

**Performance Appraisal - A Retention Tool:
A Case Study of 'Acumen Capital Markets Ltd.**

Dr. R. R. Soni

Coordinator-Curriculum

Sunrise University

Alwar (Raj.)

E-mail: ramansoni@rediffmail.com

Pragya Gupta

Assistant Professor

KCRI College of Science and Commerce

Alwar (Raj.)

E-Mail: pragyagupta29@gmail.com

Abstract

In present scenario, management of human resource is gaining importance as the financial and other resources are always in scarcity and need to be utilised efficiently and effectively. A slight variation in employee's performance can largely affect the organisation's profits and growth. Hence, it becomes crucial for every organisation to measure the performances of its employees and take corrective measures in order to improve the same for organisational and personnel growth. Today, Performance appraisal is not only a part of Human Resource Development which discuss and review the performance and potential of the employees; rather it is stretching towards the strategic approach and integrating with the business goals and policies. It is characterized as one of the HR practice that can effectively help an organization to meet its retention objectives, in addition to other important business goals. A number of activities which are involved in this process provide foundation for accessing the organisation's goal, recruiting new blood, develop the competencies, providing training programmes, evaluate employees' performance, and a fit to the compensation package. Overall it acts as a tool to measure the performance of an organisation as a whole. The study in question is an effort to find out the level of performance related activities in 'Acumen Capital Markets Ltd., Ernakulam (Kerala)'.

Keywords: Performance Appraisal, Training, Retention, Human Resource Development

Introduction

Performance is defined as the outcome of work which provides strongest linkage to the strategic goals of the organisation, customer satisfaction and economic contribution. The process of measuring the performance is an ancient art and can be claimed as the world's second oldest profession. At present it has become a universally accepted process in most of the organizations.

Performance Appraisal is a process which works on the principals of TQM (Total Quality Management) i.e. continuous improvement in the quality of work of all employees with the focus on satisfaction. Any organisation which is able to apply this principle practically can easily uproot the menace of attrition.

"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." (Flippo).

This process today serves many objectives of an organisation related to Setting and measuring organisation's goal, Man Power Planning (MPP), Recruitment and Selection, Training and Development, Career and Succession planning, Discipline and grievance handling and Motivation and Communication.

Traditionally, performance appraisal was limited to the compensation management but now it has taken paradigm shift and became strategic oriented. This can be indicated in the following quotation by Clinton Longenecker and Dennis Gioia:

A shipping firm executive captured his personal credo in the phrase: "You get what you measure." And we might add: "you measure what you value." If the organisation value short term results, that is what it will measure and get if it values executive development, a different emphasis emerges.

Literature Scan

Some literature related with the title has been reviewed before the study. **Douglas McGragor**, author of 'An Uneasy look at Performance Appraisal' states that the aims of performance appraisal could be covered by three basic purposes: (i) *Letting people know where they stand*, providing them performance feedback, (ii) *Identifying an individual's training and development need*, in terms of correcting deficiencies as well as helping that person develop his/her potential to the fullest extent, and (iii) *Providing accurate performance data* for organizational decision making, both micro decision such as an individual's pay increment and large scale decisions, such as long-term hiring and development plans. **North (2005)** found that a growing number of organizations including Ford, Microsoft and Conoco have adopted performance appraisal models in which best-to-worst ranking methods are used to identify poor performers, who are then given a period of time to improve. If they fail, they must leave. The strategy is known as 'rank and yank' (www.performace-appraisal.com/news.htm). **Singh S. et al (2011)** in their study 'A Study of Effect of Performance Appraisal on the Organization and the Employee' finds that there is a noticeable effect of the performance appraisal on the organization as well as on the Individual. Besides, various books, articles, and web sites have also been referred to have in-depth idea on the subject.

Objectives of the study

The present study has been carried out keeping in mind the following objectives:

- To find out the effectiveness of performance appraisal
- To find out the usefulness of performance appraisal in retaining employees.
- To find out whether the present appraisal systems needs any changes.

