

**Performance Appraisal Systems: A Study on A Few
Selected Jute Mills in Khulna Division.**

A Thesis Submitted to the University of Dhaka for The Degree of
Master of Philosophy in the Department of Management.

By

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Declaration

Md. Shibli Howlader hereby declares that the thesis entitled “Performance Appraisal Systems: A Study on A Few Selected Jute Mills in Khulna Division” is an original research carried out by me under the supervision of Prof. Dr. Muhammad Mohiuddin. Such material as has been obtained from other sources has been duly acknowledged in this thesis. I also declare that this thesis either in whole or in part is not submitted either in this or any other University for any other degree.

June, 2014

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CERTIFICATION

This is to certify that the research work and the results of the thesis entitled "Performance Appraisal Systems: A Study on A Few Selected Jute Mills in Khulna Division" is the outcome of the work carried out by Md. Shibli Howlader under my supervision.

This is further certified that the thesis is suitable for submission in fulfillment of the requirement for the degree of the Master of Philosophy in Management.

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Acknowledgement

My thesis for Master of Philosophy in Human Resource Management is not an end of my research but a new beginning for a new career, it's a beginning for more challenging work, it's a beginning for fulfilling tasks, it's a beginning to be more creative, innovative, so on and so forth. Prof. Dr. Muhammad Mohiuddin sir, my research guide makes this beginning possible.

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Synopsis

1. Introduction

The study is made on Jute mills operating in Khulna division under the Bangladesh Jute Mills Corporation (BJMC) about the performance appraisal systems of these jute mills.

Rationale of the study

This research is a maiden study. No study ever has been made on performance appraisal systems of Jute mills operating in Khulna division. So, this is a pioneer study.

Objectives of the Study:

1. To explore performance appraisal systems in the selected jute mills in Khulna division.
2. To diagnose the performance appraisal system and identify flaws if any in the existing performance appraisal systems of selected jute mills.
3. To recommend courses of action to improve and overcome the deficiency of performance appraisal systems of the selected jute mills.

2. Methodology of the Study

From the population of the study 50 officers/managerial people have been selected randomly. All jute mills operating in Khulna division are taken for the study. A questionnaire with both open ended and closed questions is used to collect data. In all, there are five chapters.

3. Theoretical Framework

A descriptive presentation is made on performance appraisal along with all its various dimensions in order to constitute a theoretical framework for the study.

4. Analysis and Discussion

Data are presented in various tables and analyses are made on the trend of the tabulated data.

5.1 Findings of the Study

5.1.1. Jute mills in the Khulna division are following a regular structured systematic performance appraisal system named as Annual Confidential Report (ACR). Graphical rating scale along with essay methods are used to design the appraisal form.

5.1.2 Only immediate supervisor or departmental head appraises the performance of subordinates.

5.1.3. Performance appraisal is done once in a year. It is done at the end of December each year.

5.1.4. Performance appraisal of employees /officers is done on a set of preset criteria consisting of sense of discipline, judgment and sense of proportion, intelligence and mental alertness, initiative and drive, cooperation, reliability, sense of responsibility, interest in job, managerial prudence, awareness of safety, behavior to general people, job knowledge, quality of work, quantity of output of work, ability to supervising and directing, ability to make decision, ability to implement, interest to guide and train the sub-ordinates, ability to express in writing , ability to express orally, report drafting and presentation activities and dutifulness, personality and mental alertness, punctuality.

5.1.5. No feedback of performance appraisal results to the evaluated employees is made by the appraiser.

5.1.6. Almost all respondents believe that performance appraisal is very important to improve one's performance.

5.1.7. Almost all respondents perceive that performance appraisal system provides adequate feedback if such system is used.

5.1.8. Almost all of the respondents, 90% managers believe in the positive effects of performance appraisal that it is the way to discuss one's progress openly, honestly, and motivate employees to perform better.

5.1.9. All employees (100%) perceive that performance appraisal helps to integrate individual and organisational goals.

5.1.10. Two third respondents, 74 percent, believe that personal relationship, likesness, dislikesness, etc. influence performance appraisal ratings, while 22 percent respondents do not believe that.

5.1.11. Almost all the respondents, 96 percent, agree that performance appraisal helps to win co-operation and team work.

5.1.12. Almost all the respondents, 84 percent, express their view that evaluation of team performance should be included in performance appraisal.

5.1.13. Two third of the respondents, 74 percent, believe that peers, customers, subordinates, other departmental representatives should be included in performance appraisal process.

5.1.14. Nearly all respondents, 92 percent believe that performance appraisal system helps to identify the strengths and weaknesses of the employees.

5.1.15. Nearly all, 94 percent respondents agree with the statement that performance rating is helpful for the management to provide employee counseling.

5.1.16. Almost all the respondents, 88 percent, show positive attitude to the statement that appraisal system keeps on the major achievements and failures or successes of the work.

5.1.17. It evident from the study that nearly two third of the respondent officers, 78 percent, support the statement that transfer, demotion, suspension and dismissal are based on performance appraisal with a few negative attitude.

5.1.18. The evidence from the study shows that the majority of the employees, 56 percent, believe that management fixes salary through the performance rating, while a significant percentage of respondents, 30 percent, do not accept the statement.

5.1.19. Almost all the respondents, 96 percent, perceive that the performance appraisal is helpful in reducing grievance among the employees.

5.1.20. All respondents, 100 percent, agree with the statement that performance appraisal increases employee motivation and none disagreed or in neutral.

5.1.21. Almost all respondents, 96 percent, perceive that the follow up procedure after performance appraisal is satisfactory.

5.1.22. It is found from the study that various types of error such as central tendency error, halo effect error, horn effect error, stereotyping, ineffective performance policies and practices, lack of raters' preparedness, and poor design of the appraisal form. But a significant number of respondents have not identified these errors.

5.1.23. There exist no leniency error, unclear standards, and strictness error in the performance appraisal.

5.1.24. All respondents have said that the raters do not have any training on rating system.

5.2 Conclusions

All the results observed and achieved, clearly indicate the importance and the need of performance appraisal in the selected jute mills. Jute mills are controlled by B.J.M.C under Ministry of Textile and Jute. They follow traditional method like Confidential Report method, where a superior evaluates an employee on the basis of loyalty, intelligence, character and his/her work. But this type of method is often biased, resulting in dissatisfaction and misunderstanding among employees which hamper their productivity. Employees differ in their abilities and their aptitudes. There are always some differences between the quality and quantity if the same work on the same job is done by the different employees. At present, it is not possible for organization to manage challenges without the help of potential human resource.

Hence, the employees in the jute mills become the biggest assets to be taken care of employees ability and inability, strengths and weakness etc has to be evaluated an appraised periodically. It's a great benefit to have good insight about the selected jute mills. If the suggested measures are taken into consideration it will help selected jute mills to increase their effectiveness of performance appraisal system.

5.3 Recommendations

It is recommended that rater should exercise objectivity and fairness in rating and evaluating the performance of the employees. Personal relationship, likes, dislikes must be avoided so that employees gain confidence on the system of appraisal and are motivated to work hard and provide result.

5.3.1 Performance appraisal method should be openly, honestly digitalized and be designed with updated criteria.

5.3.2. It is recommended that multiples raters shall be used to make the performance appraisal most effective and thus, 360 degree feedback performance appraisal method should be adopted.

5.3.3. Appraisal process requires maximum preparation work to be done both by the employee and the appraiser.

5.3.4. Training on performance appraisal system is a weak area, survey respondents confirmed that focus on the training as part of performance appraisal system should start. The training should allow time for both parties to discuss performance development areas and to design and agree learning intervention that will help to address their current skills gaps.

5.3.5. The overall situation related to errors that affect the effectiveness of performance appraisal needs a change in the existing system, format, design, and rater expertise in order to make it effective and contributive to the purpose of the performance appraisal and to the organization as a whole.

5.3.6. Since the report is generally not made public and hence no feedback is available in any way, appraisees do not know about their statuses. So, there shall be an open and honest feedback system.

5.3.7. It is recommended that reviewing/ appraisal of performance should be two times in a year.

5.3.8. The immediate supervisors should be enriched with the intellectual and psychological quality of evaluation process.

5.3.8. The human resource management of jute mills in Khulna division should take initiative so that supervisor should discuss with the employees about their achievements. Preparation for the appraisal meeting should start early.

5.3.9. The supervisor must weigh these up and make assessment of the employee. The rating and evaluation of performance should be based upon elements, recognizing and acknowledging what has been achieved.

5.3.10. Performance appraisal system should be digital to evaluate employees. Digital appraising and recording performance may save time, avoid unfair means, biasness and provide accurate result.

The application of above mentioned recommendations would obviously improve the performance appraisal systems of jute mills operating under Bangladesh Jute Mills Corporation in all the divisions of Bangladesh.

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Chapter 1

Introduction

1.1 Introduction

Dynamic people can build dynamic organizations and effectiveness of employees can contribute effectively. Competent and motivated people can make things happen to achieve goals. Hence as an organization struggle to remain sustainable and competitive, strategic planners and human resources professionals need to collaborate more intensely in designing strategies that are productive and humane. According to many researchers, the most successful organizations in the 21st century will be those to adopt a focused and integrated HR processes and systems. The art and science of empowering people, organizations and communities to create maximum productivity, quality, opportunity and fulfillment has never encountered so many challenges and opportunities (Marquardt, 2004, 2).

The enormous transformation processes that take place in the social, political and economic areas drive the need for organizations to become more responsive to the rapid development of the global strategies and the local operational levels Human Resource management focuses on personnel related areas such as job design, resource planning, performance management system, recruitment, selection compensation and employee relations. Out of these one function plays a critical role for the global success of the organization

and this is performance appraisal. It is more significant than other processes because its outcomes indicate the success of the realization of the other areas in the field of human resources (recruitment, selection, placement adaptation, training of the employees and other personnel activities). Building block for enhancing performance is creating a performance culture and implementing the performance management process. Assumptions corporate management are that this culture makes people be truly engaged in the business of the organization. (Reid and Hubbell, 2005).

A generation ago appraisal systems tended to emphasize employee traits, deficiencies and abilities. With the development of the employee/ organization relations modern appraisal philosophy emphasizes on the present performance and future goals. Modern philosophy also stresses on employee participation in mutually set goals with the supervisor. The underlying philosophy behind mutual setting of goals is that people will work harder for goals or objectives that they have participated in setting. The assumption is that people want to satisfy some of their needs through performing work activities that provide them with a supportive environment. They also need to perform meaningful task share the objectives setting, share rewards of their efforts and continue personal growth.

1.2 Problem Statement

The evaluation of job performance have been called by many different names throughout the year- a tool of management, a control process, a critical element in human resources allocation and many others. The first appraisal systems were just methods for determining whether the salary of the employees in the organizations was fair or not. Later, some empirical studies have shown that reduction or future pay were not the main effects of the process. During and after world war-1, the systematic performance appraisal was quite prominent. Credit goes to Walters (1995) for systematic performance appraisal technique of man to man rating system (or merit rating). It was used for evaluating military officers. Industrial concern also used this system during 1920 and 1940's for evaluating hourly paid workers. However with the increase of training and management development programs from 1950's management started adopting performance appraisal for evaluating technical, skilled, professional and managerial personnel as a part of training and managerial development programs.

Its roots in the early 20th century can be treated to Taylor's (1911) pioneering Time and motion studies. As a distinct and formal management procedure used in the evaluation of work performance appraisal really dates from the time of the second World War- not more than 60 years ago. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay

claim to being the world's second oldest profession. Performance appraisal system was recognized as a tool for motivation and development in the United States in the 1950s (Cardy and Dobbins, 1994).

The practice to formally appraise workers has existed for centuries, but the interest in the area has grown rapidly in the last forty years. As early as third century A.D. Sin Yu, an Chinese philosopher, criticized a biased rater employed by the Wei dynasty on the grounds that "Imperial Rater of nine Grades seldom rates men according to their merits but always according to his likes and dislikes" (Patten, 1977, 352). During 17th century, lawmakers in Ireland used a rating scale based on personal attributes (Hacket, 1928).

The first recorded appraisal system in industry was Robert Owen's use of character books and blocks in New Lanark mills in Scotland around 1800 (George Jr., 1974) . The character book recorded each worker's daily report. The character blocks were colored differently on each side to represent an evaluation of the worker ranging from bad to good and they were displayed in each employee's workplace. Owen was quite impressed by the blocks improve the behaviors of workers (Cardy and Dobbins,1994).

The social environment around organizations today has changed considerably since Owen developed his system. Although most organizations have standardized control systems for managing other

types of resources and monitor their use, the system for managing human resources has been typically neither a standardized nor a generally accepted part of organizational life.

A manager could evaluate a worker by only counting the number of units produced. In a service economy, however, output is not so easily measured and the evaluation of performance is much more subjective and less clearly defined process. Often then, there is a serious conflict not only over how evaluation should be conducted but also over whether it should be conducted at all. Many researchers and reputable sources criticize the importance of the process. They have expressed debates about the authenticity of the process. Some of them, such as Daniels (1999), even called it useless and evil. He couldn't see how the appraisal improves performance and characterizes it as a step of firing process. He suggests that "the best performance appraisal is one that is done every day". Another critic, Derven (1990) explained that if the manager or supervisor is unskilled or couldn't give accurate feedback, then the appraisal process will have only a negative effect. Because of this every organization has to make carefully structured process and have to develop managers to focus activities and efforts and enhance business performance. On the other side, some of the defenders, such as Lawrie (1990), described the process as "the most crucial aspect of organizational life".

1.3 Objectives of the Study:

1. To explore performance appraisal systems in the selected jute mills in Khulna division.
2. To diagnose the performance appraisal system and identify flaws if any in the existing performance appraisal systems of selected jute mills.
3. To recommend courses of action to improve and overcome the deficiency of performance appraisal systems of the selected jute mills.

1.4 Literature Review

There is no single study ever made on performance appraisal systems of jute mills operating in Khulna division. Hamid and Saifuddin (1998, 1-25) have made a study on 'Performance Appraisal: A Case Study of IFIC Bank'. They found that performance appraisal is used as a control device, it gives strengths and weaknesses of employees, it guides the decision regarding salary increment to a great extent, it provides employees' knowledge to the supervisor, it improves the performance of employees, it is trait based, subjectivity creeps into the appraisal, form is long due to repetition of criteria, supervisors are reluctant to appraise, it focuses on past performance only, it is confidential, it is done annually only. The researchers have made a good amount of recommendations. The findings also match with our findings too. The search did not find any evidence of such study in the sample area; therefore, this study would be a maiden study. Thus, the references of

any study on this topic have not mentioned due to non-availability of such research literature.

Chapter- 2

Research Methodology

2.1 The research is exploratory or investigative research as there was no such research has ever been made in this area.

2.2 Population: All officers employed in the selected jute mills in khulna division are the population of the study.

2.3 Sampling design: Sampling is the process of obtaining information about an entire population by examining only a part of it. Sampling design calls for three decision: (a) Sampling unit (b) Sampling size (c) Sampling procedure.

