

Performance Appraisal System for Reformation and Sustainability

A Case Study of Karnataka Land Army Corporation Ltd

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Abstract

Performance Appraisal continues to be a topic of great interest in Human Resource Management since an effective appraisal is the initial step towards developing a skilled manpower, rewards, career growth and remuneration. Performance appraisal helps organization to move people between various tasks and positions there by helping the organization to reform, sustain and grow. The objective of this paper is to study the existing performance appraisal system at KLAC to consolidate the employees' views and to identify short comings in the existing appraisal system to improve its effectiveness and efficiency. Methodology is basically a descriptive study aiming at collection of data through questionnaires structured in a simple and logical manner and then comparing with the standard formats and regulations used currently for appraisal.

Keywords: Performance Appraisal, Reform, sustainability.

Introduction

Performance appraisal, though a much discussed topic it still continues to be a subject of greater interest in Human Resource Management. An effective performance appraisal is the initial step towards development of skilled manpower, rewards, remuneration, training needs; career growth and placement are all on the basis of performance appraisal. While recruitment process inducts employees into the organization performance appraisal helps organizations to move people between various tasks and positions. This paper is aimed at studying performance appraisal system at Karnataka Land Army Corporation Ltd.

Insight into KLAC - Karnataka Land Army Corporation started as directorate of land army in the year 1971 under the rural development department of government of Karnataka, later in the year 1974 it was incorporated as a company. The organization was formed with noble idea of organizing an army of rural youth for not only providing employment opportunities but also at the same time to undertake developmental works such as construction of low cost housing, roads, culverts in rural area. Initially, KLAC was started with an authorized share capital of Rs 25 Lakhs and with a staff to 15 on experimental basis and now it has grown to success with a total turnover of over Rs 300 crores with a workforce over 1003. With this growth, for smooth execution of works KLAC is organized into 6 zones, 31 divisions and 66 subdivisions spread over entire length and breadth of the state. There are opportunities for career growth for employees at various levels. The present paper seeks to study effectiveness of the performance appraisal system in detail towards Reformation and sustainability of KLAC.

Objectives of KLAC.

- a. Execution of Rural development projects concentrating on labor intensive works so that rural unemployed are provided with adequate employment opportunities to improve their economic conditions.
- b. To undertake all rural construction works for development eliminating middlemen (contractors) to benefit the unemployed directly.
- c. Help to build infrastructure which is vital for development projects relating to Integrated Area Development, Water Development, Dairy, Fisheries, Minor Irrigation, Rural Communication, Bridges, Schools and Hospitals, houses, Forestation and soil Conservation.
- d. Training of rural youth in various technical trades, so that self earning capacity is created and which could increase and improve the rural economy.

Steps taken to increase efficiency:

- Establishment of full fledged Design and Architect section and consultancy
- Increased Technical knowledge with formation of committees such as;
 - ✓ Think tank Committee
 - ✓ Technical Committee
 - ✓ Quality Assurance Committee
- Decentralization of powers to issue technical sanction to works
- Training of Engineers and staff in various technical institutes.

Need of Performance Appraisal

Without an adequate supply of skilled people in terms of qualification, competency and flexibility at all levels of organization, no organization can expect to remain in the top league for long. An important question, therefore for all companies is: are we investing enough in our peoples' skills to meet operational requirements, changes and contingencies?

For most companies the retention of key people, whose loss would have a significant impact on the performance and who would be difficult to replace, is a key measure of how successful the company is at satisfying the needs and expectations of its employees. Dissatisfied employees are unlikely to plunge themselves with enthusiasm into a quest for excellence in all aspects of the business operation. A competent, adaptable and motivated workforce is, therefore an essential part of the drive to achieve excellence in all aspects of the business. This is reflected in the engineering emphasis being given to invest in people and the development of cost effective competence base training.

