

## Impact of Performance Appraisal on Organizational Effectiveness: A Case Study of BEL Kotdwara

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### Abstract

Now a days market value of organization depends more on intangible resource rather than tangible resources, human resource is important intangible resource which significantly reflect market value of organization. An effective performance appraisal system has a significant impact on "organizational effectiveness". Organization also has to leverage the skills and capabilities of its employees by encouraging learning capability of individual and creating a healthy environment in which knowledge can be created, easily shared with the employees and applied to achieve corporate goals of the organization. The present study has been conducted to find out the effect of performance appraisal system on organizational effectiveness in BEL Kotdwara. The methodology was based on a questionnaire survey to collect the data, the study obtained information from four hundred and two (402) respondents from staff of BEL Kotdwara, The results of the study were analyzed statistically by correlation and regression using SPSS software. The major finding of the study is that performance appraisal positively affects the organizational effectiveness.

**Key words:** Performance Appraisal, Organizational Effectiveness, BEL (Bharat Electronics Limited).

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## 1. INTRODUCTION

Human Resource Management practices have become an essential component in the success of an organization. Good human resource Practices help in improving the competence of employees for high performance apart from interaction with technology and processes, relations with employees working within the organization. Among the HR practices performance appraisal is one of the most influencing HR practice. Performance appraisal is a human resource practices which evaluate the performance of the employees. An effective performance appraisal system has a significant impact on employees" organizational effectiveness. Performance appraisal system encourages employees to perform well. Performance appraisal system provides useful information regarding area where employees are needed to improve.

Performance Appraisal is useful for assessing training & development needs for employees, identify the weakness of employees, provide a feedback to employers as well as employees regarding performance of the employees and identify the strengths and weaknesses of employees which improve the overall productivity of the organization. After appraising performance, employers are in position to guide the employees for improving their performance.



### 1.1 An Overview of BEL Kotdwara:

Bharat Electronics Limited (BEL) was set up at Bangalore, India, by the Government of India under the Ministry of Defense in 1954 to meet the specialized electronic needs of the Indian defense services. Over the years, it has grown into a multi-product, multi-technology, multi-unit company serving the needs of customers in diverse fields in India and abroad. BEL is among an elite group of public sector undertakings which have been conferred the Navratna status by the Government of India. BEL unit established in Kotdwara Uttarakhand in 1985-86. BEL-Kotdwara is the 9th and the youngest Unit in the family of BEL. Soon after its inception, the Unit undertook manufacturing of Radio Relay Equipment. The Unit entered in the highly competitive market of telecom and became one of the leading suppliers of C-DOT switching equipments.

## 2. REVIEW OF LITERATURE

**Choon & Embi, 2012** says that Performance appraisal is one of the key appraisal methods which is defined as a result-based evaluative program. The study shows that performance appraisal is a programme that analyses the way in which the objectives are to be achieved. The employees are then allowed to implement the developed action plan.

**Espinilla et al., (2013)** says that performance appraisal system is very effective if organization use more than one method for evaluating employee's performance. They also opined that even a 360 degree performance appraisal system is not effective. The study concluded that performance appraisal is a effective programme if used properly.

**Swaha Bhattacharya & Monimala Mukherjee, (2013)** both had given the information regarding relationship between human resource planning and organizational climate. Organization structure, healthy working environment, effective communication, good pay package etc., affects the efficiency of the employees. Besides this, duration of service has significant impact upon perceived organizational climate and human resource planning.

### **2.1 Scope of the Study**

The research paper is entirely focusing on the impact of performance appraisal on organizational effectiveness in the BEL Kotdwara. The scope of the study is limited because it consist study on only one unit of organization. Future research may test some other factors that share the related relationship and influence the organizational effectiveness.

The study is having the following scope:-

- The main focus of the study is to know the impact of performance appraisal on organizational effectiveness.
- The study is empowering the organization to know that method adopted by the organization for performance appraisal effectively implemented and provide positive result to the organization.

### **3. RESEARCH OBJECTIVES**

The present study was conducted to know the following things related to the BEL organization.

- To investigate the impact of performance appraisal on organizational effectiveness in BEL Kotdwara.
- To assess the attitude of employees of BEL Kotdwara towards method adopted for performance appraisal.
- To evaluate various Parameters and the impact of performance appraisal on effectiveness of organization.