2.4 Sampling unit: For the study, 5 (Five) Jute Mills operating in the area of Khulna division under BJMC were selected.

2.5 Sampling size: 50 working Officers were taken as sample size from sampling unit.

2.6 Sampling Procedure: For the study, respondents were selected on the basis of random sampling under probability sampling techniques.

2.7 Sources of data: The data for the study were required both primary and secondary data selected on the basis of random sampling under probability sampling techniques.

2.8 Data Collection Techniques : There are both quantitative and qualitative method approaches in the thesis. The quantitative approach is more objective. It is used to evaluate the evidence and to clarify theories. It is much more focused on the collection and analyzes of

statistics. (Hunter and Leahey, 2008). On the other side, the qualitative method is interpreting what the people think and say. That method is much more subject to interviews and case studies and relies less on numbers. (Denzin and Lincoln 2005) In general, the qualitative method produces conclusions. Qualitative method is semi-structured. It includes interviews and participant observations, while the quantitative one uses more structured approaches such as surveys and questionnaires. Open-ended questions are used in the qualitative method, while in the quantitative the questions are closed in the questions formats. The data format in the qualitative method is textual, while in the quantitative one the data assign numerical values. On the overall consideration, both quantitative and qualitative methods had been used in the study for the facilitation of getting reliable and dependable data upon which a fair conclusion could be drawn.

The data were collected through the use of questionnaire and personal interview. The questionnaire was composed in a brief and appropriate language to avoid ambiguity and to attract respondent's interest. (It is attached in the appendix). The questionnaire was distributed by me to Jute mills employees (list of their names I received from the Administrative Department). Concerning confidentiality, the respondent employees had filled in the questionnaire anonymously. The questionnaire consists of different types of questions – open ended and closed questions. Information about the demographic data of the

participants were gathered from the multiple choice questions (closed questions), which just required that the right answers be ticked by the respondents. The demographic questions were used to correlate response between different types of groups. It was very important to find whether responses were consistent across groups. The main part of the questionnaire was consisted of Likert-scale questions. These questions helped us to find how strongly the respondents agreed with a particular statement. The answers of the questions were based on five-level scale and the options: strongly agree, agree, neither agree or disagree, disagree, strongly disagree. In the research, there were also questions that require only YES/NO as well as unstructured questions (open ended) which allowed the respondents to reply in their own words and gave freedom of opinions. I had used almost all types of questions in my questionnaire to find my conclusions and recommendations. The data were collected through open ended and close ended questionnaire from officers. There were 341 officers working in selected jute mills out of 50(fifty) officers were taken as a sample size for the survey. The first part of the questionnaire was connected with the personal information of respondents. In the second part there were 11 questions.

2.9 Data Analyses Techniques

Statistical techniques such as tables, pie charts, simple percentages, etc. were used in analyzing the collected data to have a clear understanding of the field of investigation and to facilitate discursion.

2.10 Structure of the thesis

The thesis is arranged with the following chapters and contents –

Chapter -1 Introduction contains preamble, problem statement, objectives and literature review.

Chapter -2 Research Methodoloty

Chapter -3 Theoretical Framework

Chapter -4 Analysis and Discussion

Chapter -5 Findings, Conclusions and Recommendations

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Chapter- 3

Theoretical Framework

3.1 Introduction:

Performance Appraisal is an integral part of Human Resource Management and Human Resource Management deals with personal is people. "People" is the important and valuable resource that every organization or institution has in the form of its employees. Dynamic people can build dynamic organization. Effective employees can contribute to the effectiveness of the organization. Human Resource Management has multiple goals, which include employee's competency development, employee motivation development and organization development. Employees require a variety of competencies, knowledge, attitude, skills in technical area; Managerial areas, behavioral and human relations areas and conceptual area to perform different tasks or functions required by their jobs.

Druker (1954), one of the foremost experts on Management had also discussed the issue of measuring Human Resource Development in number of his writings. Deming (1986), a pioneer in statistical method for quality control has pointed out that in Japan, a great emphasis is made on statistics for Business Managers to evaluate their performance.

Human Resources are most valuable and vital for the successful achievement of objectives. The contributions they may not be

arithmetically measurable, yet unlimited potential exists for development and attainment of Goals, the workforce can make. Human Resource is, therefore, the most important, strategic and valuable Resources in an organization.

Druker (1954) has specifically stated in his book named 'The Effective Executive' that "Human Resource is a key Resource, which is capable of converting other resources into meaningful business activity". Covey (2012) in his book "Principle-centered Leadership" has emphasized the importance of Human Resource.

It has been said that through the process of reviewing the employees' performance, the performance of the whole organization, is managed ultimately, the levels and standards that are achieved by its employees determine the level and quality of an Organization performance formally, and to have a set of follow-up systems that are designed to solve any problems that might inhibit a good performance.

When human resources as a commodity, then that requires very close supervision and control. However, if human resources are seen as an asset; organization growth and development is achievable by effective utilization of human resources.

There was a great degree of unhappiness in employees of many organizations about the then Performance Appraisal Systems. This situation still exists in some organizations because of lack of

understanding of the potential uses of Performance Appraisal System by everyone and improper designing of Performance Appraisals.

Till recent past, Performance Appraisal System was seen as a prerogative of the Manager, who used to write a report about his subordinates. In fact, even today; Performance Appraisal is known as “Confidential Report” in Government parlance. Times are changing. With the advent of globalization and liberalization, employees have much more employment opportunities and hence can no more be treated as ‘Commodities’. Organizations today believe that every individual has potential and strength and those human capabilities could be sharpened, development and utilized better for achieving Organizational Goals. Employees have the right to know how they are performing. They also have the right to conduct a self appraisal and discuss the same with their superiors. Performance Appraisals can serve a very useful purpose towards sharpening, developing and utilizing the potential and capabilities of the employees.

Performance Appraisal System is no more linked only to salary revisions or promotions, but also concentrates more on identifying needs for employee development. Management assumes the responsibility of employee development and performance appraisal is a concrete step towards the same.

3. 2. Human Resource Management

The term human resources spell the total sum of all components (like skill, creative anilities) possessed by all employees and other person (like self employed, employees, owners etc.) who contribute their services to attain the organizational objectives and goals. Human resource include human values, ethos.

3. 2.1. Definition

According to Gray Dessler (2000), "The policies and practices one needs to carry out the 'people' of human resource aspects of a management position, including recruiting, screening, training, rewarding and appraising". Griffin (2005) says, "Human Resource Management is the set of organizational activities directed at attracting, developing and maintaining an effective workforce.

Human resource management aims to improve the productive contribution of individuals while simultaneously attempting to attain other societal and individual employee objective". Human resource management is concerned with the people who work in the organization to achieve the objective of the organization. It concerns with the acquisition of appropriate human resources, developing their skills and competencies, motivating them for best performance and ensuring their continued commitment to the organization to achieve organizational objectives. This definition applies to all types of organization for example industry, business, government, education,

health or social welfare of the people. Human resource management refers to activities and functions designed and implemented to maximize organizational as well as employees' effectiveness.

3.2.2 Scope of Human Resource Management

The scope of human resource management is vast. All major activities in the working life of the employees from time of his entry into the organization until he leaves, retires come under the preview of human resources management. Employees in an organization work not as individuals but only technical skills, knowledge but also their personal feelings desire, motives attitude and values. The HR manager plays a crucial role in understanding the changing basic needs of the organization and developing to meet such changes.

3.2.3 Objectives of Human Resource Management

The primary objective of human resource management is to ensure the availability of a competent and willing workforce to an organization specifically; human resource management objectives are four fold- Societal, Organizational, functional and Personal (Werther and Davis, 1996, French, 1997, Dessler, 2004) :

- ➔ **Societal objective:** To be ethically and socially responsible to impact of such demands upon the organization.
- ➔ **Organizational objective:** To recognize the role of Human Resource Management in bringing about organizational effectiveness.

- ➔ **Functional objective:** To maintain the department's contribution at a level appropriate to the organization's needs.
- ➔ **Personal objective:** To assist employees in achieving their personal goals, at least in so far as these goals enhance the individual's contribution to the organization.

The other objectives of Human Resources Management include:

- ➔ To provide, create utilize and motivate employees to accomplish organizational goals.
- ➔ To secure integration of individuals and groups in securing organizational effectiveness.
- ➔ To create opportunities, to provide facilities, necessary to individuals and groups for their growth with the organization by training.
- ➔ To provide measures, to ensure retention of competent employees.
- ➔ To maintain high moral, encourage value systems and create environment of trust, mutuality of interests.

3.3 Performance Appraisal

Appraising the performance of individual, groups and organizations is a common practice of all societies. While in some instance these appraisal processes are structured and formally sanctioned, in other instances they are an informal and integral part of daily activities.

Thus, teachers evaluate the performance of students, bankers evaluate the performance of creditors, parents evaluate the behaviors of their children, and all of us, consciously or unconsciously evaluate our own actions from time to time. In social interactions, performance is conducted in a systematic and planned manner to achieve widespread popularity in recent years.

3.3.1 Meaning of Performance Appraisal

Performance appraisal is a method of evaluating the skill, efficiency, ability, knowledge, behavior etc., or employees in the work spot. It normally includes both the qualitative and quantitative aspects of the job performance. Performance appraisal is the step where the management finds out how effective it has been at hiring and placing employees. In other words, performance appraisal may be understood as the assessment of individual's performance in a systematic way. The performance being measured against such factors as job knowledge, quality and quantity of output, initiative leadership abilities, supervision, dependability, co-operation, judgment , versatility, health, etc. The performance appraisal is considered to be the most significant and indispensable tool for an organization for the information provides as useful in making decisions regarding various personnel aspects such as promotions and merit increases. It is a tool for executive development is an attempt at improving an individual. Performance

appraisal to do something and appraisal means to decide the values of the work done. Performance appraisal means deciding the value of the work done by an individual.

3.3.2 Definition

Performance appraisal is the process by which organizations evaluate individual job performance (Werther and Davis, 341). According to Flippo (1980) , “ A prominent personality in the field of human resources, “Performance appraisal is the systematic, periodic and an impartial rating of an employee’s excellence in the matters pertaining to his present job and his potential for a better job,” Performance appraisal is a systematic way of reviewing and assessing the performance of an employee during a given period of time and planning for his future.

“A performance Appraisal is a process of evaluating an Employees’ performance of a job in terms of its requirement (Scott, Clothier and Spriegal, 2004) . “Performance Appraisal refers to all formal procedures used in working organizations to evaluate personalities and contributions and potential of group members” (Yoder, Meneman, Turnbull and Stone, 1958) .

Performance appraisal has been described as “The process of identifying, observing, measuring, and developing human performance in organization” (Carrol and Scheider, 1982). This

definition is very important, because it comprises all important components needed for the well-performed appraisal process. Identification criteria orientate the appraisal process to the determination of what has to be examined- performance related criteria and not so much performance irrelevant characteristics. The measurement component indicates that the superior has to translate the observations into a judgmental rating. They have to be relevant, but also must be comparable across rates in the organization. By development component, the definition shows that the performance appraisal should not only be the evaluation of the past. The supervisor who makes the appraisal, should focus on the future and on the improvement of the results. The definition also suggests that effective appraisal can motivation. Performance appraisal can and should be linked to performance improvement process and can also be used to identify training needs and potential, agree future objectives, support a career development and solve existing problems.

Performance appraisal process is part of the performance management system. The term "Performance management" was first used in the 1970s, but it did not become a recognized process until the latter half of the 1980. The most appropriate definition in the context of the research is that, performance management represents a strategic and integrated

approach to delivering organizational success by improving the performance capabilities of both individuals and teams.

3.3.3 Importance of Performance Appraisal

Performance appraisal can achieve and contribute to the management when they are properly managed. This has got many positive contributions to the managing people within the organization as well as self development of individuals (DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) :

Appraisal and manager mutual awareness, understanding and relationship.

Resolving confusion and misunderstanding.

Clarification, definition, redefining priorities and objectives.

Motivation through achievements and feedback.

Training needs and learning desires-assessment and agreement.

Identification of personal strength and direct-including unused hidden strength.

Career and succession planning-personal and organizational.

Team roles clarification and team building.

Organizational training needs, employee growth and development.

Counseling and feedback.

There are various ways of conducting performance appraisals, and ideas change over time as to what are the most effective appraisal methods and system. In fact performance appraisal of all types are

effective if they are conducted properly, and better still if the appraisal process is clearly explained to, agreed by the people involved well prepare and well conducted performance appraisals provide unique opportunities to help appraisees and managers improve and develop, and thereby also the organization for which they work.

3.3.4 Objectives of performance appraisal system:

The objectives of a performance appraisal may be as follows (DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) :

Evaluative objectives : Compensation , staffing , evaluate selection system.

Developmental objectives: Performance feedback, future direction , training needs assessment

Almost all organizations practice performance appraisal in one form or another to achieve certain objectives. These objectives may vary from organization to organization or even within the same organization from time to time. It has been found that there are two primary objectives behind the use of this methodology. One is to use it an evaluation system and second, to use it as a feedback system.

The aim of the evaluation system is to identify the performance gap. This means that it helps to determine the gap between the actual performance of the employees and that required or desired by the organization.

The aim of the feedback system is to inform the employee about the quality of his work or performance. This an interactive process by which the employee can also speak about his problems to his superior. An effective performance appraisal system should emphasis individual objectives, organizational objectives and also mutual objectives.

From the organizational view point a performance appraisal should generate manpower information, improve efficiency and effectiveness serve as a mechanism of control and provide a rational compensation structure. In short the appraisal system establishes and upholds the principle of accountability in the absence of which organization failure is the possible outcome.

3.3.5 Purpose and benefits of the performance appraisal system

According to Malcolm and Jackson (2002) there are three main groups of purpose:

Performance reviews -managers discuss with employees the progress in their current positions, their strengths and areas requiring further development.

Potential reviews - the discussion is about employee`s opportunities for progression and the type of work they will be fitted for in the future and how this can be achieved.

Reward reviews - usually separate discussion but linked to the appraisal system. The manager communicates decisions on rewards such as pay, benefits or promotion and provides feedback.

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Let's have a look at the most critical benefit of the appraisal process. Generally these could be divided in 3 categories according to their importance for the organization, manager of employee:

Benefits for the organization:

Performance appraisal could be an effective source of management information, given to employees. Performance reviews are focused on contributions to the organizational goals. Some form of these reviews include the question "What organizational goals were contributed to and how?"

Outcomes of performance appraisal can lead to improvements in work performance and therefore overall business performance via, for example increased productivity or customer service.

Malcolm and Jackson (2002) outline four different benefits for the organization. These are targeted training approach based on identified needs, future employee promotion decisions, effective bases for reward decisions and improved retention of employees. The importance of performance appraisal for training and promotion needs is also discussed by Mullins (1999) .