Performance Appraisal is the HR function that links performance, rewards, training and development of skills which if done would help in retaining and motivating the employees. In the present day of liberalization and globalization attracting, retaining and motivating skilled and competent employees has become a challenge to organizations both in private and public sectors. Among all the resources at command in an organization, managing human resources has its own requirements and is becoming complex day by day. Employees who are in tune with organizational needs and can deliver results effectively and efficiently are great asset. Employees have been identified as an important resource and their unique features have been identified long ago. Various literatures emphasize on the need of Human Resources and are still being looked at from different angles.

Definition – Performance Appraisal is the process of evaluating the performance and qualifications of the employee in terms of requirements of the job for which he/she is employed, for purposes of administration including placement, selection for promotion, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally.

Objectives of Performance Appraisal

- i) To enable an organization to maintain an Inventory of number and quality of all managers and to identify and meet their training needs and aspirations.
- ii) To determine increments and provide a reliable index for promotions and transfers to positions of greater responsibility.
- iii) To maintain individual and group development by informing the employee of his performance standards.
- iv) To suggest ways of improving the employees performance. When is not found to be up to the mark at review period.

A Glance of Performance Appraisal Practices at KLAC

At present there is no appraisal in the truest form at KLAC. Confidential reports are used to assess the performance of the employees. For different grades of employees different formats were being used and the report set out the objective as “Performance Appraisal through confidential reports should be used as a tool for Human Resource Development. Reporting officers should realize that the objective is to develop an officer so that he/she realizes his/her true potential. It is not meant to be a faultfinding process but a development one. The reporting officer and the reviewing officer should not shy away from reporting shortcomings in performance, attitudes or overall personality of the officer reported upon”.

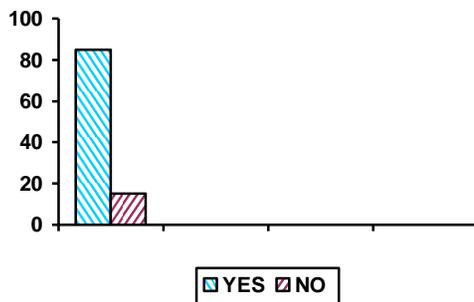
The format also throws light upon setting up goals and targets, which are critical in an appraisal process which says “the reporting officer shall, in the beginning of the year set

quantitative/ physical/ financial targets in consultation with each of the officers with respect to whom he is required to report upon. Performance appraisal should be a joint exercise between the officer reported upon and the reporting officer. The targets shall be set at the commencement of the reporting year usually April. In the case of an officer taking up a new assignment in the course of the reporting year such targets / goals shall be set at the time of taking up new assignment”. Further it stresses that targets should be clearly known and understood by the officers, priorities should be set, and nature of work taken into account, the reporting officer and the officer reported upon should meet regularly to take necessary corrective measures. Thus, sufficient care is taken so that adverse remarks are not made without proper care.

Analysis and Interpretation of Performance Appraisal at KLAC

In order to analyze the performance appraisal of the employees of KLAC, feedback about the existing Performance Appraisal system from the employees were collected through questionnaires which constitute primary data for analysis. For the present study, the staffs in the grades of DD/AD/TFC/ATFC have been chosen as the sample. Out of 25 people to whom questionnaire is administered 21 have responded. The questionnaire was divided into 9 divisions to collect data like (i) Employee details, (ii) Existence of Performance Appraisal (PA), (iii) Information regarding PA, (iv) Frequency of PA, (v) Result of PA, (vi) Purpose of PA, (vii) Criteria for PA, (viii) Changes in PA and (ix) Overall opinion about the present PA system. The result of the questionnaire summarizes as below;

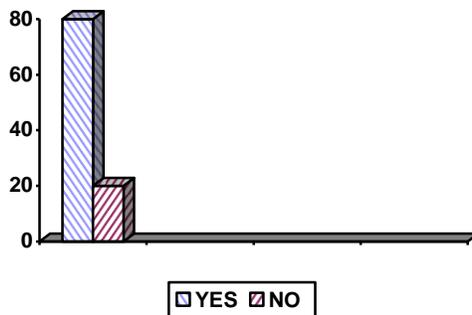
1. Is your performance is being assessed?



Responses	Percentage
YES	85
NO	15

A majority of the respondents (85%) answered that their performance is being assessed.

