The Effectiveness of Employee Performance Appraisal in Bharat Sanchar Nigam Limited (BSNL)

Arun Kumar Puttapalli, *Israel Raju Vuram***

Abstract

The performance appraisal system is the most important tool for any organization. Government organizations mostly use annual confidential reports to appraise their employees. Private organizations use the grading system and assessment methods to appraise the performance. As the performance appraisal increases the motivation level of employees, they can effectively be used for planning purposes and to identify problems and obstacles affecting employee's performance. The performance appraisal system serves not only to determine how well an employee does his or her job but also to decide ways to improve the performance. For an effective appraisal system, mutual trust, clear objectives, standardizations, training, job relatedness, documentation, feedback, participation and the post appraisal reviews are some important factors which need to be considered.

BSNL being a government organization, the performance appraisal doesn't play a great role but it's an important part of organization. This paper made an attempt to analyse about the effectiveness of performance appraisal practices implemented in BSNL, and also make an observation on the perceptions of employees towards their existing performance appraisal system.

Introduction

The success and survival of any organization will invariably be determined by the quality and competence of its human resources. HR function has been evolving over years in various directions so that the performance of human resources can add values towards the organizational excellence at different stages. One of the important mechanisms in public and private sector organizations is appraising the performance of employees.

In many organizations, appraisal results are used either directly or indirectly to identify the better performing employees and to identify who should get merit pay increases, bonuses and promotions. The appraisal system is an instrument for improving the work culture by convincing employees that their

Dr. Arun Kumar Puttapalli
Associate Professor
Dept. of Human Resource Management,
Andhra University, Visakhapatnam-3.

***Dr. Israel Raju Vuram*
Principal & Professor
Mithra Institute of Management,
MIG-92, Ganesh Residency,
Opp PF Office, VUDA Layout,
Visakhapatnam-9.

career growth is linked with the performance of the company.

The process of Performance appraisal

The performance appraisals are used for (1) showing employees how to improve their performance, (2) setting goals for employees, and (3) helping managers to assess subordinates' effectiveness and take actions related to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations. Nowadays, in many organizations, performance appraisal is used either directly or indirectly to determine reward outcomes.

A performance appraisal system could be designed based on intuition, self-analysis, personality traits, behavioral methods and result-based techniques. Different approaches and techniques could be blended, depending on the goals of performance appraisal in the organization and the type of review. Key performance areas, self-appraisal, performance analysis, performance ratings and counseling are important components of a performance appraisal system oriented to development of human resources in an organization. The performance analysis is an important component of the appraisal. Any rating to appraise should be given only after a thorough analysis of performance. If subjectivity has to be reduced, the appraiser should not only assess the level of performance achieved by the appraisee but also understand the conditions under which the appraisee has accomplished whatever he has accomplished.

This study emphasizes the importance of the the performance appraisal and implementation of performance appraisal to increase the effectiveness of the Bharat Sanchar Nigam Ltd. The employees of BSNL have been imparted with the performance appraisal for evaluation of employees' performance. As a service oriented organization, there is a need for continuous development of the large workforce and for this, the performance appraisal plays a crucial role to assess their performance.

The Studies in Retrospect - A Review

Shefal Nandan's (2007) research stated that roles and concerns of the performance appraisal are different in modern organizations from those that existed in older organizations. In earlier system, the supervisor played the role of a judge but now the supervisor is not only a judge but he/she is also a coach and facilitator for enhancing employees' performance. The Performance appraisal system has the capability to influence so many different aspects of the employee and organization and hence is strategically important.

Ashis Sinha (2009) found that problems runs deeper than just the performance appraisal system. It was the implementation of the system which counts too. The approach towards implementation of the performance appraisal would affect system of the performance appraisal. Since the reluctance to change was a natural part of any organization, the implementation of a new system would hardly do any good unless the culture was changed.

Abishek De (2010) revealed that the performance appraisal is crucial in the performance management system. There are many past and future oriented appraisal methods like MBO, assessment centers, 360 degree appraisal, BARS methods to evaluate the performance appraisal. He concluded that feedback and competency enhancement should be given to employees basing on the discussions of the performance appraisal.

