

**“A STUDY ON THE PERCEPTION OF EMPLOYEES TOWARDS  
PERFORMANCE APPRAISAL IN CEDAR RETAIL PRIVATE  
LIMITED” PROJECT REPORT**

*Submitted in partial fulfillment of the requirement for the award Degree*

**MASTER OF BUSINESS ADMINISTRATION**



**University of Calicut**

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**BONAFIDE CERTIFICATE**

Certified that this project report “A STUDY ON THE PERCEPTION OF EMPLOYEES TOWARDS PERFORMANCE APPRAISAL IN CEDAR RETAIL PRIVATE LIMITED” is the Bonafide work of “SALEENA SIMON YPAUMBA049” who carried out the project work.

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Certified that this project report “A STUDY ON THE PERCEPTION OF EMPLOYEES TOWARDS PERFORMANCE APPRAISAL IN CEDAR RETAIL PRIVATE LIMITED” is the Bonafide work of “SALEENA SIMON YPAUMBA049” who carried out the project work under my supervision.

Signature of the supervisor

Dr. Sabu Varghese

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## **DECLARATION**

I, saleena simon, hereby declare that the Project Report entitled “A STUDY ON THE PERCEPTION OF EMPLOYEES TOWARDS PERFORMANCE APPRAISAL IN CEDAR

RETAIL PRIVATE LIMITED” “has been prepared by me and submitted to the University of Calicut in partial fulfilment of requirements for the award of the Master of Business Administration, is a record of original work done by me under the supervision of Dr. Sabu Varghese of Naipunnya Business School, Pongam, Koratty East, Thrissur.

I also declare that this Project work has not been submitted by me fully or partly for the award of any Degree, Diploma, Title or recognition before any authority.

Place: Pongam, Thrissur

Date:

**SALEENA SIMON**

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## **ABSTRACT**

Performance appraisal plays an important role in the overall success of an organization. An appropriate appraisal system can increase employees' satisfaction as well as job satisfaction. If the employees are satisfied with the performance appraisal practice then they are also satisfied with their jobs and if they are not satisfied with the performance appraisal practice it should be explain to them or make the employees aware that they are lacking behind and have to improve themselves.

The present study has been conducted to find out the Employees' perception towards performance appraisal and satisfaction of employees towards performance appraisal. The methodology was based on the questionnaire survey to collect the data. The sample size chosen for this study consists of 150 responses of employees at CEDAR Retail Private Limited. The results of the study were analyzed statistically with the help of Percentage analysis and cross tabulation using MS Excel.

From the study, we can understand that performance appraisal should satisfy the employees and if the employees are not satisfied with the performance appraisal then it should be explained to them that is why their performance is not proper and counselling or training is the best way to overcome this problem. . The study concludes that though performance appraisal has generally been embraced in the organization, target setting has been handled well, that is why they had a positive perception. Measuring performance has also been handled well that is why majority of the respondents had a positive perception from the findings.

## ACKNOWLEDGEMENT

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Pongam, Koratty

SALEENA SIMON

Date:

YPAUMBA049

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# CHAPTER 1

## INTRODUCTION

### 1.1 INTRODUCTION

Organizations face various challenges to identify and improve the performance of employees now. There is a significant impact of employees' individual and group performance on organizational overall performance. Performance appraisal is a vital activity for the overall human resource management. To know the competency levels and the required skill gaps of the employees, organization will depend on performance appraisal programs.

In this highly competing era of globalization, the employees face various challenging pressure for effective performance to meet the goal of the organizations. At the same time employer's interest is in superb employee's performance levels and enhancing poor performances by using performance appraisals and feedback in an effective manner. Organization which look for achieving competitive advantage, must be capable to manage the behaviour and performance of their employees. The human resource system can become more efficient by using an accurate appraisal system for rating performances of employees. Unfortunately, the number of organizations using effective Performance Appraisal Program is very limited, even though performance appraisal has become a big concern in deciding the reward or punishment for employees according to their performance and most of the organization still using this as a tool to measure employee's performance.

One of the major challenges which the organizations are facing today is how to manage the performance of employees in the organization. Now a days a number of organizations are depending on the performance management system (PMS) to remain ahead in the competition because it makes apparent to employees what is anticipated of them and reassure the managers that employee performance is aligned with that of the organization's objectives and strategies.

Performance management is considered as a strategic tool which facilitates to improve the quality of relationship amongst the members of the organization by exchanging the expectations and developing an organizational climate of trust, autonomy,

confrontation etc. In many organizations, it is often observed that even if the outstanding performers have negative perception towards the organizational practices and systems, it creates difficult situations at existing workplace. Employees who are subordinate to the employer's feel unhappy and can leave the organization. Such attrition may ultimately impact the organization's performance. On the other hand, good performers with positive attitude can benefit the organization by developing a healthy and mutually beneficial working culture. So review of employees behaviour is vital as it helps to measure the way the job is done, employees perception towards teamwork, interpersonal communication, attitude towards subordinate's development etc. The present day organizations are working towards developing the competencies and talents of the employees for maintaining an edge in the competing market and thereby enhancing the performance of employees at a superb level. There is an urgent need for a strong Performance Management System to be introduced in the government covering all companies and different functional levels. It is the urgent time to look at a standard shift in make sure the accountability by introducing concepts like service agreements and bringing in tools of social accountability to include the citizen also in estimating the performance. The consolidation of individual performance and organizational performance objective is also of greatest importance by introducing a suitable set of performance indicators.

The significance of effective performance appraisal activity in an organization cannot be ignored as appraisals help in developing individuals, improving organizational performance and deciding for business planning. The focus of this study is to explore the employee perceptions towards the performance appraisal program in CEDAR Retail Private Limited.

## **1.2 STATEMENT OF THE PROBLEM**

Today's working environment demands a great deal of commitment and effort from employees, who in turn expect a great deal from their employers. Performance appraisal is designed to maximize the effectiveness by bringing participation to a more individual level in that it provide a forum for consultation about standards of work, potential, aspirations and concerns. It is an opportunity for employees to have significantly greater influence upon the quality of their work-life. In these times of emphasis on 'quality' there is natural equation: better quality goods and services from

employees who enjoy better quality 'goods and services' from their employers. Performance appraisal is the process of assessing, summarizing and developing the work performance and employee. In order to be effective and constructive, the performance manager should make every effort to obtain as much objective information about the employee's performance as possible. Low performance can push the organization back in today's through competitive scenario.

If employees are satisfied and happy on the implementation of performance appraisal programs, they will perceive well and will bring every possible effort to carry out their responsibilities and duties assigned to them effectively and efficiently and thereby it will make the organization to which they belong more productive and successful.

This study therefore, seeks to investigate the employee perception towards the existing performance appraisal practice and the resulting work outcomes by analyzing employee's different perceptions of performance appraisal practice in CEDAR Retail Private Limited.

### **1.3 OBJECTIVES OF THE STUDY**

The objectives of this research are focused to identify and analyze the employee's perception towards performance appraisal and the level of satisfaction of employees towards performance appraisal. The outcomes and constraints of effective performance appraisals in CEDAR Retail Private Limited are explored. In the backdrop of the same, the following are the research objectives of this study:

- To analyze employee's perceptions towards performance appraisal program
- To ascertain the satisfaction level of employees towards performance appraisal system
- To make suggestions for improvement

### **1.4 SCOPE OF THE STUDY**

The study covers the analysis of present organization's employee's perception towards performance appraisal program and satisfaction level of employees in CEDAR retail private limited. It is necessary for any management to make sure that employees are satisfied with their job, for the benefits of the organization. A study on employee perception towards performance appraisal helps the management to understand the

attitude of employees towards their job. It will also contribute towards employee's productivity and morale.

## **1.5 SIGNIFICANCE OF THE STUDY**

The study will help the management to make better or appropriate decisions in regard to performance appraisal process and to design processes that will boost up performance. The current research will also identify positive and negative effects of employees' perception of performance appraisal processes. The findings will also be useful to policy makers and practitioners in establishing how employee perception may affect successful implementation of the performance appraisal process.

The study may also create more value to the existing body of knowledge by stimulating new areas for further research through the findings and subsequent recommendation. The policy makers could use the results of the study to identify and bridge up gaps in the existing performance appraisal. This may help in improving the performance of employees and also motivate them and thereby it will give satisfaction to employees.

Additionally, the study also helps researchers in provision of information as secondary data for future use in the academic arena.



## **1.6 INDUSTRY PROFILE**

Indian retail industry has emerged as one of the most dynamic and fast-paced industries due to the entry of several new players. It accounts for over 10% of the country's gross domestic product (GDP) and around eight% of the employment. CEDAR Retail Private Limited, previously known as ESAF Retail Private Limited which is the retail section of ESAF and it began its operation early in the year 2004 by opening its first supermarket, then known as Esaf Swasraya Bazar at Pattikkad, Thrissur.

India is the world's fifth-largest global destination in the retail space. India ranked 73 in the United Nations Conference on Trade and Development's Business-to-Consumer (B2C) E-commerce Index 2019. India is the world's fifth-largest global destination in the retail space and ranked 63 in World Bank's Doing Business 2020.

India is the world's fifth-largest global destination in the retail space. In FDI Confidence Index, India ranked 16 (after US, Canada, Germany, United Kingdom, China, Japan, France, Australia, Switzerland, and Italy).

The Indian retail industry is divided into organised and unorganised sectors. Organised retailing refers to trading activities undertaken by licensed retailers, that is, those who are registered for sales tax, income tax, etc. These include the corporate-backed hypermarkets and retail chains, and also the privately owned large retail businesses. Unorganised retailing, on the other hand, refers to the traditional formats of low-cost retailing, for example, the local kirana shops, owner manned general stores, paan/beedi shops, convenience stores, hand cart and pavement vendors, etc. India's retail sector is wearing new clothes and with a three-year compounded annual growth rate of 46.64 per cent, retail is the fastest growing sector in the Indian economy. Traditional markets are making way for new formats such as departmental stores, hypermarkets, supermarkets and specialty stores. Western-style malls have begun appearing in metros and second-rung cities alike, introducing the Indian consumer to an unparalleled shopping experience. The Indian retail sector is highly fragmented with 97 per cent of its business being run by the unorganized retailers like the traditional family run stores and corner stores. The organized retail however is at a very nascent stage though attempts are being made to increase its proportion to 9-10 per cent by the year 2010

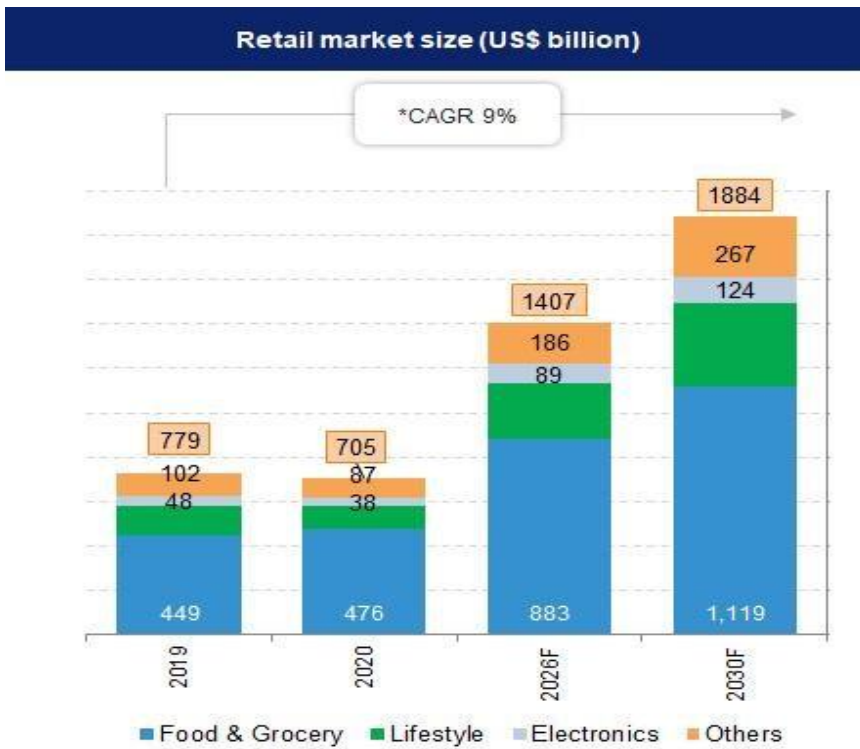
bringing in a huge opportunity for prospective new players. The sector is the largest source of employment after agriculture, and has deep penetration into rural India generating more than 10 per cent of India's GDP.

#### 1.6.1 MARKET SIZE

As per Kearney Research, India's retail industry is projected to grow at 9% over 2019-2030, from US\$ 779 billion in 2019 to US\$ 1,407 billion by 2026 and more than US\$

1.8 trillion by 2030. Revenue of India's offline retailers, also known as brick and mortar (B&M) retailers, is expected to increase by Rs. 10,000-12,000 crore (US\$ 1.39-2.77 billion) in FY20. India's direct selling industry is expected to be valued at US\$ 2.14 billion by the end of 2021. E-Retail has been a boon during the pandemic and according to a report by Bain & Company in association with Flipkart 'How India Shops Online 2021' the e-retail market is expected to grow to US\$ 120-140 billion by FY26, increasing at approximately 25-30% p.a. over the next 5 years.

India has the third-highest number of e-retail shoppers (only behind China, the US). The new-age logistics players are expected to deliver 2.5 billion Direct-to-Consumer (D2C) shipments by 2030. Online used car transaction penetration is expected to grow by 9x in the next 10 years.



### 1.6.2 CURRENT STATUS

India's retail industry accounts for 10 percent of its GDP and 8 percent of the employment to reach \$17 billion by 2010. The Indian retail market is estimated at US\$ 350 billion. But 7orporati retail is estimated at only US\$ 8 billion. However, the opportunity is huge-by 2010, 7orporati retail is expected to grow at 6 per cent by 2010 and touch a retail business of \$ 17 billion as against its current growth level of 3 per cent which at present is estimated to be \$ 6 billion, according to the Study undertaken by The Associated Chambers of Commerce and Industry of India (ASSOCHAM).

Indian retailing is clearly at a tipping point. India is currently the ninth largest retail market in the world. And it is names of small towns like Dehradun, Vijayawada, Lucknow and Nasik that will power India up the rankings soon. Organised retail in India has the potential to add over Rs. 2,000 billion (US\$45 billion) business by the Year 2010 generating employment for some 2.5 million people in various retail operations and over 10 million additional workforce in retail support activities including contract production & processing, supply chain & logistics, retail real estate development & management etc. It is estimated that it will cross the \$650-billion mark by 2011, with an already estimated investment of around \$421 billion slated for the next four years.

### 1.6.3 SEGMENT ANALYSIS

The structure of Indian retail is developing rapidly with shopping malls becoming increasingly common in the large cities and development plans being projected at 150 new shopping malls by 2008. However, the traditional formats like hawkers, grocers and tobacconist shops continue to co-exist with the modern formats of retailing. Modern retailing has helped the companies to increase the consumption of their products for example: Indian consumers would normally consume the rice sold at the nearby kiranas viz. Kolam for daily use. With the introduction of organized retail, it has been noticed that the sale of Basmati rice has gone up by four times than it was a few years back; as a superior quality rice (Basmati) is now available at almost the same price as the normal rice at a local kirana. Thus, the way a product is displayed and promoted influences its sales. If the consumption continues to grow this way it can be said that the local market would go through a metamorphoses of a change and the local stores would soon become the things of the past or restricted to last minute unplanned buying.

#### **Food and grocery retail**

The food business in India is largely unorganized adding up to barely Rs.400 billion, with other large players adding another 50 per cent to that. The All India food consumption is close to Rs.9,000 billion, with the total urban consumption being around Rs.3,300 billion. This means that aggregate revenues of large food players is currently only 5 per cent of the total Indian market, and around 15-20 per cent of total urban food consumption. Most food is sold in the local 'wet' market, vendors, roadside push cart sellers or tiny kirana stores. According to McKinsey report, the share of an Indian household's spending on food is one of the highest in the world, with 48 per cent of income being spent on food and beverages.

#### **Apparel retail**

The ready-mades and western outfits are growing at 40-45 per cent annually, as the market teems up with international brands and new entrants entering this segment creating an Rs.5 billion market for the premium grooming segment. The past few years has seen the sector aligning itself with global trends with retailing companies like

Shoppers' stop and Crossroads entering the fray to entice the middle class. However, it is estimated that this segment would grow to Rs. 3 billion in the next three years.

### **Gems and Jewelry retail**

The gems and jewelry market is the key emerging area, accounting for a high proportion of retail spends. India is the largest consumer of gold in the world with an estimated annual consumption of 1000 tones, considering actual imports and recycled gold. The market for jewelry is estimated as upwards of Rs. 650 billion.

### **Pharmaceutical retail**

The pharma retailing is estimated at about Rs. 300 billion, with 15 per cent of the 51 lakh retail stores in India being chemists. Pharma retailing will follow the trend of becoming more corporatized as is seen in other retailing formats (food, apparel etc).

A few corporates who have already forayed into this segment include Dr Morepen (with Lifespring and soon to be launched Tango), Medicine Shoppe, Apollo pharmacies, 98.4 from Global Healthline Pvt Ltd, and the recently launched CRS Health from SAK

Industries. In the south, RPG group's Health & Glow is already in this category, though it is not a pure play pharma retailer but more in the health and beauty care business.

### **Music Retail**

The size of the Indian music industry, as per this Images-KSA Study, is estimated at Rs.11 billion of which about 36 percent is consumed by the pirated market and organized music retailing constitutes about 14 percent, equivalent to Rs.1.5 billion.

### **Book retail**

The book industry is estimated at over Rs. 30 billion out of which organized retail accounts for only 7 per cent (at Rs.2.10 billion). This segment is seen to be emerging with text and curriculum books accounting to about 50 per cent of the total sales. The gifting habit in India is catching on fast with books enjoying a significant share, thus expecting this sector to grow by 15 per cent annually.

## **Consumer durables retail**

The consumer durables market can be stratified into consumer electronics comprising of TV sets, audio systems, VCD players and others; and appliances like washing machines, microwave ovens, air conditioners (A/Cs). The existing size of this sector stands at an estimated US\$ 4.5 Billion with organized retailing being at 5 per cent.

### **1.6.4 INVESTMENTS/ DEVELOPMENTS**

The Retail sector in India has seen a lot of investments and developments in the recent past.

- India's retail trading sector attracted US\$ 3.96 billion FDIs between April 2000-March 2022.
- According to data released by the Ministry of Statistics & Programme Implementation (MoSPI), India's Consumer Price Index (CPI) based retail inflation increased to 7.04% YoY in May 2022 on the back of the base effect and cheaper food prices.
- In June 2022, Reliance Brands Limited inks a JV with plastic legno spa to strengthen toy manufacturing ecosystem in India

□

In June 2022, Aditya Birla Group formally launches TMRW – a Digital First ‘House of Brands’ venture in the Fashion & Lifestyle space

- In May 2022, Reliance brands limited (rbl) partnered with Tod’s S.p.A, the iconic Italian luxury brand to become the official retailer of the brand across all categories including footwear, handbags and accessories in the Indian market.
- In April 2022, Wipro Consumer Care inaugurated its factory in Telangana. It has invested in a state-of-the-art soap finishing line that runs on highest speed of 700 Nos of soap /minute.
- In FY 2021-22 (till 20<sup>th</sup> March 2022) total number of digital payment transactions volume stood at Rs. 8,193 crore (US\$ 1.05 billion).
- In March 2022, Reliance Brands has bought the India franchisee rights and the current Sunglass Hut retail network from DLF Brands.
- Retail tech companies supporting the retail sector with services such as digital ledgers, inventory management, payments solutions, and tools for logistics and fulfillment are taking off in India. In the first nine months of 2021, investors pumped in US\$ 843 million into 200 small and mid-sized retail technology companies, which is an additional 260% of capital compared to the entire 2020.
- In November 2021, Department for Promotion of Industry and Internal Trade announced that it is working on a regulatory compliance portal to minimize burdensome compliance processes between industries and the government.
- In October 2021, retailers in India increased by 14% compared with last year
- The Indian retail trading has received Foreign Direct Investment (FDI) equity inflow totalling US\$ 3.61 billion during April 2000-June 2021, according to Department for Promotion of Industry and Internal Trade (DPIIT)
- With the rising need for consumer goods in different sectors including consumer electronics and home appliances, many companies have invested in the Indian retail space in the past few months.

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In October 2021, Reliance announced plan to launch 7-Eleven Inc.'s convenience stores in India.