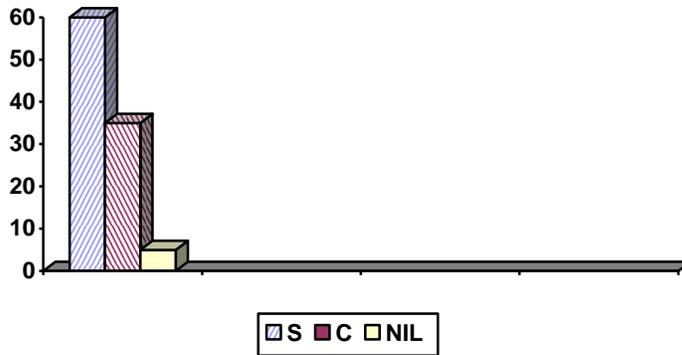
2.Does your organization have PA system?



Responses	Percentage
YES	80
NO	20

- A majority of the respondents (80%) knew that there exists a PA system in the organization.

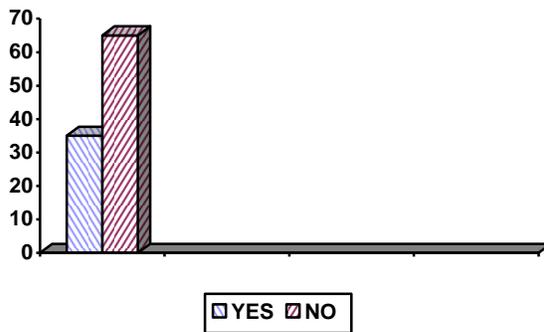
3. How did you come to know about it?



Responses	Percentage
Superiors	60
Circulars	35
Nil	05

- Nearly 60% of the respondents have come to know about the PA system through superiors and the rest through official circulars.

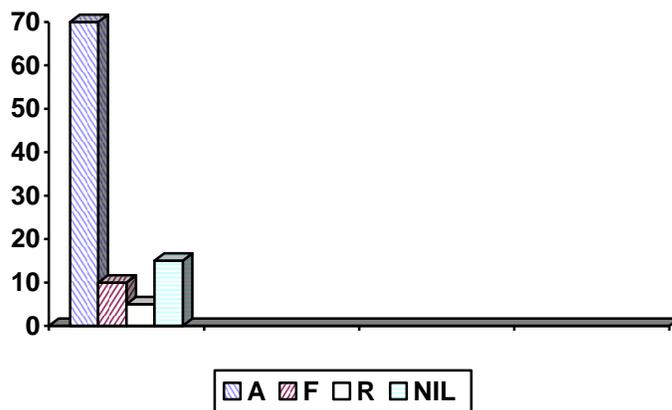
4. Were you informed in advance regarding your PA?



Responses	Percentage
YES	35
NO	65

- Nearly 65% were not informed regarding their appraisal which is not a positive step about PA system.

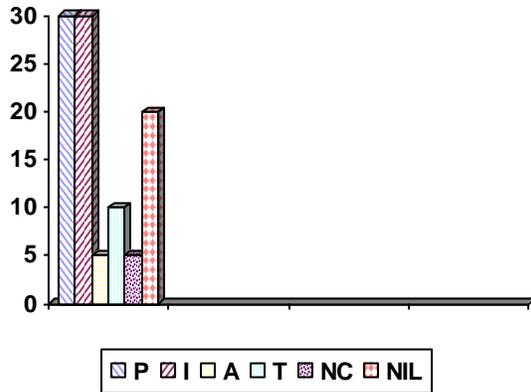
5. How often performance is assessed?



Responses	Percentage
Annual	70
Frequent	10
Review	05
Nil	15

- Majority of the respondents say that they are being appraised for every year of service (Annually) in the organization.