Besides, he identifies an additional benefit: performance appraisal can help to identify inefficient work practices or reveal potential problems, which are restricting the progress of the company. Derven and Mullins (1999) suggest that performance appraisal can help the organization to identify the talented employees and future leaders in the company. Derven (1990)believes that there is a straight connection between the job of an individual and the strategic goals of the organization and this can directly increase the profitability of the company. He gives an example that advantage can be achieved when a company builds its appraisal systems on measuring customer satisfaction.

Benefits for the Manager:

The annual meeting gives an opportunity to the manager to formally recognize good performance and this would lead to more motivation form the workers. Modern systems for performance appraisal

depersonalize issues. Supervisors focus on behaviors and results, rather than on personalities. Such systems support ongoing communication, feedback and dialogue about organizational goals. Also they support communication between an employee and a supervisor. Performance appraisal provides a clear target of job standards and priorities and ensures more trust on the relation manager-worker. Other management benefits of Performance Appraisal are the identification of high performers and poor performers as well as the identification of strengths and development areas.

Benefits for the Employee:

Performance appraisal takes into account the past performance of the employees and focuses on the improvement of the future performance of the employees.

It gives the staff the opportunity to express their and expectations for the strategic goals of the company. Employees can find what is expected from them and what the consequences of their performance are. Ideally they receive a fair and analytical feedback for their performance. Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organization goals. It helps to align the individual performance with the organization goals and also review employees' performance. Besides, enhancing motivation appraisal is about involvement in the 'big picture' - responsibility, encouragement, recognition for effective

delivery and effort. Performance Appraisal is a motivation for the employee, who performs well in the present to go on doing so and in the future (DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) .

3.3.6 Essential characteristics of a effective performance appraisal system:

Performance appraisal system could be made effective by a number of crucial decisions taken on the basis of score of rating given by the appraisers, which in turn, is heavily based on the appraisal system. An appraisal system, to be effective, should possess the following essential characteristics (DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) :

- Reliability and validity
- Job relatedness.
- Standardization.
- Practical viability.
- Legal sanction.
- Training to appraisers.
- Open communication.
- Employee access to results.

3.3.7 Problems of Performance appraisal.

Performance appraisal is being widely practiced in the organization worldwide. Despite this fact there are a large number of managers, human resource professionals, human resource consultants and researchers that recommend companies to get rid of the performance appraisal systems.

The first and may be strongest argument is the existing discrepancy between the theory and the practical implementation. Bernardin and Klatt, 1985 , Maroney and Buckley , 1992 , DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) reported that there was a considerable gap between theory and practice and that human resources specialists do not make full use of the psychometric tools available. Counter argument maintained by line managers is that the process needs to be simple and easy to use; otherwise it becomes time consuming and cost ineffective. Another portion of criticism comes with the fact that performance appraisal increases the dependency of the employees on their superiors. Where the process is conducted by managers who are often not trained to be appraisers, the genuine feedback is obstructed because it includes subjectivity and bias of the raters, which leads to incorrect and unreliable data regarding the performance of the employee.

Other Problems inherent in performance Appraisal System may be listed thus:

- Judgment errors
- Poor appraisal forms
- Lack of rater preparedness
- Ineffective organization policies and practices.

Judgment errors: People commit mistakes while evaluating people and their performance. Biases and judgment errors of various kinds may spoil the show. Bias here refers to inaccurate distortion of a measurement. A few of them are:

- first impressions
- halo
- horn effect
- leniency
- central tendency
- Stereotyping
- Regency effect.

Lack of rater preparedness: the raters may not be adequately trained to carry out performance management activities. This becomes a serious limitation when the technical competence of a ratee is going to be evaluated by a rater who has limited functional specialization in that area.

Ineffective organizational policies and practices: if the sincere appraisal effort put in by a rater is not suitably rewarded, the motivation to do the job thoroughly finishes off. Sometimes, no rating

is given by raters are viewed negatively by management-as a sign of failure on the part of rater or as an indication of employee discontent.

Poor appraisal forms: the appraisal process might also be influenced by the following factors relating to the forms that are used by raters.

- The rating scale may be quite vague and unclear.
- The rating firm may ignore important aspects of job performance.
- The rating firm may contain additional, irrelevant performance dimensions.
- The forms may be too long and complex.

In the light of above discussion Performance Appraisal process can also be a bitter process which and create emotional pressures, stress and sometimes can adversely affect the moral and lead to de-motivation.

Performance appraisals are often time consuming and use incorrect methods to measure performance. They are generating false results and the decisions taken can be politically influenced.

3.3.8 Key factors of appraisal system.

The performance appraisal system should take into account a set of factors to make it successful (DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) :

- Be correlated with the organizational mission, philosophies and value system;

- Cover assessment of performance as well as potential for development;
- Take care of organizational as well as individual needs; and
- Help in creating a clean environment.

Problem areas of performance appraisal are recent performance most influential, focus on outstanding events, personal feelings-halo effect, lack of yardsticks, rater attitudes , leniency/stringency error , similar-to-me error , central tendency error, first impression error, racial bias , focus on longevity, complacency of managers.

3.3.9 Avoiding Performance Appraisal Problems.

Evaluating individual job performance is a basis for making objective personal decisions. In order to making performance appraisals legally defensible , human resource managers should observe the following codes as suggested by ((DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) :

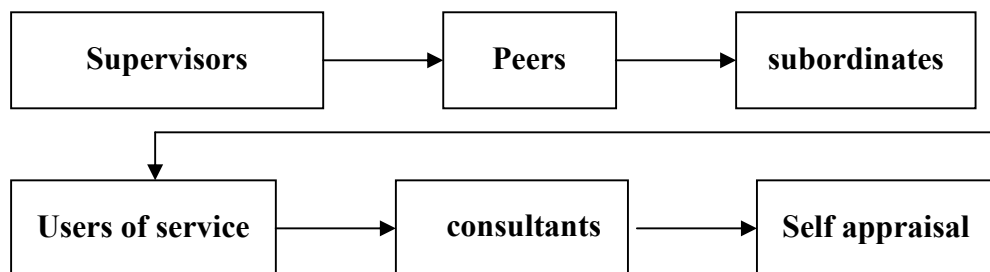
- Use job analysis to develop the appraisal system.
- Check that the appraisal system is behavior-oriented, not trait-oriented.
- Have evaluators follow specific written instructions when conducting appraisals.
- Have evaluators review results with he rates.

3.3.10 Who will appraise ?

The appraisers may be any person who has thorough knowledge about the job content, contents to be appraised, standards of contents and who observes the employee while performing a job. The appraiser should be capable of determining what is more important and what is relatively less important. He should prepare reports and make judgments without bias. Typical appraisers are (DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) : :

- Supervisors
- Peers
- Subordinates
- Self-appraisal
- Users of services
- Consultants

Chart Showing appraiser



3.3.11 When to appraise ?

Informal appraisals are conducted whenever the supervisor or personnel managers feel it is necessary. However systematic appraisals

are conducted on a regular basis , that is , for every 6 months or annually. One study on 244 firms found that appraisals were most often conducted once a year (DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) :

According to another Indian study (Memoria,415-448) , eight organizations apprised their supervisory personnel at their anniversary date of joining. Research has also indicated that appraisals for development purpose should be separated from those for salary administration.

3.3.12 What is to be appraised? or Elements to be included in Performance appraisal of an officer

DeCenzo and Robbins (1997) , Werther and Davis (1996), French, (1997) , Dessler, (2004) have pointed out a set of criteria to be taken into consideration to appraise the performance of an employees. They are:

- Attendance
- Punctuality
- Expression-Written & oral
- Presentation skills
- Job knowledge
- Knowledge of related jobs
- Ability to get along with others
- Technical knowledge/Skills
- Reasoning ability

- Application of mind
- Ability of work under stress
- Integrity
- Honesty and sincerity
- Thoroughness/perfection
- House keeping/cleanliness
- Quality
- Cost consciousness
- Managerial Prudence
- Continuous improvement plans
- Analytical approach
- Leadership styles
- Initiative and risk taking
- Judgment skills
- Ability to assume additional responsibility
- Acceptance by subordinates
- Internal customer servicing.
- Ability to think strategically.
- Sociability
- Professional related activities.

3.3.13 Effective performance appraisal

Apart from traditional performance appraisals, there are many different methods of performance evaluation. The use of these methods depends on the purpose of the evaluation, the individual and the environment.

The performance appraisals generally the over riding instrument, which gathers together and review all other performance data.

3.3.14 Feedback

One of the most critical parts of the appraisal process is the direct communication between supervisor and individual. The information reflecting past performance and results and given by the manager to the employee is called feedback. It improves the effectiveness and helps in decision making within the organization. The feedback directs the individual to the organization missions and objectives.

3.3.15 Performance Appraisal Methods

With the evolution and development of the appraisal system, a number of methods or techniques of performance appraisal have been developed (DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) . They are :

Traditional Methods:

1. Graphic Rating Scales:

Graphic rating scales compare individual performance to an absolute standard. In this method, judgments about performance are recorded on a scale. This is the oldest and widely used technique .This method is

also known as linear rating scale or simple rating scale. The appraisers are supplied with printed forms, one for each employee. These forms contain a number of objectives, behavior and trait based qualities and characters to be rated like quality and volume of work, job knowledge, dependability, initiative, attitude etc. Rating scales are of two types:

2. Continuous rating scale or Discontinuous Scale

In Continuous order like 0, 1,2,3,4 and 5 and in discontinuous scale, the appraiser assigns the points to each degree Performance regarding each character is known by the points given by the rater. The points given by the rater to each character are added up to find out the overall performance. Employees are ranked on the basis of total points assigned to each one of them.

3. Ranking Method:

Under this method, the employees are ranked from best to worst on some characteristics. The rater first finds the employee with the highest performance and the employees with the lowest performance in that particular job category and rates the former as the best and latter as the poorest. Then the rater selects the next highest and next lowest and so on, until he rates all the employees in that group.

4. Paired Comparison Method:

This method is relatively simple .under this method, the appraiser ranks the employees with all other employees in the group, one at time. Paired comparison does not force distribution of employees in

each department. For instance, if a department has two outstanding employees and six average employees and paired comparison is correctly utilized, then those employees will get a much higher percentage of positive comparison than the other six. Paired comparison method could be employed fairly easily where the number of employees is less.

5. Forced Distribution Method:

The rater may be his employees at the higher or at the lower end scale under the earlier methods. Forced distribution method is developed to prevent the raters from rating too high or too low. Under this method, the rater after assigning the points to the performance of each employee has to distribute his ratings in a pattern to conform to normal frequency distribution. Thus, similar to the ranking technique, forced distribution require the raters to spread their employees evaluations in a prescribed distribution. This method eliminates central tendency and leniency biases. However, in this method, employees are placed in certain ranked within the categories.

6. Checklist Methods:

The checklist is a simple rating technique in which the supervisor is given a list of statement or words and asked to check statement representing the characteristics and performance of each employee. There are three types of checklist methods.

7. Simple checklist method:

The checklist consists of large number of statement concerning employee behavior. The rater checks to indicate if the behavior of an employee is positive or negative to each statement may appear to be virtually identical in describing the employee. The words or statement may have different meaning to different raters.

8. Weighted Checklist:

The weighted checklist method involves weighted different items in the Checklist, having a series of statement about an individual, to indicate that some are important than others. The rater is expected to look into the questions relating to the employee's behavior, the attached rating scale (or simply positive/ negative statement where such a scale is not provided) and tick those traits that closely describe the employee behavior.

9. Forced Choice Method:

This method was developed at the close of World War II. Under this method, a large number of statements in groups are prepared. Each group consists of four descriptive statements concerning employee behavior. Two statements are most descriptive and two are least descriptive of each tetrad. Sometimes, there may be five statement in each group out of which one would be neutral. The actual weight age of the statement are kept secret.

10. Critical Incident Method:

Employees are rated discontinuously, i.e., once in a year or six months under the earlier methods. The performance rated may not reflect real and overall performance as the rater would be serious about appraisal. Hence, a continuous appraisal methodize, the critical incident method has been developed .under this method, the supervisor continuous records the critical incidents of the employee performance or behavior relating to all characteristics in a specially designed. The supervisor rates the performance of his subordinates on his subordinates on the basis of notes taken by him. Since the critical incident method does not necessarily have to be separate rating system, it can be fruitfully employed as documentation of the reasons why an employee was rated in a certain way.

11. Essay or Free Form Appraisal:

This method requires then manager to write a short essay describing each employee' s performance during the rating period. This format emphasizes evaluation of overall performance, based on strengths/weaknesses of employee performance rather than specific job dimensions. By asking supervisors to enumerate specific examples of employee behavior, the essay technique minimizes supervisory bias and the halo effect.

12. Group Appraisal:

Under this method, an employee is appraised by a group of appraisers. This group consists of the immediate supervisor of the employee to other supervisors who have close contact with the employee's work, manager or head of the department and consultants. The head of the department or manager may be the chairman of the group and the immediate supervisor may act as the coordinator for the group activities. This group uses any one or multiple techniques discussed earlier. Confidential Reports: assessing the employee's performance confidentially is a traditional method of performance appraisal. Under this method, the supervisor appraises the performance of his subordinates based on his observation, judgment and intuitions. The supervisor keeps his judgment and report confidentially. In other words, the superior does not allow the employee to know the report and his performance. The superior keep his judgment and report confidentially. In other words, the superior does not allow the employee to know the report and his performance.

Modern Methods:

13. Behaviorally Anchored Rating Scales:

The Behaviorally Anchored Rating Scales (BARS) method combines elements of the traditional rating scales and critical incident methods. Using BARS, jobs behaviors from critical incidents - effective and ineffective behaviors are described more objectively. The method

employs individual who are familiar with a particular job to identify its major components. They then rank and validate specific behavior for each of the respondents.

14. Assessment Center:

This method of appraising was first applied in the German Army in 1930. Later, business and industrial houses started using this method. This is not a technique of performance appraisal by itself. In fact, it is a system or organization, where assessment of several individual is done by various experts by using various techniques. These techniques include the methods in addition to in basket, role playing, and case studies, stimulation in sight, transactional analysis etc.

15. Human Resource Accounting:

Human Resource Accounting deals with cost of and contribution of human resource to the organization. Cost of the employee includes cost of manpower planning, recruitment, selection, induction, placement, training, development, wages and benefits. Employee contribution is the money value of employee service which can be measured by labor productivity or value added by human resource.

16. Management by Objectives:

Management by Objectives (MBO) is a process whereby the superior and subordinate managers of an organization jointly its common goals, define each individual's major areas of responsibility in terms of results expected of him and use these measures of guides for operating

the unit and assessing the contribution of its members. Thus, MBO focuses attention on participative set goals that are tangible, verifiable and measurable. The emphasis is on what must be accomplished rather than how it is to be accomplished.

- The subordinate and superior jointly determine goals to be during the appraisal period and what level of performance is necessary for the subordinate satisfactory to achieve specific goals.
- During the appraisal period, the superior and subordinate update and alter goals as necessary due to changes in the business environment.
- Both superior and subordinates jointly discuss whether the subordinate achieved the goals or not. If not, they should identify the reasons for strike/lock-out, market change etc.