#### **3.1. Limitation of the Study**

- The study is limited up to some extend because it is not possible to cover the all unit of BEL Kotdwara.
- The study does not cover all the employees of BEL Kotdwara.

### **4. RESEARCH METHODOLOGY**

Research methodology is one of the important parts of research. Therefore, it should be well organized in nature. Research methodologies of the present study are outlined below.

#### **4.1 Research Design**

The present study has adopted a descriptive research design for the purpose of data collection and its analysis taking into account the quantitative approach. Keeping in mind the limitations caused due to the time and resource constraints convenience sampling technique has been followed for collecting the data. The sample size was the 402 employees of BEL Kotdwara.

#### 4.2 Research Area

The study covered the employees of BEL Kotdwara district Pauri Garhwal. The area why did we select, this was one of the most important question. This BEL unit (Pauri) is very much near from my residence so we had no problem in collecting the data.

#### 4.3 Data Analysis Tools

SPSS, Correlation, Regression, ANOVA and Cornbach's Alpha test was used to analysis the data.

#### 4.4 Variables

**Table 4.1**

Independent Variable:	• Organization Effectiveness
Dependent Variable	• Performance Appraisal

#### 4.5 Reliability and Validity

The reliability of the factors was checked using Cronbach's Alpha. A cut off value of 0.7 was recommended in order for a factor to be considered significant (Field, 2009). All the statement which had been used through Cronbach's Alpha should be greater than 0.7, which means that measures were reliable. From the **table no 4.2** it is seen that reliability value was estimated to be  $\alpha = .877$  to  $.898$ , if we compare reliability value of the scale used in the present study with the standard value alpha of 0.7 then it is observed that data is highly reliable. The content validity is checked by the experts and content validity of the questionnaires was adequate. Hence, reliability and validity of the scale are satisfied.

**Table 4.2**

Reliability Value of the Scale		
Scale	No of items	Cronbach's Alpha
Performance Appraisal	7	.898
Organizational Effectiveness	7	.877

Source: Field Survey

### 5. DATA ANALYSIS AND FINDINGS

In the present study, we analyzed our data by Correlation, regression and ANOVAs test.

#### 5.1 Demographic Characteristics of Sample Respondents N= 402

Descriptive statistics such as frequencies and percentages relating to the demographic characteristics of respondents are presented below:

**Table 5.1**

Demographic Profile of Respondent				
		Frequency	Percent	Cumulative Percent
<b>Gender</b>	Male	268	66.7	66.7
	Female	134	33.3	100.0
<b>Age</b>	Upto 30 Yrs	69	17.2	17.2
	31- 40 Yrs	157	39.1	56.2
	41-50 Yrs	123	30.6	86.8
	51 Yrs and above	53	13.2	100.0
<b>Income</b>	Upto 4 Lacs	7	1.7	1.7

<b>Qualification</b>	4 - 6 Lacs	37	9.2	10.9
	6 - 8 Lacs	193	48.0	59.0
	Above 8 Lacs	165	41.0	100.0
	Total	402	100.0	
	Up to Intermediate	11	2.7	2.7
	Graduate	210	52.2	55.0
	Post Graduate	150	37.3	92.3
	Professional	31	7.7	100.0
	Total	402	100.0	

Source: Field Survey

### 5.2 Performance Appraisal

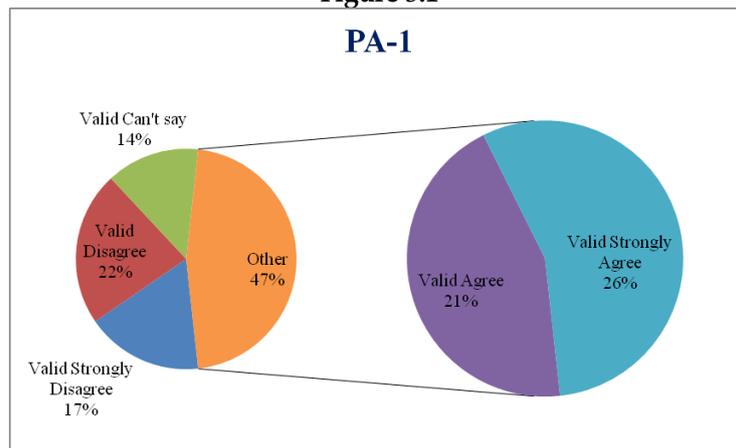
This section presents employees response regarding impact of performance appraisal on organizational effectiveness. Respondents were asked to indicate the extent to which they agreed to statements relating to impact of performance appraisal on organizational effectiveness on a five-point likert scale (1 = strongly disagree - 5 = strongly agree).

