried out by Public and private sector.
• To study the relationship of performance appraisal and organizational effectiveness.
• What necessary measures can be taken to improve upcoming Performance appraisal Programmes.
• To overcome the various hurdles of performance appraisal and to improve its effectiveness.

Hypothesis

Performance management system of Public organization does not has enough relevant instruments to manage the employee performance in comparison to private ones [9].

Pilot Study: The questionnaire was first administered on a small group of employees covering 2 major categories of employee (managers and supervisors). The first aim of the pilot study was to determine the suitability of the items. The second purpose of the pilot study was to ascertain the communicability and descriminability of each item. The pilot study was conducted on total of 30 employees. On the basis of the pilot study the structure of some of the items were changed in order to make them more easy and understandable.

Nature of the Study: The study has been empirical in nature and mostly based on the observation of the researcher. The research design was of an explorative type where effort has been made to develop proper hypothesis. At the same time the design had been quite flexible and has covered all the different aspects of the research problem.

Sample Size: The sample for the study has covered of the employees. The sample has been drawn from two categories of employees i.e. Managers and Supervisors and from each of the category 10% of the employees had been selected. The total number of sample was ____120____ out of the total ____70____ supervisors and ____50____ managers/executive was included. The table given below indicates the sample distribution.

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Category</th>
<th>No. of Respondents</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Managers</td>
<td>50</td>
</tr>
<tr>
<td>2.</td>
<td>Supervisors</td>
<td>70</td>
</tr>
<tr>
<td></td>
<td>Total</td>
<td>120</td>
</tr>
</tbody>
</table>

Collection of Data: The researches have used a combination of both primary and secondary sources of data in order to avoid any kind of discrepancy or error. The primary data has been collected from the respondont by the use of questionnaires. Two sets of questionnaires had been prepared, for the manager/executer and the supervisor. Both the group was given some of the common set of questions to know about their way they comprehend the effectiveness of appraisal. The secondary data is collected through websites, company manuals, magazines etc.

Analysis of Data: Once the data was collected from both primary and the sources it was coded edited and presented in form of charts, figures and tables. The charts have been presented after tabulation in order to provide a clear idea of the information. Simple statistical tools have been used to analyze the information and based on this the interpretation has been drawn. The analysis has been done on the basis of the percentage of responses received for different questions.
HYPOTHESIS TESTING
Chi Square has been used for hypothesis testing
Results of stepwise chi-Square value Predicting Mean Results.

<table>
<thead>
<tr>
<th>S.No.</th>
<th>BSNL</th>
<th>AIRTEL</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>12.46</td>
<td>19.5</td>
</tr>
<tr>
<td>2.</td>
<td>6.19</td>
<td>16.93</td>
</tr>
<tr>
<td>3.</td>
<td>13.5</td>
<td>17.3</td>
</tr>
<tr>
<td>4.</td>
<td>1.909</td>
<td>9.28</td>
</tr>
<tr>
<td>5.</td>
<td>8.34</td>
<td>11.09</td>
</tr>
<tr>
<td>6.</td>
<td>12.47</td>
<td>13.57</td>
</tr>
<tr>
<td>7.</td>
<td>14.18</td>
<td>15.98</td>
</tr>
<tr>
<td>8.</td>
<td>10.6</td>
<td>19.17</td>
</tr>
<tr>
<td>9.</td>
<td>9.4</td>
<td>15.2</td>
</tr>
<tr>
<td>10.</td>
<td>12.03</td>
<td>12.72</td>
</tr>
<tr>
<td></td>
<td>101.079</td>
<td>150.74</td>
</tr>
</tbody>
</table>

The chi Square value of AIRTEL is greater as compares to BSNL which proves the hypothesis that "Performance Appraisal of public sector does not have enough instruments to manage the employees performance in comparison to private one.

Findings

On the basis of the analysis of the information collected from the employees and Managers I had come up with certain findings. The first part includes findings from the data analysis of employees and Managers of BSNL and the second part includes findings from the data analysis of employees & Managers of AIRTEL. Finally a comparison of both is done.

Finding : Responses from Employees and Managers of BSNL

- Employees perceive that they are not very much aware of the main purpose of performance Appraisal system however somewhat awareness is there.
- Employee's further state that their seniors do the types of performance appraisal useful for them rather than their colleagues & self.
- Employees are not aware about the Performance Appraisal calendar prepared by HRD Center. Majority thinks that it is held annually without any prior Intimation.
- Most of the employees feel that their Performance Appraisal system is not effective enough to fulfill their motivational needs. They said, as it is not related with incentive and is not efficient.
- There is no effective post appraisal interview in the organization. But if some one not satisfied can raise issue, which is finally resolved by the reporting officer. A change is implemented further.
Employees do not have pay for performance system. But they like this system to be implemented, as it is the only factor to motivate employee to achieve organizational goal effectively and efficiently.