17. Behaviors Observation Scales (BOS):

The appraiser, under this method, measures how frequently each of the behavior has been observed .Appraiser plays the role of observer rather than a judge and provides the feedback to the appraise continuously. i) Maintain objectivity ii) Differentiate good performers from poor performers iii) Provides feedback and iv) Identify training needs better than those chosen by other methods.

18. Psychological Appraisal:

Psychological appraisals are conducted to assess the employee' s potential. Psychological appraisals consist of: a) In depth interviews; b)

Psychological tests; c) Consultations and discussions with the employees, d) Discussions with the superior, subordinates and peers, and e) Reviews of other evaluations. The Psychological appraisal results are useful for decision making about I) Employee placement, II) Career-planning and development, and III) Training and development.

19. Result Method:

Organizations of the contemporary periods evaluate employee performance based on accomplishments they achieve rather than behavioral factors/traits. Employee accomplishments include sales turnover, number of units produced, and number of customers served, number of complaints settled and the like.

20. Productivity Measures:

Under the productivity measures of performance appraisal, employees are appraised based on the ratio of output they turned out to the input they used. Examples sales to employee salary and benefits, number of clients served per day etc. These measures are not free from limitations as measurement of all kinds of output as well as all kinds of input would be difficult.

21. The Balance Scorecard:

The balanced scorecard was developed by Kaplan and Norton (2005). It brings the linkages among financial, customer, processes and learning. Learning and people management contribute to the enhancement of internal processes. Internal processes are critical for

enhancing customer satisfaction and loyalty. Customer satisfaction leads to customer value creation, which drives financial performance and profitability

22. 360 Degree Feedback Appraisal Method.

360 degree evaluations are the latest approach to evaluating performance it is a popular performance appraisal method that involves evaluation input from multiple levels within the firm as well as external sources. There are numerous authors who propose definitions of the 360 degree feedback process. "Feedback from multiple sources or '360 degree feedback' is a performance appraisal approach that relies on the input of an employee's superiors, colleagues, subordinates, sometimes customers, suppliers and/or spouses. Tornow (1933) observes that in 360 degree feedback programs, feedback about a target individual is solicited from significant others using a standardized instrument. Jones and Bearley (1996) refer to 360 degree feedback as the practice of gathering and processing multi-rater assessments on individuals and feeding back the results to the recipients. Hoffman (1995) explains that 360 degree feedback is an approach that gathers behavioral observations from many layers within the organization and self-assessment.

The 360 degree evaluation can help one person 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

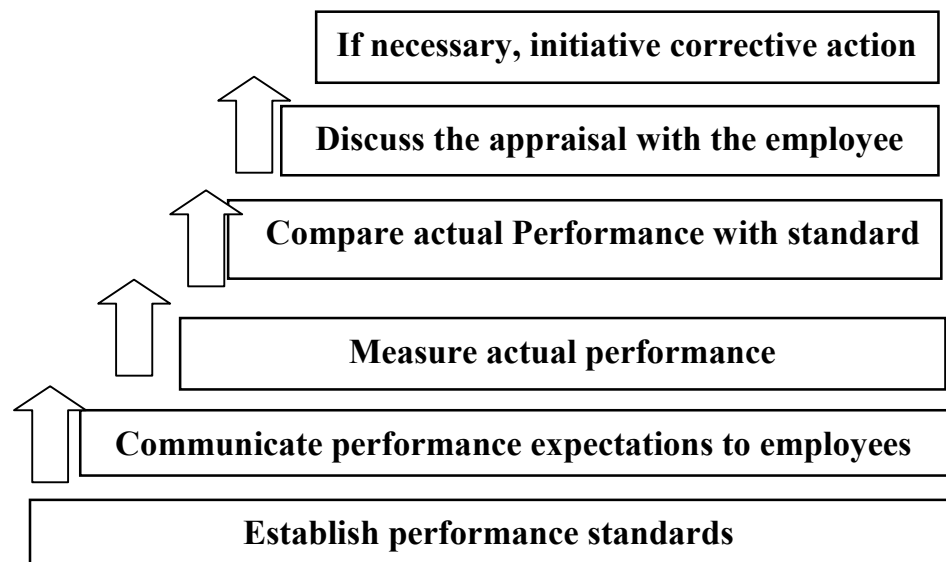
resource development, appraisal and pay decisions (Armstrong and Baron, 1998, Stone, 2002.

3.3.16 Performance Appraisal Process:

DeCenzo and Robbins (1997), Werther and Davis(1996), French(1997), Dessler (2004) have given various steps in performance appraisal process. I have selected common steps from their suggestions below:

- Establish performance standards.
- Communicate
- Measure actual performance.
- Compare actual Performance with standard.
- Discuss the appraisal with the employee.
- If necessary, initiate corrective action.

Chart showing performance appraisal process.



Establish performance standards:

The first step in the process of performance appraisal is the setting up of the standards which will be used to as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and degree of their contribution to the organizational goals and objective. 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.

Communicate the standards:

Once set, it is the responsibility of the management to communicate the standards to all the employees of the organization. The employees should be informed and the standards should be clearly explained to them. This will help them to understand their roles and to know 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 according to be relevant feedback from the employees or the evaluators.

Measuring the actual performance.

The most different part of the performance appraisal process is measuring the performance of the employees that is the work done by the employees during the specified period of time. It is a continuous

process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employee's work.

Comparing the actual performance with the desired performance:

The actual performance is compared with the desired of the standard performance. The comparison tells the deviations in the performance of the employees from the standards performance or, the actual performance being less than the desired performance depicting a negative deviation in the organization performance. It includes recalling, evaluating and analysis of data related to the employee's performance.

Discussing results:

The result of the appraisal is communicated and discussed with the employees on one to one basis; the focus of this discussion is on communication and listening. The results, the problem and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees, future performance. The purpose of the meeting should be to solve the problem faced and motivate the employees to perform better.

Decision making:

The last step of the process is to be take decisions which can be taken either to improve the performance of the employees, take the required corrective actions, or the related HR decisions like rewards, promotions, demotions, transfers etc.

3.3.17 Uses of performance appraisal

The following uses of a performance appraisal are found from different experts (DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004) :

- Performance improvement
- Compensation adjustment.
- Placement decisions.
- Training and development needs assessment.
- Career planning.
- Job design error detection
- Detection of external factors influencing job performance.
- Performance deficiencies may be due to family or other pressures.

3.3.18 Why performance appraisals fall:

There are various reasons pointed out and found in various researches ((DeCenzo and Robbins, 1997, Werther and Davis, 1996, French, 1997, Dessler, 2004). They are:

- A. Guilt - may supervisors feel uncomfortable in making judgments about the performance of others.
- B. Lack of accountability- managers often go through the motions of performance appraisal without giving any real thought to the process because they are not held accountable for the accuracy of the appraisals.
- C. Ineffective application of standards - overrating often results when supervisors do not have a good grasp of the standards being applied.
- D. Fear of hurt feelings- some supervisors would rather give everyone a high rating than risk hurting someone's by pointing out performance deficiencies.

Chapter - 4

Analysis and Discussion

4.1. Jute

Jute is a long, soft, shiny vegetable fiber that can be spun into coarse and strong threads. It is produced from plants in the genus *Corchorus*, which was once classified with the family Tiliaceae, more recently with Malvaceae, and has now been reclassified as belonging to the family Sparrmanniaceae. Jute is one of the most affordable natural fibers and is the second only to cotton in amount produced and variety of uses of vegetable fibers. Jute fibers are composed primarily of the plant materials cellulose (major component of plant fiber) and lignin (major components of wood fiber). It is thus a ligno-cellulosic fiber, which is partially a textile fiber and partially wood. It falls into the best fiber category (fiber collected from best or skin of the plant) along with kenaf, industrial hemp, flax (linen), ramie, etc. The industrial term for jute fiber is raw jute. The fibers are off-white to brown, and 1-4 meters (3-12 feet) long.

4.1.1 Background of Jute

For centuries, jute has been an integral part of the culture of Bengal, in the entire southwest of Bangladesh and some portions of West Bengal. During the British Raj in the 19th and early 20th centuries, much of the

raw jute fiber of Bengal was carried off to the United Kingdom, where it was then processed in mills concentrated in Dundee. Margaret Donnelly, a jute mill landowner in Dundee in the 1800s, set up the first jute mills in Bengal. In the 1950s and 1960s, when nylon and polythene were rarely used, one of the primary sources of foreign exchange earnings for the erstwhile United Pakistan was the export of jute products, based on jute grown in the East Bengal, now Bangladesh.

Jute has been called the "Golden Fiber of Bangladesh." However, as the use of polythene and other synthetic materials as a substitute for jute increasingly captured the market, the jute industry in general experienced a decline. Farmers in Bangladesh have not completely ceased growing jute, however, mainly due to its demand in the internal market. Between 2004-2010, the jute market recovered and the price of raw jute increased more than 500% [citation needed]. Jute has entered many diverse sectors of industry, where natural fibers are gradually becoming better substitutes. Among these industries are paper, celluloid products (films), non-woven textiles, composites, (pseudo-wood), and geotextiles. In 2006, the General Assembly of the United Nations proclaimed 2009 to be the International Year of Natural Fibers, so as to raise the profile of jute and other natural fibers.

4.1.2 Cultivation

Jute needs a plain alluvial soil and standing water. The suitable climate for growing jute (warm and wet) is offered by the monsoon climate, during the monsoon season. Temperatures from 20°C to 40°C and relative humidity of 70%–80% are favorable for successful cultivation. Jute requires 5–8 cm of rainfall weekly, and more during the sowing period.

4.1.3 Kinds of Jute

There are two kinds of jute such as White jute and Tossa jute.

White jute: History also states that Indians, especially Bengalis, used ropes and twines made of white jute from ancient times for household and other uses.

Tossa jute: It is very popular in some Arab countries such as Egypt, Jordan, and Syria as a soup-based dish, sometimes with meat over rice or lentils. The Book of Job, in the King James translation of the Hebrew Bible mentions this vegetable potherb as "Jew's mallow". It is rich in protein, vitamin C, beta-carotene, calcium, and iron.

Overall, Along with white jute, tossa jute has also been cultivated in the soil of Bengal where it is known as paat from the very beginning of the 19th century. Now, the Bengal region (West Bengal in India, and Bangladesh) is the largest global producer of the tossa jute variety.

4.1.4 Production

Jute is a rain-fed crop with little need for fertilizer or pesticides, in contrast to cotton's acute requirements. Production is concentrated in some parts of India and in Bangladesh. The jute fiber comes from the stem and ribbon (outer skin) of the jute plant. The fibers are at first extracted by retting. The retting process consists of bundling jute stems together and immersing them in slow running water. There are two types of retting: stem and ribbon. After the retting process, stripping begins; women and children usually do this job. In the stripping process, non-fibrous matter is scraped off, then the workers dig in and grab the fibers from within the jute stem. India, Pakistan, and China are the large buyers of local jute while the United Kingdom, Spain, Côte d'Ivoire, Germany and Brazil also import raw jute from Bangladesh.

4.1.5. Genome

On 16 June 2010, Prime Minister of The People's Republic of Bangladesh declared that Bangladesh successfully completed the draft genome of jute. A consortium of researchers from University of Dhaka, Bangladesh Jute Research Institute (BJRI) and private software firm Data Soft Systems Bangladesh Ltd. in collaboration with Centre for

Chemical Biology, University of Science Malaysia and University of Hawaii were involved in this project.

4.1.6 : Uses

Jute is the second most important vegetable fiber next to cotton. Jute is used chiefly to make cloth for wrapping bales of raw cotton, and to make sacks and coarse cloth. The fibers are also woven into curtains, chair coverings, carpets, area rugs, Hessian cloth, and backing for linoleum. Jute is used in the manufacture of a number of fabrics such as Hessian cloth, sacking, scrim, carpet-backing cloth (CBC), and canvas. Hessian, lighter than sacking, is used for bags, wrappers, wall-coverings, upholstery, and home furnishings. Sacking, a fabric made of heavy jute fibers, has its use in the name.

Recently jute fibers are used in a wide range of diversified products: Decorative fabrics, chic-saris, salwar kamizes, soft luggage's, footwear, greeting cards, molded door panels and other innumerable useful consumer products. Supported by several technological developments today jute can be used to replace expensive fibers and scarce forest materials. Diversified by products from jute can be used in cosmetics, medicine, paints, and other products.

Jute also responds well to reactive dyeing. This process is used for bright and fast colored value-added diversified products made from jute.

4.2. Historical Perspective of Jute Industry in Indian Subcontinent

Jute Industry played an important role in the economic development of Bengal. At the beginning of the twentieth century, Bengal could boast of only one manufacturing industry - jute. It employed about a half of the total industrial workforce of Bengal. In 1900-1, the export value of jute manufactures accounted for nearly a third of the entire export trade of Bengal.

The industry was dominated at the beginning, by Europeans and later, by Marwari. During most of its history, three-quarters of the laborers in jute factories were non-Bengalis. Bengalis generally occupied only the intermediate position in the industry. The raw jute for the industry used to come from Eastern Bengal. Prior to the establishment of the first jute mill in 1855, handloom weavers used jute fiber to make twines, ropes, coarse fabrics for the poor, and also for fishing and for mooring vessels. Towards the end of the eighteenth century, jute attracted the attention of the British [East India Company](#), which sent a consignment of jute samples to England in 1791 that were successfully spun by flax machinery. The British also found out means to soften the hard and brittle nature of jute fiber by adding oil and water. This made the fiber more pliable and easily separable, and resulted in the production of a usable thread. Several historical events were

responsible for the growth of the jute industry. In 1838, the Dutch government specified bags made of jute instead of flax for carrying coffee from the East Indies. At that time flax was imported from Russia. However, the Crimean War of 1854-56 led to the stoppage of supply of flax from Russia and forced Dundee, the famous jute-manufacturing centre of UK, to look for substitutes. In Dundee, the flax mills were converted into jute mills. The American Civil War (1861-65), on the other hand, gave further impetus to the jute trade, as supplies of American cotton were much restricted. Since then, the industry did not return to flax or cotton. The main reason for this permanent shift had been its comparative cost advantage. The jute industry grew rapidly and jute mills were established in many countries, including USA, Germany, France, Belgium, Austria, Italy, Holland, Spain, Russia, Brazil and Bengal. This led to a rapid increase in the demand for jute. The Bengali peasants responded quickly to meet the world demand by increasing the area under jute cultivation. The outbreak of the First World War led to a rapid increase in the demand for raw jute, since it was used to manufacture sandbags to protect soldiers in trenches and to produce gunny bags for carrying food grain for the army. Inevitably, the price of jute also rose sharply. Although Bengal, particularly Eastern Bengal, was the main producer of quality raw jute, the first jute mill was established at Risraw near Calcutta on the bank of the Hugli only in 1855, after 20 years of mechanical spinning of jute in Dundee.