Research methodology

This study has been conducted on a particular organization, i.e. Acumen Capital Markets Ltd., and is based on the descriptive and exploratory research design which uses the characteristics of individuals of group. Information is also collected from some articles, interviews and opinions through questionnaire. It uses random sampling having the same composition and characteristics as the universe. Tables and charts have been used wherever required to present the data clearly. The sample size is 60.

Discussion and analysis

Data collected from various sources have been segregated and tabulated on the basis of different variables.

Experience

Experience (in years)	Experience before Joining		Experience Within existing company	
	Number	%	Number	%
0	8	13.33	5	8.33
Less than 1	5	8.33	3	5
1-3	12	20.00	10	16.66
3-6	18	30.00	27	45
6-9	12	20.00	9	15
9-12	5	8.33	6	10
Total	60	100	60	100

- Nearly 70% of employees exist between the age of 30-40 and have an experience of 3-6 yrs showing that the company has a potential to attract the experienced employees.
- In this cut throat competition 65% of the employees are continuing from last 5 yrs and more depicting that it has retained its employees well as well as welcoming fresh blood equally.

Performance Appraisal

	Total (No.)	Number	Total (%)	%
Carried Out	60	58	100	96.66
Satisfaction	60	32	100	40.00
Regular	60	56	100	93.33

- Around 40% of employees are satisfied with the appraisal system while 60% are not as it just laid the foundation of compensation.

Frequency of Appraisal

	Number	%
Annual	58	96.66
Biannual	-	-
Others	2	3.33
Total	60	100

- Nearly 96% employees know the parameters on which they will be evaluated but could not maintain as the appraisal is done once a year

Types of Training conducted

Training	Number	%
Induction	17	28.33
Formal	16	26.66
Informal	7	11.66
Refreshal	2	3.33
All	18	30.00
Total	60	100

- Most of them agree that Training is given on time with proper updates and include refresher trainings also

Communication Channel

Type	Number	%
Strict	8	13.33
Formal	34	56.66
Fairly open	16	26.66
Walk in	2	03.33
Total	60	100

- 95% reported that communication is on one to one session which gives privacy and comfort but some time employees fail to express themselves with their superiors.

Career Path discussion during appraisal

Duration	6 months		1 year		2 years		During Promotion	
	Number	%	Number	%	Number	%	Number	%
	2	3.33	12	20	4	6.67	42	70

- Every employee admits that their career path is discussed during the appraisal process but is not satisfactory.
- Potential appraisal is done and the goal of individual are revised as per their performance during promotions only.

Suggestions and Recommendations

From the above discussion it is clear that the prevailing performance appraisal cycle is undergoing all the process effectively but certain improvements can leads to remarkable efficiency and retention on employees some of them are mentioned below:

- Setting up of the goals must be done through MBO (Management by Objective) so that each employee must know his worth and can act as asset.
- The appraisal cycle can be carried out more than once. Some monthly award or spot awards can be introduced to motivate the employees to work throughout.
- The present appraisal system can use some modern methods for evaluation like 360 degree appraisal and self appraisal which will enhance satisfaction among employees.
- The goals for every employee must be redefined according to their performance.
- The communication channel can be more flexible and fair. Open door policy can be introduced.

Above suggestions can lead to improving overall organizational performance and retention of employees.

Conclusion

In the present era of 21st century human resource has become the asset to an organization. It is considered to be a investment centre rather than cost centre so it has become necessary to retain these assets .It is clear from the above study that effective performance appraisal plays a very vital role in doing so.

References

1. Charles R. Greer, 2004, Strategy implementation: Reward and Development Systems, ISBN 81-3808-305-1
2. Douglas McGragor, An Uneasy look at Performance Appraisal
3. Singh S. et al. (2011), "A Study of Effect of Performance Appraisal on the Organization and the Employee"
4. www.performace-appraisal.com/news.htm
5. <http://appraisals.naukrihub.com>