- In October 2021, Realme launched 100 new exclusive stores across India to expand and strengthen its footprint in the country.
- In October 2021, Reliance Retail introduced Freshpik, a new experiential gourmet food store in India, to expand its grocery segment in the ultra-premium category.
- In October 2021, Plum, the direct-to-consumer beauty & personal care brand, announced plan to launch >50 offline stores across India (by 2023) to expand its customer base.
- Tanishq, Shoppers Stop and Bestseller India (sells fashion brands Vero Moda, ONLY and Jack & Jones) plan to add 10-35 stores in FY22.

### 1.6.5 GOVERNMENT INITIATIVES

The Government of India has taken various initiatives to improve the retail industry in India. Some of them are listed below:

- In April 2022, the government approved PLI scheme for textiles products for enhancing India's manufacturing capabilities and enhancing exports with an approved financial outlay of Rs. 10,683 crore (US\$ 1.37 billion) over a five-year period.
- In October 2021, the RBI announced plans for a new framework for retail digital payments in offline mode to accelerate digital payment adoption in the country.
- In July 2021, the Andhra Pradesh government announced retail parks policy 2021-26, anticipating targeted retail investment of Rs. 5,000 crore (US\$ 674.89 million) in the next five years.
- Government may change Foreign Direct Investment (FDI) rules in food processing in a bid to permit E-commerce companies and foreign retailers to sell Made in India consumer products.



□

Government of India has allowed 100% FDI in online retail of goods and services through the automatic route, thereby providing clarity on the existing businesses of Ecommerce companies operating in India.

- The Minister of MSME announced inclusion of retail and wholesale trades as MSMEs. Retail and wholesale trade will now get the benefit of priority sector lending under the RBI guidelines.

### 1.6.6 CHALLENGES IN RETAILING

- The industry is facing a severe shortage of talented professionals, especially at the middle-management level.
- Most Indian retail players are under serious pressure to make their supply chains more efficient in order to deliver the levels of quality and service that consumers are demanding. Long intermediation chains would increase the costs by 15 per cent.
- Lack of adequate infrastructure with respect to roads, electricity, cold chains and ports has further led to the impediment of a pan-India network of suppliers. Due to these constraints, retail chains have to resort to multiple vendors for their requirements, thereby, raising costs and prices.
- The available talent pool does not back retail sector as the sector has only recently emerged from its nascent phase. Further, retailing is yet to become a preferred career option for most of India's educated class that has chosen sectors like IT, BPO and financial services.
- Even though the Government is attempting to implement a uniform value-added tax across states, the system is currently plagued with differential tax rates for various states leading to increased costs and complexities in establishing an effective distribution network.
- Stringent labor laws govern the number of hours worked and minimum wages to be paid leading to limited flexibility of operations and employment of parttime employees. Further, multiple clearances are required by the same company for opening new outlets adding to the costs incurred and time taken to expand presence in the country.

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- The retail sector does not have 'industry' status yet making it difficult for retailers to raise finance from banks to fund their expansion plans.

## 1.7 COMPANY PROFILE

CEDAR Retail Private Limited, previously known as ESAF Retail Private Limited began its operation early in the year 2004 by opening its first supermarket, then known as Esaf Swasraya Bazar at Pattikkad, Thrissur.

ESAF Small Finance Bank (formerly known as ESAF Microfinance and Investments Pvt. Ltd.) is an Indian small finance bank providing banking services and small loans to the underbanked. It was founded as a small finance bank in March 2017. ESAF Microfinance started its operations as an NGO in 1992 as *Evangelical Social Action Forum*. Before becoming a bank, ESAF was a non-banking finance company and microfinance institution (NBFC-MFI), licensed by the Reserve Bank of India (RBI) and headquartered in Thrissur city of Kerala.

Evangelical Social Action Forum (ESAF) was formed as a response to the widening partiality of prosperity in society. We partner with government agencies, community bodies, NGOs and corporates to deliver lasting change to the poor and the marginalised, especially women and children. Driven by the vision for a just and fair society, our interventions are based on a social business model focussing on creating livelihood opportunities for the underprivileged. One of the pioneers in forming women self-help groups, ESAF has more than 3.3 million SHG members who are agents of social transformation in their communities.

Motivated by the faith in the teachings of Jesus Christ, ESAF was formed by a small group of like-minded individuals committed to love their neighbours- the poor and the vulnerable- as themselves. Through our integrated approach to development, we have impacted more 3.3 million families across 16 states in India and we will continue to serve all people regardless of religion, race, or gender till we witness a just and fair society.

### ESAF HISTORY

ESAF Small Finance Bank (ESAF SFB) the new age social bank continues to redefine the banking experience to all the stakeholders. We primarily focus on

expanding the banking horizon to new unbanked/underbanked area, yet we stand as a bank for all with presence in urban, semi urban, rural and rural unbanked areas.

ESAF started its journey as an NGO during the year 1992, with a larger vision of sustainable and holistic transformation of the poor and the marginalized. The success of Grameen Bank in Bangladesh reinforced the vision of Shri. K. Paul Thomas the Founder of ESAF. In 1995, he launched Micro Enterprises Development (MED) services and it resulted in the formation of ESAF Microfinance and Investments Pvt. Ltd., in 2008, giving importance of financial component in holistic economic development of the poor and marginalized. ESAF Microfinance and Investments Pvt. Ltd. was one of the pioneers in establishing a formal and structured form of lending through forming mutually trusted groups at the village level that could not only bring financial sustainability but also reinforced the fact that 'the poor of our country are trustworthy'. In the remote and unbanked/under banked regions of the country, ESAF could cultivate a culture of financial discipline and also improved the workers participation rate as women too joined the workforce or started some income generation activity that could financially support their household. Financial literacy mission started by ESAF could not only bring know-how on how to spend wisely but also secure the future. ESAF has adopted a unique social business strategy, with a triple bottom line approach, emphasizing on People, Planet and Prosperity. The following are some of the highlights:

- For every rupee invested in ESAF, studies by international agencies revealed that the Social Return on Investment stood at Rs. 3.19.
- Some of the other changes brought about by ESAF are women's access to employment, contribution to household income, access to and control over household resources, participation in household financial decision-making etc.
- ESAF could also gather a carbon offset of 20 million tones in the international market.

### **Birth of ESAF Small Finance Bank**

After evaluating the contributions and significance of ESAF in the development of rural and unreached segments of the nation, the Reserve Bank of India has been kind enough

to issue an in-principle license to ESAF Microfinance and Investments Pvt. Ltd. to set up a new Small Finance Bank during October, 2015. After complying with the licensing conditions prescribed by the Reserve Bank of India and in terms of the RBI's final license in November 2016, ESAF Small Finance Bank started the commencement of business on 10th March 2017.

ESAF Small Finance Bank is forging ahead with an objective of "Fighting the Partiality of Prosperity" through strengthening the people at the bottom of the pyramid with a customer base of 5.6 million. The business model of the Organization combined the unique methodology of selecting and servicing customers at the front end with technology, processes and disciplines of modern retail banking at the back end. We have had an excellent growth and consolidation phase in the past few years. As on 31st March 2022, we have more than 4100 employees.

#### **Scheduled Bank with NRE Status**

During its past two years of existence, the RBI has permitted the Bank to start NRE (Rupee) Account Operations in June 2018. ESAF Small Finance Bank has got Reserve Bank of India approval for the inclusion in the second schedule of the RBI Act 1934 within two years of its commencement of operations and hence the Bank became a Scheduled Bank with effect from 27th December 2018.

#### **Operational Highlights**

As on 31st March 2022 ESAF Small Finance Bank has 575 banking outlets spread across 21 States and 2 Union Territories.

The Bank offers a host of modern banking services like ATMs, Debit Card, Safe Deposit Lockers, Internet banking, Mobile Banking, Agent banking, SMS banking, RTGS, NEFT, CTS etc. The door step delivery services, Free video calling facility at branches and Hrudaya Deposit Scheme are some of the exclusive features offered by ESAF Small Finance Bank. A unique deposit scheme of ESAF Small Finance Bank, namely Hrudaya deposit scheme, as the name suggests, stands for a social cause, through which, the Bank provides the customers an opportunity to be a part in economic

development of the bottom of the pyramid. As an organization it strives for financial peace by bridging the gap between the haves and the have-nots.

## CAREERS

ESAF Small Finance Bank, one of the largest new age social banks in India started in the year 2017, opens doors to one of the fastest growing banking industries and provides a unique platform to climb up the career ladder. With a lineage of 26 impeccable years, we are serving the nation through 5,000 plus employees and 400 plus banking outlets spread across 11 states in India. We are the only financial institution in Kerala which has won the in-principle approval from RBI to launch a Small Finance Bank to this day. The organisation with a portfolio of Rs 6,600 crore is on the lookout for self – motivated individuals who are passionate about their profession. We are a new-age social bank that redefines the banking experience with technology driven doorstep delivery of services. We have the right career opportunities for young, ambitious and selfmotivated individuals who are passionate about building a career in banking.

## SAFE BANKING

At ESAF SFB, we put continuous effort in making our esteemed customers aware of the various steps to follow, to safeguard and avoid compromising of confidential customer information that leads to online scams such as Spoofing, Vishing, Phishing etc. In the event of suspect and abnormal transactions, ESAF SFB requests its esteemed customers to immediately inform us at our E-mail ID.

ESAF SFB desires to partner with its esteemed customers to counter such fraudulent attempts.

### Phishing:

Phishing is an attempt to “steal or fish” the customer’s confidential details (Identity Theft). Phishing attempts are usually via e-mails that appear to be from reputed institutions like central banks, banks and popular websites. The email will be seeking customer's confidential data like user id, login and transaction passwords, One Time Password (OTP), Unique Reference No.(URN) etc. There are sub variants like “Spear Phishing“ which are more personalized and targeted phishing attempts, customized on the basis of your web browsing for various personal and professional requirements.

### Smishing:

Smishing is an attempt to “steal or fish” the customers’ confidential details (Identity theft). Smishing attempts are via Short Message Service (SMS- Also known as text messages). This is a modified version of Phishing where SMS is used instead of e-mail. Smishing messages propagate ordinary and extraordinary benefits for the customers such as “ You/your mobile number has won Rs. 10,00,000, You/your mobile has been given 10 free movie tickets, Your mobile has been selected for free recharges worth 10,000, visit our website or click on the link or call certain number to claim the prizes”. Clicking on the link or calling on the number will lead you to websites or individuals seeking personal information. These are becoming more common due to smart phones becoming more popular. Smishing attacks are getting common because of easy sharing and compromising of customer mobile numbers by fraudulent service providers.

### Spoofing:

Spoofing is an attempt to trick and deceive the users, by duplicating and faking the identity of another user. Spoofing is commonly administered via email, phone, website etc. Website spoofing is the act of duplicating a legitimate website by using similar names, graphics, logos, URLs, padlock etc used in the legitimate website. Email Spoofing is an act to manipulate e-mails by duplicating the e-mail ID of the sender to make the recipient believe that it has been sent by “Trusted” sender and lead the recipient to share confidential information.

### Vishing:

Vishing is an attempt to trick and deceive the users for sharing confidential personal and financial information, through phone calls, by fraudsters who claim to represent the Bank. Vishing is done to gain sensitive information such as account number, base branch, personal parameters like date of birth, mother’s maiden name, debit card, card pin and grid values, Internet banking user ID and passwords, OTP (One time password), URN (Unique registration number), CVV etc. The information gained will then be utilized to conduct fraudulent activities on your account without the customer's permission and knowledge, leading to financial loss for the customers.

## SIM Swap:

SIM swap is an attempt to exchange the genuine SIM card of the customer with a duplicate SIM card of your mobile service provider. The SIM is then used for committing various fraudulent financial transactions. Mobile phones are becoming an important banking channel through which customers make financial enquiries, get account related alerts, receive one time password (OTP) to initiate and complete financial transactions initiated across various channels etc. OTPs are in fact becoming the key second factor authentication for completing financial transactions. The compromising of the SIM card by SIM swap allows fraudsters and criminals to modify account level information and conduct fraudulent financial transactions, leading to financial loss for the customers.

## Social media and websites:

Social media sites are fast becoming primary drivers of identity theft by luring users with various rewards and benefits through customized and targeted messages centered around special occasions, promotional campaigns etc. They lead to installation of malicious software in the devices, which monitor the activities and attempts to steal personal information of the user's line name, mobile number etc.

## ESAF MICRO BANKING

ESAF is an established name in Microfinance, having launched our Micro Enterprises Development (MED) program in 1995. Since then we have successfully expanded the program across the country, bringing social and economic prosperity to several low income and unbanked segments of society.

**Micro Banking** provides a broad package of financial inclusion products and business development services to the socially and economically challenged. In Micro Banking all banking services are provided right at your doorstep through group based models.



ESAF give women priority when it comes to Micro banking activities, and we have over 1.20 million women enjoying the benefits of our services currently. ESAF recently launched mobility banking in order to serve our customers faster & better.

ESAF also provide all customers under our Micro Banking scheme, a PM Jan Dhan account with Debit cum ATM card.

#### ESAF VISION

"To be India's leading social bank that offers equal opportunities for the whole society through universal access and financial deepening, thus promoting financial inclusion, livelihood and economic development as a whole"

#### ESAF MISSION

"To provide responsive banking services to the underserved and un-served households in India facilitated by customer-centric products, high quality service and innovative technology."

#### ESAF VALUES AND BRAND PILLARS

##### **Values**

- Servant leadership
- Customer-centric
- Accountability
- Transparency
- Commitment

##### **Brand Pillars**

□

Integrity □

Trust

#### CEDAR RETAIL PRIVATE LIMITED

CEDAR Retail Private Limited , previously known as ESAF Retail private limited began its operations early in the year 2004 by opening its first supermarket, then known as Esaf Swasraya Bazar at Pattikkad, Thrissur .

The primary aim of the CEDAR Retail Private Limited company is to provide market linkages to the Sangham members associated with ESAF. The company was registered as ESAF Retail Private Limited on 26<sup>th</sup> march 2008 as a non-govt company and was registered at registrar of companies, Ernakulam.

Its authorised share capital is Rs. 20,000000 and its paid-up capital is Rs. 18,549,270. The company involved non-specialised retail trade in stores and its activities can be diversified into the following business verticals:

1. Retail stores under the brand name supermart and micromart.
2. Consumer electronics product sale through various channels.
3. Wholesale of Grocery
4. Distribution of FMCG and Grocery
5. Product service
6. Solar rooftop
7. Natural fibre products manufacturing and export

They have also introduced an in-house brand organic rice called “Suvidhi” which is sold in both domestic and international markets. At present they have 207 trusted employees working in different states of India.

Business of cultivation, harvesting, procurement, grading, processing, selling, marketing or export of herbs, vegetables and medicinal plants, empowerment of producer communities are among the major activities of CEDAR RETAIL PVT LTD. Recognising the need for aggregation, sharing services and absorbing price risks among the small producers are areas that they focus on to engage in sustainable business. At present CEDAR Retail is majorly involved in marketing of eco-friendly lifestyle handcrafted products, production and supply of quality agriculture planting materials, production and promotion of organic agricultural inputs such as organic fertilizers, bio control agents and market facilitation for value added agricultural products. The company support farmers, entrepreneurs & artisans from the states of Kerala, Tamil Nadu, Karnataka, and Jharkhand.

CEDAR Retail's consumer electronic business is spread across 8 states, which include Kerala, Tamil Nadu, Karnataka, Jharkhand, Maharashtra, Madhya Pradesh, Chhattisgarh and Bihar.

Their retail stores under the brand name supermarket and micro-marts are present in 6 different locations within the city of Thrissur. Over the years they were able to build a strong base of loyal customers owing to their motto of providing good quality products at reasonable price. They are looking forward to onboarding more value added services to their customer base so as to enhance their shopping experience.

Present location of the micromart and supermart

1. Supermart, Mannuthy
2. Supermart, Kattilappuvam
3. Supermart, Pattikkad
4. Supermart, vettukad
5. Supermart, Kalathode
6. Micromart, Nellikkunnu
7. Micromart, Poochetty

#### 1.7.1 CEDAR CHANNELS

##### ➤ Retail & Distribution

CEDAR is a major food staple distributor in mid-Kerala. The entity direct procures 25 plus variants of food grains and spices from multiple states and directly distribute these products in the districts of Thrissur and Palakkad.

The brand, which is known for providing the highest quality products at reasonable rates enjoys a loyal customer base through 7 outlets in different areas of Thrissur which include 4 Supermarts and 3 micro marts serving both urban and semi-urban geographies. CEADR supermarts ensure shelf-space for Micro entrepreneurs to sell their limited produce food products.

##### ➤ Micro Retail

CEDAR's Micro Retailer project focuses on fulfilling our vision the of empowerment of the poor and the marginalized segments of society. This model ensures the upliftment of the low-income families, giving them financial independence, and envisages helping women in rural villages generate livelihood, making them self-reliant and entrepreneurial.

➤ Consumer Electronics

Cedar is providing different varieties of products including clean-energy products and Consumer Durable products at affordable prices. It extends support through a uniquely designed programmer which enables field partners (MFIs & NGOs) to effectively implement and quickly scale up its energy program.

Directors – CEDAR Retail Private Limited

The company has 5 directors and no reported key management personnel.

The longest serving directors currently on board are Emy Acha Paul and Alok Thomas Paul who were appointed on 09 May, 2016. They have been on the board for more than 6 years. The most recently appointed director is Samuel Jacob, who was appointed on 01 July, 2021. Alok Thomas Paul has the largest number of other directorships with a seat at a total of 11 companies. In total, the company is connected to 12 other companies through its directors.

### 1.7.2 CEDAR BRANDS

#### SUVIDI

Suvidi is an organic brand of CEDAR that envisions a healthy society, making healthy organic products accessible to everyone. The thought behind Suvidi commenced in 2006, when CEDAR wished to reintroduce traditional organic farming to the Adatt paddy fields in Thrissur, Kerala. LACON - the International Organic Certification Agency - certified the cultivation, storage, processing, and packing procedures of Suvidi.

#### CROSSO

Crosso, is a mass producer of direct consumable food products like Cake, Bread & PrePacked snacks made out of high-quality ingredients is supplied to different outlets of Thrissur.

#### POWERGRAM

Within a short span of time, under the brand name 'Powergram' CRPL has converted many households into renewable energy by providing both on-grid & off-grid solutions. It took it as a mission to educate the benefits of creating one's own energy resource and have successfully serviced throughout Kerala. At present the organization is providing Solar on grid, off grid, solar Inverters and other green energy products.

#### GONATURE

Cedar Retail Pvt Ltd. with an intention to make serious investments in natural resources, entered into manufacturing of fiber to low- cost products ensuring high standards in production quality. This particular vertical covers products made of Jute, Bamboo and Water hyacinth which is designed and manufactured with a sole intention to disperse monetary value to the lower level of the economy. The products made are currently marketed under two different brand names- "Go Nature" & "Prerana".

"GONATURE" is a venture of ESAF in the tribal heartland of India – Jharkhand to provide opportunities for the marginalized and tribal craftsmen to enterprise and live a dignified life. Brand is having their own exclusive outlets for retailing. "Prerana" focuses on jute products manufactured by women. Both brands are built upon the same concept of naturally developing the products which could replace artificial material. The products developed finds both domestic and foreign market and are currently exploring new channels to sell. Our International clientele for such products include iconic IKEA Sweden.

#### 1.7.3 VISION OF THE COMPANY

CEDAR retail was envisioned to meet a two-pronged vision, the first to create an affordable and accessible consumer goods market for all strata of the society on one hand, and to create forward linkages for small entrepreneurs and manufacturers, provisioning them with reliable, viable supply chains.

## CEDAR's Adaptation to Founder's Vision

Be a catalyst in building a society with equal livelihood opportunities, improved quality of living, and responsible consumption.

### 1.7.4 MISSION STATEMENT OF THE COMPANY

To be a leader in innovative natural and eco-friendly products using natural & naturefriendly materials and the skills of the people in and around the operational areas which will create sustainable livelihood opportunities for the people, especially women around the region.

### 1.7.5 OBJECTIVES OF THE COMPANY

CEDAR Retail Private Limited is a company formed with the objective to carry on the business of production, procurement, selling, marketing, or export of products inclusive of Furniture and Home, Business of cultivation, harvesting, procurement, grading, processing, selling, marketing or export of herbs, medicinal plants, and vegetables, empowerment of producer communities.

Some of the major sectors in which CEDAR RETAIL is involved at present are the marketing of eco-friendly lifestyle handcrafted products, production & supply of qualitative agriculture planting materials, production and promotion of organic agricultural inputs such as organic fertilizers, biocontrol agents & market facilitation for value-added agricultural products. The company supports farmers, entrepreneurs & artisans from the state of Kerala, Tamil Nadu, and Karnataka & Jharkhand.