SVVS Vara Prasad (2011) revealed the importance of performance evaluation through effective performance appraisals and emphasized the role of performance appraisal to increase their business performance. This study has revealed that organizations with strong performance management systems have solid operational payoffs. There must be a fair performance and reward system which stimulates the employees to perform better on their jobs.

Ratnavali. V (2012) specified that the performance appraisal is seen as a tool for increment and as a devise for releasing the variable pay. He also focused on the human side of the appraisal. He reported that PA when handled with care would lend to a climate of trust while the reporting manager /appraiser is seen as fair and genuinely interested in the individual and his development.

Objectives of the Study

1. To study the organizational profile of BSNL
2. Critically analysis the existing performance appraisal system of employees in BSNL.
3. To examine the perceptions of employees regarding the performance appraisal system followed by BSNL.

Methodology and Sampling

Towards the accomplishment of said objectives information is obtained from both primary and secondary data sources. primary data are collected through interviewing employees and taking their responses through a structured questionnaire, while the secondary data are collected from the documents such as annual reports, manuals, books, bulletins and websites of BSNL. Employees at BSNL-SSA (Secondary Switching Area), Visakhapatnam constitute the entire universe of the present study. The sample includes DE/AGMs, Sub Divisional Engineers, Junior Telecom Officers, Junior Accounts Officers, A.Os, CAOs of various departments like Technical, Administration, Accounts and others, with a total of 150 employees.

Data Analysis and Interpretation

Perceptions of employees towards their performance appraisal system at BSNL, Visakhapatnam are analyzed on the basis of information collected through survey. Majority of respondents have agreed that they are satisfied with the existing performance appraisal system. Nearly 45% of the respondents have agreed, 23% have strongly agreed and 15 % have disagreed. The majority of the people who agreed are from technical department (20%) followed by administration department (18%). Thus, it can be interpreted that performance appraisal system is implemented in the organization at various levels in all departments and employees are satisfied with the existing performance appraisal system. The reason behind this could be the variation in the policies implemented and the benefits they have derived from the performance appraisal system with regard to promotions, transfers or training aspects.

Out of total sample respondents, nearly 73 % of respondents have agreed that the performance appraisal helps the employees to win cooperation and develop the teamwork among employees. It can be inferred that the present appraisal system at BSNL, Visakhapatnam is transparent in delivering the true assessment of the employees to enhance their effectiveness and building teamwork among BSNL employees.

In BSNL, the existing performance appraisal (PA) system is helping its employees to reduce the grievances among employees. From Table 1, most of the respondents have agreed (44%) and strongly agreed (18%) regarding PA system in helping to reduce their grievances. It can be inferred that in the performance appraisal system, the policies like mentoring, counseling or interaction with the appraiser and the appraisee which exist in the organization, are helping to reduce the grievance among employees though chi square value is not significant. This might have occurred due to different procedures implemented for appraisal for employees in BSNL.

Majority of respondents have agreed that the performance appraisal is helpful in improving the personal skills (Table 2). An overwhelming number of 55% of respondents have agreed followed by 25% of respondents who have strongly agreed. It can also be seen from data that the equal proportion of employees from technical and administration departments have agreed which implies that policies may be effective and similar in both the departments. Thus, it can be interpreted that the contents in the confidential report make the employees realise their competencies and deficiencies. There is no doubt, the performance appraisal system in BSNL help the employees to identify their productivity throughout the year when compared to the previous year and identify the key areas of development and to improve their personnel skills. Here also, Chi-square is not significant showing non reliability of observed values.

The training centre is located at BSNL, Hyderabad which organises the training programs for the entire state in regular time intervals. This shows that deficiencies reflected in the confidential reports are not considered individually and training needs are not properly assessed based on the performance appraisal reports. There is no preference given to the Performance Appraisal system as reports are assessed and overall report is send to the head office.