Employees are in favor of their Performance system as a impartial one where each employee is related confidentially by one or more senior officers & personal department and if possible changes are initiated by the Reporting officers.

The Performance Appraisal system is not effective enough to make the employees more punctual loyal & disciplined. There is no threat of existing system.

Majority of the Managers thinks that major activity involved to enhance organizational Performance is customer quality improvement Plan.

There was not any provision to implement SMART Test. However few acronyms effect such as specific and measurable are included & rest are ignored.

When managers were asked about the pay for performance system they said that their existing system lack this important tool but if it is introduced than it will be the greater source of motivation for the employees.

In terms of linking performance with productivity also there lack a sound relationship. Most of the managers believe that their appraisal system is not effective enough to raise productivity level.

Their appraisal system also not helps much in identifying and rewarding effective employees. It also lacks Comparative Performance Measurement Method (CPM), which is very important to motivate an employee.

**FINDING: Responses from employee & Manager of AIRTEL**

- The employees believe that when appraisal done by superiors is more effective as done by colleagues & self-appraisal, as it is the entire working of top management only.
- Majority of the employees are very much aware of the performance appraisal calendar and their tenure also. They had a clear idea about the PRDP program held on quarterly basis.
- Employees are very much motivated by their existing appraisal system as there is a direct relation between compensation and their efforts.
- Their performance appraisal system is effective enough to highlight employees’ needs either always or sometimes. It also leads to improve quality and efficiency of employees.
- Majority of the employees is satisfied with the method of evaluation as it includes critical attributes and key factors which are responsible for evaluating them effectively. Their PRDP program is efficient enough to evaluate them.
- Due to implementation of CPM pay for performance system and SMART technique the organization helps in providing positive reinforcement even at the time of joining the organization.
- There is a high level of understanding among the employees towards their appraisal system. There doesn’t exist any ambiguity regarding main indicators.
- Majority of the employees are in favor that they should be consulted before sending final appraisal report so that they can suggest changes if any required.
- There is post appraisal interview in the organization where the employee can show their grievance related to appraisal form.
- There exists a direct relation between performance system and compensation of the employees. Majority of the employees perceives it as an important tool of increasing motivation.
- There exists direct relationship between improvement in performance of employee and appraisal system. There is proper communication of performance expectations to all individuals and integration of these expectations into the organizations formal performance management process.
- The performance appraisal system helps to increase organizational effectiveness as appraisal encourages high level of performance, identifies employees with potential, rewarding performance equitably and determine employees need for development. These all activities support organizational strategic orientation and achieve organizational effectiveness.
- There exists pay for performance system, which focus on goal setting and organizational objectives and provides a vehicle through which management can communicate the new set of objectives to employees. It also highlights some of the conditions that are needed for a performance incentive scheme to be effectively motivational.
- Most of the managers believe that performance of employees increased due to existing system. Their system offers competitive advantage to a firm helps in making corrective decision minimizes job dissatisfaction and ensures consistency between organizational strategy & behavior.
There is a direct correlation of performance appraisal system and productivity. The closer the monitoring and greater the feedback on performance, the higher is the productivity. It is found that technical efficiency is likely to be enhanced if real competition and competitive pressure exists.

CONCLUSION

Many specialists consider that public management is somehow "different" that is the same rules that are applied to the private sector could not apply to the public, or at least not in the same way. Public sector does not have a bottom line or profit margin. Public sector build linkage between qualification and compensation and not between compensation and efforts as in private sector.

Private sector measures both tangible and intangible fields of activity. The main indicators usually are level of customer satisfaction, level of efficiency, quality, quantity such as completion characteristics, time lessens and costs. In other words the aim of performance management system in private organization is to cover an organization total span of activity and expenditure. In public sector organization main indicators are level of collected experience which is usually substituted by seniority and accumulated skill and knowledge.

In private sector the technical efficiency is likely to be enhanced only if real completion and competitive pressures exits. They tends to built such performance management system that will allow to pick out the best performers and to create direct correlation between results of such financial year and individual pay. There is direct dependence between individual efficiency and individual pay and it is the core feature of PMS. Public sector needs to be subjected to real and ongoing competitive pressure. In private system organization there is very complicated system of measure and indicators that allows employees reward for personnel success. Critical role is played by monetary rewards as comparison to non monetary Employees can feel direct dependence between individual effectiveness and pay while receiving annual bonus and changes in pay.