### **Goals & Objectives**

- To develop and manufacture natural & nature-friendly products with exemplary quality and a substantial quantity
- To develop and implement world-classes manufacturing facilities and systems
- To innovate and explore the skills knowledge, and natural resources of the region and create products from the above-said resources to the world market
- To improve the skills of the local people and create sustainable employment opportunities to the people, especially women

- To build a profitable that which adds value to people and the planet

#### 1.7.6 VALUE ADDITION

CEDAR Retail, strives to stand strong with their vision of providing market linkage to their network of Sangham members. They source many products like snacks, floor mats, broomsticks among others from these primary producers whom we proudly call micro entrepreneurs.

They have a team that inspects quality of these products and also provide training where ever necessary in areas such as packaging, branding, grading, cleaning etc. thus ensuring locally sourced products are made valuable to be sold in mainstream retail supermarkets.

They also provide employment opportunities to the local community through its supermarkets and warehouse where their Sangham members are offered employment on contract basis for cleaning and packaging the products that are sourced locally.

## **CHAPTER II**

### **REVIEW OF LITERATURE**

**According to Dr.M. Ragupathi (2017)** stated that most of the employees highly satisfied with their Perception of employees towards performance appraisal system though some of the employees Are slightly satisfied. There is no significant difference among the monthly salary of the Respondents with regard to perception of employees.

**According to Asamu Festus (2013)** recommended that for appraisals to yield the desired outcomes, the Management should ensure that performance appraisal is carried out continuously. The study Also recommends that performance expectations and actual performance must be discussed Often and regularly and raters must be adequately trained with modern techniques of rating.

**According to Femi (2013)** concluded that there is a significant relationship between performance appraisal and worker's performance, promotion exercise, employee's commitment to the goals and objectives of the organization. The findings show that there is a major relationship between performance appraisal and worker's performance, promotion exercise, and employees' commitment to the goals and objectives of the organization. This study recommends to appraise the work of employees continuously rather than at the time of promotion or at a point of time and regular discussions was to be hold related to expected and achieved works. Rater's training related to rating techniques must be continuous.

**According to Boachie-Mensah (2012)** in his study focused on employee's perception of performance Appraisal biases on errors. The result of the study indicates that



employees of institution Perceive that the performance appraisal systems of institution are affected by some major Errors.

**According to Fakharyan, Jalilvand, Dini and Dehafarin (2012)** noted that performance management helps in the success of the organisation by realising the strategic purpose and increasing effective working processes through continuous improvement of an individual's performance. Performance management is a process that many organizations embrace and practice; however, there seems to be a perception that the system is not being employed as intended. The system is often perceived as being biased and subjective, with irrelevant criteria being used to appraise the performance of employees. In addition, the system is perceived to be unable to provide feedback on time, and there is dissatisfaction with the implementation of the process. As a result, these perceptions of the system have a negative impact on the performance of the organisation and its employees.

**According to Saeed & Shahbaz (2011)** a study was undertaken considering Pakistani samples relating appraisal perception and organizational performance. The finding indicates the sampled employees are satisfied with the current performance appraisal system; successively, work performance and affective organizational commitment is increased, whereas, the turnover intention is minimized.

**According to Ahmed et al.,(2011)**, if employees perceive Performance Appraisal Program as only an attempt by management to exercise closer supervision and control over the tasks the employees perform, various reactions may occur. Performance Appraisal will be effective if the appraisal process is transparent and clearly explained to the people involved and at same time they are also agreed for that without having sufficient consultation and discussion, Performance Appraisal Program may produce negative results. It is a key factor for the development of the organisation in effective and efficient manner. Previous studies indicate that employee perception towards performance appraisal has a significant impact on employee satisfaction and their individual performances.

**According to Robins and Judge (2007)**, Perception is a process by which individuals organize and interpret their sensory impressions in order to give meaning to their environment. Employees' perception about the performance appraisal results can

be beneficial depending on a number of factors, which may include employees' attitudes, personality, motives, interest, past experiences and their expectations from organisation

**According to Mullins(2005)**, Employees may be more receptive and supportive for any Performance Appraisal Program, if they perceive the program, an effective source of feedback which helps to improve their performance . Employees are likely to hold and contribute in real manner to a given Performance Appraisal Program, if they perceive it as an opportunity for getting reward, and as an avenue for personal development opportunities.

**According to Shen (2004)**, Today most of the organizations are organizing the Performance Appraisal Program as a formal activity and to show the others. This type of practice creates lack of trust towards the appraisal system and negative reaction to the feedback in the minds of related employees.

**According to Lee and Son (1998)** Individual assessment of employee's performances is critical for any organisation. HR managers need a system to monitor employee's performance for improving the effectiveness and productivity of the organisation. At the same time, accurate and adequate feedback about performance has also been regarded as crucial to employee's ability and motivation to perform effectively in an organisation.

**According to Pooyan and Eberhardt, (1998)** In fact, if Performance Appraisal Program is implemented in right manner it can be used for the real assessment and analysis of the performance of the employees and at the same time their performances can be discussed and explained in terms of feedback for further improvement. Although, there are studies on performance appraisal, including the discussion on its various aspects e.g. characteristics, processes, employees satisfaction, attitudes and perceptions toward the system, there has been dearth of empirical studies on employee's reactions towards appraisal systems .

**THEORETICAL FOUNDATION OF THE STUDY**

### **Goal setting theory**

The goal-setting theory of the work motivation states that objectives can have a high motivational effect concerning the performance results (Braunschweig, 2001). The objective theory is one of the best secured approaches of motivational psychology (Rosentiel, 2010). The starting point of this theory is that every human action is goal oriented. Thus goals are described as a certain knock-on effect that leads to the mobilization of effort, to focus on attention, and to an increase in endurance (Bungard, 2002). This has the results that those concerned strive to get rid of every obstruction with regard to the objective achievement. Thus creative and efficient business strategies emerge. Additionally, objectives make a sense of success possible. The experiences of achieving a goal strengthen self-esteem and the knowledge of one's own competence. This experience has a central significance for future behavior.

### **McGregor's Theory X and Y**

The theory of McGregor's (1960) theory X and Y which suggest that managers make either theory X or theory Y assumptions about the way others behave. This theory is a traditional view of motivation that holds that work is distasteful to employees who must be motivated by force, money or praise (Stoner and Freeman, 2001). Stoner and Freeman (2001), stressed that McGregor distinguished two alternatives basic assumptions about people and their approach to work. McGregor (1960), called these two assumption theory X and Y. The theory suggested that employees' evaluation is directly mediated by managers' attributes as to who is perceived to be in control of the employee's performance. Therefore, basing on the nature of the study the researcher focused on theory X. Theory X managers according McGregor (1960) are people who must be coerced into putting effort in their jobs. He further noted that, most people dislike work and avoid it whenever possible and therefore, they need to be directed, controlled or even threatened with punishment in order to move them to work and achieve organizational goals. In regards to this study, this theory tried to establish performance appraisal practices at G4S. This theory is considered relevant in a way that it would encourage the employees to perform as expected by supervising and monitoring them through an effective appraisal practice.

### **PERFORMANCE MANAGEMENT**

Under the global economic environment, almost every organization including public sector organizations are under pressure to deal with a performance challenge, in one way or another. A variety of aspects of performance management have been discussed in the literature. According to Kuhlmann, 2010, There are usually two levels of performance management system in the public sector organizations i.e. Organizational level performance management system and Individual level performance management system. For the organizational-level PM, each organization's overall performance could be evaluated in terms of its major policy execution, financial performance, and other key areas such as HR, e-government, quality of public service, etc and at individual level it is evaluated using various indicators such as input, process, output, and outcome indicators.

According to Aguinis 2009, Performance management is described as the continuous process of identification of goals and objectives, aligning individual goals and objectives to the strategic goals of an organization. and provision of meaningful feedback. Performance management can also be described as the process of creating such a work environment in which people are motivated to perform to the best of their abilities

Sole (2009) explained that there are two basic factors which influence performance management systems in public organization. Those are external and internal factors. Internal factors include leadership and internal management commitment, employee engagement performance-oriented culture, internal resources and maturity of PMS. External factors include labor unions, citizens & elected officials and other legal requirements.

According to Coleman (2009) it is unrealistic to expect that when a Performance Management System is implemented, employees will be motivated at once to perform better, and any performance related issues will be immediately resolved. In order to realize the full potential benefits from the PMS, the organization should be prepared to put in resources to make sure that the employees and managers feels accountable towards the system, otherwise it will be treated as a compliance function and none of the employees and organization will receive benefit from the system.

According to Lawler, 2008; PMS is the main process through which task is accomplished and should therefore be a top priority for the managers to review. Public organizations, at all levels of government, have made development on using performance management systems to capture the complexities of responsibility and transparency; however, research has shown that performance management is still gaining importance as an effective organizational approach in the public sector. Public sector organizations have made progress on using performance management systems to capture the fundamental complications of business in today's competitive scenario however, research have shown that performance management is still gaining importance as an effective organizational approach in the public sector, They conclude that performance is the main focus international public management research and that the limitations of existing models must also be considered. (Bouckaert and Halligan, 2008).

Watkins, 2007 explained the most suitable model of PMS that could be used in public sector which includes seven components:

- a) Identify desired performance,
- b) define objectives,
- c) performance assessment,
- d) identify a solution set,
- e) development of performance solution,
- f) conduct formative evaluation and
- g) implementation and continuous improvement.

Mazzarol (2003) stated that any organization with suitable performance management system increases employer's confidence that it has the right people in the right place at right time. Since then, the performance has become an important aspect of work in many public sector firms, in one way or another performance is associated with the establishment of performance standards which an employee needs to achieve. (Boland and Fowler, 2000).

Performance management includes such activities those ensure that organizational goals are being met in an efficient manner. PMS is a systematic approach to manage people that help in increasing the level of individual performance and business success. Rapid changes in the organizational structure, downsizing and pressures for greater employee ownership of performance and transparency are placing greater emphasis on performance management by translating the organization's objectives into individual performance standards (Stone 2002).

According to Lapsley and Pallot, 2000, it is only with the introduction of the New Public Management that the government has identified the need to have the new tools and measures to manage the public departments and government organizations. These new tools and techniques of management will help the public sector organizations to improve their performance.

#### PERFORMANCE APPRAISAL(PA)

The process and purpose of performance appraisal Studies show that there are many approaches for evaluating employee behaviour and performance with respect to job tasks and/or organisational culture. As a result, various applications of PA have left many managers in a state of confusion and frustration with the employee evaluation process (Gurbuz & Dikmenli, 2007). This situation seems to negatively impact the popularity of appraisal systems in many organisations. Most people support the concept and purpose of PA, in spite of their concerns about the process and application of appraisal outcomes by managers (Grote, 1996). The biggest complaint from managers is that they are not given sufficient guidelines to assess people; and the biggest complaint from employees is that the process is not equitable and fair. PA concentrates much in assessing past behaviours of employees, a situation managers exploit to victimise unfavoured employees (Bersin, 2008). The appraisal process has been categorised into:

- (1) Establishing job criteria and appraisal standards;
- (2) Timing of appraisal;
- (3) Selection of appraisers and
- (4) Providing feedback (Scullen et al., 2003).

Early PA processes were fairly simple, and involved ranking and comparing individuals with other people (Milkovich & Boudreau 1997). However, these early person-based appraisal systems were fraught with problems. As a result, a transition to job-related performance assessments continues to occur. Thus, PA is being modified from being person-focused to behaviour-oriented, with emphasis on those tasks or behaviours associated with the performance of a particular job (Wellbourne et al., 1998).

Regarding the purpose of PA, Cleveland et al. (1989) describe four types of uses of performance appraisal: between person, within person, system maintenance and documentation. Between person uses are what have been referred to as administrative purposes, consisting of recognition of individuals' performance to make decisions regarding salary administration, promotions, retention, termination, layoffs and so forth. Within person uses are those identified in Management by Objectives (MBO), such as feedback on performance strengths and weaknesses to identify training needs and determine assignments and transfers.

PA also helps in organisational goals, which are referred to as system maintenance uses. Finally, documentation purposes are to meet the legal requirements by documenting HR decisions and conducting validation research on the PA tools. Some organisations are attempting to meet all of these goals simultaneously while they continue to use tools that were designed for one type of purpose (Wiese & Buckley, 1998).

Jawahar and Williams's (1997) findings suggest that ratings collected for administrative purposes are more lenient than ratings for research or developmental purposes. Although rating scale formats, training and other technical qualities of PA influence the quality of ratings, the quality of PA is also strongly affected by the administrative context in which they are used (Murphy & Cleveland, 1995). Effective managers recognise PAS as a tool for managing, rather than a tool for measuring subordinates. Such managers use PA to motivate, direct and develop subordinates, and to maximise access to important resources in the organisation to improve productivity.

### **Rater issues**

Researchers have shown considerable interest in variables related to the individual doing the appraisal (Lefkowitz, 2000; Levy & Williams, 2004; Robbins & DeNisi, 1998). One of the most studied rater variables is rater affect (Levy & Williams, 2004).

A general definition of affect involves liking or positive regard for one's subordinate (Lefkowitz, 2000).

Forgas and George's (2001) study suggests that affective states impact on judgements and behaviours and, in particular, affect or mood plays a large role when tasks require a degree of cognitive processing. In PA, raters in good mood tend to recall more positive information from memory and appraise performance positively (Sinclair, 1988). Affective regard is related to frequently higher appraisal ratings, less inclination to punish subordinates, better supervisor-subordinate relationships, greater halo, and less accuracy (Lefkowitz, 2000).

Antonioni and Park (2001) found that affect was more strongly related to rating leniency in upward and peer ratings than it was in traditional top-down ratings. This effect was stronger when raters had observational time with their subordinates. A second broad area related to raters is the motivation of the rater.

Traditionally, researchers seemed to assume that raters were motivated to rate accurately, and that the problems with the appraisal process involved cognitive processing errors and complexities (Levy & Williams, 2004). This position has, however, been questioned, leading to attempts to identify and understand other elements of raters' motivation and how such motivation affects the appraisal process. The issues involved include individual differences and the rating purpose on rating leniency. Most practitioners report overwhelming leniency on the part of their raters, and this rating elevation has been found in empirical papers as well as surveys of organisations (Murphy & Cleveland, 1995; Villanova et al., 1993; Bernadin et al., 2000).

The role of attribution in the PA process has also attracted recent research attention on how the attribution that raters make of ratees' behaviours affect their motivation to rate or their actual rating (Struthers et al., 1998). Raters consider ratees' behaviours and their reputations when drawing attributional inferences and deciding on appropriate rewards (Johnson et al., 2002). This implies that attributional processing is an important element of the rating process, and these attributions, in part, determine raters' reactions and ratings. Another aspect of rater motivation has to do with rater accountability (Frink & Ferris, 1998).



Klimoski and Inks (1990) posit that raters distort appraisal ratings more when they are to be held accountable to the ratee for those ratings. They emphasise that accountability can result in distortions of performance ratings. This view is confirmed by other research findings (Mero et al., 2003; Shore & Tashchian, 2002). There have also been calls from practitioners to use accountability as a means of improving the accuracy of appraisal ratings, increasing acceptance of the appraisal system, and making the HR system more efficient (Digh, 1998).

### **Ratee issues**

A second major focus of PA research relates to the role of PA in ratee motivation and ratee reactions to PA processes. The research focusing on motivation is generally categorised as being about either (1) the links between performance ratings and rewards or (2) those elements of the PA process which increase ratees' motivation, such as participation (Levy & Williams, 2004; Goss, 2001; Campbell et al., 1998). One theme of some recent work is that although merit pay systems sound like a good idea, there is very little evidence indicating that they are at all successful (Goss, 2001). In spite of its intuitive appeal and theoretical support, merit pay plans seldom reach their objectives (Campbell et al., 1998).

Mani (2002) argues that while pay is an important motivator along with recognition, work enjoyment, and self-motivation, very few organisations actually link the PAS to pay or compensation in any clear, tangible way. Starcher (1996) contends that how well employees perform is much more a function of the situational constraints they experience than their own skills or motivation. But Levy and Williams (1998) argue that these situational constraints are not so important to exclude social or motivational factors that have been quite clearly linked to employee satisfaction and productivity over the years.

Roberts (2003) identified the significance of participation in the PA process as an antecedent of ratees' work motivation. The author suggests that participation is simply essential to any fair and ethical appraisal system.

Pettijohn et al, (2001) identify participation and perceptions of fairness as integral to employees' perceptions of job satisfaction and organisational commitment. They conclude that PAS can be used to actually improve employees' levels of job

satisfaction, organisational commitment, and work motivation. Roberts and Reed (1996) submit that participation, goals, and feedback impact on appraisal acceptance, which affects appraisal satisfaction and eventually employee motivation and productivity.

Ratee reactions to PA has been categorised into:

- (1) reactions to the appraisal process,
- (2) reactions to the appraisal structure or format, and
- (3) reactions to multi-source appraisal or feedback (Levy & Williams, 2004).

Regarding reactions to the appraisal process, Keeping and Levy (2000) argue that perhaps the best criterion to use in evaluating PAS is the reactions of ratees. They claim that an appraisal system will be ineffective if ratees (and raters) do not see it as fair, useful, valid, accurate, etc. Measuring appraisal effectiveness involves, among other things, assessing perceptions of or actual rater errors and biases, rating accuracy and reactions of raters and ratees about the PAS in place (Keeping & Levy (2000). Folger et al., (1992) identify three elements that must be present to achieve higher perceptions of fairness: adequate notice, fair hearing, and judgment based on evidence. In general, both raters and ratees respond more favourably to fair performance appraisal systems (Brown & Benson, 2003).

With regard to how individuals react to elements of appraisal structure or methodology, Tziner and Kopelman (2002) found that both raters and ratees responded more favourably to behaviour observation scales (BOS) than they did to other scales, such as graphic rating scales or Behaviourally Anchored Rating Scales (BARS). The BARS is generally not well received by raters and ratees, and consistently ranks below the other ratings formats. The value of BOS is that it allows the appraiser to play the role of observer rather than of judge. In this way, they may more easily provide constructive feedback to the employee (Tziner & Kopelman, 2002).

DeNisi and Peters (1996) also examined the role of diary-keeping, and they found that raters react more favourably to PA systems that employ diaries even though in many instances it is more work for them. Raters are better able to recall performance information and are better able to discriminate among employees.

Despite the widespread use of the aforementioned methods, there are dissatisfactions and problems with the feedback systems associated with single source PA (Gurbuz & Dikmenli, 2007). In response to the concerns raised, considerable emphasis has been placed on developing multi-source feedback systems. It is useful to implement a variety of the appraisal methods simultaneously in an organisation to a wide range of jobperformance information for effective decision-making. This gives credence to the use of 360-degree appraisal (Schuler, 1995; Lepsinger & Lucia (1998; Hurley, 1998). Regarding participants' reactions to multi-source feedback, Waldman and Bowen (1998) propose that factors such as organisational culture, credibility of raters, high rates of participation, and anonymity of ratings are likely to influence its acceptance.

Williams and Lueke (1999) also emphasise that knowledge of and experience with the multi-source system as well as social support play an important role in multi-source system reactions. A supportive work environment and an individual's self-efficacy are the most important predictors of employees' attitudes towards multi-source feedback and frequency of developmental activities (Maurer et al., 2002). When individuals receive lower than expected ratings, they respond quite negatively and this may influence their response to developmental activities (Brett & Atwater, 2001). Generally, if participants do not perceive the system to be fair, the feedback to be accurate, or sources to be credible, then they are more likely to ignore and not use the feedback they receive (Faction et al., 1998).

Regarding whether age, experience, and level of education of employees influence their perception of PAS, Gurbuz and Dikmenli (2007) posit that the less experienced and youthful employees are relatively more anxious during appraisal than the more experienced and older ones. However, employees who undergo PA several times, regardless of their age, accumulate valuable information, knowledge and experience about its process and purpose through the feedback system. This eventually helps reduce their anxiety during subsequent appraisals. In general, both youthful and older employees' perception of PAS does not vary significantly according to their ages. The authors further suggest that highly educated and professionally competent appraisees are generally more co-operative and supportive of PA than those of relatively lower educational and professional competence.

However, many factors, including organisational leadership and culture, impact the attitude of most employees towards PA, regardless of their educational or professional standing (Gurbuz & Dikmenli, 2007).