The delay was due to the non-availability of technical hands and power to drive machines. In 1854, coalmines were opened at Raniganj. Attracted by the easy availability of power, George Auckland, an Englishman established the first jute mill. But he could not make reasonable profits and left the business. In 1859, the Bornee Company founded the second mill with spinning and weaving facilities. Unlike the Auckland mill, it started prospering after its establishment. Within five years it doubled its plant size. By 1866, three new mills were established. Between 1868 and 1873, these mills made large profits. Five new companies started in 1874 and 8 more in 1875. Thus, Bengal experienced a real boom in jute industry towards the end of the nineteenth century. With the establishment of jute mills, Bengal became a major exporter of sacking bags. Calcutta appeared to be a strong competitor of Dundee and successfully penetrated into Dundee's Hessian market in many parts of the world, including America, primarily because Calcutta had the cost advantage in producing jute goods.

Secondly, it was situated in close proximity to the jute growing districts of Eastern Bengal and Assam. Thirdly, it had cheap labor. Fourthly, the mills ran for 15 to 16 hours, and sometimes even for 22 hours daily. This led to a clear advantage of Calcutta manufacturers in monetary terms.

Moreover, they could offer a finer quality of jute. In sixty years between 1880 and 1940, the number of mills increased by 5 times, that of looms by about 14 times, of spindles by 19 times, and of persons employed by 11 times (see Table 2). The growth of the industry was significant during the 20 years between 1900 and 1920 (Table-1). During the Great Depression of 1929-33, the jute industry was severely hit since the demand for jute goods declined drastically throughout the world.

Table - 1 : Growth of jute industry in Bengal, 1879-1939

<u>Year</u>	<u>Mills</u>	<u>Looms</u>	<u>Spindles</u>	<u>Employment</u>
1879-80	22	5,000	71,000	27,000
1900-01	36	16,100	331,400	114,800
1920-21	77	41,600	869,900	288,400
1938-39	110	69,000	13,70,000	299,000

Source : Bangladesh Jute Spinners Association Report, April,2011

Before it was put to industrial use, jute was used mostly for domestic purposes. With the conversion of the Dundee flax mills into jute processing mills, the demand for jute increased manifold in the world. Bengali peasants were highly experienced in jute cultivation and could respond quickly to meeting this increased demand.

In 1872, when industrial use of jute had begun, it was mainly grown in the districts of [pabna](#), [bogra](#), [darjeeling](#), [dinajpur](#), [rangpur](#) and Hughli (West Bengal). The ratio of land under jute cultivation to total cropped land in these districts in 1872 was 14%, 11%, 9%, 7%, 6% and 5% respectively. Subsequently, jute cultivation spread to other districts. In 1914, leading districts in terms of the above ratio were Rangpur (28 %), Bogra (25%), Tippera ([Comilla](#), 24%), Pabna (21%), Dhaka (18%), Faridpur (16%), Hughli (West Bengal, 13%), Rajshahi (11%), Jessore (10%), Nadia (10%), and Dinajpur (7%) (BJMC). After the end of the First World War in 1918, the world demand for raw jute decreased. This had a negative impact on the area under jute cultivation. The situation worsened for jute cultivation during the Great Depression of 1929-33. The prices sank so low that jute growing became unprofitable. As a result, peasants greatly reduced their area under jute cultivation. By 1939, economic recovery took place. The breaking out of the Second World War caused an increase in the demand for jute and between 1939 and 1945; peasants put more areas under jute cultivation.

After the Partition of Bengal in 1947, it was found that all jute mills of the region were in West Bengal, which became a part of India and all major jute growing districts became part of East Bengal, a province of Pakistan. As it had no jute mills, East Bengal faced problems in marketing of raw jute. The problem was, however, quickly overcome by establishing jute mills in East Bengal.

4.3. Jute Industry in Bangladesh

The jute industry in the public sector, by virtue of its location in East Pakistan, became the property of Bangladesh after independence in 1971. Pakistani mill owners (about 68% of the total loom strength) left the country, leaving the industry in disarray. Abandoned jute mills were subject to heavy looting. The new government of Bangladesh had to take up the responsibility of rebuilding the industry. By a Presidential order, about 85% of industries, including all jute mills, were nationalized. It is understood from the following table shows the number of jute mills in Bangladesh with various dimensions that the number of jute mills in Bangladesh is increasing over the period of six years.

Table- 2 : Distribution of Jute Mills in Bangladesh with various dimensions from 2004-2005 to 2009-2010

Year	No of Mills	No. of looms Installed	Average no of looms worked	No of Workers (Permanent) (000)
2004-05	74	15470	14383	101
2005-06	74	14570	14340	114
2006-07	76	14369	14002	117
2007-08	95	20061	9598	69
2008-09	93	20043	9051	68
2009-10	105	20101	9946	57

Source:-Statistical Pocket Book Bangladesh-2010

4.4. Production of Jute goods in Bangladesh

The production of jute goods in Bangladesh is decreasing over the last years. The statistics presented in the following table shows that the production of jute goods in Bangladesh is decreasing. It was 544,000 metric tons in the year 2003-2004 but now in 2009-2010, it is only 154,000 metric tons.

Table - 3 : Production Jute Goods in Bangladesh from 2003-04 to 2009-2010

Year	Hessian	Sacking	Carpet Backing	Others	Total (000 MT)
2003-04	60	179	26	279	544
2004-05	45	131	17	293	486
2005-06	53	164	25	302	544
2006-07	40	153	18	360	571
2007-08	48	173	21	48	290
2008-09	20	80	06	2	108
2009-10	25	102	10	7	154

Source: Statistical Pocket Book Bangladesh, 2010

4.5. Overall Picture of Jute Industry in Bangladesh

The overall picture of the conditions of jute industry in Bangladesh on June 2010 is presented in the following table that exhibits the same scenario of jute industry in Bangladesh. The total land area under jute

cultivation is 12.35 lac acres of land. The average production of jute carryover is 61 lac bales, that is 1.09 million tons of jute goods. The average internal consumption of jute and jute goods in Bangladesh is 38 lac bales, that is 0.68 million metric tons. The average export of raw jute from Bangladesh is 21 lac bales, that is 0.37 million metric tons. The total number of jute mills under Bangladesh Jute Spinners Association (BJSa) is 81, under Bangladesh Jute Mills Association (BJMA) is 97, under Bangladesh Jute Mills Corporation (BJMC) is 27, that is total 205 mills are operating in 2010. The number of workers employed in jute industry on 2010 is 1,56,549 of which under BJSa mills is 55,868, under BJMA mills is 39,000, and under BJMC mills is 61,681. The total production of jute goods in Bangladesh in 2010 is 6,63,000 metric tons of which the mills under BJSa produces 3,60,500 metric tons, the mills under BJMA produces 1,56,500 metric tons, and the mill under BJMC produces 1,46,000 metric tons. The average internal consumption of jute goods in Bangladesh is 89,000 metric tons of which 20,000 metric tons of yarn and twine is from BJSa mills, 48,000 metric tons of sacking and hessian is from BJMA mill, and 21,000 metric tons of sackings and hessian is from BJMC mills. The total quantity and taka value of export of good goods is 5,35,878 million tons with a value of 3139 crore taka of which 3,42,195 Metric Tons of Taka 2014 from BJSa mills, 97,160 million tons from BJMA mills of 58 crore taka and 96,523 million tons from BJMC mills of Taka 537 crore

(BJMC Website). The total installed capacity of jute spinning mills is 1,75,114 spindles of which 1,47,124 are in operation.

Table- 4: Jute Industry in Bangladesh on June 2010

1.	Average land area under jute cultivation	:	12.35 Lac acres
2.	Average production of jute carryover	:	58 Lac bales (1.04 Million Ton.) 3 " (0.05 Million Ton.) 61 Lac bales (1.09 Million Ton)
3.	Average internal consumption of jute	:	38 Lac bales (0.68 Million Ton)
4.	Average Export of raw jute with value		Quantity Value 21.00 Lac bales (0.37 Million Ton 1000 Cr. Tk.
5.	Number of jute Mills:	:	Under BJSA 81 Under BJMA 97 Under BJMC 27 TOTAL : 205 UNITS

6.	Number of workers employed in Jute Mills: (Approx.)	BJSA Mills BJMA BJMC TOTAL:	55,868 Mills Mills 1,56,549	39,000 61,681
7.	Average production of Jute goods	BJSA Mills BJMA Mills BJMC Mills TOTAL :	3,60,500 M. 1,56,500 M. 1,46,000 M. 6,63,000 M. TONS	Tons Tons Tons
8.	Average internal consumption of Jute goods	BJSA Mills BJMA Mills BJMC Mills TOTAL :	20,000 M. Tons (yarn/twine) 48,000 M. Tons (sacking/Hessian) 21,000 M. Tons (sacking/Hessian) 89,000 M. TONS	
9.	Average Export of jute goods with quantity, value	BJSA Mills BJMA Mills BJMC Mills TOTAL :	Quantity 3,42,195MT 97,160MT 96,523MT 5,35,878MT	Value 2014crore 58crore 537crore 3139crore
10.	Spindles in Jute Spinning Mills	1,75,114 1,47,124	Installed Operated	

Installed Looms in Jute Mills (As on 30 th June 2011)		Hessian	Sacking	CBC	Others	Total
11.	BJMC: Installed	3790	2930	579	21	7320
	Operated	2341	2930	513	21	5805
		6532	5257	711	361	12861
	BJMA: Installed	1421	2530	183	200	4334
	Operated					

Source : Bangladesh Jute Spinners Association Report, April,2011

4.6. Jute Mills Corporation (BJMC)

Bangladesh Jute Mills Corporation (BJMC) was established under Article 10 of Bangladesh Industrial Enterprises (Nationalization) Order 1972 (PO 27 of 1972) with the aim and objective of controlling, supervising and coordinating the activities of jute mills nationalized and placed under it. The BJMC is managed by a Board of Directors headed by the Chairman. Now the organization is operating 26 mills (including 3 non jute industries). There are 7 mills in Dhaka zone, 10 mills in Chittagong and 9 mills in Khulna zone. BJMC has two Zonal Offices for supervising and coordinating the activities of regional mills. The performance of every enterprise is supervised and controlled at the plant level by the concerned Enterprise Board headed by the Chairman or any Director of the Corporation and other members are nominated

from the Textile & Jute Ministry, Ministry of Finance, BJMC and Banks. The Board of Directors reviews the performance of its enterprises from time to time and issues guidelines and decisions for their smooth and efficient operation. BJMC buys raw jute for the mills through 174 purchase centers located in the jute growing areas of the country, ensuring the fair price to the farmers.

The Marketing Department sells these products to the valued buyers from home and abroad according to their specification and demand. Thus, it contributes considerably to the national economy for earning foreign exchange.

At present, the BJMC is the biggest employer in the industrial sector of the country. It provides direct employment to about 70,000 workers and 5500 officers & staffs supporting the livelihood of around 6.0 million farm families. More than 50 million people are directly or indirectly involved with jute and jute industry.

4.6.1. Vision

To make Bangladesh Jute mills Corporation (BJMC) as a self dependent and profitable organization.

4.6.2. Mission

- To dominate the world market and ensure the maximum facility for the BJMC.

- To produce the best quality jute goods using local raw materials
- To earn foreign exchange adding 100% value.
- To help the farmers in getting fair price of jute.
- To incite the use of eco friendly natural fiber avoiding synthetic.
- To recommend the government in order to formulate time serving policy for the development of jute and jute industry and assist to implement the policy.

4.7. Production of Jute goods in Bangladesh 2003-04 to 2009-10:

Table -5 : Production Jute Goods in Bangladesh from 2003-2010

Year	Hessian	Sacking	Carpet Backing	Others	Total (1000 MT)
2003-04	60	179	26	279	544
2004-05	45	131	17	293	486
2005-06	53	164	25	302	544
2006-07	40	153	18	360	571
2007-08	48	173	21	48	290
2008-09	20	80	06	2	108
2009-10	25	102	10	7	154

Source:-Statistical Pocket Book Bangladesh-2010

4.8. Khulna: the Jute Industry City (Study area)

Khulna, the industrial city of Bangladesh, has been experiencing rapid urbanization and tremendous rise of population since 1950s. Under the

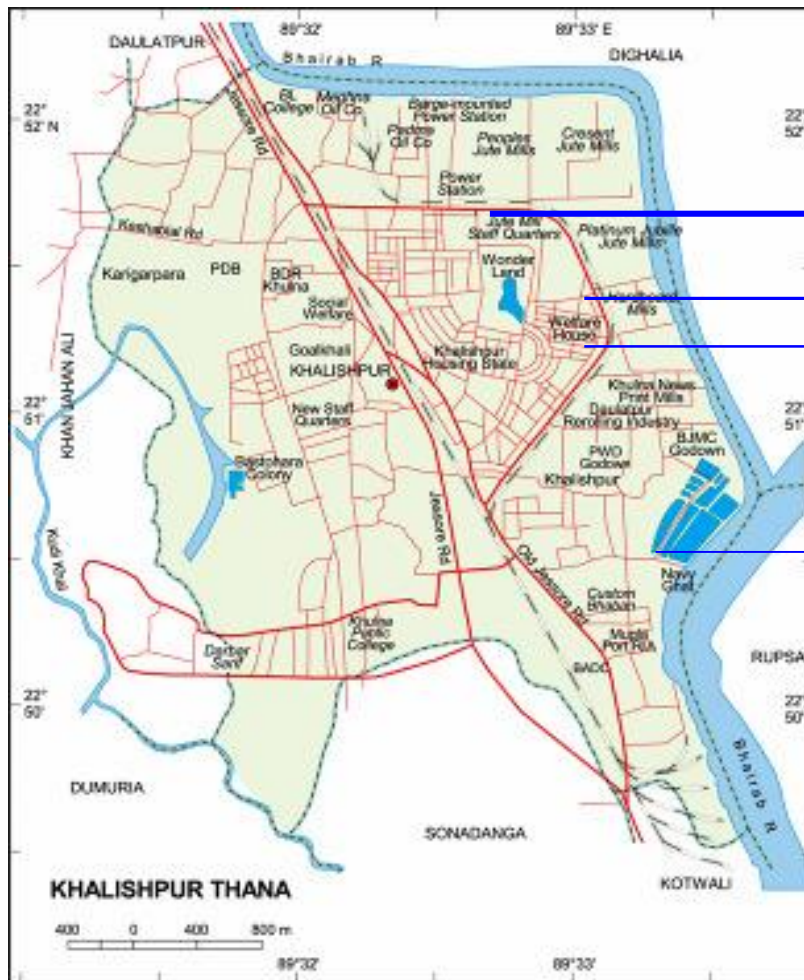
pakistan government khulna knew a flourishing industrial development. After independence of Bangladesh in 1971, almost all the jute mills in Khulna were nationalized as state Owned enterprise with an aim to strengthen the industry's contribution to the national socio-economic development. During the last three decades the political shift from the democratic to military regimes coupled with the policies pursued by the successive governments resulted in rapid decline of the industries. Partial or full closer, lease out and lay-off of the jute mills have made thousands of workers jobless and other hundreds of retailers to close their business dependent on the industries. In such a context, the present government has drafted a new industrial policy (2010) that indicates to invest more in the State Owned Enterprise, reopen and revive the closed jute industries. Given this recent policy change, the jute sector is now been undergoing yet another reform.

