

# **“Comparative study on effectiveness of performance appraisal techniques in Public Sector and Private Sector in India”**

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## **Abstract**

Performance appraisal is a management tool which is helpful in motivating and effectively utilizing human resources. Assessment of human potential is difficult, no matter how well designed and appropriates the performance planning and appraisal system.

Each year millions of public and private sector employees have their performance appraised to determine salary, bonuses, promotion, tenure, transfers, layoffs and development potential. With cost-manpower, training and selection-running into millions of dollars, it is no wonder that assessing employee performance has remained a topic of concern for more than 50 years. Throughout this period, academicians, personnel administrators and employees have all rigorously searched for an appraisal elixir.

In no area has the search for a cure-all been more fervent than in public sector. Under pressure by citizens for public accountability, crippled by decreasing funding but increasing demands for services, faced with new policies under changing administrations and confined by tightening government regulations, public administrators have recently focused in on performance appraisal as a technique to influence and control employee behavior and hopefully increase productivity and effectiveness. Performance appraisal in the public sector includes the systematic description of strengths and weaknesses within and between employees.

On the contrary, the private sectors' organizations have already HR professionals who are responsible of monitoring how the process of appraisal and evaluating employees is applied upon the approved methods and rules. HR people use one of the various appraisal methods to appraise employees. Selecting one of the methods rather than the others depends on the experience level that the HR people have. Competition is more in private sector. Performance appraisal in the private sector includes the systematic description of strengths and weaknesses within and between employees.

This research gave me a great learning experience and at the same time it gave me enough scope to implement my analytical ability. The analysis and advice presented in this research is based on research on the performance appraisal practices by the top management in both public and private sectors. The data analysis of the research result showed that Performance Appraisal is more effective in private sector than in public sector.

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## Introduction

Managing human resources in today's dynamic environment is becoming more and more complex as well as important. Recognition of people as a valuable resource in the organization has led to increases trends in employee maintenance, job security, etc.

Once the employee has been selected, trained and motivated, he is then appraised for his performance. Performance Appraisal is the step where the Management finds out how effective it has been at hiring and placing employees. If any problems are identified, steps are taken to communicate with the employee and remedy them.

“Performance Appraisal is a process of evaluating an employee's performance in terms of its requirements.” Performance Appraisal can also be defined as “the process of evaluating the performance and qualifications of the employees in terms of the requirements of the job for which he is employed, for purposes of administration including placement, selection for promotions, providing financial rewards and other actions which require differential treatment among the members of a group as distinguished from actions affecting all members equally.”

## Research Methodology

### Objectives

The objective of the research was:

- To ascertain the effectiveness of Performance Appraisal methodology used in Public Sector Company and Private Sector Company in India.

The research has been carried out using a combination of primary and secondary data. The primary data was collected using interviews and a self administered questionnaire. The secondary data has been collected through articles, magazines, reports, journals, and newspaper and internet.

### Sampling Plan for Primary Research

**Sampling method:** Convenience Sampling

**Sample size:** 75 samples from Public Sector Company

75 samples from Private Sector Company

**Sample unit:** employees working in various public sector and private sector organizations of India (names of the companies can't be mentioned due to security reasons)

**Hypothesis:** Null hypothesis- that Performance Appraisal is not effective in both Public sectors and Private sectors companies in India.

Alternative hypothesis- that Performance Appraisal is more effective in Private sectors than in Public sectors companies in India.

Data analysis

After collecting the data, it was analyzed through statistical tools like z-test and graphs.

## Data Analysis

- In public sector companies appraisal is done once in a year, where as in private sector companies it is done every 6 months.
- Public sector employees were not informed about the performance appraisal model used in their organization when they were hired, where as employees of Private sector companies were informed about performance appraisal model used in their organization when they were hired.
- Employees of public sector feels that performance appraisal model used in their organizations is complicated, where as employees of private sector feels that performance appraisal model used in their organizations is simple.
- Employees of public sector feels that performance appraisal model in their organization some what gives proper assessment of their contribution to their organization, where as employees of private sector feels that performance appraisal model in their organization gives proper assessment of their contribution to their organization.
- Employees of both the sectors feel that their expectations meet some times.
- Employees of public sector somewhat feel comfortable in discussing any difference of opinion about their performance rating, where as employees of private sector feels very comfortable in discussing their on the performance rating.

### **Testing of Hypothesis:**

Null Hypothesis (Ho) There is no difference in the performance appraisal effectiveness between Public Sectors and Private sectors companies in India.

Alternate Hypothesis (Ha) That Performance Appraisal is not effective in both Public Sectors and Private sectors companies in India.