### **Superior-subordinate relationship issues**

Trust is a key element in managing the supervisor-employee relationship (Patton, 1999; Mayer & Davis, 1999). Researchers believe that trust issues can limit the effectiveness of PA (Levy & Williams, 2004; Dirks & Ferrin, 2001; Hedge & Teachout, 2000). If ratees have low levels of trust for their supervisor, they may be less satisfied with the appraisal and may not readily accept feedback from that source. Mani's (2002) study suggests that trust in supervisors is important for determining satisfaction with the appraisal system. In examining factors that influence trust within the PA process, Korsgaard and Roberson (1995) submit that when employees are given assertiveness training and opportunity to self-appraise, they report greater trust in the manager and more positive attitude towards the appraisal. According to Mayer and Davis (1999), when a PAS is perceived as accurate and high in instrumentality employees report higher levels of trust for management. Another leader-member relationship issue is the impact of leader gender on performance ratings. Varma and Stroh (2001) propose that same-sex leader-member relationship would result in greater liking for subordinates. This, in turn, would result in higher leader-member exchange relationships (Duarte et al, 1994). As to whether or not female and male managers rate performance differently, Furnham and Stringfield (2001) posit that male employees receive lower ratings than female employees. Female managers, as compared to male managers, rate male employees lower than female employees. This seems to suggest potential rating bias due to gender.

### **Group dynamics and appraisal**

There has been a growing concern about other multiple, complex relationships that impact on the appraisal process. There has been focus on issues revolving around group, team, or workforce composition, which have been categorised into:

- (1) politics and impression management,
- (2) work group or team processes, and

(3) the feedback environment or culture experienced by organizational employees.

Kozlowski et al. (1998) contend that PA is a ripe situation for those involved to play political games through several approaches, including rater distortion of ratings or ratees' active management of impressions. Similarly, Sims et al. (1987) argue that PA may be used by many raters as a political process for rewarding and punishing subordinates. On the role of impression management in PA, Wayne and Liden (1995) posit that self-focused impression management will lead to less similarity to the subordinate and, thus, lower ratings. Assertive impression management techniques will result in higher performance ratings than defensive impression management techniques (Gendersen & Tinsley, 1996).

Doing PA in a team-based environment is complicated for various reasons. It is imperative that the appraisal system balances the individual versus the team. Both are important, but emphasising individual or team performance to the exclusion of the other will result in an ineffective system. It is also complicated because the PAS needs to be broad enough to include non-traditional performance criteria such as teamwork or cooperation (Levy & Steelman, 1997). Levy and Steelman (1997) considered these complexities in proposing a team-based model for the appraisal system. This model certainly requires adjustments to fit a particular organisation, but the generic model includes multi-source ratings of both individual and team performance, objective measures of individual and team performance as well as measures of teamwork.

Another important element that impacts group dynamics in relation to PA is the feedback environment, otherwise referred to as feedback culture (London & Smither, 2002). Feedback is an integral component of the PA process in organisations characterized by feedback-oriented culture (London, 2003). A more favourable feedback environment leads to higher levels of commitment and organizational citizenship behaviours. In the view of Steelman et al. (2004), using feedback as a diagnostic tool to identify strengths and weaknesses of supervisors as coaches has great potential for improving the PA process.

### **Errors in performance appraisal**

In practice, there are many possible errors or biases in the PA process. Raters are usually blamed for most of these errors. They affect the objectivity of the appraisal negatively.

The most common errors in appraisal are discussed.

One of the most common errors in PA is the halo effect. It is the influence of a rater's general impression on ratings of specific ratee qualities (Solomonson & Lance, 1997). The rater gives subordinates good grades although their performances are not worthy. Sometimes one prominent characteristic of the subordinate may colour the supervisor's perception of other qualities of the subordinate. This occurs because raters sometimes fail to evaluate the employee's other characteristics separately. From his review of several studies, Lefkowitz (2000) concludes that positive regard for subordinates is often associated with greater halo effect and better interpersonal relationship. Horn effect is the opposite of halo effect. It means that the rater might give poor grade even though the ratee's performance is commendable. Some raters have tendencies to view negatively all behaviours or actions of a subordinate because the superior dislikes a particular behaviour or action of the subordinate (Lefkowitz, 2000).

The leniency error is perhaps the second most common appraisal error (Tziner & Kopelman, 2002). Some managers are concerned about damaging a good working relationship with a subordinate by giving poor or negative ratings. For this reason, they have the tendency to give ratees higher ratings than they truly deserve. Lenient raters have the tendency to rate subordinates higher just because they do not want to adversely impact the future of the subordinate or risk being perceived as a harsh superior. Management psychologists claim that PA ratings obtained for administrative purposes (such as pay raises or promotions) would be more lenient than ratings meant for feedback or employee development purposes (Jawahar & Williams, 1997). The error of strictness error occurs when raters give unfavourable or poor appraisal regardless of the actual performance level of the ratee. The tight raters set very high evaluation standards. And they might score subordinates' performance below maximum level of the scale.

In the view of Tziner and Kopelman (2002), the main reason for this error is that the rater may be uncomfortable that successful ratees may replace them in the future. It is also due to the fact that some raters want to create the impression that they are hard and perfectly placed, and are unwilling to give high ratings even if the ratee's performance is very commendable. Rather than give extremely poor or good ratings, there is a tendency on the part of some raters to evaluate all ratees as average performers even if

actual performances of employees vary. Some raters want to rate employees in the middle of the scale rather than the extremes.

According to Dessler (2000), this error (the central tendency error) is mostly committed for two main reasons: when the rater lacks adequate information and knowledge of the employee and, therefore, attempts to reduce the risk of wrong judgment; and when the rater is of the view that appraisal is a waste of time and, as a result, provides average ratings regardless of employee's actual performance value.

Generally, appraisal is conducted once or twice a year in most organisations (Bersin, 2008). The period between one appraisal and the next might be very long for the rater to remember detail information of all relevant performance key points achieved by employees. As a result, some raters only consider the ratee's recent noticeable behaviours or actions on the job regardless of actual performance overall. This is the recency error.

Moreover, the ratings may even become more misleading as some ratees attempt to score high ratings by working very hard and demonstrating good performance when appraisal time is approaching (Bersin, 2008). The contrast error occurs when an employee's evaluation is biased either upward or downward because of another employee's performance, evaluated just previously. Contrast errors are most likely when raters are required to rank employees in order from the best to the poorest. The probability for this error to occur is higher if the rater appraises many employees within a short period (Tziner & Kopelman, 2002). In other words, an appraisal grade of a ratee may be affected by the grade of another ratee who gets appraised just before him or her.

The similarity effect occurs when raters succumb to the tendency to give better rating to those subordinates similar to themselves in terms of behaviour, personality, or background (Pulakos & Wexley, 1983). Employees might also contribute to this error when they make efforts to demonstrate that their behaviours, tastes and tendencies match those of the superior, or hide those not matching with the superior's, with the intent to please the superior for more favourable ratings. The effects of "similar to me" error can be powerful, and when the similarity is based on race, religion, or gender, it may result in discrimination (Pulakos & Wexley, 1983).

Although training for raters may provide solutions to rater errors in some cases, it is ineffective in other instances due to a myriad of factors that distort ratings (Gilbert, 1994). Roberts (2003) argues that four out of ten supervisors believe that employees are to blame for poor performance, when in reality it is poor management practices. To minimise these errors, raters must be fully knowledgeable of the system, and the organisation should provide rater training for managers (Roch & O'Sullivan, 2003).

#### CONCEPT OF PERCEPTION

Wendell (1998), states that perception is a process of consciousness of an object. It is one of the means of valid knowledge in the world and consists in an inseparable relation of the perceptive consciousness with its content. Employee perception is a factor that can make a huge difference in the quality of the workplace and influence the employees' stay in the organization. Negative perceptions of the company and the work environment can cause qualified employees to seek opportunities elsewhere. Parkinson (1990), states that positive employee perception of the organization portfolio is an important factor for the existence, growth and development of an organization. Therefore, whatever the employees perceive is generally what the employee believes and acts on.

#### DEFINITION OF PERCEPTION

Perception depends on complex nervous system functions but subjectively seems mostly effortless because this processing happens outside of conscious awareness.

According to Joseph Reitz, "Perception includes all those processes by which an individual receives information about his environment-seeing, hearing, feeling, tasting and smelling."

According to B. V. H. Gilmer, "Perception is the process of becoming aware of situations, of adding meaningful associations to sensations."

Uday Pareek said perception can be defined as "the process of receiving, selecting, organizing, interpreting, checking, and reacting to sensory stimuli or data."



According to S. P. Robbins, perception can be defined as “the process by which individuals organize and interpret their sensory impressions to give meaning to their environments.”

Perception includes the 5 senses; touch, sight, taste smell and sound. It also includes what is known as perception, a set of senses involving the ability to detect changes in body positions and movements.

It also involves the- cognitive processes required to process information, such as recognizing a friend’s face or detecting a familiar perfume. The study of these perpetual processes shows that their functioning is affected by three variables: the objects or events being perceived, the environment in which perception occurs, and the individual doing the perceiving.

In simple words, we can say that perception is the act of seeing what is there to be seen. But what is seen is influenced by the perceiver, the object, and the environment. The meaning of perception emphasizes all these three points.

## IMPORTANCE OF PERCEPTIONS

Perception is a subjective, active, and creative process through which we assign meaning to sensory information to understand ourselves and others. It can be defined as our recognition and interpretation of sensory information. It also includes how we respond to the information.

It is the process by which an organism detects and interprets information from the external world by means of the sensory receptors. It is our sensory experience of the world around us and involves both the recognition of environmental stimuli and actions in response to these stimuli.

Through the perceptual process, we gain information about the properties and elements of the environment that are critical to our survival.

Perception not only creates our experience of the world around us; it allows us to act within our environment.

1. Perception is very important in understanding human behavior because every person perceives the world and approaches life problems differently. Whatever we see or feel is not necessarily the same as it really is. When we buy something, it is not because it is the best, but because we take it to be the best.
2. If people behave on the basis of their perception, we can predict their behavior in the changed circumstances by understanding their present perception of the environment. One person may be viewing the facts in one way which may be different from the facts as seen by another viewer.
3. With the help of perception, the needs of various people can be determined, because people's perception is influenced by their needs.
4. Perception is very important for the manager who wants to avoid making errors when dealing with people and events in the work setting. This problem is made more complicated by the fact that different people perceive the same situation differently. In order to deal with the subordinates effectively, the managers must understand their perceptions properly.
5. Perception can be important because it offers more than objective output; it ingests an observation and manufactures an altered reality enriched with previous experiences.
6. Perception builds character (not necessarily good or bad character) that defines different roles individuals fall into the clown, the hypocrite, the self-righteous, the victim, etc..
7. It is vitally important if we want to get along with others to try to see things from their perspective or walk in their shoes for a while. If we walk in their shoes we will gain a new perspective about things and in that understand the other and also can love and help the other more appropriately.

Thus, for understanding human behavior, it is very important to understand their perception, that is, how they perceive the different situations.

People's behavior is based on their perceptions of reality, not reality itself. The world as it is perceived is the world that is important for understanding human behavior.

#### FACTORS AFFECTING PERCEPTION

Perception is how an individual selects, organizes, and interprets information to create a meaningful picture. Perception depends not only on the physical stimuli but also on the stimuli's relation to the surrounding field and on conditions within the individual. Perception is a process by which individuals organize and interpret their sensory perceptions to give meaning to their environment.

However, what one perceives can be substantially different from objective reality. It is the process through which the information from the outside environment is selected, received, organized, and interpreted to make it meaningful.

This input of meaningful information results in decisions and actions. Several factors operate to shape and sometimes distort perception. These factors can reside in the perceiver in the object or target being perceived or in the context of the situation in which the perception is made. When an individual looks at a target and attempts to interpret what he or she sees, that interpretation is heavily influenced by the personal characteristics of the individual perceiver. Personal characteristics that affect perception include a person's attitudes, personality, motives, interests, past experiences, and expectations.

There are some factors that influence the target, such as novelty, motion, sounds, size, background, proximity, similarity, etc. Characteristics of the target being observed can affect what is perceived. Because targets are not looked at in isolation, the relationship of a target to its background also influences perception, as does our tendency to group close things and similar things together.

There are also some situational factors like the time of perceiving others, work settings, social settings, etc. that influence the perception process.

Besides these, there are some other factors like perceptual learning, which is based on past experiences or any special training that we get. Every one of us learns to emphasize some sensory inputs and ignore others. Another factor is the mental set, which refers to preparedness or readiness to receive some sensory input. Such expectancy keeps the individual prepared with good attention and concentration. The level of knowledge we have may also change the way we perceive their behaviours. It creates expectancy in

people. The nature of the things which have to be perceived is also an influential factor. By nature we mean, whether the object is visual or auditory, and whether it involves pictures, people, or animals.

Perception is determined by both physiological and psychological characteristics of the human being, whereas sensation is conceived with only the physiological features.

Thus, perception is not just what one sees with the eyes. It is a much more complex process by which an individual selectively absorbs or assimilates the stimuli in the environment, cognitively organizes the perceived information in a specific fashion, and then interprets the information to make an assessment of what is going on in one's environment.

When an individual looks at a target and attempts to interpret what they see, that interpretation is heavily influenced by the personal characteristics of the individual perceiver.

Personal characteristics that affect perception included a person's attitudes, personality motives interest, past experiences, and expectations.

## PERCEPTUAL PROCESS

The perceptual process allows us to experience the world around us.

In this overview of perception and the perceptual process, we will learn more about how we go from detecting stimuli in the environment to actually taking action based on that information. It can be organized into our existing structures and patterns and then interpreted based on previous experiences. Although perception is a largely cognitive and psychological process, how we perceive the people and objects around us affects our communication.

Actually perception process is a sequence of steps that begins with the environment and leads to our perception of a stimulus and action in response to the stimulus.

In order to fully understand how the perception process works, we have to follow each of the following steps.

3 stages of the perception process are;

1. Selection.
2. Organization.
3. Interpretation.

## 1. SELECTION

The world around us is filled with an infinite number of stimuli that we might attend to, but our brains do not have the resources to pay attention to everything.

Thus, the first step of perception is the decision of what to attend to.

When we attend to one specific thing in our environment — whether it is a smell, a feeling, a sound, or something else entirely — it becomes the attended stimulus.

Selecting is the first part of the perception process, in which we focus our attention on certain incoming sensory information. In selection, we choose stimuli that attract our attention. We focus on the ones that stand out to our senses (sight, sound, smell, taste, and touch). We take information through all five of our senses, but our perceptual field includes so many stimuli that it is impossible for our brains to process and make sense of it all.

So, as information comes in through our senses, various factors influence what actually continues on through the perception process.

## 2. ORGANIZATION

Once we have chosen to attend to a stimulus in the environment, the choice sets off a series of reactions in our brain.

This neural process starts with the activation of our sensory receptors (touch, taste, smell, sight, and hearing).

Organizing is the second part of the perception process, in which we sort and categorize information that we perceive based on innate and learned cognitive patterns. Three

ways we sort things into patterns are by using proximity, similarity, and difference (Stanley, mo).

### 3. INTERPRETATION

After we have attended to a stimulus, and our brains have received and organized the information, we interpret it in a way that makes sense using our existing information about the world. Interpretation simply means that we take the information that we have sensed and organized and turn it into something that we can categorize.

By putting different stimuli into categories, we can better understand and react to the world around us. Perception of others involves sensing, organizing, and interpreting information about people, and what they say and do. The sensation is a main characteristic of perception as it relates to outside input. In the perceptual process, firstly the perceiver should select what will be perceived.

Then, the organization takes place when listeners identify the type of sound and compare it to other sounds heard in the past.

Interpretation and categorization are generally the most subjective areas of perception, as they involve decisions about whether listeners like what they hear and want to keep listening.

We make immediate evaluations that cause automatic judgments of positive and negative reactions toward others, which occur outside of our awareness. The selection, organization, and interpretation of perceptions can differ among different people.

On the basis of these, the perceptual output, which means, values, attitudes, behavior, etc., of the perceiver may differ. Therefore, when people react differently in a situation, part of their behavior can be explained by examining their perceptual process, and how their perceptions are leading to their responses.

### ERRORS IN PERCEPTION

Many times the prejudices in the individual, time of perception, unfavorable background, lack of clarity of stimulus, confusion, conflict in mind, and other factors are responsible for errors in perception.

There are some errors in perception;

- Illusion.
- Hallucination.
- Halo Effect.
- Stereotyping.
- Similarity.
- Horn Effect.
- Contrast.

### ILLUSION

The illusion is a false perception. Here the person will mistake a stimulus and perceive it wrongly.

For example, in the dark, a rope is mistaken for a snake or vice versa. The voice of an unknown person is mistaken as a friend's voice. A person standing at a distance who is not known may be perceived as a known person.

### HALLUCINATION

Sometimes we come across instances where the individual perceives some stimulus, even when it is not present. This phenomenon is known as a hallucination. The person may see an object, person, etc. or he may listen to some voice though there are no objects and sounds in reality.

### Selective Perception

Selective perception means the situation when people selectively interpret what they see on the basis of their interests, background, experience, and attitudes. It means any characteristics that make a person, object, or event stand out will increase the probability that it will be perceived. Because it is impossible for us to assimilate everything we see, only certain stimuli can be taken in.

### HALO EFFECT

The individual is evaluated on the basis of perceived positive quality, feature, or trait. A halo effect operates when we draw a general impression about an individual based on a single characteristic, such as intelligence, sociability, or appearance.

In other words, this is the tendency to rate a man uniformly high or low in other traits if he is extraordinarily high or low in one particular trait: If a worker has few absences, his supervisor might give him a high rating in all other areas of work.

### STEREOTYPING

People usually can fall into at least one general category based on physical or behavioral traits then they will be evaluated. When we judge someone on the basis of our perception of the group to which he or she belongs, we are using the shortcut called stereotyping.

For example, a boss might assume that a worker from a Middle East country is lazy and cannot meet performance objectives, even if the worker tried his best.

### SIMILARITY

Often, people tend to seek out and rate those who are similar to themselves more positively. This tendency to approve of similarity may cause evaluators to give better ratings to employees who exhibit the same interests, work methods, points of view, or standards.

### HORN EFFECT

When the individual is completely evaluated based on a negative quality or feature perceived, this results in an overall lower rating than an acceptable rate. He is not formally dressed up in the office. That's why he may be casual at work too.

### CONTRAST

The tendency to rate people relative to other people rather than to the individual performance he or she is doing. Rather will, evaluate an employee by comparing that employee's performance with other employees.



In the early 20th Century, Wilhelm Wundt identified contrast as a fundamental principle of perception, and since then, the effect has been confirmed in many different areas.

These effects shape visual qualities like color and brightness and other kinds of perception, including how heavy an object feels. One experiment found that thinking of the name “Hitler” led to subjects rating a person as more hostile.

Basically, we use the above shortcuts when we judge others. Perceiving and interpreting what others do is burdensome. As a result, individuals develop techniques for making the task more manageable. Basically, we use the above shortcuts when we judge others.

These techniques are frequently valuable-they. They allow us to make accurate perceptions rapidly and provide valid data for projections. But sometimes it also creates problems.

Because firstly, we have said that these are the shortcuts.

In these ways, we can judge others quickly, but sometimes we mistakenly judge others by these shortcuts.

## WHEN PERCEPTION FAILS

Perception often provides a false interpretation of sensory information. Such cases are known as illusions. A term psychologists use to refer to incorrect perceptions.

There are two illusions: those due to physical processes and those due to cognitive processes. Illusions due to distortion of physical conditions include hallucination, in which an individual perceives objects which are non-existent, for example, water on a dry road.

Cognitive processes result in many illusions but more common shape illusion, often resulting in unsettling consequences. Consider a real-world example involving the Poggendorff illusion.

In this illusion, a line disappears at an angle behind a solid figure, reappearing on the other side at what seems to be the incorrect position. Incorrect perceptions of the world around them may lead to problems for personnel.

Budding managers who flame out do so because they fail to read situations properly and act accordingly. They develop poor working relationships, are too authoritarian, or have a conflict with upper management. As a result, their careers come to a screeching halt.

This should be avoided, and they had been able to correctly perceive what they should be doing and had the emotional maturity and ability to make the necessary changes.

#### WHY PERCEPTION VARY?

Our perceptions vary from person to person, and the meaning we take from those perceptions varies. This is why people have different tastes in music, art, architecture, clothes, etc.

Different people perceive different things about the same situation. But more than that, we assign different meanings to what we perceive. And the meanings might change for a certain person.

One might change one's perspective or simply make things mean something else. Two people with identically tested seeing and hearing will still have different tastes in what they like to see and hear. The way we perceive the world around us varies and is as unique as our individual personalities. Even though we might look at the same picture, what we interpret will vary depending on a number of factors, including what we expect to see.

Basically, perception is a very interesting facet of life and business. How we perceive our world and how we think our world perceives us can dictate how we act and how we respond in certain situations.

Thus, perception, or apprehending by means of the senses or the mind, can be a very powerful and influential aspect of our lives. It can direct our actions and our thoughts, which in many ways guide who we are.