At present in Khulna division nine state owned running jute mills are operating . The names of nine jute mills are shown in the table below:

Table - 6: Jute mills in Khulna Division

SR No.	Type of Industry	Name of Industries
1	Manufacturing	Star Jute Mills Ltd.
2	Manufacturing	The Crescent Jute Mills Ltd.
3	Manufacturing	Platinum Jubilee Jute Mills Ltd.
4	Manufacturing	Khalishpur Jute mills Ltd.
5	Manufacturing	Daulatpur Jute Mills Ltd
6	Manufacturing	Aleem Jute Mills Ltd.
7	Manufacturing	Carpeting Jute Mills Ltd.
8	Manufacturing	Eastern Jute Mills Ltd.
9	Manufacturing	Jessore Jute Industries Ltd.

Jute Mills in the Map:



Study Area:
 Khalishpur Jute Mills Ltd.
 The Crescent Jute Mills Ltd.
 Platinum Jubilee Jute Mills Ltd.
 Daulatpur Jute Mills Ltd

Those five green colours indicated jute mills are selected for the study.

4.9. General Description of Sample Jute Mills in Khulna Division

at a glance:

4.9.1 Star Jute Mills Ltd.:

Name of the Mills	Star Jute Mills Ltd.							
Address of the Mills	P.O. Chandani Mahal, P.S- Dighalia, Town-Khalishpur, Dist- Khulna							
Type of Industry	Manufacturing							
Year of establishment	1956							
Year of incorporation with BJMC	1972							
Area of the mills	56.31 Acres							
Number of looms	Hessian	359	Sacking	196	CBC		Other	
Monthly average production capacity (in ton)	Hessian	402	Sacking	698	CB C		Other	

4.9.2 . The Crescent Jute Mill Ltd.

Name of the Mills	The Crescent Jute Mills Co. Ltd.						
Address of the Mills	Town-Khalishpur, Khulna						
Type of Industry	Manufacturing						
Year of establishment	20-03-1952						
Year of incorporation with BJMC	1972						
Area of the mills	113.03 Acre						
Number of looms	Hessian	691	Sacking	342	CBC	105	Others
Monthly average production capacity (in ton)	Hessian	766.75	Sacking	1210.50	CBC	244.75	Others



4.9.3. Platinum Jubilee Jute Mill Ltd.:

Name of the Mills	Platinum Jubilee Jute Mills Ltd.						
Address of the Mills	BIDS Road Town, Khalishpur, Khulna.						
Type of Industry	Manufacturing						
Year of establishment	1954						
Year of incorporation with BJMC	1972						
Area of the mills	55.84 Acres						
Number of looms	Hessian	560	Sacking	315	CBC	82	Others
Monthly average production capacity (in ton)	Hessian	554.50	Sacking	1069.25	CBC	165.50	Others



4.9.4. Khalishpur Jute Mill Ltd.:

Name of the Mills	Khalishpur Jute Mills Ltd.							
Address of the Mills	Town Khalishpur, Khulna							
Type of Industry	Manufacturing							
Year of establishment	1952							
Year of incorporation with BJMC	1972							
Area of the mills	70.30 Acres							
Number of looms	Hessian	484	Sacking	324	CBC	83	Others	891
Monthly average production capacity (in ton)	Hessian	383	Sacking	1139	CBC	192	Others	1714



4.9.5. Daulatpur Jute Mills Ltd.:

Name of the Mills	Daulatpur Jute Mills						
Address of the Mills	Town Khalishpur, Khulna						
Type of Industry	Manufacturing						
Year of establishment	1952						
Year of incorporation with BJMC	1972						
Area of the mills	22.59						
Number of looms	Hessian		Sacking	250	CBC		Others
Monthly average production capacity (in ton)	Hessian		Sacking	140.62	CBC		Others



4.9.6 : Employees of sample Jute Mills of Khulna

There are total 1414 employees in the sample jute mills working during the period of study of which 341 are officers and 1073 are other employees. The table 7 shows those categories separately with specific mill.

Table -7: No of officers in sample jute mills

Sl.No.	Name of Mill	Number of Officers	No. other employees	Total Number of employees
1	Star Jute Mills Ltd.	59	248	307
2	The Crescent Jute Mills Ltd.	104	279	383
3	Platinum Jubilee Jute Mills Ltd.	88	248	336
4	Khalishpur Jute mills Ltd.	72	209	281
5	Daulatpur Jute Mills Ltd	18	89	107
	Total	341	1073	1414

96% of the respondents are male and 4% are female. The statement in table 3 is linked to the importance, understanding and clarity of the performance appraisal system.

4.9.7 Gender category of respondents

It is found that out of 50 respondents 96 percent respondents, that is 48 respondents are male and the rest are female, that is only 4 percent . It is exhibited in table # 8.

Table - 8 : Frequency distribution of the respondent officers of the sample jute mills on their gender.

Gender	Respondents	Percentage
Male	48	96%
Female	2	4%
Total	50	100%

4.9.8 Age of respondents

It is found and exhibited in the table # 9 that sample size of respondents are consisted of 28 percents officers with 31 to 40 years of age, 40 percent respondent are consisted of 41-50 years of age, and rest 32 percent of the respondents are consisted of above 50 years of age. It shows that managers of different ages , experiences and positions are included into the study.

Table - 9 : Frequency distribution of the respondent officers of the sample jute mills on their ages.

Age	Respondents	Percentage
31-40	14	28%
41-50	20	40%
Above 50	16	32%
Total	50	100%

4.10 : Appraisal System in selected Jute mills:

4.10.1 : Performance appraisal method:

It is observed that the respondent firms use graphical rating scale method of performance appraisal. The system is designed by the Bangladesh Jute Mills Corporation (BJMC) which is known as Annual Confidential Report (ACR). The table 10 shows that all the firms use graphical rating scale method. It is also observed that the appraisal form is designed with a few essay questions with open ends to have comments from the appraiser. So, both graphical scale and essay methods are used to design the appraisal form of the jute mills under study.

Table - 10 : Frequency distribution of the respondent officers of the sample jute mills about the method of performance appraisal used in their firms

Name of Performance appraisal method	No. of respondents	Percentage
Graphical rating scale	50	100%
Ranking	00	00%
Paired comparison	00	00%
Forced distribution	00	00%
Check list	00	00%
Essay	50	100%
Group appraisal	00	00%
BARS	00	00%
Assessment center	00	00%
HR accounting	00	00%
MBO	00	00%
Behaviourial observation	00	00%
Psychological appraisal	00	00%
Result	00	00%
Productivity Measures	00	00%
Balanced Scorecard	00	00%
Total	50	100%

4.10.2. Who appraises

It is found from the study that immediate supervisor appraises performance of subordinates. Performance appraisal report form is sent to each department. Departmental head rates performance of the employees who works under his/her supervision in that year on the basis of the performance of officers/employees in the assigned area and employee’s personal contributions to the organization. Table # 11 exhibits that only immediate supervisors/ department heads appraise the employees under his/her supervision. No other methods of appraisal are used.

Table -11: Frequency distribution of the respondent officers of the sample jute mills about who appraises the employees performance .

Categories of appraisers	No. of respondents	Percentage
Self	00	00%
Customer/client	00	00%
Consultant	00	00%
Immediate supervisor	50	100%
Peer	00	00%
Subordinate	00	00%
Committee	00	00%
Total	50	100%

4.10.3 Period of performance appraisal:

It is revealed from the study that performance appraisal is done annually once (table 12). It is done by the end of 31st December each year. It is submitted to administrative department before 31st January in the next year by the departmental head.

Table -12: Frequency distribution of the respondent officers of the sample jute mills about the period after which appraisal is made

Period	No. of respondent	Percentage
Yearly	50	100%
Half yearly	00	00%
Quarterly	00	00%
Total	50	100%

4.10.4 Rating factors used in performance appraisal form for the Officer

It is found in the study that the rating factors that are included in the form are sense of discipline, judgment and sense of proportion, intelligence and mental alertness, initiative and drive, cooperation, reliability, sense of responsibility, interest in job, managerial prudence,

awareness of safety, behavior to general people, job knowledge, quality of work, quantity of output of work, ability to supervising and directing, ability to make decision, ability to implement, interest to guide and train the sub-ordinates, ability to express in writing , ability to express orally, report drafting and presentation activities and dutifulness, personality and mental alertness, punctuality (Table- 13) .

The factors are well conceived and relevant to the performance of managers or officers. It is also understood that the human resource management of the jute mills are very much aware about the significance of the criticality of criteria upon which managerial performances are to be measured and evaluated. It is also understood from the interview that the BJMC has developed this appraisal form by a consultant appointed for this purpose and it is periodically reviewed to make updated with the changes. It shows their sincere attitude towards making the appraisal a evaluative and a development tool for the purpose of both the mills and the mangers.

Table - 13: Frequency distribution of the respondent officers of the sample jute mills about the factors that are considered in performance appraisal

Elements of Performance Appraisal	Yes	%	No
Sense of discipline	50	100	00
Judgment and sense of proportion,	50	100	00
Intelligence and mental alertness,	50	100	00
Initiative and drive	50	100	00
Co-operation	50	100	00
Reliability, sense of responsibility	50	100	00
Interest in Job	50	100	00
Managerial prudence	50	100	00
Awareness of safety	50	100	00
Behavior to general people	50	100	00
Job knowledge	50	100	00
Quality of work	50	100	00
Quantity of output of work	50	100	00
Ability to supervising and directing	50	100	00
Ability to make decision	50	100	00
Ability to implement	50	100	00
Interest to guide and train to the sub-ordinates	50	100	00
To express written ability	50	100	00
To express oral ability	50	100	00
Report drafting and presentation activities and dutifulness	50	100	00
Personality and mental alertness	50	100	00
Punctuality	50	100	00
Total	50	100%	00

4.10.5 : Feedback:

It is found in the study that in jute mills, performance appraisal is done in confidential. It is also found that there is no feedback to the appraisees (Table- 14) . The appraisee does not know about why his/her rating has fallen despite his/her best efforts, why others are rated high in comparison to him/her, how to rectify his/her mistake, if any, on what basis he/she is going to be evaluated next year etc. So, the appraisees could not take any improvement measures to overcome the deficiencies.

Table - 14: Frequency distribution of the respondent officers of the sample jute mills about feedback of performance results to the appraisees

Modes of feedback	No. of respondents	Percentage
Gives feedback	00	00
No feedback	50	100%
Total	50	100%

4.10.6 Perception of Employees towards Performance Appraisal System

The study has revealed that the perception of employees towards the performance appraisal system which is shown in the table -15, the employees have got overall favourable perception to the performance

appraisal system. The categorical description of the perceptions of the respondent officers is made below:

Table -15: Frequency distribution of respondent officers of the sample jute mills on the basis of their perception about the benefits from the performance appraisal system

Statement	Strongly Agree	Agree	Neither Agree nor Disagree	Strongly disagree	Disagree	Total
Performance appraisal is very important to improve one's Performance	92%	8%				100%
Performance Appraisal System provides adequate feedback.	48%	42%	2%		8%	100%
Performance Appraisal is a way to discuss one's progress openly, honestly, and motivate employees to perform better.	56%	34%	2%	4%	4%	100%
Performance Appraisal helps to integrate individual and organisational goals.	58%	42%				100%

Personal relationship,likes, dislikes etc influence performance appraisal ratings.	34%	40%	4%	2%	20%	100%
Performance appraisal helps to win co-operation and team work.	54%	42%	2%		2%	100%
Evaluation of team performance should be included in performance appraisal.	36%	48%	2%	6%	8%	100%
Peers, Customers, Subordinates, other departmental representntives should be included in performance appraisal process.	32%	42%	4%	12%	10%	100%
Performance appraisal system helps to identify the strengths and	66%	26%		6%	2%	100%

weakness of the employee						
Performance rating is helpful for the management to provide employee counseling.	52%	42%	6%			100%
Appraisal system keeps on the major achievement and failure or success of the work.	44%	44%	6%	4%	2%	100%
Transfer, demotion, suspension and dismissal are based on performance appraisal.	48%	30%	4%	8%	10%	100%
Management fixes salary through the performance rating	24%	32%	14%	22%	8%	100%
The performance appraisal is helpful in reducing grievance among the	36%	60%	4%			100%

employees.						
Performance appraisal increases employee motivation.	68%	32%				100%
The follow up procedure after performance appraisal is satisfactory.	48%	48%	4%			100%

Statement: ‘Performance appraisal is very important to improve one’s Performance’. In the light of this statement, strongly agreed 92%, agree 8%, neither agreed nor disagreed 0%, disagreed 0%, strongly disagreed 0% (Table # 15) . It is found that all employees, 100% respondents , said that this performance appraisal is very important to improve one’s performance.

Statement: ‘Performance Appraisal System provides adequate feedback’. It is found that strongly agreed 48%, agreed 42%, neither agreed nor disagreed 2%, disagree 8%, strongly disagree 0% (Table # 15) . Thus, majority of the respondents (48+42) 90% supported that performance appraisal system provides adequate feedback while only 8% of the respondents disagreed with the statement, none strongly

disagreed , and the rest 2% respondents neither agreed nor disagreed. So, people are happy with the outcome that performance appraisal gives a kind of feedback to the managers about their performance and that helps their improvement of knowledge and skills .

Statement: 'Performance Appraisal is a way to discuss one's progress openly,honestly, and motivate employees to perform better'. On this statement percentage of respondents' responses showed that strongly agreed 56%, agreed 34%, neither agree nor disagreed 2%, disagrees 4%, strongly disagreed 4% (Table # 15). Almost all of the respondents (56+34)=90% supported this and (4+4)=8% respondents did not support this staement, and the rest 2% neighter agreed nor disagreed. So, managers have a good notion about the positive effects of performance appraisal by its opportunity to discuss one's progress openly,honestly, and motivate employees to perform better.

Statement: 'Performance Appraisal helps to integrate individual and organisational goals'. From among the respondents strongly agreed 58%, agreed 42%, neither agree nor disagreed 0%, disagreed 0%, strongly disagreed 0% (Table # 15). All employees (100%) supported that performance appraisal helps to integrate individual and organisational goals. It exhibits that the mangers have got a clear understanding about the goals of performance appraisal and it will obviously help organisation to achieve desired level of performance.

Statement: 'Personal relationship, likes, dislikes etc influence performance appraisal ratings'. In the light of this statement, from among the respondents, strongly agreed 34%, agreed 40%, neither agreed nor disagreed 4%, disagreed 2%, strongly disagreed 20% (Table # 15). Majority of the respondents that is (34+40) 74% thought that personal relationship, likes, dislikes etc influence performance appraisal ratings, while (2+20)=22% respondents did not support this opinion and the rest respondents, 4% neither agreed nor disagreed with the statement. It shows that there exists a strong belief among the managers that performance appraisal of the jute mills is heavily influenced by the personal relationship, likeness and dislikeness of the raters and therefore, the rating is biased, not neutral and contributive to the purpose of the performance appraisal.