So most of employees have disagreed to the fact that their training programs are effective as training needs are mismatched with the deficiencies of the employees (Table 3). Again Chi-Square value is not significant showing lack of goodness of the fit.

From table 4, 60% have disagreed with the fact that the Performance Appraisal system in their organisation helps to identify strengths and weaknesses of employees and only a smaller proportion have agreed. Most of the people from the Accounts Department (18%) followed by Technical Department have disagreed and the reason could be that be the system followed in BSNL was not very effective in analysing the deficiencies of the employee. The confidential report was not effective in assessing the employee and performance appraisal is conducted only once in a year and not at regular intervals. Chi-square value is 22.656 and significant. Hence, we can deduce that many of the respondents have disagreed.

Similarly, most of respondents feel that their promotions are not based on the performance ratings (Table 5). Earlier when it was a departmental undertaking the compensation was based on the seniority of the employee and his designation and not completely based on the performance rating and the same policies have been implemented after privatisation.

It is apparent (Table 6) that majority of respondents disagree with the statement that management fixes the salary based on performance rating. BSNL consists of more experienced employees and the salary norms are based on the pay commission rules at the time of their appointment and same norms are followed till date. Compensation policies have not changed and salary is fixed on the basis of 6th pay commission and not on the basis of performance rating.

From data, more than 70% of the respondents have agreed that transfer, demotion, dismissal and suspension are based on performance rating (Table 7). It has been interpreted from the existing performance appraisal system that sometimes decisions regarding the transfer issues were based on performance rating. The seniority was taken into consideration and also good performers among

employees were given first preference at the time of region allotment.

In Table 8, most of the respondents feel that the organisation is able to achieve desired goals through the performance appraisal system. More than 50% of employees have agreed and thus the performance appraisal system is effective in communicating the organisational goals to the employees at BSNL. Every department is given their objectives where every employee contributes his efforts for reaching the goals. It can also be inferred that performance appraisal helps them in communicating the clear targets from the management to the employees and this may be one of the reasons where desired targets are achieved through the Performance appraisal system. Yet chi square value is not significant showing large deviation between expected and observed values.

Mostly everyone in the organisation feel that performance appraisal helps in increasing employee motivation (Table 9). Employees in all departments have expressed the opinion that they have been motivated with the present appraisal system. It can be interpreted that at BSNL, every employee understands the importance of performance appraisal and they feel that it is a tool of motivation in increasing their performance. Chi- square value is a significant.

At present, in BSNL nearly 75% of the employees are not satisfied with the existing appraisal format. (Table 10) Most of the employees from Accounts department (30%) have disagreed as the companies' objectives tend to change but it has been observed that the confidential report format is not changed from time to time. So it can be inferred that appraisers' expectations do not match with the appraisal format as the desired target is not reflected in appraisal attributes. Chi square value is significant at 10% confidence level.

At present BSNL collects information on employee performance in a structured format and it is reviewed by the superior and the report is submitted to the HR department. The annual confidential reports filled by the employees are evaluated by superiors and the reports are submitted to the HR department which

stores data, then analyses and summarizes the report for different departments.

Findings of the study

Most of the employees of BSNL have felt that performance appraisal system is needed in the organization and they were not satisfied with the existing Performance Appraisal System. Employee's opinion was that though the Performance Appraisal System existed, the purpose of the appraisal has not been achieved.

At BSNL, employees are more cordial to each other and have mutual trust among themselves. This relationship development among employees is considered to be positive side of the Performance Appraisal. Most of the employees agreed that the Performance Appraisal helped to win cooperation, teamwork and to reduce grievances among employees. There are fewer differences found in their opinions regarding the performance appraisal and they strongly believed that it helped them to assess competencies. The authority reveals the confidential report to the respective employee and counsels them in a proper manner. This leads to a proper understanding between employees and reduced grievances among employees.

The training programmes organized at BSNL centre in Hyderabad are not effective. Though observesion of the survey is that majority of the employees disagreed that the Performance Appraisal system does not help to identify strengths and weaknesses of the employees, deficiencies of employees reflected in the confidential reports were not considered individually and training needs are not properly assessed.