Employee perceptions cannot be ignored, even when they are known to be incorrect, because they are factual to the employees that in turn act as a major factor to continued existence of the employee to the organization. The intervening role that individuals

perceptions of engagement play in transmitting the perceptions of one's work context into performance behaviors that support the performance of the organization. The pattern of these relationships suggests support for an indirect relationship between climate perceptions and contextual performance, a positive and significant relationship between individual perceptions of engagement and both forms of contextual performance (Aquinas, 2006).

## PERFORMANCE APPRAISAL

The term performance appraisal refers to the regular review of an employee's job performance and overall contribution to a company. Also known as an annual review, performance review or evaluation, or employee appraisal, a performance appraisal evaluates an employee's skills, achievements, and growth, or lack thereof.

Companies use performance appraisals to give employees big-picture feedback on their work and to justify pay increases and bonuses, as well as termination decisions. They can be conducted at any given time but tend to be annual, semi-annual, or quarterly. Cropanzano et al (2007), posit that performance appraisal is an important management tool to assess employees' efficiency in the workplace, and may be defined as a structured formal interaction between a subordinate and supervisor that usually takes the form of a periodic review which could be annual or semi-annual to evaluate work performance. performance appraisal is intended to engage, align and coalesce individual and group effort to continually improve overall organizational mission accomplishment (Shanock, 2006). It provides a basis for identifying and correcting disparities in performance. Systematically, performance appraisal reviews each employee's work performance with a view to discovering the strengths and weaknesses of individuals and to identify opportunities for future skills improvement and development. Performance appraisal is a systematic way of evaluating a workers performance and his potential for development. This continuing performance and periodic evaluation helps in retraining, promotional and retaining policies.

Performance appraisal could be formal or informal (Aycan, 2005). Formal appraisal is more orderly, systematic, planned and periodical, in which separate documents exist for the formal appraisal and this is usually recorded. Whereas informal appraisal entails subordinates performance assessment in the normal course of work and day- to- day

relationship. Formal appraisal occurs when the contact between manager and employee is formalized, in which case a system is established to report supervisory impressions and observations of employee performance. This could be annually or semi-annually informal appraisal is conducted whenever a superior and subordinates feel it is necessary. This evaluation is communicated through conversation on the job or by on-the-spot examination of a particular piece of work (Cropanzano et al, 2007).

Roch and Shanock (2006), posit that formal performance appraisal plans are designed to meet the following organizational and individual needs; promotions, demotions or termination. Appraisal let subordinates know where they stand and needed changes that are required in their behavior, attitudes, skills or job knowledge. A sound performance appraisal system can be useful in improving employees' job performance, encouraging employees to express their views or to seek clarification on job duties and serving as a key input for administering a formal organizational reward and punishment systems. Performance appraisal system to be effective, it must have the following characteristics: it must be free of bias, the evaluator or rater must be objective and the method of appraisal must be fair, consistent and equitable.

## PERFORMANCE APPRAISAL PROCESS

The performance appraisal process involves establishing performance standards, communicating standards and expectations, measuring actual performance, comparing actual performance with standards, discussing results, providing feedback and decision making on corrective actions (Dessler, 2008). The process is systematic and interrelated and each stage is influenced by the preceding step.

### **1. Target Setting**

The first step in the process of performance appraisal is setting up of the standards which will be used as the base to compare the actual performance of the employee. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degree of their contribution to the goals and objectives, easily understandable and in measurable terms. In cases where the performance of the employee cannot be measured, the standards should be described clearly. Rich (1996), introduced as skill based method that creates a work environment that allows employees to develop the skills they need to meet business goals. People perform better when they are committed to achieving certain targets. Through an understanding of the

effect of target setting on individual performance, organizations are able to use goal setting to benefit organizational performance.

Locke and Latham (2002), have indicated three moderators that indicate target setting success: The importance of the expected outcomes of target attainment, and; self-efficacy – one's belief that they are able to achieve the targets, and; commitment to others – promises or engagements to others can strongly improve commitment. Gawley, B.D. (1998), stated that target setting within performance appraisal has been associated with greater appraisal satisfaction, higher job satisfaction and increased performance. Target setting effectiveness derives from its ability to focus on employee effort and attention on the critical tasks at hand enhancing employee persistence and reducing the likelihood of being distracted. Target setting is a powerful motivational technique because both intrinsic and extrinsic satisfaction flows from target achievement. Target setting focuses attention and effort in the future which can be changed versus the judgmental performance appraisal process's emphasis on past behavior which cannot be altered.

## **2. Communicating Standards**

Once the standards are set, it is the responsibility of the management to communicate the standards to all employees in the organization. The employees' should be informed and the standards should be clearly explained to them. This will help employees to understand their roles and to know what exactly is required of them. The standards should also be communicated to the appraiser or the evaluator and if required the standards can also be modified at this stage according to the relevant feedback from the employees or appraise (Dessler, 2008). Performance expectations are the basis for appraising employee performance. Written performance standards let you compare the employee's performance with mutually understood expectations and minimize ambiguity in providing. Standards identify a baseline for measuring performance. From performance standards, supervisors can provide specific feedback describing the gap between expected and actual performance.

Observing an employee's performance, you usually make a judgment about whether that performance is acceptable. Standards identify a baseline for measuring performance where from performance standards, supervisors can provide specific feedback describing the gap between expected and actual performance. Clear and specific standards of performance are major elements of a valid and reliable

performance appraisal system. The key is to develop standards that measure the essential job duties and responsibilities utilizing a balance of process, outcome and individual and group based performance standards. Employee participation in developing the rating form and appraisal procedures is the logical extension of the development of performance standards. The rating form summarizes the formal operational definitions of what the organization considers worthy of formal appraisal (Robert, G.E. 1992)

### **3. Measuring Performance**

Measuring the actual performance is the most difficult part of performance appraisal: that is the work done by the employees during the specified period under review. It is a continuous process which involves monitoring throughout 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 outcome of the process and providing assistance rather than interfering with an employees work (Kennedy, 1999). Since one of the characteristics of a performance standard is that it can be measured, you should identify how and where evidence about the employee's performance will be gathered. Specifying the performance measurements when the responsibility is assigned will help the employee keep track of his progress, as well as helping you in the future performance discussions.

Lack of measurable and objective criteria is that the criteria used during performance appraisal are not measureable and they are more subjective. This situation may lead to different interpretations of several appraisal standards by different managers. Barutcugil (2002), defines this situation as a problem of appraisal standards. There are many effective ways to monitor and verify performance, the most common of which are: Direct observation, specific work results (tangible evidence that can be reviewed without the employee being present), reports and records, such as attendance, safety, inventory, financial records, commendations or constructive or critical comments received about the employee's work.

### **4. Comparing Performance**

The actual performance is compared with desired or the standard performance. The comparison tells of the deviation in the performance of the employees from the standards set. The results can show the actual performance being less than the desired

performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance (Craig, Beatty, & Baird, 1986). Gap analysis identifies gaps between the optimized allocation and integration of the inputs (resources), and the current allocation level. This reveals areas that can be improved. Gap analysis involves determining, documenting, and approving the difference between business requirements and current capabilities. Gap analysis naturally flows from benchmarking and other assessments. Once the general expectation of performance in the industry is understood, it is possible to compare that expectation with the company's current level of performance. This comparison becomes the gap analysis. Such analysis can be performed at the strategic or operational level of an organization. Organization needs to find out if the deviations are due to internal shortcomings or external changes beyond the control of the organization, (Craig, Beatty, & Baird, 1986).

## **5. Feedback**

The result of the appraisal is then communicated and discussed with the employee on one- to- one basis. The focus of the discussions is to review results, the problem and possible solution that are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can affect an employees' future performance. The purpose of the meeting should be solve the problems faced and motivate the employee to perform better (Lawler, 1994: Vroom, 1964). Regular feedback should occur at least once each quarter and more frequently if an employee needs encouragement or motivation. The performance management process starts with employee planning and ends with an evaluation of employee progress. Klein and Snell (1994), argued that there is "no best way" to conduct an appraisal interview. It depends on the situation, the relationship of the parties involved and their individual make.up. Furthermore, Fletcher (2002) claimed that the notion that all appraisees are going to react the same way to appraisal is probably very unsafe, and Ilgen *et al.* (1979) suggested that individual differences probably play a substantial role in how people interpret appraisal feedback and how they respond to these interpretations.

Furthermore, to the extent that high levels of perceived regular feedback reflect that appraisers will have more and better information about individual appraises. However, De Cenzo (1996), stated that performance appraisal must be focused on improving the

performances of employees especially by providing them feedbacks on their weak points. Managers and employees should meet to discuss planning and targets throughout the year. If possible, formally sitting down with your supervisor or manager on a quarterly basis is optimal. The process, at its best, is a collaborative one which should add value for both the employee and the employer. Employees thrive on feedback because it ensures they are performing job duties and responsibilities according to the company's expectations and when feedback is not provided appraisal results do not reach the employees. In most of the managements, the persons who are authorized to make assessments do not deliver the appraisal results to the employees.

## **6. Corrective Action**

The final step in the performance appraisal process is taking decisions to improve the performance of the employees, take corrective action or take human resource decisions like rewards, promotions, demotions, transfer, and recognition or terminate. The decision to be taken should be weighed carefully so as to avoid any biasness, discrimination and unfair judgment. Once a method of corrective action is determined, it needs to be implemented as soon as possible. Then an analysis of the effectiveness of the solution should be scheduled. This way if the corrective action doesn't create the expected results, further action can be taken before the organization falls even further behind in meeting its goals. The ideal is that all employees are productive, contributing members of the organization. However, when performance begins to deteriorate, or a serious, inappropriate incident occurs, it is imperative that the supervisor communicate his or her concerns with the employee (Armstrong & Murlis, 1998).

Buchner (2007), stated that the severity of the issue will determine the appropriate corrective action. Feedback needs to be immediate and ongoing. In order to be effective and correct employee behavior, corrective action must have certain fundamental characteristics; it must be progressive, consider past practice and equitable treatment; and meet the test of just cause. The principle of "progressive and constructive" action involves informing the employee of the problem and the need to correct it, and then using increasingly stronger disciplinary measures if the employee fails to correct the problem. The formal constructive discipline process may include a verbal reprimand, a written reprimand, suspension, and termination of employment. The degree of action taken must correlate to the seriousness of the offense and the employee's record. Corrective action should be taken at the minimum level necessary to bring about



correction of the problem. If the problem is not corrected, more severe action will be taken, up to and including termination of employment.

#### EMPLOYEE PERCEPTION AND PERFORMANCE APPRAISAL PROCESS

Ki law (1988), argues that employees' perception is very important, but rarely considered. It is often seen that a performance appraisal is considered as just a formality and is very boring. This is because the results of performance appraisal are not often followed by any feedback. Perception depends on complex functions of the nervous system, but subjectively seems mostly effortless because this processing happens outside conscious awareness Goldstein (2009). Churchill et al. (1985), conducted a study on sales people's perception of performance appraisal criteria, he stated that the sales persons role is a three-step process. The first is how the sales person should behave based on the role of organizational policies, operating procedures, and training programs. The implication is that the sales person must follow the policies and procedures of the corporation and be able to apply the training received to perform the job. Secondly, the perceived role is based on how the sales person perceived the job expectations and demands communication through the manager or trainer. The sales person may suffer role ambiguity, role conflict, or role inaccuracy. Jaworski & Kohli, (1991), states that the perception of role ambiguity occurs when representatives feel that they have not been given necessary training to perform the job adequately. Role conflict takes places when a sales person believes that the role demands two or more members of the role set are incompatible.

Lastly, role inaccuracy arises when the sales persons perception of the customers, and the demands placed on the sales person by his or her family are (Churchill et al, 1985). According to the expectancy theory of motivation advance by Vroom (1964), effort is geared towards expected outcome. In an organization different people would normally expect different outcomes; some employees would expected salary increments while the owners would expect promotions etc and therefore its upon management to ensure how each and every employees expected need is met in order for everyone to motivated for the to maintain optimum performances from all employees. Performance appraisal can serve this purpose through communications between supervisors and subordinates. Although employees do identity with their organization, they are also concerned about themselves in return for doing a good job; they expect adequate pay, good working

conditions, training and development, job security and certain amounts of appreciation, power and prestige, (Stoner, Freeman & Gilbert 2002). Employees' value growth and career opportunity in an organization, with such opportunities is increased and expensive turnover decreased.

## **CHAPTER III**

### **RESEARCH METHODOLOGY**

#### **3.1 INTRODUCTION**

Research is a fact finding investigation about the research problem. Research is the process of steps used to collect and analyze information to increase our understanding of a topic or issue. A research can be defined as the creative work undertaken on a systematic basis in order to increase the stock of knowledge, including knowledge of man, culture and society and the usage of this inventory of understanding to plot new applications.

Research is the method of systematic and in-intensity look at or look for any precise topic, challenge or vicinity of investigation, sponsored with the aid of using collection, compilation, presentation and interpretation of applicable information or data. Research method is a manner to systematically resolve the studies hassle. It can be understood as a technology of reading how studies is achieved scientifically. Research may also expand speculation and take a look at it. In it we look at the diverse

steps which can be typically followed with the aid of using the researcher in reading his studies hassle alongside the good judgment at the back of them. To qualify as research, the process must as far as possible, be systematic, controlled, rigorous, valid and verifiable, empirical and critical.

According to Martyn Shuttle worth (2008) -“In the broadest experience of the word, the definition of studies consists of any collecting of data, records and records for development of understanding.” It is necessary for the researcher to know not only the research method or techniques but also the methodology.

Thus, when we discuss on the research methodology the research methods have to be considered and the logic behind these methods that been used in the context of the research study which explains why we are using a particular method or technique. And the research results are capable of being evaluated either by the researcher himself or by others.

According to the American sociologist Earl Robert Babbie (2014), “Research is a systematic inquiry to describe, explain, predict, and control the observed phenomenon.

Research involves inductive and deductive methods.” Inductive research methods are used to analyze an observed event. Research methodology is a way to systematically solve the research problem. It may be understood as a science of studying how research is done scientifically. This research is being followed by a questionnaire and researcher tries to describe, analyze and find the solution to the problem.

### **3.2 RESEARCH DESIGN**

It is a Descriptive study. And the target area was limited to CEDAR Retail Private Limited. A survey was conducted on the staff of CEDAR Retail Private Limited, Mannuthy. The total strength of CEDAR employees was 200 at the time of the study conducted. I selected 150 respondents.

### **3.3 POPULATION OF THE STUDY**

In any statistical investigation, we are interested in studying the characteristics of individuals or items of a particular group. This group of individuals under study is

known as a population. It is a well determined collection of objects or individuals, that they having similar characteristics or features. The population of this study consists of 200 employees of CEDAR Retail Private Limited, Mannuthy.

### **3.4 SAMPLE SIZE**

A sampling is a finite part of a population and its characteristics are studied to gather information about the research problem. The sample size can be defined as a set of respondents selected from a large population for the purpose of research. A sampling method is a procedure for selecting members of a sample from a population. The number of sampling units selected from the population is called the size of the sample. The sample size chosen for this study consists of 150 responses of employees at CEDAR Retail Private Limited.

### **3.5 SAMPLING TECHNIQUE**

In this research the primary data is collected by simple random sampling method. Simple random sampling is a type of probability sampling in which the researcher randomly selects a subset of participants from a population. Each member of the population has an equal chance of being selected. Data is then collected from as large a percentage as possible of this random subset.

### **3.6 DATA COLLECTION**

Data collection in research is the process of gathering, preparing and measuring the information related with the research. The important focus on data collection is ensuring that information rich and reliable data is collected for statistical analysis. The main purpose behind the data collection is to assess, record and analyse the various aspects about the particular topic or issue regards to the research.

The planning of data collection for this research was defined at the starting stage of this research so that it helped to get it. Because, this research is done to study The Perception of employees towards Performance Appraisal in CEDAR Retail Private Limited. So, the responses from the employees are considered as the base for the research and the conclusion. According to this research, the data is collected from the respondents through the questionnaire.

### □ **Primary Data**

Primary data is the data which collected directly from the respondents. It is been collected afresh or first-hand data for the first time gathered by the researcher himself. And these data usually collected from the source where the original data originates and regarded as the best kind of data in the research. In this research the data was collected by taking down the responses of employees at CEDAR Retail Private Limited, Mannuthy. And questionnaire is used for the collection of primary data.

### □ **Secondary Data**

Secondary data on the other hand those data that have been already collected by someone else which has passed from the statistical process. It may be from journals which is already published, reports, textbooks, publications, company website and magazines. It is the data which is already collected and presented by someone. Secondary data for this project have been collected from the records available in the organization. And also the business and publicity materials of the organization are also part of these secondary data.

## **CHAPTER IV**

### **DATA ANALYSIS AND INTERPRETATION**

#### **4.1 INTRODUCTION**

Analysis of data is a process of inspecting, cleaning, transforming and modeling data with the goal of discovering useful information, suggesting conclusions and supporting decision making. Data analysis has multiple facets and approaches, encompassing diverse techniques under a variety of name, in different business, science and social science domains.

Data analysis is engaged in after all data has been collected and is a process used to analyze the collected data. The type of data analysis tool that was used is dependent on the type of data.

The data analysis is represented by use of descriptive analysis. Descriptive analysis summarises the characteristics or features from a collection of information quantitatively. And also percentage analysis is used in order to summarise and compare the data that have been collected.

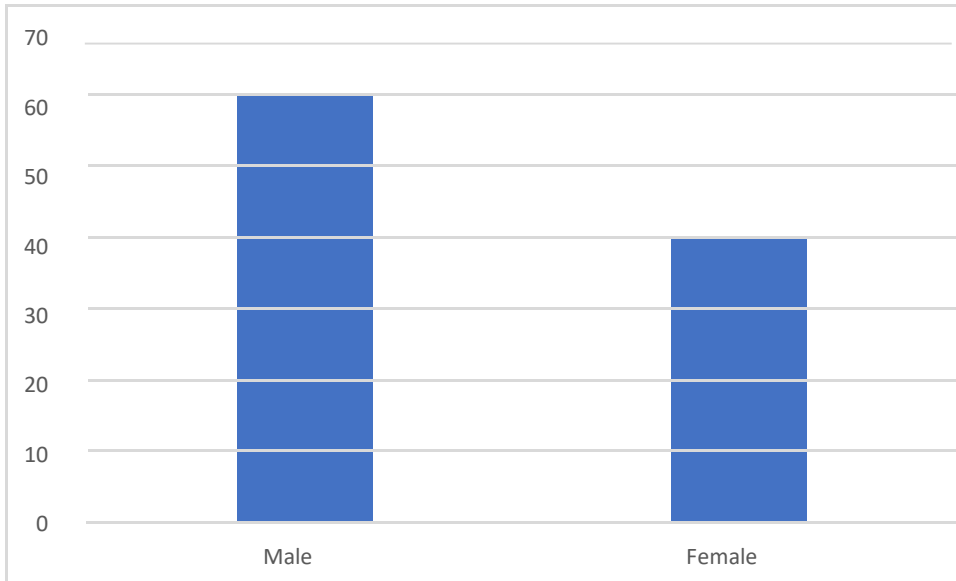
The data required for this research were gathered from a sample of 150 respondents. The collected data were analysed by the use of statistical tool including percentage analysis and the software is used for the data interpretation is MS Excel tool. In this study, the data were analysed on the basis of percentage analysis and by graphical representation. The collected data were tabulated and converted into percentage. And the interpretations are done on the basis of the tabulated data and the graphical representations.

Data analysis is the process of evaluating the data using analytical and logical reasoning to examine each component of the data provided. Data from various sources is gathered, reviewed and then analyzed to form some sort of findings or conclusion. There are variety of specific data analysis method, some of which include data mining, text analytics, business intelligence and data visualization.

**Table 4.1 GENDER**

Gender	Frequency	Percentage
Male	90	60
Female	60	40
Total	150	100

**Figure 4.1 Gender**



**INTERPRETATION:**

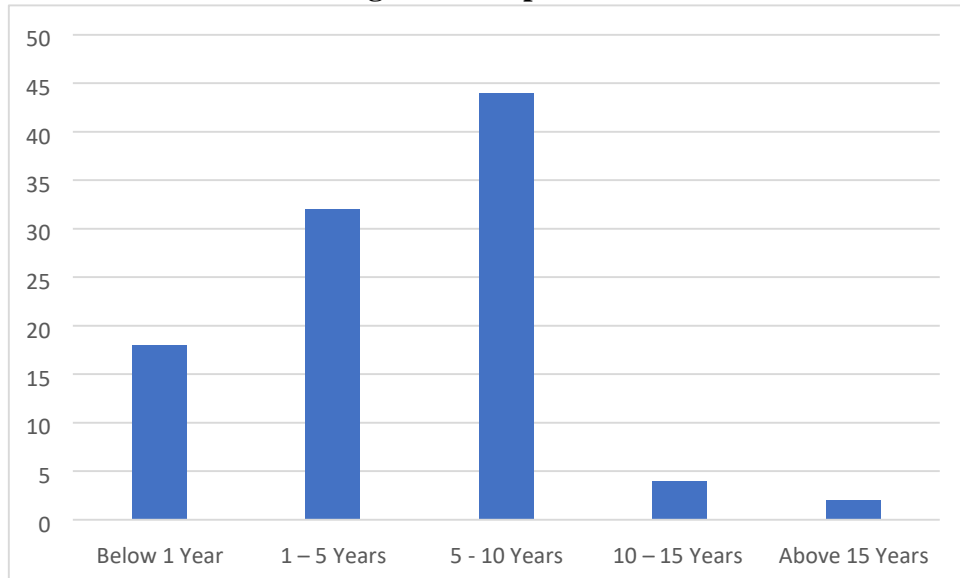
From the above diagram, it shows that the majority i.e., 60 % of the respondents are male and 40% respondents are female.