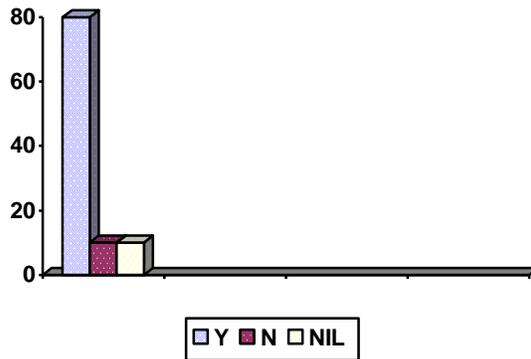
6. What was the result?



Response	Percentage
Promotions	30
Increments	30
Awareness	05
Transfer	10
Not communicated	05
Nil	20

- Nearly 60% of the respondents have seen positive yield in terms of promotion / increments.

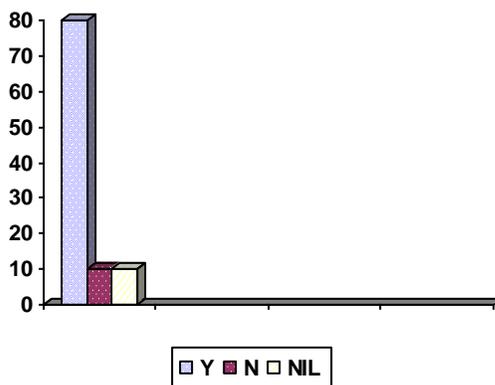
7. Are you satisfied with the result?



Response	Percentage
Yes	80
No	10
Nil	10

- Overall 80% are satisfied with the result of the appraisal.

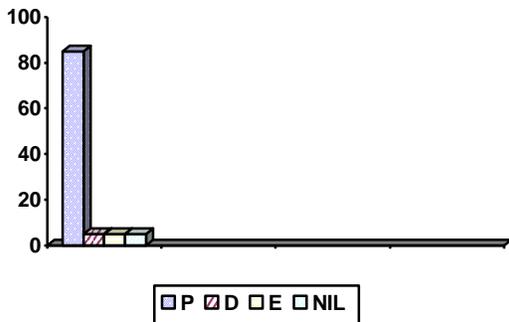
8. Do you think it is being achieved?



Responses	Percentage
Yes	80
No	10
Nil	10

- Most of them feel purpose of appraisal system is for promotion and the system is achieving it.

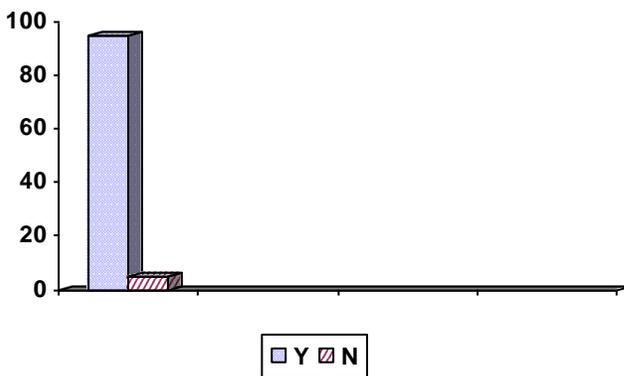
9. What should be the main criteria for PA?



Responses	Percentage
Performance	85
Discipline	5
Experience	5
Nil	5

- Majority of respondents feel performance should be the main criteria and the rest feel it should be the experience.

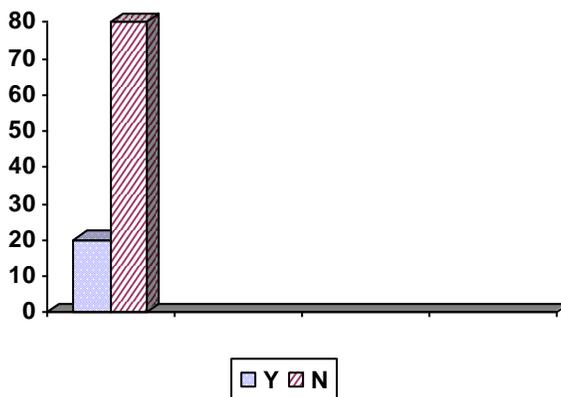
10. Are you aware of factors against which your performance is assessed?



Responses	Percentage
Yes	95
No	5

- Nearly 95% of the respondents are aware of the factors against which they are appraised.