- **PA-1**:-Organization provides a platform for identifying the area where employees needs to improve their performance:-

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	69	17.2	17.2	17.2
Disagree	91	22.6	22.6	39.8
Can't say	55	13.7	13.7	53.5
Valid Agree	83	20.6	20.6	74.1
Strongly Agree	104	25.9	25.9	100.0
Total	402	100.0	100.0	

Source: Field Survey

Figure 5.1



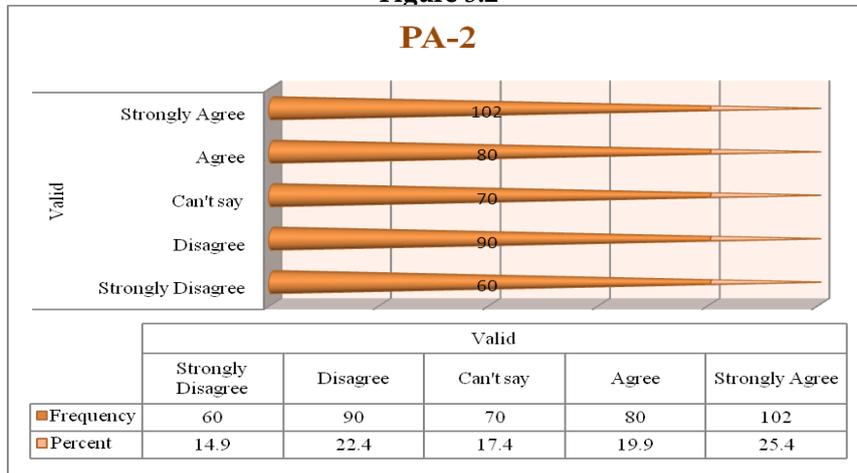
**Interpretation:**-It is revealed from the **fig. no. 5.1** that 26.00% respondents were strongly agree and 21.00% respondent were agree with the statement that organization provides a platform for identifying the area where employees needs to improve their performance.

- **PA-2:** The organization performance appraisal system helps to identify the strength and weakness of the employees.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	60	14.9	14.9
	Disagree	90	22.4	37.3
	Can't say	70	17.4	54.7
	Agree	80	19.9	74.6
	Strongly Agree	102	25.4	100.0
	Total	402	100.0	100.0

Source: Field Survey

Figure 5.2



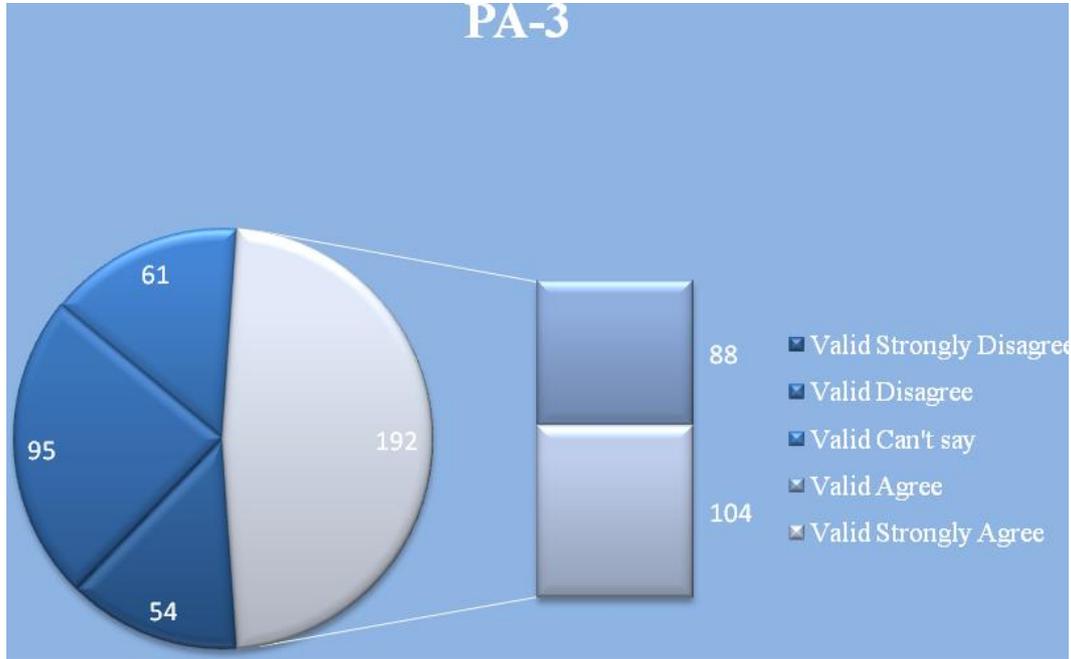
**Interpretation:**-It is revealed from the **fig. no. 5.2** that 25.40% respondents were strongly agree with the statement that the organization performance appraisal system helps to identify the strength and weakness of the employees and 22.40% respondent disagree with the statement.