**Table 4.2 EXPERIENCE**

Experience	Frequency	Percentage
Below 1 Year	27	18
1 – 5 Years	48	32
5 - 10 Years	66	44
10 – 15 Years	6	4
Above 15 Years	3	2

Total	150	100
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**Figure 4.2 Experience**



**INTERPRETATION:**

Above graphs shows that,18% of the respondents have the experience of below 1 year. 32% of respondents have 1 - 5 Years of Experience, 44% of respondents have 5 – 10 years of experience. And 4% of respondents have 10 – 15 years of experience and only 2% of respondents have above 15 years of experience.

**Table 4.3 KNOWLEDGE REGARDING THE EXISTENCE OF FORMAL PERFORMANCE MANAGEMENT SYSTEM**

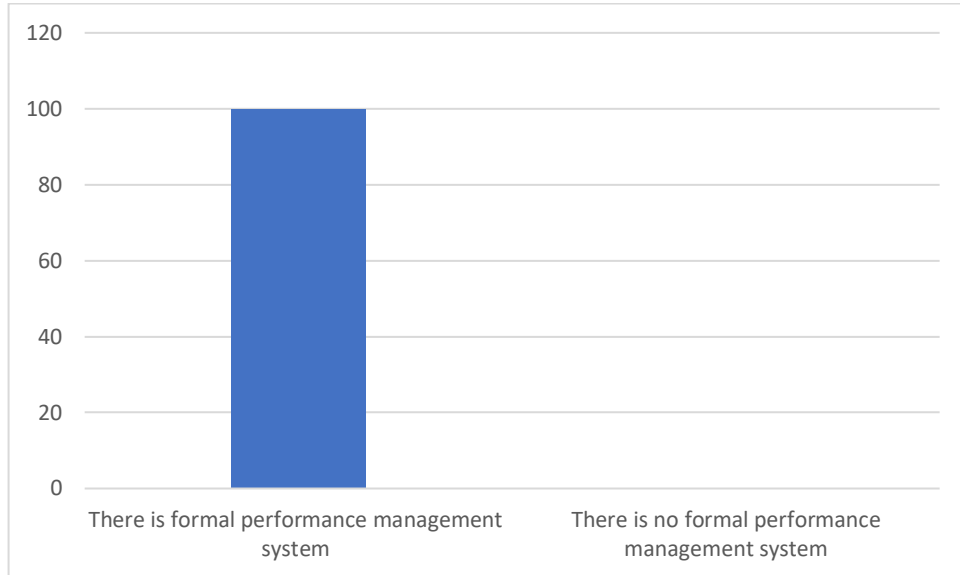
Particulars	Number of respondents	Percentage
Formal performance management system	150	100%
No formal performance management system	0	0%



<b>Total</b>	<b>150</b>	<b>100%</b>
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( source : primary data)

**Figure 4.3 Knowledge regarding the existence of formal performance system**



### INTERPRETATION

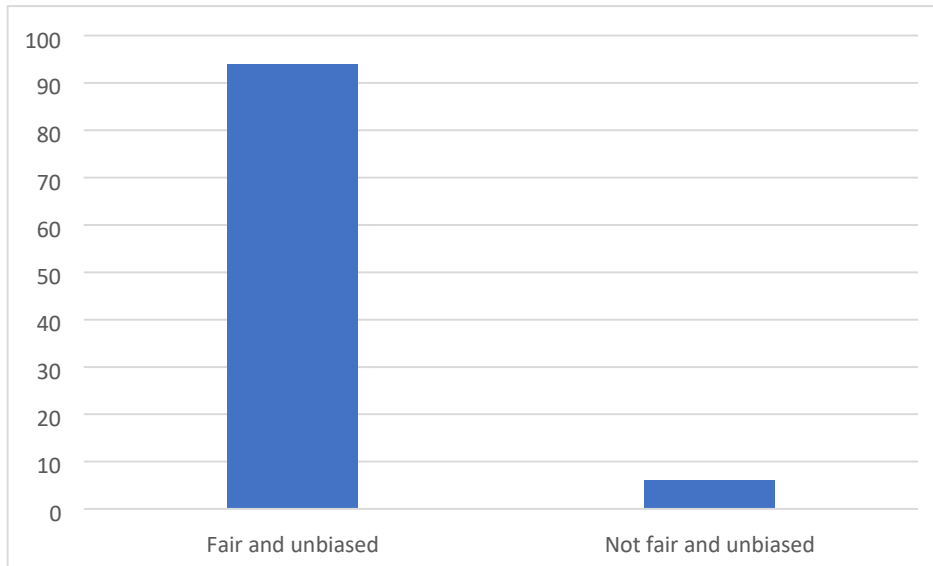
It is found that 100% of employees have the opinion that a formal performance management system operates in the organization.

**Table 4.4 THE CURRENT APPRAISAL IS BIASED OR UNBIASED**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Fair and unbiased	141	94%
Not fair	9	6%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.4 The current appraisal is biased or unbiased**



#### **INTERPRETATION**

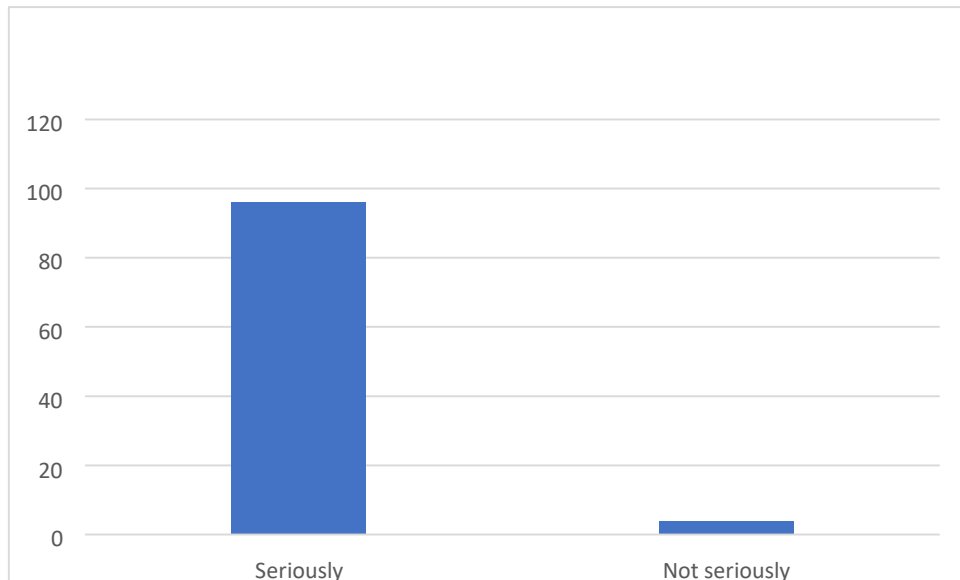
We can say that 94% of the customers have the opinion that the current appraisal is fair and unbiased. And 6% of them have the opinion that the current appraisal is not fair and unbiased.

**Table 4.5 OPINION ABOUT THE SERIOUSNESS OF APPRAISAL  
DISCUSSION**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Seriously	144	96%
Not seriously	6	4%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.5 Opinion about the seriousness of appraisal discussion**



### **INTERPRETATION**

It is found that 96% of the employees have the opinion that the leader takes the performance appraisal review discussion seriously. And 4% of employees have the opinion that the leader doesn't take the performance appraisal review discussion seriously.

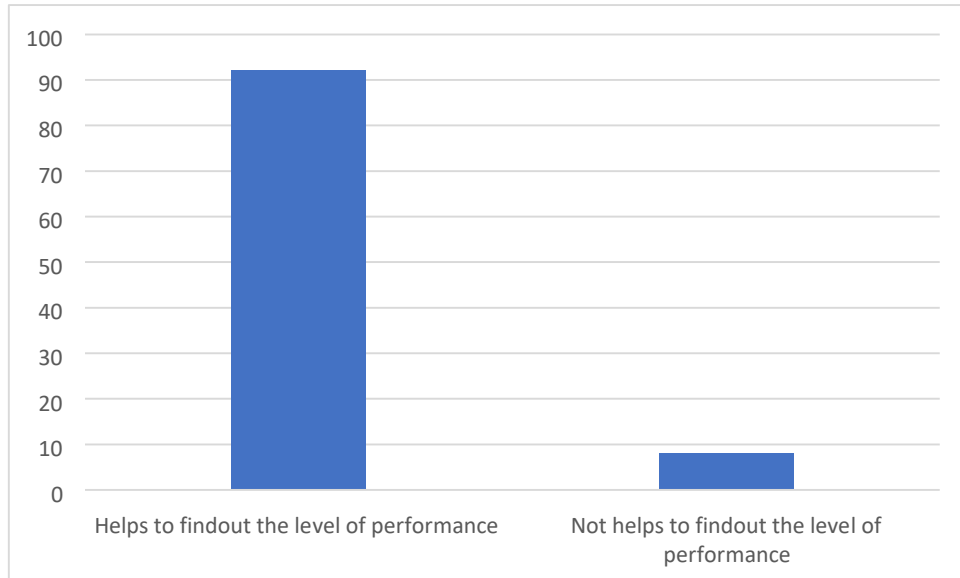
**Table 4.6 OPINION ABOUT PERFORMANCE APPRAISAL AND EMPLOYEES LEVEL OF PERFORMANCE**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Helps to find out the level of performance	138	92%
Does not help to find out the level of performance	12	8%

Total	150	100%
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( source : primary data)

**Figure 4.6 Opinion about performance appraisal and employees level of performance**



**INTERPRETATION**

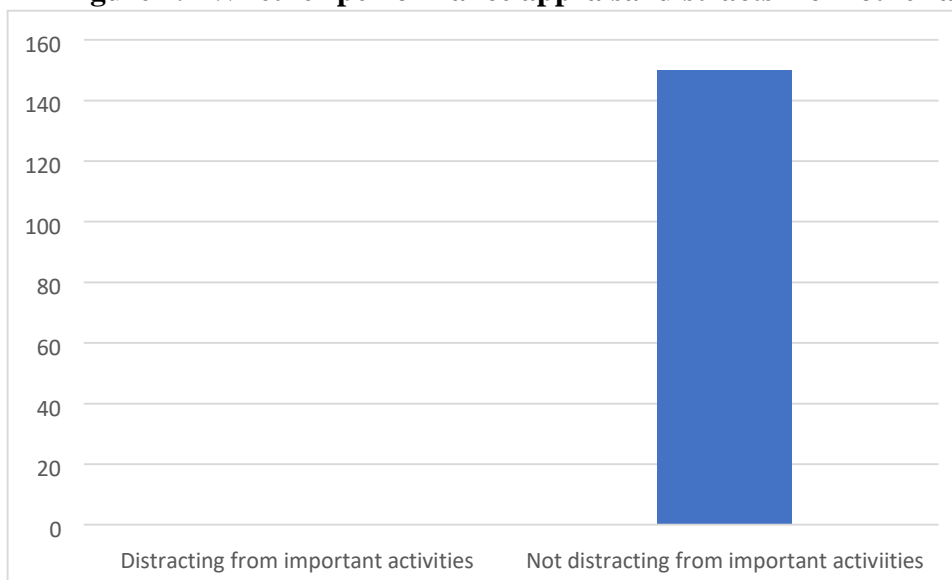
92% of the employees have the opinion that performance appraisal process help them to find out their level of performance and 8% of them says that performance appraisal process doesn't help them to find out their level of performance.

**Table 4.7 WHETHER PERFORMANCE APPRAISAL DISTRACTS FROM OTHER ACTIVITIES**

Particulars	Number of respondents	Percentage
Distracting from important activities	0	0%
Not distracting from important activities	150	100%
<b>Total</b>	150	100%

( source : primary data)

**Figure 4.7 Whether performance appraisal distracts from other activities**



**INTERPRETATION**

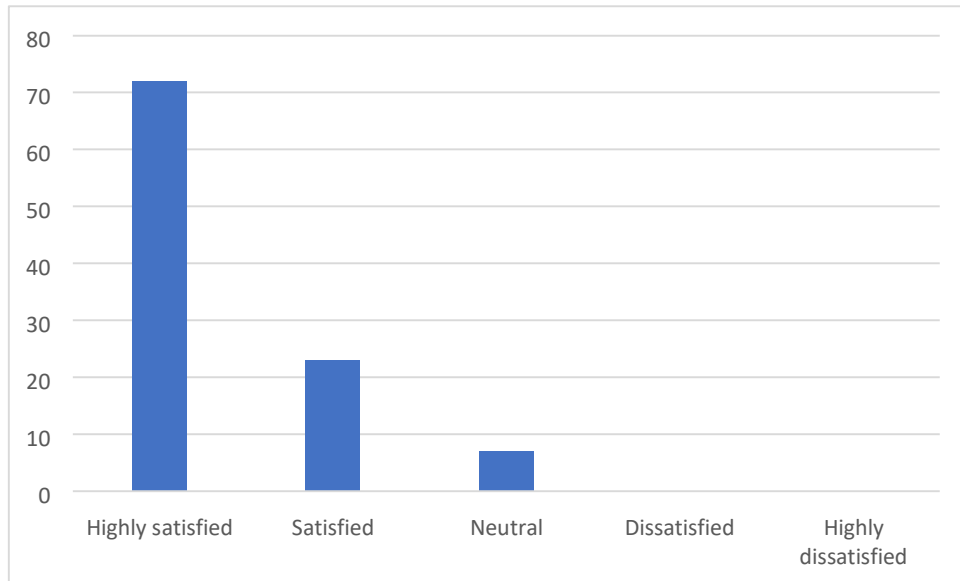
All employees have the opinion that performance management doesn't distract them from more important activities.

**Table 4.8 OPINION ABOUT FAIRNESS OF APPRAISAL FEEDBACK GIVEN BY ORGANIZATION**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Highly satisfied	108	72%
Satisfied	35	23%
Neutral	7	5%
Dissatisfied	0	0%
Highly dissatisfied	0	0%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.8 Opinion about fairness of appraisal feedback given by organization**



**INTERPRETATION**

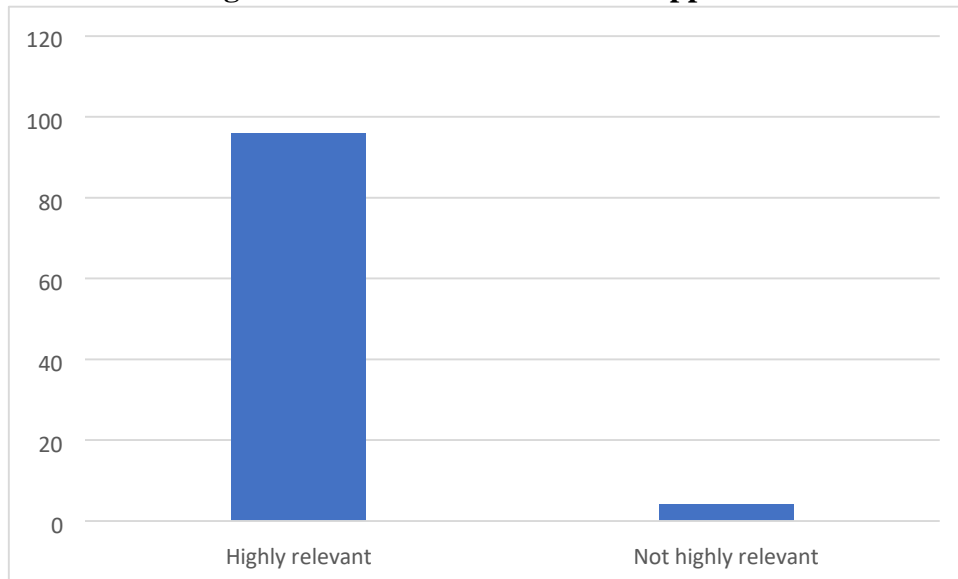
72% of the employees are highly satisfied with the way the organization provides the feedback.

**Table 4.9 RELEVANCE OF FEEDBACK APPRAISAL**

Particulars	Number of respondents	Percentage
Highly relevant	144	96%
Not highly relevant	6	4%
<b>Total</b>	150	100%

( source : primary data)

**Figure 4.9 Relevance of feedback appraisal**



**INTERPRETATION**

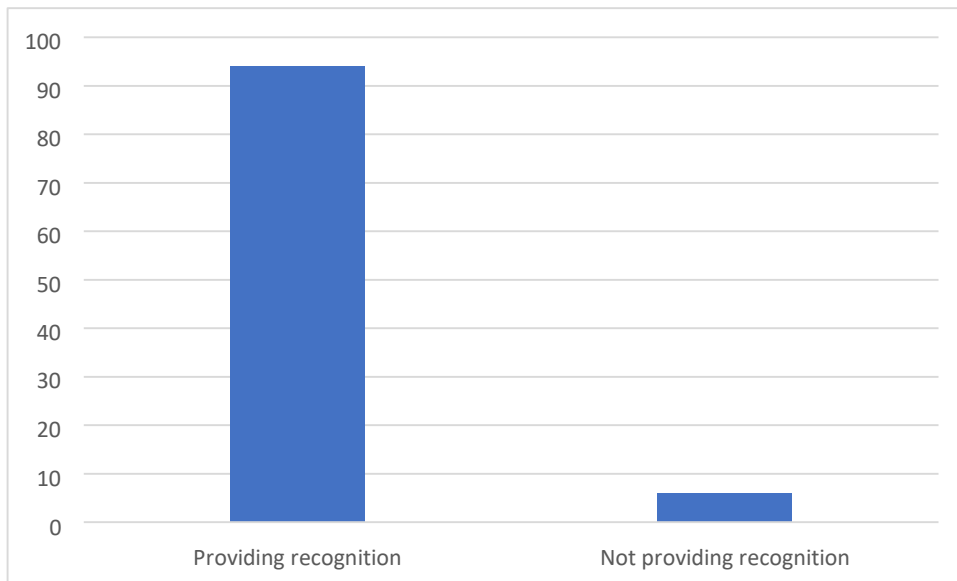
96% of the employees have the opinion that the feedback they receive on how they do their job is highly relevant. But 4% of them says that the feedback that they receive on how they do their job is not highly relevant.

**Table 4.10 REWARD SYSTEM ASSOCIATED WITH PERFORMANCE APPRAISAL**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Providing recognition	141	94%
Not providing recognition	9	6%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.10 Reward system associated with performance appraisal**



**INTERPRETATION**

It is found that 94% of employees have the opinion that this organisation is good at providing recognition for good performers. But 6% of the employees have the opinion that the organisation is not good at providing recognition for good performers.