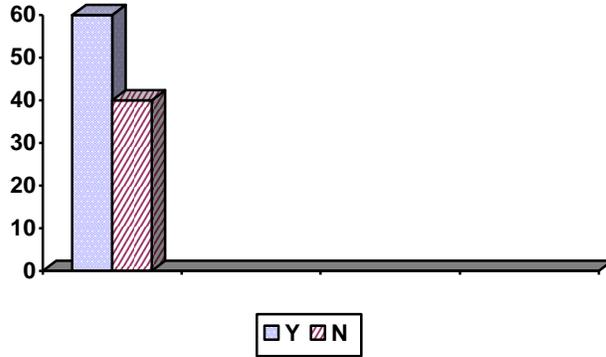
11. Since your joining has PA methods changed?



Responses	Percentage
Yes	20
No	80

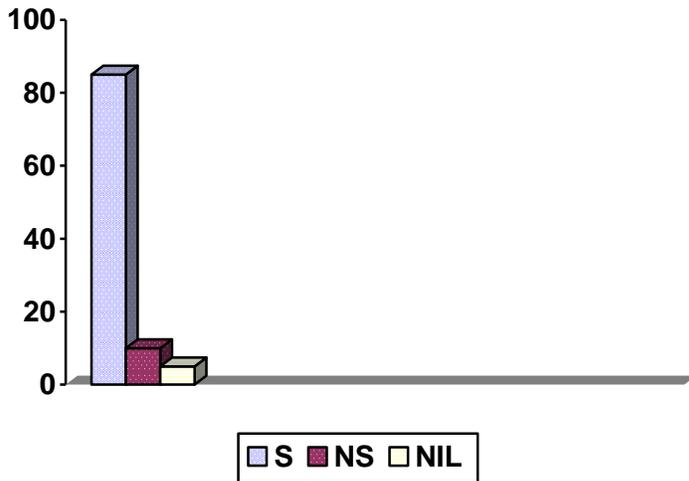
- 20% feel that the PA method has changed over a period of time and with changes 60% feel they have benefited from it.

12. Has it benefited you?



Responses	Percentage
Yes	60
No	40

13. What is your opinion about changes made till now?



Responses	Percentage
Satisfactory	85
Not satisfactory	10
Nil	5

- Nearly 85% are satisfied with the changes and interestingly 60% don't recommend any further changes.

The overall opinions of the respondents are that the present Performance Appraisal system

- (i) Is meant for assessing work performance for the purpose of promotion.
- (ii) Present PA system is good / satisfactory.
- (iii) To make it more effective they suggest imparting training, scope for discussion between superior and subordinate(s).

Conclusions

Karnataka Land Army Corporation Ltd is a construction agency wholly owned by govt. of Karnataka, the corporation meets administration charges through earning profit, so far the corporation is getting works directly entrusted from govt. departments at 10% + 4% tax over and above the current schedule of rates. Now, the transparent act is in force and the govt.

departments cannot entrust works directly to KLAC and it has to participate in tender to get the works.

In the present scenario there is tough competition in construction industries. Quality, speed, economy and customer delight are the main criteria for getting the work. Organization has to adopt latest methods of environment appraisals like SWOT analysis and adopt TQM, JIT concepts etc. Employees are the backbone of any organization and its success depends on the hard work, commitment, of every employee in the organization. The corporation has to put all efforts to assess performance of every employee in a most accurate way. Modern methods of performance appraisal practices such as round the year feedback in order to get a good view about the strength and weakness of the employee and to impart proper action.

Suggestions

The objective of performance appraisal shall be made understood to every employee in the corporation through circulars and workshops. Presently performance appraisal is done annually through confidential reports. It is recommended to appraise twice in a year (biannually). Targets should be fixed in consultation with the employee and should follow Management By Objective (MBO) principle. Assessment should be quantified in nature with due weightage for each activity. Management shall take positive or negative action based on confidential reports and if any draw backs should be communicated to the employees to improve in that particular area. For better effectiveness training shall be arranged and at the same time encouragement shall be given for outstanding performance.

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