- **PA-3:-** Performance appraisal system of the organization helps to improve personnel skill and development.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Strongly Disagree	54	13.4	13.4
	Disagree	95	23.6	37.0
	Can't say	61	15.2	52.2
	Agree	88	21.9	74.1
	Strongly Agree	104	25.9	100.0
	Total	402	100.0	100.0

Source: Field Survey

**Figure 5.3**  
**PA-3**



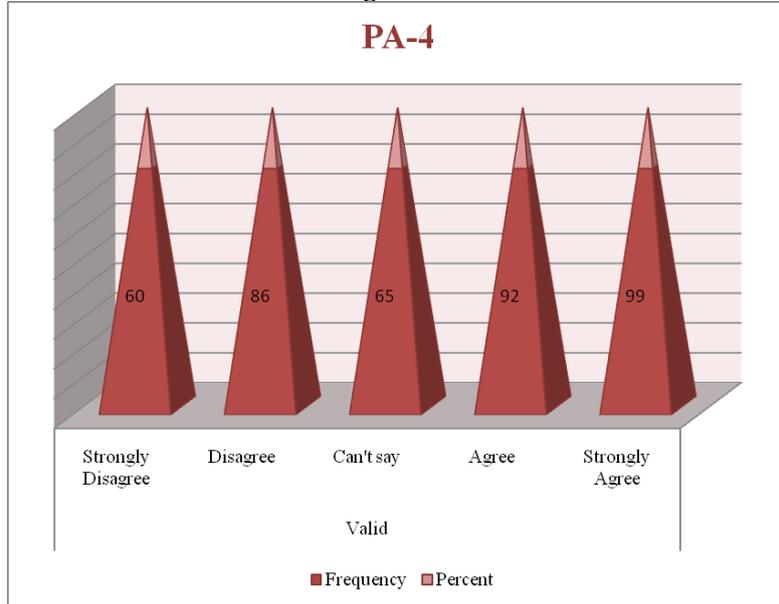
**Interpretation:**-It is revealed from the **fig. no. 5.3** that 104 respondents were strongly agree and 88 respondent were agree with the statement that performance appraisal system of the organization helps to improve personnel skill and development.

- **PA-4:**-Performance appraisal results seriously taken by the organization and devote sufficient time to it.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	60	14.9	14.9	14.9
Valid Disagree	86	21.4	21.4	36.3
Valid Can't say	65	16.2	16.2	52.5
Valid Agree	92	22.9	22.9	75.4
Valid Strongly Agree	99	24.6	24.6	100.0
Total	402	100.0	100.0	