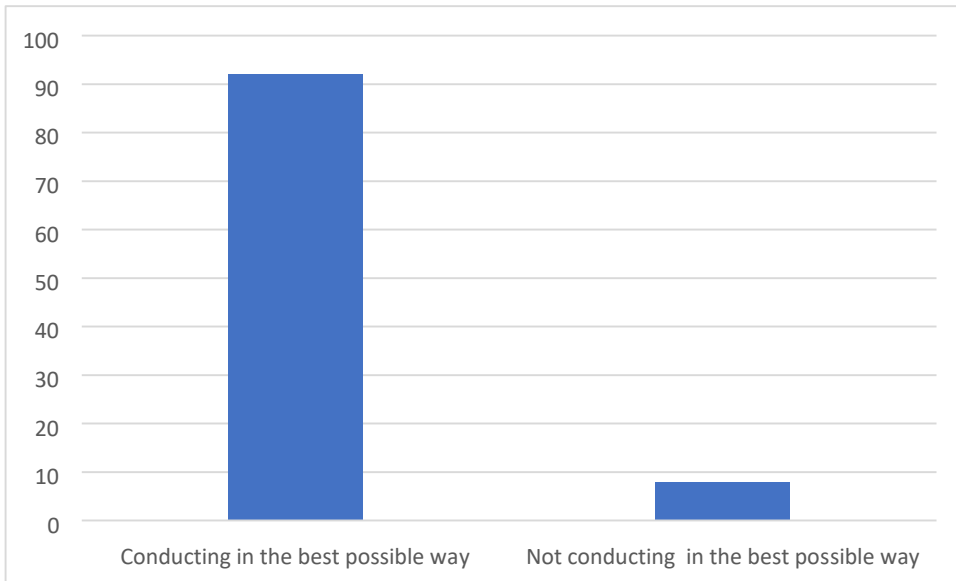
**Table 4.11 APPRAISAL METHOD**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Conducting in the best possible way	138	92%
Not conducting in the best possible way	12	8%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)



**Figure 4.11 Appraisal method**



**INTERPRETATION**

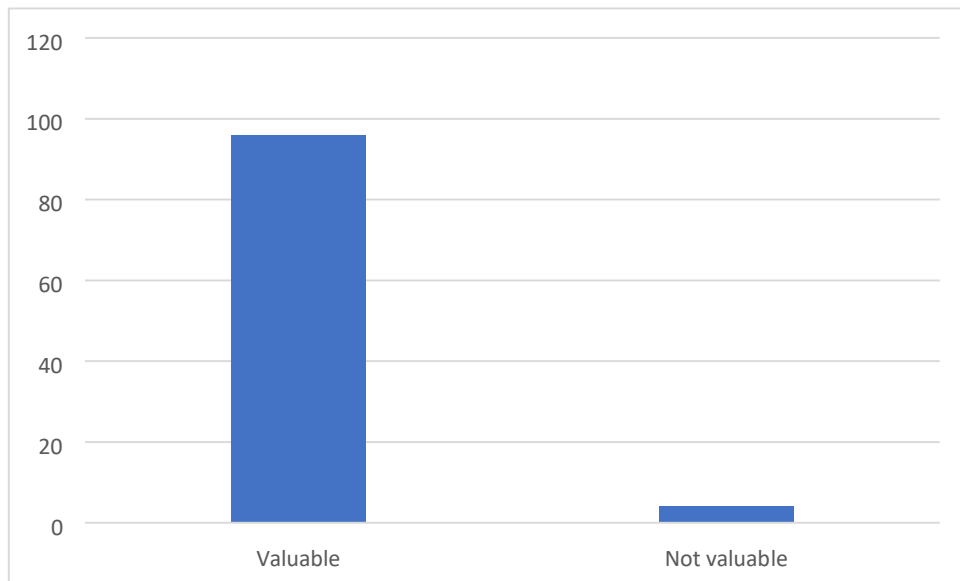
92% of employees have the opinion that the organization attempt to conduct performance appraisal in the best possible way and 8% of the employees have the opinion that the organization doesn't attempt to conduct the performance appraisal in the best possible way.

**Table 4.12 OPINION ABOUT THE APPRAISAL IS VALUABLE FOR EMPLOYEES AND ORGANIZATION**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Valuable	144	96%
Not valuable	6	4%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.12 Opinion about the appraisal is valuable for employees and organization**



**INTERPRETATION**

96% of the employees have the opinion that performance appraisal is valuable to them as well as to the organization. But 4% of the employees have the opinion that it is not valuable for them as well as to the organization.

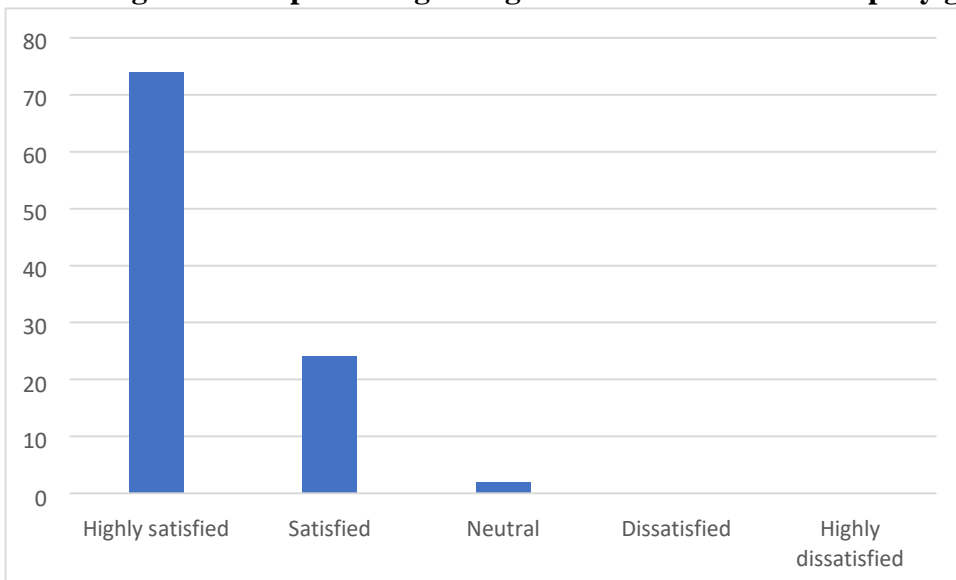
**Table 4.13 OPINION REGARDING THE SATISFACTION WITH COMPANY GOALS**

Particulars	Number of respondents	Percentage
Highly satisfied	111	74%
Satisfied	36	24%
Neutral	3	2%
Dissatisfied	0	0

Highly dissatisfied	0	0
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.13 Opinion regarding the satisfaction with company goals**



### INTERPRETATION

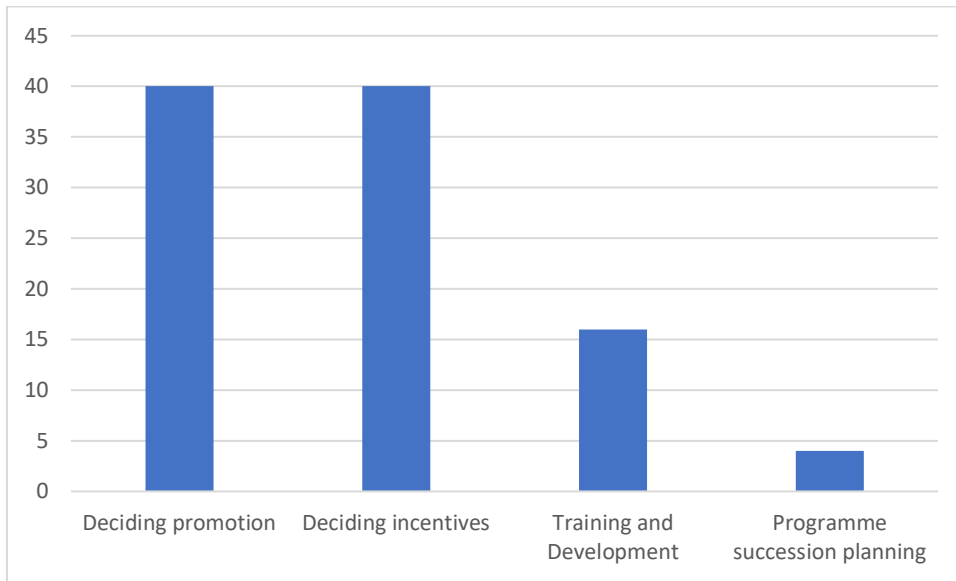
74% of the employees have the opinion that they are satisfied with the company's goals and they can understand the link between their efforts and those goals.

**Table 4.14 OPINION ABOUT THE RELEVANCE OF PERFORMANCE APPRAISAL SYSTEM**

Particulars	Number of respondents	Percentage
Deciding promotion	60	40%
Deciding incentives	60	40%
Training and development	24	16%
Programme succession planning	6	4%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.14 Opinion about the relevance of performance appraisal system**



**INTERPRETATION**

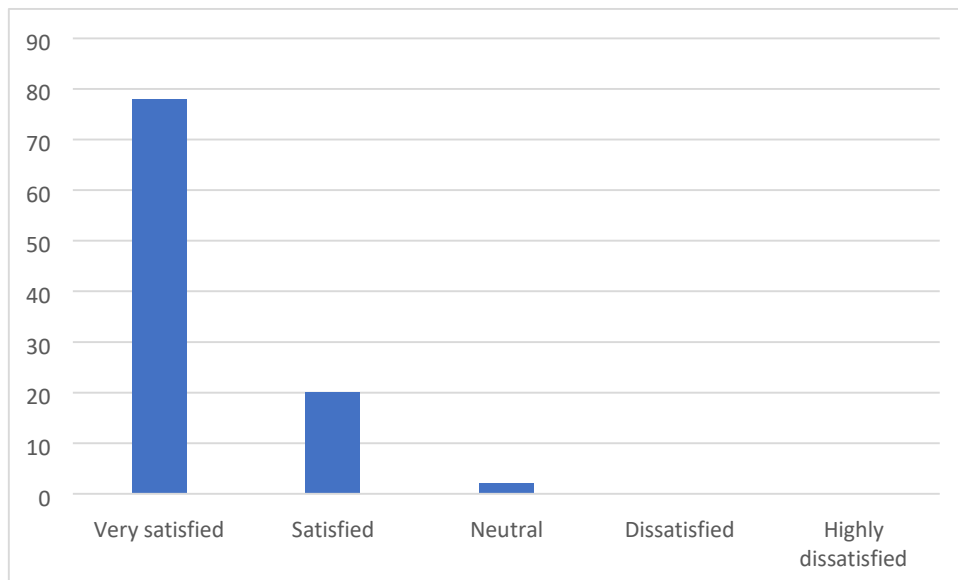
Performance appraisal system in this organization have its own relevance for deciding promotion and for deciding incentives. And it is also relevant for training and development and for succession planning.

**Table 4.15 CAREER ADVANCEMENT IN THE COMPANY**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Very satisfied	117	78%
Satisfied	30	20%
Neutral	3	2%
Dissatisfied	0	0%
Very dissatisfied	0	0%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.15 Career advancement in the company**



**INTERPRETATION**

78% of the employees have the opinion that they are very satisfied with their potential for career advancement with this company.

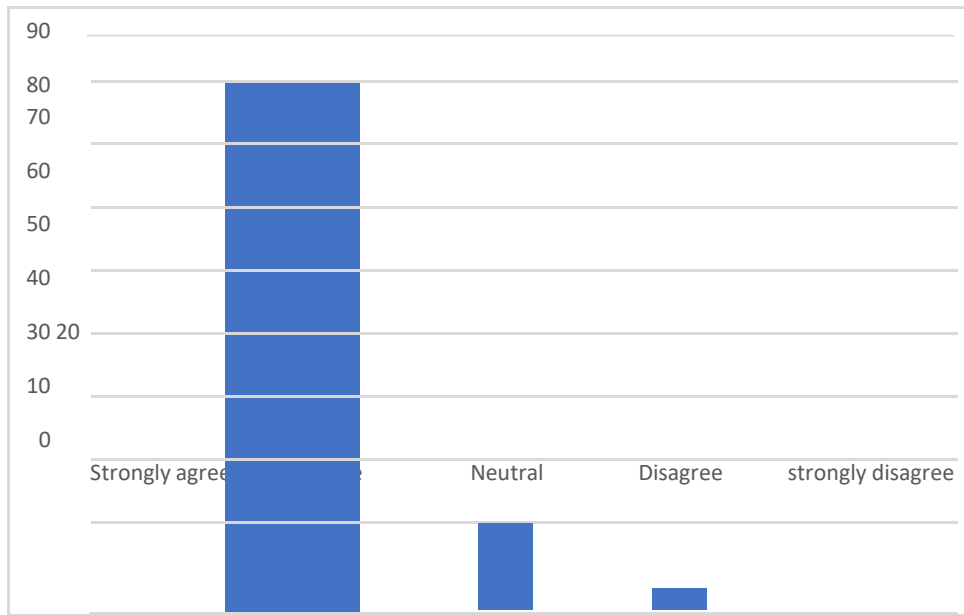
**Table 4.16 KNOWLEDGE OF EMPLOYEE REFERRAL TO OTHERS**

(Number of respondents who are ready to recommend this company to their friends)

Particulars	Number of respondents	Percentage
Strongly agree	120	80%
Agree	24	16%
Neutral	6	4%
Disagree	0	0%
Strongly disagree	0	0%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.16 Knowledge of employee referral to others**



**INTERPRETATION**

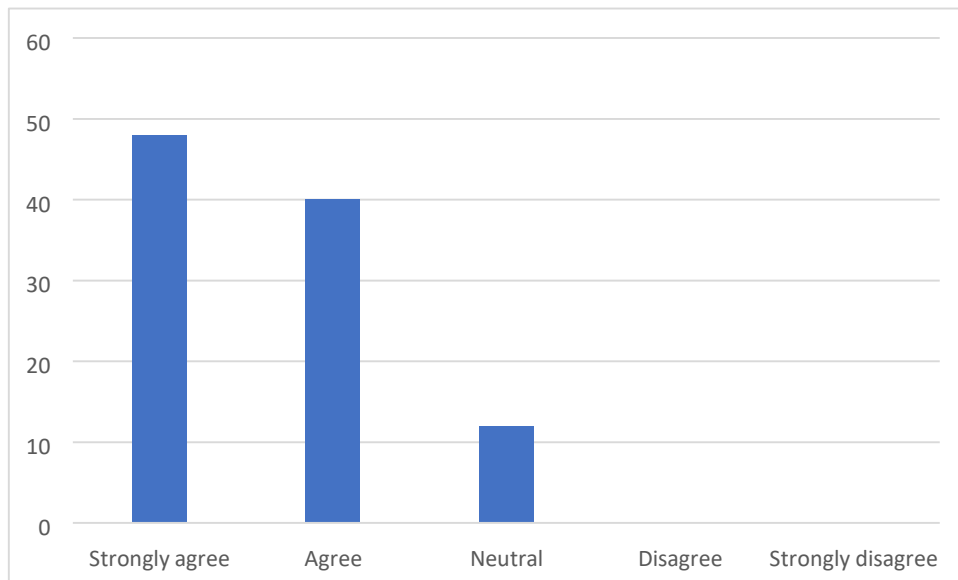
80% of the employees are strongly agreeing to the statement that they feel comfortable to recommend this company as an employer to friends.

**Table 4.17 OPINION ABOUT RECOGNITION AND PRAISE BY LEADERSHIP**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Strongly agree	72	48%
Agree	60	40%
Neutral	18	12%
Disagree	0	0%
Strongly disagree	0	0%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.17 Opinion about recognition and praise by leadership**



**INTERPRETATION**

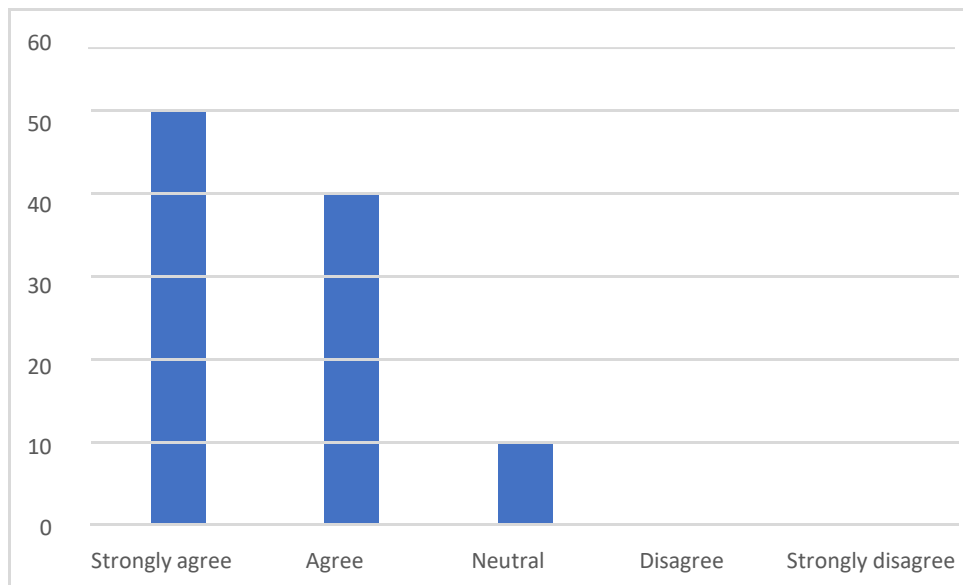
Majority of the employees have the opinion that they are recognized and praised by leadership for their efforts.

**Table 4.18 WORK-LIFE BALANCE AMONG EMPLOYEES**

Particulars	Number of respondents	Percentage
Strongly agree	75	50%
Agree	60	40%
Neutral	15	10%
Disagree	0	0%
Strongly disagree	0	0%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.18 Work-life balance among employees**



**INTERPRETATION**

Majority of the employees have the opinion that they have a healthy, comfortable work-life balance in their current role.

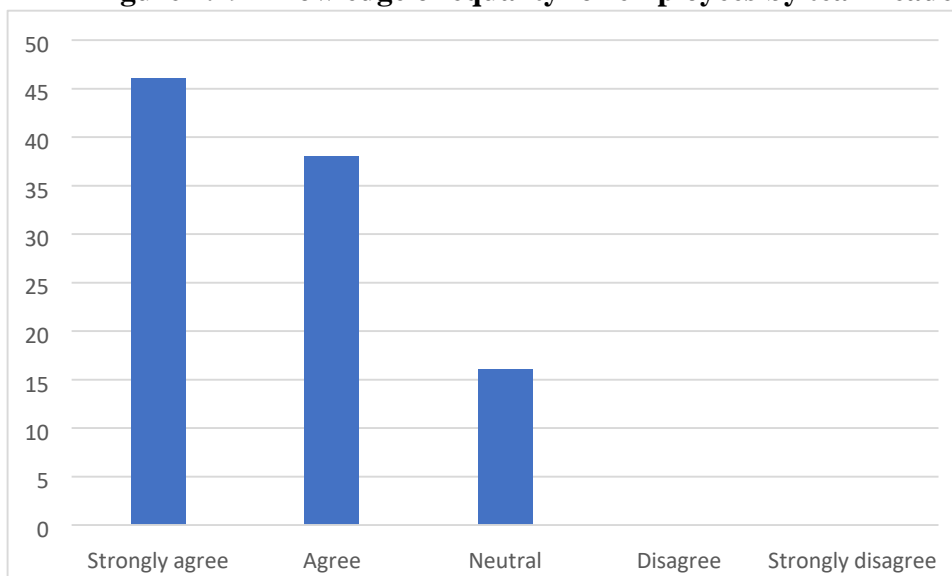
**Table 4.19 KNOWLEDGE OF EQUALITY FOR EMPLOYEES BY TEAM LEADER SIDE**

Particulars	Number of respondents	Percentage
Strongly agree	69	46%
Agree	57	38%
Neutral	24	16%
Disagree	0	0%
Strongly disagree	0	0%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)



**Figure 4.19 Knowledge of equality for employees by team leader side**



**INTERPRETATION**

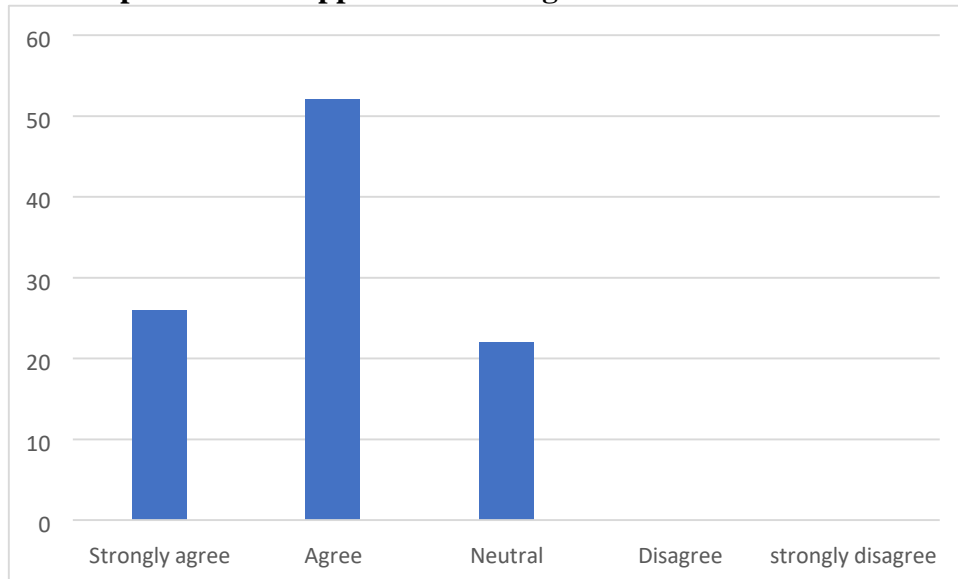
46% of employees are strongly agreeing that the leadership team treats all employees fairly and respectfully on a consistent basis. And 38% of employees are also agreeing to this statement.