In private sector there exists comparative performance measurement (CPM), which helps to improve the management and operations of a particular agency or function, to improve policy and resource allocation decisions, and to communicate to the public what is being accomplished and what community needs should be addressed. Public sector agency face several inherent challenges as they seek to improve outcomes and provide more effective and efficient services. There is a lack of any real competitive pressure. It is difficult to motivate real improvement in public sector services without these competitive or market forces.

In private sector the principal measure of successful performance is profit. Public agencies, on the other hand, have no such universal and widely accepted performance measure of success. How ever performance is judged against the goals of their programs and whether the desired results and outcomes have been achieved.

There is a systematic implementation of SMART method in private sector and it fulfills the entire acronym such as specific, measurable achievable relevant & time bound. It is also applicable to public sector units but not in the same manner as in private. Assessment of competencies, which is mostly developmental in nature, is taken up at regular intervals in the year.

Suggestions for Public Sectors:

- There should develop PRP mechanism (performance related pay in the public sector. The main rational for establishing PRP is to improve performance and motivation of managers or employees. The introduction of PRP at employees level is a way to forge a closer link between individual job goals and organizational goals. Also the need to attract & retain talented employees. PRP create alternative career paths where
performance is more important than grade and seniority. This has an important impact on strategic human resources management, and constitutes storing indenture for improved development and training.

- Development of merit and competency based recruitment system.
- Mechanisms to identify the employees potential and to reward based on the potential and performance rather than experience alone.
- Motivate subordinates through recognition and support.
- Effective motivational skill development programs to ensure employee’s performance are linked to set organizational objective and facilitate towards the corporate culture that is intended to build within the organization.

There are some common suggestions for both the organizations.

- **Uncouple evaluation and development**: Many appraisal systems ad verditantly force the mixing of the roles of judge and helper. The open problem solving dialogues required for building a relationship and developing subordinates should be scheduled at a different time than the meeting in which the supervisors informs the subordinations about his /her overall evaluation and its implication for important rewards.

- **Choose Appropriate Performance Data**: The behavior rating scale the critical incident methods and various MBO techniques usefully guide the appraisal discussion towards reviewing specific task behaviors or accomplishments feedback which is both less threatening and more helpful to the person who wants to improve performance. A comprehensive performance management system might include MBO and behavioral ratings which are respectively means of managing the what and how of employee task related behaviors.

- **Separate evaluation of performance potential**: Current performance, as measured by the attainment of results, is not necessarily correlated with potential for promotion. Separation of assessments of performance & potential militates against the superiors averaging his /her unconscious assessment of these qualities & increase the likelihood of a constructive, non-defensive dialogue.

- **Recognize individual difference in system design**: Person differ in there needs for performance evaluation and development e.g. person high in nature require more frequency performance feedback within permissible bounds appraisal polices should permit managers to use different methods depending on the particular employees being appraised.

- **Upward Appraisal**: One way to mitigate the inhibition of the superior subordinate power imbalance is to ask subordinates to appraise there supervisor; this allows influencing there environment, and may increase motivation to enter the appraisal process openly, provide the supervisor an opportunity to model the non defensive behaviors essential to a real dialogue.

- **Self Appraisal**: Experiences with self appraisal suggests that it often results in lower ratings then supervisor would have given hence the inclusion of self appraisal before there the coaching or evaluation interview is likely to result in a more realistic rating and a greater acceptance of the final rating by both rater and ratee.

- **Appraisal should be done objectively**, the performance appraisal should be based on yearly targets, the criterion should be measurable, there must be continuous discussion /consulting sessions between the appraiser and appraise. Performance appraisal should not used as a yard stick to determine salary movement, rather it is used as a tool for the development of employees. Appraisal system should use objective and transparent measures of assessment and should reduce bias and favoritism; every employee must fully understand the system, criteria used and how marks are given.

- **Training on the appraisal system on regular interval and to improve the attitude and to heighten the morals of employees.**

**Limitation of the Study:**

1. The study has tried to cover all kinds and Performance appraisal Programme and its effects on the organization. But it was greatly limited because of the unavailability of sufficient data about pasts records as many organizations did not keep the records and the previous appraisal process and outcomes.

The organization covered for the survey contains large number employees and a sample of 120 would be inadequate as compared to the total number of the employees working in this sector. A bigger sample could have added on to the richness of the study. But it was difficult to accommodate date more.
Though the study had concentrated on different aspects of performance appraisal it was not possible to cover all aspects and variable associated with techniques of performance appraisal. So there is scope for future search in this case.

The nature of the appraisal problems faced by both public sector and private sector were different from each other and as a result it was very difficult to make a comparison between these organizations. It was equally difficult to measure the intensity of performance appraisal and organizational effectiveness in these enterprises.

The study has used both Primary and secondary data and the validity of the same totally depend on the knowledge and information of person providing the information. There is a chance that information provided is biased or incorrect.

REFERENCES