Statement: 'Performance appraisal helps to win co-operation and team work'. Among the respondents, strongly agreed 54%, agreed 42%, neither agreed nor disagreed 2%, disagreed 0%, strongly disagreed 2% (Table # 15). It is evident from the table that 96% of the employees agreed with the statement that performance appraisal helps to win co-operation and team work, while 2% of the employees strongly disagreed with this and 2% neither agreed nor disagreed with the statement. It shows that managers know about this contribution of performance appraisal which will obviously motivate them to use performance appraisal regularly in the organisation..

Statement: 'Evaluation of team performance should be included in performance appraisal'. Among the respondents, strongly agreed 36%, agreed 48%, neither agreed nor disagreed 2%, disagreed 6%, strongly disagreed 8% (Table # 15) . It is evident from the table that majority of the respondents (36+48)84% said that evaluation of team performance should be included in performance appraisal while only (6+8)14% did not support this statement and 2% neither agree nor disagree with the statement. So, managers strongly feel that team and team performance are vital elements for organisational success and therefore, the evaluation of team performance should be a point of matter in the appraisal system of the organisation so that it should be promoted in the organisation.

Statement: 'Peers, customers, subordinates, other departmental representatives should be included in performance appraisal process'. Among the respondents, strongly agreed 32%, agreed 42%, neither agreed nor disagreed or disagree 4%, disagrees 12%, Strongly disagree 10% (Table # 15) . Majority of the respondents, (32+42) 74% said that peers, customers, subordinates, other departmental representatives should be included in performance appraisal process , while only (12+10)22% did not support this statement and 4% respondents neither agreed nor disagreed with the statement. It is evident from the table that majority supports 360 degree appraisal system or a variety of

such system instead of appraisal by the immediate supervisor that is on practice now.

Statement: 'Performance appraisal system helps to identify the strengths and weaknesses of the employees'. Among the respondents, strongly agreed 66%, agreed 26%, neither agreed nor disagreed 0%, disagree 2%, strongly disagree 6%, (Table # 15). It is understood from the table that (66+26) 92% respondents believe that performance appraisal system helps to identify the strengths and weaknesses of the employee, while (6+2)8% did not believe in this statement and no one is in neutral state. It is understood that managers working in the jute mills have a positive notion about the performance appraisal that it will help management and employees to know about their strengths and weaknesses and therefore, could be the basic source for designing training programmes for the deficient employees and make them capable to efficiently work in present and future positions.

Statement: 'Performance rating is helpful for the management to provide employee counseling'. Among the respondents, strongly agreed 52%, agreed 42%, neither agreed nor disagreed 6%, disagreed 0%, strongly disagreed 0% (Table # 15). Almost all, (52+42) 94% respondents agreed with the statement that performance rating is helpful for the management to provide employee counseling, while 6% neither agreed nor disagree and none opposed the statement.

Statement: 'Appraisal system keeps on the major achievement and failure or success of the work'. Among the respondents, strongly agreed 44%, agree 44%, neither agreed nor disagreed 6%, disagreed 2%, strongly disagreed 4%(Table # 15). Almost all respondents (44+44)=88% showed positive attitude to the statement that appraisal system keeps on the major achievements and failures or successes of the work, while only 6% showed neutral attitude toward the statement and 6% respondents did not agree with the statement. Thus, it is evident from the study that managers at large in the jute mills believed that performance appraisal is a tool to keep a close eye on the performance of the employees so that organisation can come to know the facts going on and take corrective action to rectify the performance situation.

Statement: 'Transfer, demotion, suspension and dismissal are based on performance appraisal'. Among the respondents, strongly agreed 48%, agreed 30%, neither agreed nor disagreed 4%, disagreed 10%, strongly disagreed 8% (Table # 15). It is evident from the statistics that (48+30) 78% of the employees support the statement that transfer, demotion, suspension and dismissal are based on performance appraisal, while (10+8) 18% did not support the statement and 4% employees were in the neutral position. It is understood from the findings that officers believe that managerial actions like transfer, demotion, suspension and dismissal should be made on the basis of performance appraisal

information to make decision authentic, correct and fact based as well as acceptable to the employees.

Statement: 'Management fixes salary through the performance rating'. Among the respondents, strongly agreed 24%, agreed 32%, neither agreed nor disagreed 14%, disagree 8%, strongly disagree 22%(Table # 15). The evidence shows that the majority of the employees, (24+32) 56% of the employees accepted the statement, 'management fixes salary through the performance rating', while (8+22)=30% respondents did not accept the statement and only 4% respondents neither agreed nor disagreed with the statement. It is understood from the study that a large number of respondents (30%) believe that the mill human resource management or top executive does not have authority or capacity to fix salary through the performance rating. It is just fixed by the government pay scale, not the even by the BJMC. So, the statement does not have any implication here.

Statement: 'The performance appraisal is helpful in reducing grievance among the employees'. Among the respondents, strongly agreed 36%, agreed 60%, neither agreed nor disagreed 4%, disagreed 0%, strongly disagreed 0%(Table # 15). Almost all the respondents, (36+60) 96% said that the performance appraisal is helpful in reducing grievance among the employees, while 4% neither agreed nor disagreed with the statement and none disagreed in any form. Therefore, it is understood

from the findings that every managers believe that performance appraisal is a very strong mechanism to reduce grievance among employees.

Statement: 'Performance appraisal increases employee motivation'. Among the respondents, strongly agreed 68%, agree 32%, neither agreed or disagreed 0%. , disagreed 0% and strongly disagreed 0% (table 15). All respondents (68+32)100% agree with the statement that performance appraisal increases employee motivation and none disagreed or in neutral. It exhibits that officers of jute mills unanimously believe that performance appraisal obviously increase motivation of employees.

Statement: 'The follow up procedure after performance appraisal is satisfactory'. Among the respondents, strongly agreed 48%, agreed 48%, Neither agreed nor disagreed 4%, disagreed 0%, and strongly disagreed 0% (table 15). Almost all respondents , (48+48)96% said that the follow up procedure after performance appraisal is satisfactory, while only 4% respondents nither agreed nor disagreed and none others disagreed or strongly disagreed with the statement. It is evident from the study that the follow up procedure after performance appraisal in practice in jute mills in khulna division is satisfactory to the employees.

4.10.7 Errors in Performance Appraisal

It is found from the study that various types of error affect the effectiveness of the performance appraisal system of the jute mills operating in Khulna division of Bangladesh under the BJMC for which human resource management should take care improve the situation to make performance appraisal free from all types of error. From the table 16, it is understood that there is no unclear standards in the appraisal system as all respondents (100%) said 'no' to this error. About halo effect, majority respondents, 80% said that 'no' to halo effect and the rest 20% said 'yes' to this error. The situation exhibits that human resource management has to work on it to eradicate this error which many officers believe existing and affecting the system. 40% respondents said that horn effect also is found in the performance appraisal system but 60% respondents did not agree with them and said it does not exist. None said about the existence of leniency error, and strictness error in the performance appraisal.

Central tendency is a general error in performance appraisal which is identified by 80% respondents in the existing performance appraisal system but 20% did not agree with it and said about its existence in the system. 60% respondents of the study did not mention about the existence of stereotyping error in the appraisal but 40 % mentioned about it. It is understood from the study and exhibited in the table 16

that 80% respondents did not think about the existence of bias but 20 % respondents did. We know that bias is a most talked about error in all types of functions of human resource management but in this case majority said about its non-existence in the process of performance appraisal. It is good sign of good human resource.

It is also observed in the study that 60% respondents thought that the raters are well prepared in rating the performance of employees but 40% felt that raters are not prepared with necessary skill and knowledge about rating system (table-16). About the effective organizational policies and practices related to performance appraisal system of jute mills of Khulna division, 60% thought that the organization has got effective policies and practices but 40 % did not. It is found that 80% respondents found the appraisal form not rightly designed and structured while only 20 said about its rightness. It shows the necessity of redesigning the form to make it acceptable and comfortable to the raters as well as the people who will be rated.

The overall situation related to errors that affect the effectiveness of performance appraisal needs a change in the existing system, format, design, and rater expertise in order to make it effective and contributive to the purpose of the performance appraisal and to the organization as a whole. The raters must be prepared with training about rating criteria and system, the integrity and commitment of the

rater to the purpose and to overcome bias. Most important thing is to redesign the existing appraisal form which almost all the respondents wanted as 80% of them said 'poor appraisal form'.

Table -16: Frequency distribution of respondent officers of the sample jute mills about the errors that affect effectiveness of performance appraisal

Name of the errors	Yes Count	%	No Count	%	Total Count	%
Unclear standards	00	00	50	100	50	100
Halo effect	10	20	40	80	50	100
Horn effect	20	40	30	60	50	100
Leniency	00	00	50	100	50	100
Strictness	00	00	50	100	50	100
Central tendency	40	80	10	20	50	100
Sterotyping	20	40	30	60	50	100
Bias	10	20	40	80	50	100
Lack of rater preparedness	20	40	30	60	50	100
Ineffective organizational policies and practices	20	40	30	60	50	100
Poor appraisal form	10	20	40	80	50	100

4.10.8 Raters Training

It is found from the study that none of the raters have got training on how to appraise performance or on its criteria and their definitions,

degrees etc. The table 17 exhibits the picture which is not desirable. No one is automatically knowledgeable about the rating mechanism and the connotations of the different degrees associated with the appraisal. It has to be learned from the people who have designed those and for that appraisal training is essential for effective appraisal of employee performance which is found absent in the sample jute mills.

Table -17: Frequency distribution of respondent officers of the sample jute mills on whether the raters have got training on performance appraisal

Statement	Yes	No
Have raters got training on performance appraisal?	00 0%	50 100%
Total	00 0%	50 100%

The chapter deals with the discussion and analysis of the findings of the study related to the performance appraisal system of a few selected jute mills in Khulna division. It is found that performance appraisal method only includes graphical and essay method. Only immediate supervisor evaluates the performance of subordinates. It is done only once in a year. It is still confidential and no feedback is given to the evaluated person about his/her performance level. Rating factors that

are taken are satisfactory. A mixed perception exists among officers about the various aspects of performance and majority has a favourable perception but many things have to be done for making the appraisal effective. Many errors negatively affect the appraisal such as bias, central tendency, halo effect, horn effect, lack of motivation of raters, poor form, stereotype etc. The raters are not trained about performance appraisal and its various aspects that affect it negatively. These have to be improved for the success and effectiveness of the performance appraisal.

Chapter 5

Findings, Conclusions and Recommendations

5.1 Findings of the Study

The study, performance appraisal systems of a few selected jute mills operating in Khulna division is a descriptive study. It is undertaken to reveal the existing performance appraisal systems, to find out its loopholes and to suggest remedial actions to improve the systems. The study reveals the following aspects:

5.1.1. Jute mills in the Khulna division are following a regular structured systematic performance appraisal system named as Annual Confidential Report (ACR). Graphical rating scale along with essay methods are used to design the appraisal form.

5.1.2 Only immediate supervisor or departmental head appraises the performance of subordinates.

5.1.3. Performance appraisal is done once in a year. It is done at the end of December each year.

5.1.4. Performance appraisal of employees /officers is done on a set of preset criteria consisting of sense of discipline, judgment and sense

of proportion, intelligence and mental alertness, initiative and drive, cooperation, reliability, sense of responsibility, interest in job, managerial prudence, awareness of safety, behavior to general people, job knowledge, quality of work, quantity of output of work, ability to supervising and directing, ability to make decision, ability to implement, interest to guide and train the sub-ordinates, ability to express in writing , ability to express orally, report drafting and presentation activities and dutifulness, personality and mental alertness, punctuality.

5.1.5. No feedback of performance appraisal results to the evaluated employees is made by the appraiser. It puts the appraisee in the dark about his/her level of performance.

5.1.6. Almost all respondents believe that performance appraisal is very important to improve one's performance.

5.1.7. Almost all respondents perceive that performance appraisal system provides adequate feedback if such system is used.

5.1.8. Almost all of the respondents, 90% managers believe in the positive effects of performance appraisal that it is the way to discuss one's progress openly, honestly, and motivate employees to perform better.

5.1.9. All employees (100%) perceive that performance appraisal helps to integrate individual and organisational goals. It exhibits that the managers have got a clear understanding about the goals of performance appraisal and it will obviously help organisation to achieve desired level of performance.

5.1.10. Two third respondents, 74 percent, believe that personal relationship, likeness, dislikeness, etc. influence performance appraisal ratings, while 22 percent respondents do not believe that. It shows that there exists a strong believe among the managers that performance appraisal of the jute mills is heavily influenced by the personal relationship, likeness and dislikeness of the raters and therefore, the rating is biased, not neutral and contributive to the purpose of the performance appraisal.

5.1.11. Almost all the respondents, 96 percent, agree that performance appraisal helps to win co-operation and team work. It shows that managers know about this contribution of performance appraisal which will obviously motivate them to use performance appraisal regularly in the organisation.

5.1.12. Almost all the respondents, 84 percent, express their view that evaluation of team performance should be included in performance appraisal. So, managers strongly feel that team and team performance are vital elements for organisational success and

therefore, the evaluation of team performance should be a piont of matter in the appraisal system of the organisation so that it should be promoted in the organisation.

5.1.13. Two third of the respondents, 74 percent, believe that peers, customers, subordinates, other departmental representntives should be included in performance appraisal process. It is evident from the study that majority supports 360 degree appraisal system or a variety of such system instead of appraisal by the immediate supervisor that is on practice now.

5.1.14. Nearly all respondents, 92 percent believe that performance apparisal system helps to identify the strengths and weaknesses of the employees. It is understood that managers working in the jute mills have a positive notion about the performance appraisal that it will help management and employees to know about their strenths and weaknesses and therefore, could be the basic source for designing training programmes for the deficient employees and make them capable to efficiently work in present and future positions.

5.1.15. Nearly all, 94 percnet respondents agree with the statement that performance rating is helpful for the management to provide employee counseling. So, managers are aware of counseling the employees about various aspects of their performance through the

performance appraisal mechanism which will help them to understand and improve their skills, knowledge and performances.

5.1.16. Almost all the respondents, 88 percent, show positive attitude to the statement that appraisal system keeps on the major achievements and failures or successes of the work. Thus, it is evident from the study that managers at large in the jute mills believed that performance appraisal is a tool to keep a close eye on the performance of the employees so that organisation can come to know the facts going on and take corrective action to rectify the performance situation.

5.1.17. It is evident from the study that nearly two third of the respondent officers, 78 percent, support the statement that transfer, demotion, suspension and dismissal are based on performance appraisal with a few negative attitude. It is understood from the findings that officers believe that managerial actions like transfer, demotion, suspension and dismissal should be made on the basis of performance appraisal information to make decision authentic, correct and fact based as well as acceptable to the employees.