Source: Field Survey

**Figure 5.4**



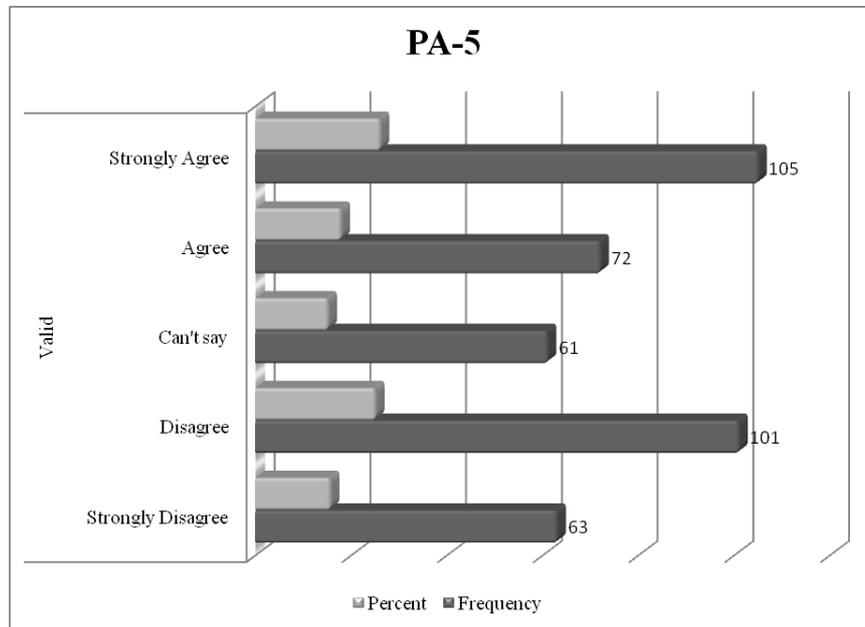
**Interpretation:**-It is revealed from the **fig. no. 5.4** that 99 respondents were strongly agree with the statement that the performance appraisal results had been seriously taken by the organization and devoted sufficient time to it and 86 respondents disagreed with the statement.

**PA-5:-** Performance appraisal undertaken by organization helps to identify the developmental needs of its employees to improve their performance.

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	63	15.7	15.7	15.7
Disagree	101	25.1	25.1	40.8
Can't say	61	15.2	15.2	56.0
Agree	72	17.9	17.9	73.9
Strongly Agree	105	26.1	26.1	100.0
Total	402	100.0	100.0	

Source: Field Survey

Figure 5.5



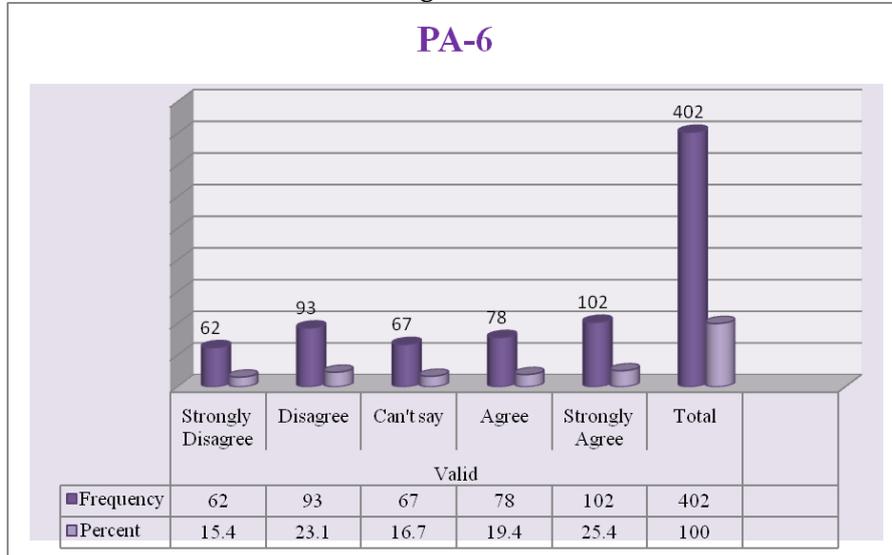
**Interpretation:**-It is revealed from the Fig. no. 5.5 that 105 respondents were strongly agree and 101 respondent were disagree with the statement that performance appraisal undertakes by organization helps to identify the developmental needs of its employees to improve their performance.

- **PA-6:**-Organization performance appraisal system helps to motivating employees and enhances self confidence of employees.

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Strongly Disagree	62	15.4	15.4	15.4
Disagree	93	23.1	23.1	38.5
Can't say	67	16.7	16.7	55.2
Agree	78	19.4	19.4	74.6
Strongly Agree	102	25.4	25.4	100.0
Total	402	100.0	100.0	

Source: Field Survey

Figure 5.6



**Interpretation:**-It is revealed from the **fig. no. 5.6** that 25.40% respondents were strongly agree and 23.10% respondent were disagree with the statement that organization performance appraisal system helped to motivating employees and enhances self confidence of employees.