Issues like promotion, salary fixation, giving increments, and transfers are not based on the performance rating of the employee. It has been found that in BSNL, compensation policies are not based on performance ratings. The rules of BSNL are rigid. As it was a departmental undertaking earlier, it follows the 6th pay commission pay policies and promotions and salaries are based on the seniority of the employee and not on the performance of the employees. So there is very less scope of the performance appraisal system in designing compensation policies.

It has also been observed that employees were happy with the existing policies and they were resistance to change in any policy as most of the employees were old and reluctant to accept any change in policies. Also, it is very difficult to change the policies because BSNL is located at various places across the nation.

Conclusion

It is concluded from the study that the Performance Appraisal system in BSNL is somewhat satisfactory. Most of employees are familiar with the present appraisal system in the organization. They have the opinion that the appraisal helps to improve their performance. But following problems are brought out through the study. For example, firstly, employees are not confident that their performance is measured correctly. Secondly, Employees observed that the employee's participation was minimum in the performance management and the performance appraisal system of BSNL. Management should take proper steps to overcome these issues. PA system in BSNL was helpful in identifying areas of interests, T&D needs, Self performance target etc. The concerned executives should try to analyze the strengths and weaknesses of employees and advise them as and when required. A transparent system should be adopted in place of confidential report system in BSNL. Since BSNL plans to increase its customer base to 160 Million by March, 2014, it is recommended that more systematic and scientific systems for appraising the performance of employees of BSNL should be introduced.

References

De, Abishek (SEP 2010), Performance management, *HRM Review*, The ICFAI university press 12M-2010-09-04 -1

Edwin , B, Flippo . (1980) "*Personnel Management,*" Tata – Mc GrawHil Kogakusha Ltd, International; student edition, P.5

Monappa, Arun. (1994) "Personnel Management", Tata McGrawhill publications, New Delhi.

Nandan, Shefal. (2007). Role and concerns in changing business environment Review of Professional Management, Journal of New Delhi Institute of management, New Delhi, Vol –5 , Issue–2 (July –Dec)

Oberg, W. (1972) Make performance appraisal relevant. Harvard Business Review, January-February: 61-67

Pantulu, Kamaraju. (2008) Performance Appraisal and counseling, Himalaya Publishing house, first edition, p.2.

Pattanayak, Biswajjet. (2006) "Human Resource Management", Prentice–hall of India Private Ltd,.

Rao, T. V. (1985). Performance Appraisal Theory and Practice, Vikas Publishing House. New Delhi

Ratnavali.V, Gitam "PM-Human Process, the oxygen of expectation" Journal of Management ,Vol.10.No.1, Jan-Mar 2012,p137

Sinha, Ashish. (2009). "Performance appraisal system- A matter of structure, culture and implementation": Global business Review. Sage publications Ltd, New Delhi, Volume-3, Issue-3 , May

Vara Prasad, SVVS. (2011), "HR practices and Business Performance" HRM Review, May,ICFAI university press.

Also consulted Performamnce Appraisal and Standard accessed from:

www.referenceforbusiness.com/encyclopedia/Per-Pro/Performance - Appraisal-and-Standards.html.

Table –1

Opinion of respondents regarding PA in helping to reduce grievances among the employees

Particulars	SD	D	NAD	A	SA	Total
Technical	1 (0.67%)	8 (5.33%)	6 (4.00%)	16 (10.67%)	9 (6.00%)	40 (26.67%)
Administration	2 (1.33%)	7 (4.67%)	7 (4.67%)	17 (11.33%)	7 (4.67%)	40 (26.67%)
Accounts	2 (1.33%)	8 (5.33%)	4 (2.67%)	23 (15.33%)	3 (2.00%)	40 (26.67%)
Others	3 (2.00%)	4 (2.67%)	5 (3.33%)	10 (6.67%)	8 (5.33%)	30 (20.00%)
	8 (5.33%)	27 (18.00%)	22 (14.67%)	66 (44.00%)	27 (18.00%)	150 (100.00%)
Chi-square- *value*						10.044
P – value						0.612