5.1.18. The evidence from the study shows that the majority of the employees, 56 percent, believe that management fixes salary through the performance rating, while a significant percentage of respondents, 30 percent, do not accept the statement. It is understood from the

study that a large number of respondents (30%) believe that the mill human resource management or top executive does not have authority or capacity to fix salary through the performance rating. It is just fixed by the government pay scale, not the even by the BJMC. So, the statement does not have any implication here.

5.1.19. Almost all the respondents, 96 percent, perceive that the performance appraisal is helpful in reducing grievance among the employees. Therefore, it is understood from the findings that every managers believe that performance appraisal is a very strong mechanism to reduce grievance among employees.

5.1.20. All respondents, 100 percent, agree with the statement that performance appraisal increases employee motivation and none disagreed or in neutral. It exhibits that officers of jute mills unanimously believe that performance appraisal obviously increase motivation of employees.

5.1.21. Almost all respondents, 96 percent, perceive that the follow up procedure after performance appraisal is satisfactory. It is evident from the study that the follow up procedure after performance appraisal in practice in jute mills in khulna division is satisfactory to the employees.

5.1.22. It is found from the study that various types of error affect the effectiveness of the performance appraisal system of the jute mills

operating in Khulna division of Bangladesh under the BJMC for which human resource management should take care improve the situation to make performance appraisal free from all types of error. These errors are Central tendency error, halo effect error, horn effect error, stereotyping, ineffective performance policies and practices, lack of raters' preparedness, and poor design of the appraisal form. But a significant number of respondents have not identified these errors.

5.1.23. There exist no leniency error, unclear standards, and strictness error in the performance appraisal.

5.1.24. All respondents have said that the raters do not have any training on rating system and therefore, they feel that performance appraisal is not rightly made.

5.2 Conclusions

Human resources are the vital source of every organization. Every employee in an organization increases the productivity and goodwill of every company. An employee, being an individual is treated as assets in the organization. Both the appraiser and appraise should realize the principle and use the tool of appraisal system in a constructive way for the prosperity of the organization. All the results observed and achieved, clearly indicate the importance and the need of performance appraisal in the selected jute mills. Jute mills are controlled by B.J.M.C under Ministry of Textile and Jute. They follow

traditional method like Confidential Report method, where a superior evaluates an employee on the basis of loyalty, intelligence, character and his/her work. But this type of method is often biased, resulting in dissatisfaction and misunderstanding among employees which hamper their productivity. Employees differ in their abilities and their aptitudes. There are always some differences between the quality and quantity if the same work on the same job is done by the different employees. There for, Performance Appraisal System is needed to realize employee's abilities competencies and relative merit and worth for the organization. Performance Appraisal rates the employees in terms of their performance. At present it is not possible for organization to manage challenges without the help of potential human resource. Hence, the employees in the jute mills become the biggest assets to be taken care of employees ability and inability, strengths and weakness etc has to be evaluated an appraised periodically. After all, I would like to conclude by saying this thesis work has given immense knowledge about the functioning of Government organization. It's a great benefit to have good insight about the selected jute mills. If the suggested measures are taken into consideration it will help selected jute mills to increase their effectiveness of performance appraisal system.

5.3 Recommendations

I recommend that the rater should exercise objectivity and fairness in rating and evaluating the performance of the employees. Personal relationship, likes, dislikes must be avoided so that employees gain confidence on the system of appraisal and are motivated to work hard and provide result.

5.3.1 Performance appraisal method should be openly, honestly digitalized and be designed with updated criteria. The method also must be simple and easily understandable to all people in the organization. So, no annual confidential report, it should be open appraisal. There shall be free and fair discussion between appraisee and appraiser about the rating.

5.3.2. It is recommended that multiples raters shall be used to make the performance appraisal most effective and thus, 360 degree feedback performance appraisal method should be adopted in the selected jute mills as majority respondents support it.

5.3.3. Appraisal process requires maximum preparation work to be done both by the employee and the appraiser. They should know why appraisal exist, what the objectives and expected results are? Employees should be informed usually by HR department or by their

appraisers, how to prepare for the process. Process should be discussed among appraisees and appraisers. From appraisal discussion employees can learn where they currently stand, what the formal opinion about their performance is and what they could do differently in order to address any performance or behavioral gaps. Therefore, preparation for the appraisal process should be discussed among appraisee and appraisers.

5.3.4. Training on performance appraisal system is a weak area, survey respondents confirmed that focus on the training as part of performance appraisal system should start. The training should allow time for both parties to discuss performance development areas and to design and agree learning intervention that will help to address their current skills gaps. One of the respondents comments, "I am not familiar with this term Performance Appraisal". B.J.M.C should provide adequate short and medium term training on performance appraisal system to the appraisers. The raters must be prepared with training about rating criteria and system, the integrity and commitment of the rater to the purpose and to overcome bias.

5.3.5. The overall situation related to errors that affect the effectiveness of performance appraisal needs a change in the existing system, format, design, and rater expertise in order to make it effective and contributive to the purpose of the performance appraisal and to

the organization as a whole. Most important thing is to redesign the existing appraisal form which almost all the respondents wanted to improve the present 'poor appraisal form'.

5.3.6. Jute mills use confidential report for evaluating employee. It does not offer any feed back to the appraisees. The appraisee is not very sure why his/her rating has fallen despite his/her best effort, why other are rated high, when compared to him, how to rectify his mistake, in any, on what basis he/she is going to be evaluated next year etc. Since the report is generally not made public and hence no feedback is available in any way, appraisees do not know about their statuses. So, there shall be an open and honest feedback system.

Objective and consistent feedback deliver a constrictive and honest feedback (Lepsinger and Lucia, 1997). It helps employee to understand their strengths and weaknesses and the areas in which they need to improve their performance. Superiors should be able to give feedback and suggest corrective behaviors. Because of its sensitivity, the feedback should be given with care, without personal criticism which might hurt the individual. Special attention must be given when deliver negative feedback in order to get credibility and use it constructively for future performance improvement. The superior should make sure that the message is well understood and criticism is accepted by the individual. Giving feedback to employee needs higher

level of coaching skills. The best way of doing this is to deliver a constructive and balanced picture of how the jute mills view their performance and what development benefits might help them to make a positive progress. Believable and specific feedback could play a positive roll in boosting individual confidence and motivation. In the jute mills, considering above description, the jute mills' human resource management should initiate the practice -open and honest feedback from immediate supervisor to employees.

5.3.7. Best practices require that the evaluation of performance is to take place on a regular basis. Most suggested view is to make quarterly performance updates. Reviewing performance on continuous basis will allow a bad performance or existing issues to be identified and corrective measures to be designed at an earlier stage. It is advisable that the target should be checked out several times a year (Murphy and Cleveland, 1995). In selected jute mills, appraisals are conducted annually. The review of the performance of employees is made only one time a year. One of the respondents comments that he thinks that appraising performance should be done twice in a year. It is, therefore, recommended that reviewing/ appraisal of performance should be two times in a year.

5.3.8. The quality of performance appraisal process depends on high level of the superior leadership skills, experience and maturity. Managing expectations and performance of another person is not an easy task, because it requires superior know how to achieve goals through other people. Supervisor needs to understand the psychology of human behaviors by observing people reaction. A supervisor's attitude and skills in the appraisal process are crucial- care, empathy, listening, coaching and influencing, asking the right questions, paraphrasing, summarizing etc (Armstrong and Baron, 1998). In this context, the immediate supervisors should be enriched with the intellectual and psychological quality of evaluation process.

5.3.8. The human resource management of jute mills in Khulna division should take initiative so that supervisor should discuss with the employees about their achievements. Preparation for the appraisal meeting should start early. The purpose of the meeting and agenda should be set first. The immediate supervisor should begin the discussion with job requirements, strengths and accomplishments observed in the past period. Supervisor must be well prepared to listen and discuss, he/she needs to have relevant evidence and be able to provide elements for their judgments so that their comments be accepted as believable by the employee. Best practice suggested by Walters (1995) shows that the employee should talk maximum of time,

70-80% of given time, about how they feel, what achievements they have made, what was not achieved and why, what career objectives they have and how they see their in the organization. Therefore, in Jute mills, appraisal discussion should be started before reviewing appraisal performance.

5.3.9. Measuring performance is a very critical activity. The performance should be measured against defined success criteria, following same format for everyone. Before the appraisal, the supervisor should gather information on the employees work performance by seeking input from other people. The supervisor must weigh these up and make assessment of the employee. The rating and evaluation of performance should be based upon elements, recognizing and acknowledging what has been achieved.

5.3.10. In the modern age we should follow and apply latest information technology based tools in appraising and recording performance. Online administration systems used today can make it simple to assess performance automatically and track down result swiftly of the employee. So, performance appraisal system should be digital to evaluate employees. Digital appraising and recording performance may save time, avoid unfair means, biasness and provide accurate result.

The application of above mentioned recommendations would obviously improve the performance appraisal systems of jute mills operating under Bangladesh Jute Mills Corporation in all the divisions of Bangladesh.

The End

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Appendix

QUESTIONNAIRE

Dear Respondents,

I am an M.Phil researcher of the Department of Management at the University of Dhaka. The topic of my thesis is **'Performance Appraisal Systems: A study on a Few Selected Jute Mills in Khulna Division'**. I have designed a questionnaire on issues related to this topic. I will really appreciate if you spend a few minutes of your time filling this questionnaire.

Your answers are very important for the successful completion of the research. Your answers shall be treated confidentially and anonymously. I would request you to kindly fulfill this questionnaire.

Thank you for your co-operation.

Md. Shibli Howlader.

Mobile No. 01714479957

Supervisor: Professor Muhammad Mohiuddin

Department of Management

University of Dhaka.

Personal Information

Confidential

Name:.....

Mobile

No.....

Age:.....

Sex:.....(a) Male

(b) Female

Designation:

Please kindly indicate your performance among alternative answers for each question by ticking in the appropriate box. Where alternative answers are not provided, fill in the gaps provided.

1. Do you have any regular structured systematic Performance Appraisal Systems?

Yes

No

2. Who appraises performance in your firm?

<input type="checkbox"/>	Self
--------------------------	-------------

<input type="checkbox"/>	Customer/Client
--------------------------	------------------------

<input type="checkbox"/>	Consultant
--------------------------	-------------------

<input type="checkbox"/>	360 Degree
--------------------------	-------------------

<input type="checkbox"/>	Immediate Supervisor
--------------------------	-----------------------------

<input type="checkbox"/>	Peer
--------------------------	-------------

<input type="checkbox"/>	Committee
--------------------------	------------------

<input type="checkbox"/>	Subordinate
--------------------------	--------------------

3. What Steps do you follow from among the following steps in Performance Appraisal Systems of your firm?

<input type="checkbox"/>	Establish performance standards
<input type="checkbox"/>	Communicate performance expectations to employees
<input type="checkbox"/>	Measure actual performance
<input type="checkbox"/>	Compare actual Performance with standard
<input type="checkbox"/>	Initiate corrective action
<input type="checkbox"/>	Discuss the appraisal with the employee

Please tick in the appropriate box.

4. What method do you follow?

<input type="checkbox"/>	Graphic Rating Scales
<input type="checkbox"/>	Ranking Method
<input type="checkbox"/>	Checklist Method
<input type="checkbox"/>	Paired Comparison Method
<input type="checkbox"/>	Results Method
<input type="checkbox"/>	Forced distribution Method
<input type="checkbox"/>	Essay or free form Appraisal
<input type="checkbox"/>	Group Appraisal

	Confidential Reports
	Behaviorally Anchored Rating Scales
	Human Resources Accounting
	Behavior Observation Scales
	Balance Score Card
	Productivity Measures
	Psychological Appraisal
	Management by Objectives
	Assessment Center

5. What are the contents of a performance Appraisal form?

	Attendance
	Punctuality
	Quality
	Presentation skills
	Job knowledge
	Cost Consciousness
	Knowledge of related jobs
	Technical knowledge/Skills

<input type="checkbox"/>	Judgment skills
<input type="checkbox"/>	Application of mind
<input type="checkbox"/>	Ability of work under stress
<input type="checkbox"/>	Integrity
<input type="checkbox"/>	Honesty and sincerity
<input type="checkbox"/>	Thoroughness/perfection
<input type="checkbox"/>	House keeping/cleanliness
<input type="checkbox"/>	Written & oral Communication Skill
<input type="checkbox"/>	Ability to get along with others

Please tick in the appropriate box.

<input type="checkbox"/>	Reasoning ability		
<input type="checkbox"/>	Managerial		
<input type="checkbox"/>	Sociability	<input type="checkbox"/>	Analytical
<input type="checkbox"/>	Leadership styles		
<input type="checkbox"/>	Initiative and risk taking		
<input type="checkbox"/>	Professional related activities.		
<input type="checkbox"/>	Ability to assume additional		

- Continuous improvement plans**
- Acceptance by subordinates**
- Ability to think strategically.**
- Internal customer servicing.**

6. Why do you do performance appraisal?

	Strongly Agree	Agree	Neither Agree or Disagree	Disagree	Strongly disagree
Performance appraisal is very important to improve one's Performance					
Performance Appraisal System provides adequate feedback.					
Performance Appraisal is a way to discuss one's progress openly,honestly, and motivate employees to perform better.					

Performance Appraisal helps to integrate individual and organisational goals.					
Personal relationship, likes, dislikes etc influence performance appraisal ratings.					
Performance appraisal helps to win co-operation and team work.					
Evaluation of team performance should be included in performance appraisal.					
Peers, Customers, Subordinates, other departmental representatives should be included in performance appraisal process.					
Performance appraisal system helps to identify the strengths and weakness of the employee					
Performance rating is helpful					

for the management to provide employee counseling.					
Appraisal system keeps on the major achievement and failure or success of the work.					
Transfer, demotion, suspension and dismissal is based on performance appraisal.					
Management fixes salary through the performance rating					
The performance appraisal is helpful in reducing grievance among the employees.					
Performance appraisal increases employee motivation.					
The follow up procedure after performance appraisal is satisfactory.					

Please kindly indicate your performance among alternative answers for each question by ticking in the appropriate box. Where alternative answers are not provided, fill in the gaps provided.

7. Who appraises you?

.....

.....

8. Do you get any feedback of performance appraisal from your supervisor?

 Yes **No**

9. Do you give result of performance appraisal to the respective employee?

 Yes **No**

10. What is your opinion about improving existing performance appraisal system?

.....

.....

11. What problem do you face in appraising performance?

<input type="checkbox"/>	Unclear standard	<input type="checkbox"/>	Halo Effect
<input type="checkbox"/>	Central tendency	<input type="checkbox"/>	Leniency
<input type="checkbox"/>	Strictness		
<input type="checkbox"/>	Lack of rater preparedness	<input type="checkbox"/>	Biasness
<input type="checkbox"/>	Stereotyping		
<input type="checkbox"/>	Ineffective organization policies		
<input type="checkbox"/>	Poor appraisal forms		

Thank you

Signature of Respondent