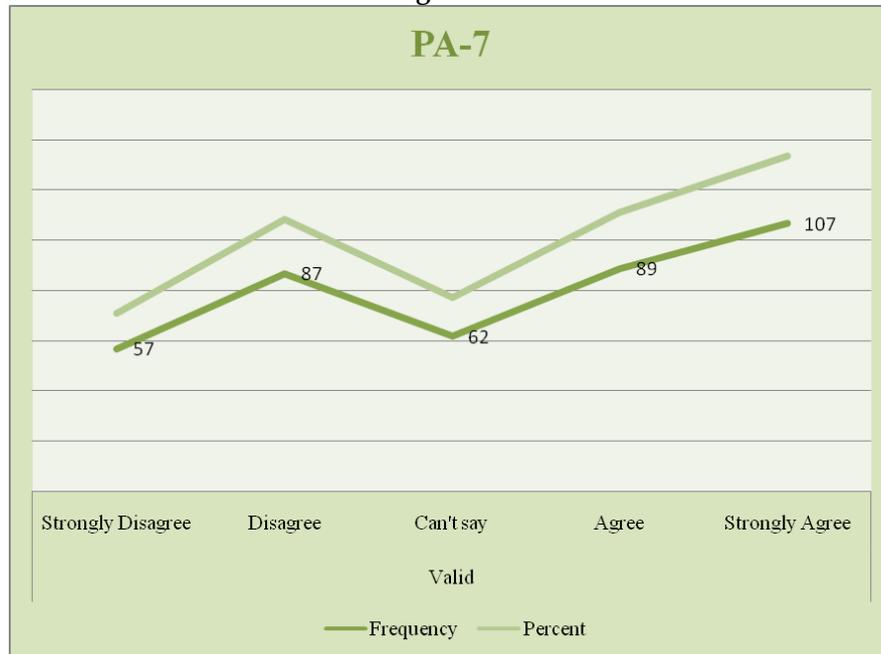
- **PA-7:-** The appraisal data are used by organization for development decision such as promotion, job rotation and job enrichment.

**Table 5.8 PA-7**

	Frequency	Percent	Valid Percent	Cumulative Percent
Strongly Disagree	57	14.2	14.2	14.2
Disagree	87	21.6	21.6	35.8
Can't say	62	15.4	15.4	51.2
Agree	89	22.1	22.1	73.4
Strongly Agree	107	26.6	26.6	100.0
Total	402	100.0	100.0	

Source: Field Survey

Figure 5.7



**Interpretation:**It is revealed from the **fig. no. 5.7** that 107 respondents were strongly agree , 89 respondent were agree and 57 respondent were strongly disagree with the statement that the appraisal data were used by organization for development decision such as promotion, job rotation and job enrichment.

### 5.3 CORRELATION & REGRESSION BETWEEN PERFORMANCE APPRAISAL AND ORGANIZATIONAL EFFECTIVENESS

This section presents correlation & regression between Performance Appraisal and Organizational Effectiveness

		Performance Appraisal	Organizational Effectiveness
Performance Appraisal	Pearson Correlation	1	.735**
	Sig. (2-tailed)		.000
	N	402	402
Organizational Effectiveness	Pearson Correlation	.735**	1
	Sig. (2-tailed)	.000	
	N	402	402

**Source: Field Survey**  
 \*\*. Correlation is significant at the 0.01 level (2-tailed).

**Interpretation:**-It is revealed from the table. no 5.9 that organizational effectiveness is influence by performance appraisal and both are highly correlated.

**Table 5.10 ANOVA<sup>a</sup>**

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	291.119	1	291.119	470.348	.000 <sup>b</sup>
	Residual	247.577	400	.619		
	Total	538.697	401			

a. Dependent Variable: Performance Appraisal

b. Predictors: (Constant), Organizational Effectiveness

**Interpretation:**-It is revealed from the **table no 5.10** that the independent variable organizational effectiveness was found to be positively and significantly related to dependent variable performance appraisal ( $p=0.000$ ).

## 6. CONCLUSION

The study was conducted among the employees of BEL Kotdwara covering 402 respondents. The data was collected by means of questionnaire and the data was classified and analyzed carefully by all means. From the analysis, it has been found that the most of the employees in the BEL were satisfied with the performance appraisal technique adopted by the organization and it was also concluded from the study that performance appraisal has a great impact on organizational effectiveness. It is concluded from the study that the employees who were satisfied with the performance appraisal system of the BEL were also satisfied with their job.

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