Table –2
Opinion of respondents on the PA in improving personnel skills

Particulars	SD	D	NAD	A	SA	Total
Technical	0 (0.00)	2 (1.33%)	6 (4.00%)	20 (13.33%)	12 (8.00%)	40 (26.67%)
Administration	2 (1.33%)	2 (1.33%)	3 (2.00%)	22 (14.67%)	11 (7.33%)	40 (26.67%)
Accounts	1 (0.67%)	5 (3.33%)	2 (1.33%)	25 (16.67%)	7 (4.67%)	40 (26.67%)
Others	0 (0.00%)	1 (0.67%)	5 (3.33%)	16 (10.67%)	8 (5.33%)	30 (20.00%)
	3 (2.00%)	10 (6.67%)	16 (10.67%)	83 (55.33%)	38 (25.33%)	150 (100.00%)
Chi-square- *value*						11.429
P – *value*						0.463

Table –3
Opinion of the respondents on effectiveness of Training Programme for Individual and Organization Development

Particulars	SD	D	NAD	A	SA	Total
Technical	4 (2.67)	13 (8.67%)	6 (4.00%)	12 (8.00%)	5 (3.33%)	40 (26.67%)
Administration	6 (4.00%)	15 (10.00%)	5 (3.33%)	10 (6.67%)	4 (2.67%)	40 (26.67%)
Accounts	12 (8.00%)	10 (6.67%)	7 (4.67%)	10 (6.67%)	1 (0.67%)	40 (26.67%)
Others	3 (2.00%)	13 (8.67%)	6 (4.00%)	5 (3.33%)	3 (2.00%)	30 (20.00%)
	25 (16.67%)	51 (34.00%)	24 (16.00%)	37 (24.67%)	13 (8.67%)	150 (100.00%)
Chi-square- *value*						12.600
P – *value*						3.99

Table –4
Opinion of the respondents on performance appraisal helping in identifying strengths and weaknesses of employees

Particulars	SD	D	NAD	A	SA	Total
Technical	0 (0.00)	18 (12.00%)	1 (0.67%)	15 (10.00%)	6 (4.00%)	40 (26.67%)
Administration	2 (1.33%)	19 (12.67%)	4 (2.67%)	12 (8.00%)	3 (2.00%)	40 (26.67%)
Accounts	3 (2.00%)	24 (16.00%)	2 (1.33%)	10 (6.67%)	1 (0.67%)	40 (26.67%)
Others	4 (2.67%)	10 (6.67%)	7 (4.67%)	7 (4.67%)	2 (1.33%)	30 (20.00%)
	9 (6.00%)	71 (47.33%)	14 (9.33%)	44 (29.33%)	12 (8.00%)	150 (100.00%)
					Chi-square- *value*	22.656*
					P – value	0.031

Table –5
Opinion of the respondents regarding Promotions is purely based on performance appraisal

Particulars	SD	D	NAD	A	SA	Total
Technical	2 (1.33%)	29 (19.33%)	--	8 (5.33%)	1 (0.67%)	40 (26.67%)
Administration	6 (4.00%)	28 (10.00%)	--	5 (3.33%)	1 (0.67%)	40 (26.67%)
Accounts	5 (3.33%)	29 (19.33%)	--	5 (3.33%)	1 (0.67%)	40 (26.67%)
Others	5 (3.33%)	17 (11.33%)	--	6 (4.00%)	2 (1.33%)	30 (20.00%)
	18 (12.00%)	103 (68.67%)	--	24 (16.00%)	5 (3.33%)	150 (100.00%)
					Chi-square- *value*	5.859
					P – value	0.754

Table –6
Opinion of the respondents regarding the management fix salary through the performance rating

Particulars	SD	D	NAD	A	SA	Total
Technical	--	36 (24.00%)	0 (0.00%)	4 (2.67%)	--	40 (26.67%)
Administration	--	33 (12.67%)	0 (2.67%)	7 (8.00%)	--	40 (26.67%)
Accounts	--	33 (22.00%)	1 (0.67%)	6 (4.00%)	--	40 (26.67%)
Others	--	24 (16.00%)	1 (0.67%)	5 (3.33%)	--	30 (20.00%)
	--	126 (84.00%)	2 (1.33%)	22 (14.67%)	--	150 (100.00%)
					Chi-square- *value*	3.523
					P – value	0.741