**Table 4.20 OPINION ABOUT OPPORTUNITIES FOR GROWTH AND ADVANCEMENT**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Strongly agree	39	26%
Agree	78	52%
Neutral	33	22%
Disagree	0	0%
Strongly disagree	0	0%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.20 Opinion about opportunities for growth and advancement**



**INTERPRETATION**

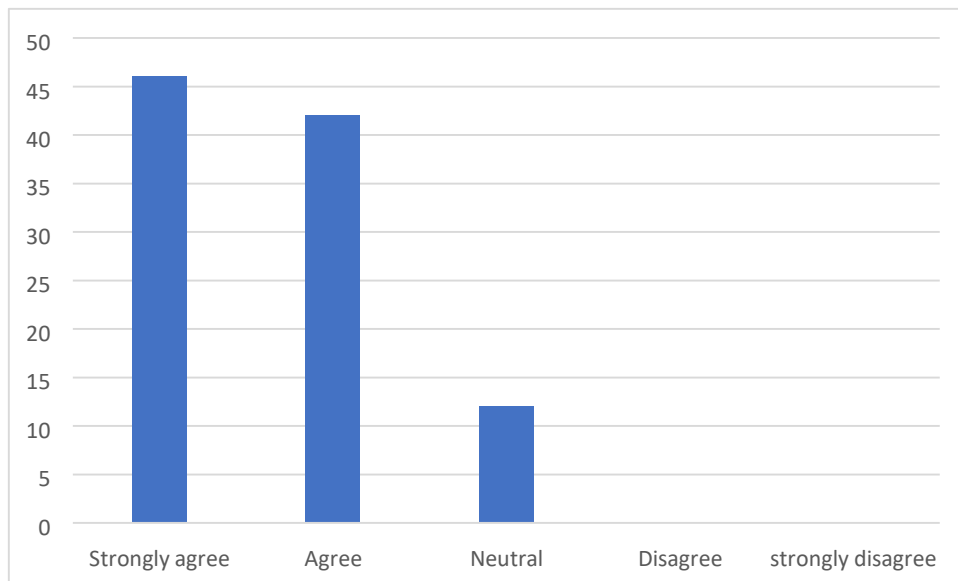
52% of employees have the opinion that the company offers plenty of opportunities for growth and advancement.

**Table 4.21 NUMBER OF PEOPLE WHO ARE READY TO SPEND THE REST OF THE CAREER WITH CEDAR Retail**

Particulars	Number of respondents	Percentage
Strongly agree	69	46%
Agree	63	42%
Neutral	18	12%
Disagree	0	0%
Strongly disagree	0	0%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.21 Number of people who are ready to spend the rest of the career with CEDAR Retail**



### **INTERPRETATION**

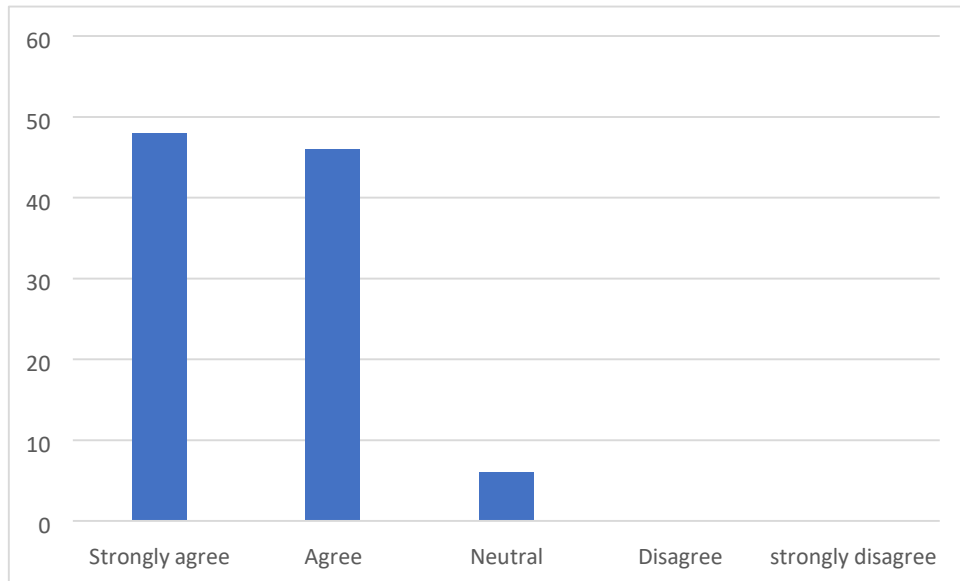
Majority of the employees are very happy to spend the rest of their career with this organization.

**Table 4.22 OPINION ABOUT THE SATISFACTION WITH COMPENSATION AND BENEFITS**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Strongly agree	72	48%
Agree	69	46%
Neutral	9	6%
Disagree	0	0%
Strongly disagree	0	0%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.22 Opinion about the satisfaction with compensation and benefits**



**INTERPRETATION**

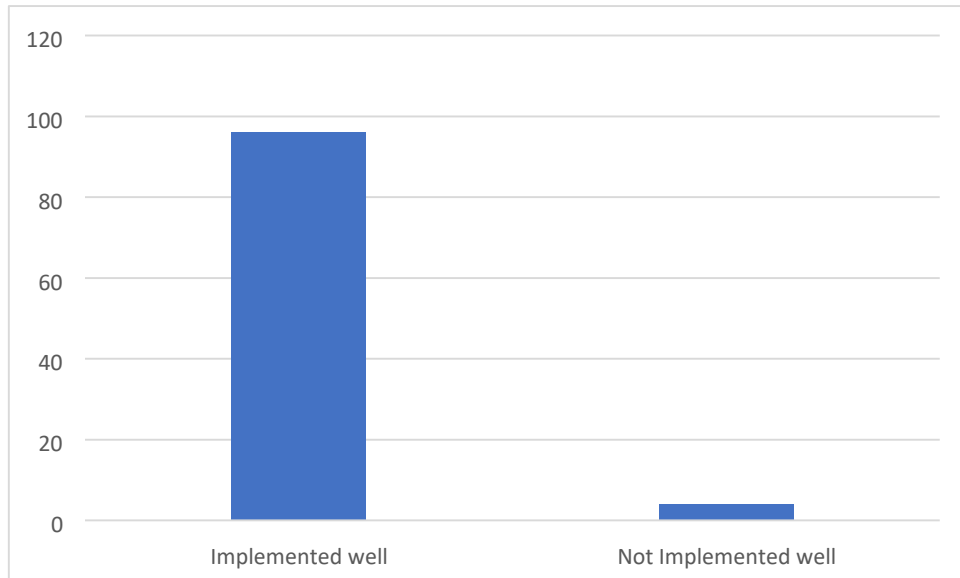
48% of employees are strongly agreeing that they are satisfied with the compensation and benefits provided in the organization. And 46% of employees are also agreeing to this statement.

**Table 4.23 OPINION ABOUT THE PERFORMANCE APPRAISAL IMPLEMENTATION**

<b>Particulars</b>	<b>Number of respondents</b>	<b>Percentage</b>
Implemented well	144	96%
Not implemented well	6	4%
<b>Total</b>	<b>150</b>	<b>100%</b>

*( source : primary data)*

**Figure 4.23 Opinion about the performance appraisal implementation**



### INTERPRETATION

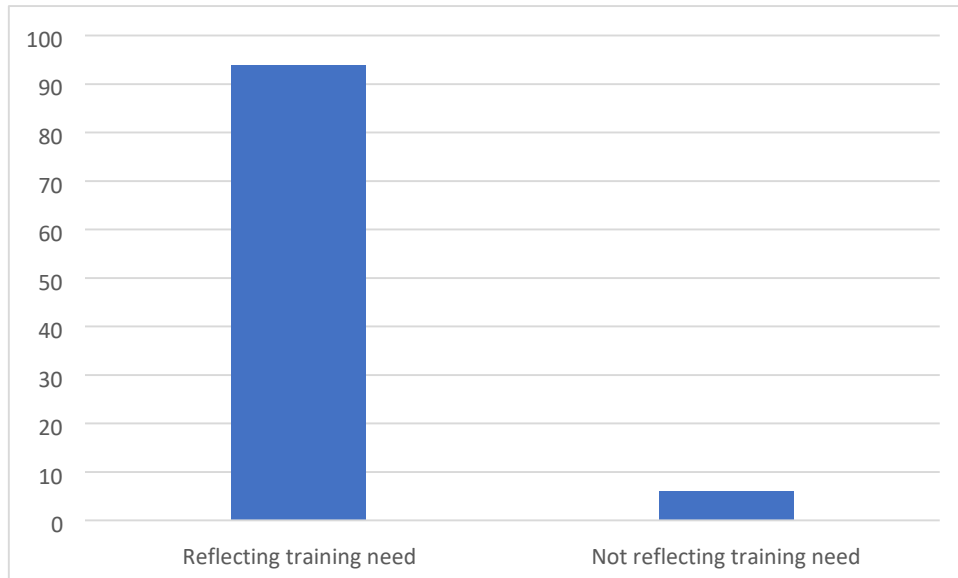
96% of the employees have the opinion that the performance appraisal system is implemented well in the organization. But 4% of them says that it is not implemented well.

**Table 4.24 KNOWLEDGE OF PERFORMANCE SYSTEM AND THE TRAINING NEED**

Particulars	Number of respondents	Percentage
Reflecting training need	141	94%
Not reflecting training need	9	6%
<b>Total</b>	<b>150</b>	<b>100%</b>

( source : primary data)

**Figure 4.24 Knowledge of performance system and the training need**



### **INTERPRETATION**

94% of employees have the opinion that the current performance appraisal system reflect the training need of an employee.

## **CHAPTER V**

### **FINDINGS, SUGGESTIONS AND CONCLUSIONS**

#### **5.1 INTRODUCTION**

The human resources are most crucial assets of an organization. The success or failure of an organization largely depends upon the caliber and positive quality of the people working therein. An organization can progress and prosper only with the creative contributions from its people.

Committed employees give a big contribution to organizations because they perform and behave on achieving organizations goals. Furthermore, workers who are committed to their organization are happy to be members of it, believe in and feel good about the organization and what it stands for, and intend to do what is good for the organization.

Work is the bond employees experience with their organization. Broadly speaking, employees who are committed to their organization generally feel a connection with their organization, feel that they fit in and, feel they understand the goals of the organization. The added value of such employees is that they tend to be more determined in their work, show relatively high productivity and are more proactive in offering their support.

Employees are important in running a business; without them, the business would be unsuccessful. However, more and more employers today are finding that employees do not remain for a long time in the same organization.

When companies hire the best-talented people, they should maximize the return on their investment of each employee. They should take much time to listen to employees' problem and make them feel involved and this will create loyalty, in turn, reducing turnover allowing for growth.

## **5.2 FINDINGS :**

- 60 % of the respondents are male and 40% respondents are female.
- 18% of the respondents have the experience of below 1 year. 32% of respondents have 1 - 5 Years of Experience, 44% of respondents have 5 – 10 years of experience. And 4% of respondents have 10 – 15 years of experience and only 2% of respondents have above 15 years of experience.
- It is found that 100% of employees have the opinion that a formal performance management system operates in the organization.

- 94% of the customers have the opinion that the current appraisal is fair and unbiased. And 6% of them have the opinion that the current appraisal is not fair and unbiased.
- It is found that 96% of the employees have the opinion that the leader takes the performance appraisal review discussion seriously. And 4% of employees have the opinion that the leader doesn't take the performance appraisal review discussion seriously.
- 92% of the employees have the opinion that performance appraisal process help them to find out their level of performance and 8% of them says that performance appraisal process doesn't help them to find out their level of performance.
- All employees have the opinion that performance appraisal process doesn't distract them from more important activities.
- 72% of the employees are highly satisfied with the way the organization provides the feedback.
- 96% of the employees have the opinion that the feedback they receive on how they do their job is highly relevant. But 4% of them says that the feedback that they receive on how they do their job is not highly relevant.
- It is found that 94% of employees have the opinion that this organization is good at providing recognition for good performers. But 6% of the employees have the opinion that the organization is not good at providing recognition for good performers.
- 92% of employees have the opinion that the organization attempt to conduct performance appraisal in the best possible way.
- 96% of the employees have the opinion that performance appraisal is valuable to them as well as to the organization. But 4% of the employees have the opinion that it is not valuable for them as well as to the organization.
- 74% of the employees have the opinion that they are satisfied with the company's goals and they can understand the link between their efforts and those goals.



- Performance appraisal system in this organization have its own relevance for deciding promotion and for deciding incentives. And it is also relevant for training and development and for succession planning.
- 78% of the employees have the opinion that they are very satisfied with their potential for career advancement with this company.
- 80% of the employees are strongly agreeing to the statement that they feel comfortable to recommend this company as an employer to friends.
- Majority of the employees have the opinion that they are recognized and praised by leadership for their efforts.
- Majority of the employees have the opinion that they have a healthy, comfortable work-life balance in their current role.
- More than 80% of employees feel that that the management treats them fairly and respectfully on a consistent basis.
- 52% of employees have the opinion that the company offers plenty of opportunities for growth and advancement.
- Majority of the employees are very happy to spend the rest of their career with this organization.
- More than 90% of employees are strongly agreeing that they are satisfied with the compensation and benefits provided in the organization.
- 96% of the employees have the opinion that the performance appraisal system is implemented well in the organization. But 4% of them says that it is not implemented well.
- 94% of employees have the opinion that the current performance appraisal system reflect the training need of an employee.

### **5.3 SUGGESTIONS**

- All the employees must feel that the current appraisal is fair and unbiased. If the performance assessment is done by the committee of superiors, then it will increase the reliability and decreases the grievances.
- Performance appraisal review discussion should be taken in a serious manner.

- Performance appraisal process should help the employees to find out their level of performance. So they can contribute more effectively.
- In order to make the feedback meaningful and promote growth, far more information must be added to the appraisal process and the related information should be transparently shared with the employee.
- Organization should provide recognition for good performers.
- Organization should concentrate on the individual development also. The company must offer opportunities for growth and advancement. Then only the employees feel satisfied with their potential for career advancement with this company.
- The implementation of a performance appraisal system rests on the shoulders of manager and he must ensure that it is done properly.
- The study also recommends that training should be offered after feedback has been received to improve on the employees' knowledge and skills and give them a chance to recognize their strengths and weaknesses and get to know what approaches to take when they miss the targets.
- Human resource manager must adopt most improved techniques of performance appraisal which helps to improve both employee and organizational performance

#### **5.4 LIMITATIONS**

- The study depends entirely the response of the employees
- Busy work schedule of respondents unable to get detailed information from the employees
- The attitude of the worker changes from time to time. Hence the result of the project may be applicable only at present.

#### **5.5 CONCLUSION**

Performance appraisal plays a critical role that enables organizations to determine the employees' performance levels and where they can help them to perform better. Firms must therefore invest in performance appraisal to build on better relationships between supervisors and employees.

If employees are satisfied and happy on the implementation of performance appraisal programs, they will perceive well and will bring every possible effort to carry out their responsibilities and duties assigned to them effectively and efficiently and thereby it will make the organization to which they belong more productive and successful.

This study is carried out to investigate the employee perception towards the existing performance appraisal practice and the resulting work outcomes by analyzing employee's different perceptions of performance appraisal practice in CEDAR Retail Private Limited. In any statistical investigation, we are interested in studying the characteristics of individuals or items of a particular group. This group of individuals under study is known as a population. It is a well determined collection of objects or individuals, that they having similar characteristics or features. The population of this study consists of 200 employees of CEDAR Retail Private Limited, Mannuthy. And the sample size from these population is 150.

In this research the primary data is collected by simple random sampling method. Primary data is the data which collected directly from the respondents. It is been collected afresh or first-hand data for the first time gathered by the researcher himself. And these data usually collected from the source where the original data originates and regarded as the best kind of data in the research. , the data is collected from the respondents through the questionnaire. Secondary data for this project have been collected from the records available in the organization. And also the business and publicity materials of the organization are also part of these secondary data.

The data required for this research were gathered from a sample of 150 respondents. The collected data were analyzed by the use of statistical tool including percentage analysis and the software is used for the data interpretation is MS Excel tool. In this study, the data were analyzed on the basis of percentage analysis and by graphical representation. The collected data were tabulated and converted into percentage. And the interpretations are done on the basis of the tabulated data and the graphical representations.

The objectives of this research are focused to identify and analyze the employee's perception towards performance appraisal and the level of satisfaction of employees towards performance appraisal. And from the findings it can be understood

that majority of the respondents have a positive perception towards performance appraisal. The study concludes that though performance appraisal has generally been embraced in the organization, target setting has been handled well, that is why they had a positive perception. Measuring performance has also been handled well that is why majority of the respondents had a positive perception from the findings.

Performance appraisal system in this organization have its own relevance for deciding promotion and for deciding incentives. And it is also relevant for training and development and for succession planning. 80% of the employees are strongly agreeing to the statement that they feel comfortable to recommend this company as an employer to friends. Majority of the employees have the opinion that they are recognized and praised by leadership for their efforts. More than 80% of employees feel that that the management treats them fairly and respectfully on a consistent basis. Majority of the employees are very happy to spend the rest of their career with this organization.

Majority of the employees have the opinion that they have a healthy, comfortable work-life balance in their current role. More than 90% of employees are strongly agreeing that they are satisfied with the compensation and benefits provided in the organization. 96% of the employees have the opinion that the performance appraisal system is implemented well in the organization. These all findings reveals that majority of employees are satisfied towards performance appraisal system.

It is concluded from the study that performance appraisal should satisfy the employees and if the employees are dissatisfied with the performance appraisal then it should be explained to them that why their performance is not proper and counselling or training is the best way to overcome this problem. The profitability of any organization depends on its staff and that can be ensured by an effective/efficient appraisal system.

## **APPENDIX**

### **QUESTIONNAIRE ON THE PERCEPTION OF EMPLOYEES TOWARDS PERFORMANCE APPRAISAL IN CEDAR RETAIL PRIVATE LIMITED**

( I, Saleena Simon pursuing MBA from Naipunnya Business School, conducting a survey on the perception of employees towards performance appraisal in CEDAR Retail Private Limited. The responses provided by you will be kept confidential and will only be used for research purposes. I request your kind cooperation by spending time to fillout the questionnaire. )

1 .Gender.  Male.  
 Female

2 .Experience:  Less than 1 year  5 - 10 years  
 1 – 5 years  10 – 15 years  
 More than 15 years

3. Does your organization operate a formal performance management system?

Yes

4 . Is the current performance appraisal fair and unbiased?

Yes  No

5. Does the leader take your performance appraisal review discussion seriously?

Yes  No

6. Does the performance appraisal process help you to find out about your level of performance?

Yes  No

7. Does performance management distract you from more important activities?

Yes

No

8. Are you satisfied with the way the organization provides you the feedback?

Highly satisfied

Satisfied

Highly dissatisfied

Dissatisfied

Neutral

9. Does the feedback you receive on how you do your job is highly relevant?

Yes

No

10. Is your organization good at providing recognition for good performers?

Yes

No

11. Does your organization attempt to conduct performance appraisal in the best possible way?

Yes

No

12. Is performance appraisal valuable to you as well as to your organization?

Yes

No

13. I understand the company's goals and the link between my efforts and those goals. Do you agree to this statement?

Strongly disagree

- Disagree
- Neutral
- Agree
- Strongly agree

14. What is your opinion in the relevance of performance appraisal system?

- Deciding promotion
- Deciding incentives
- Training and Development
- Programme succession planning

15. How strongly you are satisfied with your potential for career advancement with this company?

- Very satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very dissatisfied

16. I feel comfortable recommending this company as an employer to friends.  
Do you agree to this statement?

- Very satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very dissatisfied

17. I feel recognised and praised by leadership for my efforts. How strongly you are agreeing to this statement?

- Very satisfied
- Satisfied
- Neutral
- Dissatisfied
- Very dissatisfied

18. I have a healthy, comfortable work-life balance in my current role. Do you agree to this statement?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

19. Leadership team treats all employees fairly and respectfully on a consistent basis. Do you agree to this statement?

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

20. Our company offers plenty of opportunities for growth and advancement. How strongly you are agreeing to this statement?



- Strongly Agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

21. I would be very happy to spend the rest of my career with this organization.

Do you agree to this statement?

- Strongly disagree
- Disagree
- Neutral
- Agree
- Strongly agree

22. I am satisfied with the compensation and benefits. How strongly you are agreeing to this statement?

- Strongly agree
- Agree
- Neutral
- Disagree
- Strongly Disagree

23. Do you think that performance appraisal practice is being implemented well?

- Yes  No

24. Does current performance appraisal system reflect the training need of an employee?

- Yes  No

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