**$\mu_0$  = Mean of number of public sector employees who feel PA is effective in their sector= 15**

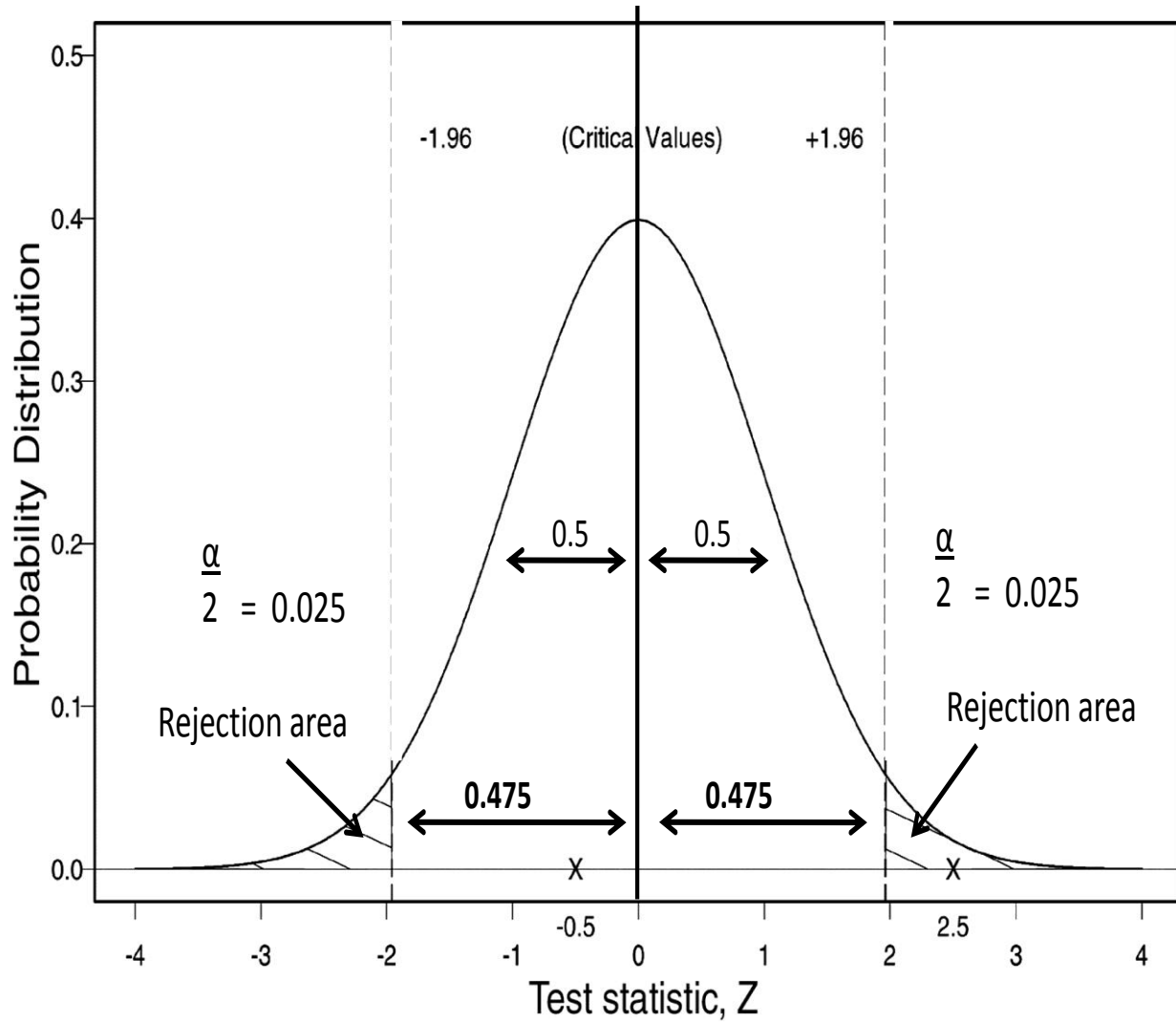
$\bar{x}$  = Mean of number of private sector employees who feel PA is effective in their sector = 50

$$z = \frac{\bar{x} - \mu_0}{\frac{\sigma}{\sqrt{n}}}$$

$$z = \frac{50 - 15}{\frac{169}{\sqrt{100}}}$$

$$z = 2.07$$

with the set level significance  
determine the critical values of z



## CONCLUSION

Since the calculated value of  $z=2.07$  > the critical or table value 1.96 and it falls in the rejected region or area, thus we would accept the alternate hypothesis i.e. Performance Appraisal is more effective in private sector than in public sector.

## SUGGESTIONS

Findings suggest that the public sector performance appraisal process is distinct from its private sector counterpart and that a variety of specific, public sector factors impact the appraisal process.

It is suggested that for appraisals to be effective in the public sector:-

1. Appraisals need to be directly linked to job analysis. This may be accomplished by using job dimensions as the critical behaviors on which to base the appraisal. Success is premised on the job analysis being current and an accurate reflection of the individual's job.
2. Numerical ratings may be utilized if anchored to specific job behaviors. They are speedier than narrative or MBO evaluations.
3. Performance appraisal needs to be linked to individual development and training. This can be facilitated by including space on the form to prioritize training needs.
4. Training is essential for appraiser biases to be reduced.
5. Appraisals need to be reviewed at more than one level. If an individual reports to several different superiors, it is advisable to have each appraise the individual.
6. Instruments should include comment and summary sections for rater and ratee.
7. Finally and most importantly, the appraisal process must be part of a total management system which considers the needs of the agency as well as the public employee.

## LIMITATIONS

The following are the limitations faced by me during the course of the study

- There is no concrete basis to prove the response given is a true measure of the opinion of all the employees as a whole.
- Convenient sampling was used as the mode of conducting the research.
- The questionnaire contained mostly multiple-choice questions; therefore many respondents may not have given a proper thought before answering the questions.
- The response of the respondents may not be accurate thinking that the management might misuse the data.
- Most respondents might be influenced by their peers in answering the questions.
- Due to the fact that most of the respondents were young, the questions might not have been answered with due sincerity.

## References

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