Table –7
Opinion of the respondents regarding transfer, demotion, suspension and dismissal is based on performance appraisal

Particulars	SD	D	NAD	A	SA	Total
Technical	2 (1.33%)	4 (2.67%)	7 (4.67%)	20 (13.33%)	7 (4.67%)	40 (26.67%)
Administration	1 (0.67%)	2 (1.33%)	4 (2.67%)	21 (14.00%)	12 (8.00%)	40 (26.67%)
Accounts	0 (0.00%)	6 (4.00%)	3 (2.00%)	15 (10.00%)	16 (10.67%)	40 (26.67%)
Others	2 (1.33%)	2 (1.33%)	8 (5.33%)	13 (8.67%)	5 (3.33%)	30 (20.00%)
	5 (3.33%)	14 (9.33%)	22 (14.67%)	69 (46.00%)	40 (26.67%)	150 (100.00%)
					Chi-square- *value*	16.738
					P – value	0.160

Table –8
Opinion of the respondents on the desired target of the organization is achieved through the performance appraisal

Particulars	SD	D	NAD	A	SA	Total
Technical	1 (0.67%)	8 (5.33%)	6 (4.00%)	19 (12.67%)	6 (4.00%)	40 (26.67%)
Administration	3 (2.00%)	6 (4.00%)	9 (6.00%)	14 (9.33%)	8 (5.33%)	40 (26.67%)
Accounts	1 (0.67%)	9 (6.00%)	7 (4.67%)	11 (7.33%)	12 (8.00%)	40 (26.67%)
Others	0 (0.00)	7 (4.67%)	6 (4.00%)	13 (8.67%)	4 (2.67%)	30 (20.00%)
	5 (3.33%)	30 (20.00%)	28 (18.67%)	57 (38.00%)	30 (20.00%)	150 (100.00%)
					Chi-square- *value*	10.229
					P – value	0.590

Table –9
Opinion of the respondents on Performance appraisal increases employee motivation

Particulars	SD	D	NAD	A	SA	Total
Technical	0 (0.00)	2 (1.33%)	2 (1.33%)	22 (14.67%)	14 (9.33%)	40 (26.67%)
Administration	2 (1.33%)	1 (0.67%)	5 (3.33%)	20 (13.33%)	12 (8.00%)	40 (26.67%)
Accounts	0 (0.00)	0 (0.00)	5 (3.33%)	22 (14.67%)	13 (8.67%)	40 (26.67%)
Others	2 (1.33%)	5 (3.33%)	3 (2.00%)	16 (10.67%)	4 (2.67%)	30 (20.00%)
	4 (2.67%)	8 (5.33%)	15 (10.00%)	80 (53.33%)	43 (28.67%)	150 (100.00%)
					Chi-square- *value*	19.594*
					P – value	0.075

Table –10
Opinion of the respondents on Appraisals expectations are matching with the contents of Appraisal format

Particulars	SD	D	NAD	A	SA	Total
Technical	12 (8.00%)	12 (8.00%)	5 (3.33%)	9 (6.00%)	2 (1.33%)	40 (26.67%)
Administration	8 (8.00%)	10 (6.67%)	5 (3.33%)	12 (8.00%)	5 (3.33%)	40 (26.67%)
Accounts	5 (3.33%)	20 (13.33%)	7 (4.67%)	6 (4.00%)	2 (1.33%)	40 (26.67%)
Others	3 (2.00%)	7 (4.67%)	4 (2.67%)	14 (9.33%)	2 (1.33%)	30 (20.00%)
	28 (18.67%)	49 (32.67%)	21 (14.00%)	41 (27.33%)	11 (7.33%)	150 (100.00%)
Chi-square- *value*						19.429*
P – value						0.079