

# Impact of Performance Appraisal System in Public Sector Undertaking with Special Reference to Tsgenco

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## Abstract:

*Performance Appraisal System have been extensively applied around the world, as companies seek to attain and sustain a competitive advantage. Performance Appraisal System helps companies to increase individual's, customer satisfaction and financial benefits. This Performance Appraisal System seeks to find and eliminate causes of defects or mistakes in business processes by focusing on outputs that are important to customers. There are many research studies in the broad area of Performance Appraisal. No doubt that academicians and practitioners alike have devoted a considerable thought to the various aspects of Performance Appraisal and related aspects, but very few studies are available on performance appraisal system in private and public sector units. As against this background it is considered important to know the facts, which contributed to the success of Ts-Genco in general which lead to turnaround the company from loss to profit making organization, and the implementation of Performance Appraisal strategies in particular.*

**Keywords:** *Performance Appraisal System, job satisfaction, ensures respect for human beings.*

## I. INTRODUCTION

Telangana State Power Generation Corporation Limited (TSGENCO) is a power generating organization of Telangana. It has ceased to do power trading and has retained with powers of controlling system operations of Power Generation after formation of Telangana state. Telangana Power Generation Corporation Limited has been incorporated under companies Act, 2013, on 19 May 2014 and commenced its operations from 2 June 2014.

The erstwhile Andhra Pradesh State Electricity Board which came into existence in 1959 was responsible for Generation, Transmission and Distribution of Electricity. Under Electricity Sector Reforms agenda, Government of Andhra Pradesh promulgated Andhra Pradesh Electricity Reforms

Act, 1998. The erstwhile APSEB was unbundled into one Generating Company (APGENCO), One Transmission

Company (APTRANSCO) and Four Distribution Companies (APDISCOMs) as part of the reform process. Later, on 2 June 2014, when the state was bifurcated, APGENCO distributed all the assets, liabilities and power stations to both the states and Telangana Power Generation Corporation (TSGENCO) was formed for the newly formed Telangana state and APGENCO remained for Andhra Pradesh in accordance with the Andhra Pradesh Reorganisation Act, 2014. All the plants (thermal, hydel and solar) located in Telangana region were transferred to Telangana GENCO on an "as is where is" basis.

To spearhead accelerated power development by planning and implementing new power projects, to generate adequate and reliable power most economically, efficiently and eco-friendly, and to implement Renovation and Modernisation of all existing units and enhance their performance

Human Resource Management (HRM) is one of the important factors that are critical to business success. It is a planned approach to managing people effectively for performance. It aims to establish a more open, flexible and caring management style so that staff will be motivated, developed and managed in a way that they can and will give of their best to support the organizational goals.

Human resource is the most strategic resource and no other resource can be fully utilized to generate income and wealth of a nation without the active involvement of human resource. It is pertinent to mention that human resources are primarily responsible for making use of physical and natural resources and for the transformation of traditional economies into modern and industrial economies. Ginzer Berg (1980) points out that the key elements such as values, attitudes, general orientation and the

quality of the people of a country determine its economic development.

According to weather and Davis (1986) human resource infers the people who are readily willing and are able to contribute to organizational goals. Human resources have also been designed as human factor and it refers to a whole consisting of interrelated, inter-dependent and inter-acting psychological, physiological, sociological and ethical components. Human resource is the most potential and versatile resource.

National Institute of Personnel Management (NIPM) observes that Personnel management, labour management or staff management means quite simply the task of dealing with human relationships within an organization. Academically the three aspects of personnel management are:

1. The welfare aspect concerned with working conditions and amenities such as canteens, crèches, housing, personal problems of workers, schools and recreation.
2. Personal aspect concerned with recruitment, placement of employees, remuneration, promotion, incentives, Performance Appraisal, productivity etc.,
3. Industrial relations aspects concerned with trade union negotiation, settlement of industrial disputes, joint consultation and collective bargaining.

The objectives of HRM are to help the organization reach its goals; to ensure effective utilization and maximum development of human resources; to ensure respect for human beings; to identify and satisfy the needs of individual; to ensure reconciliation of individual goals with those of the organization; to achieve and maintain high morale among employees; to provide the organization with well-trained and well-motivated employees; to increase to the fullest the employee's job satisfaction and self-actualization; to develop and maintain a quality of work life; to be ethically and socially responsive to the needs of society; to develop overall personality of each employee in its multidimensional aspect; to enhance employee's capabilities to perform the present job and to be ethically and socially responsive to the needs of the society.

## II. PERFORMANCE APPRAISAL MEANING AND IMPORTANCE-DEFINITION

A Performance Appraisal is a systematic and objective method of judging the quality of an employee in performing his job and a part of guiding and managing career development. It is the process to obtain, analyze, and record the information about the relative worth of an employee to the organization. Performance appraisal is an analysis of an employee's recent successes and failures, personal strengths and weaknesses, and his/her suitability for promotion or further training.

Performance appraisal has been defined by different scholars in various ways. Some of the important definitions are as follows:

**Dale S. Beach**, "Performance appraisal is systematic evolution of the individual with respect to his or her performance on the job and his or her potential for development".

**Randall S. Schuler**, "Performance appraisal is a formal, structured system of measuring and evaluating an employees job, related behavior and outcomes to discover how and why the employee is presently performing on the job and how the employee can perform more effectively in the future so that the employee, organization, and society all benefit".

## III. OBJECTIVES OF PERFORMANCE APPRAISAL

Generally, the aims of a performance appraisal are to:

- i). To provide employees feedback on their performance.
- ii). Identify employee training needs.
- iii). Document criteria used to allocate organizational rewards.
- iv). A basis for decisions relating to salary increases, promotions, disciplinary actions, bonuses, etc.,
- v). Provide the opportunity for organizational diagnosis and development.
- vi). Facilitate communication between employee and employer.
- vii). Validate selection techniques and human resource policies to meet regulatory requirements.
- viii). To improve performance through counseling, coaching and development.

Performance Appraisal System have been extensively applied around the world, as companies seek to attain and sustain a competitive advantage. Performance Appraisal System helps companies increase individual's, customer satisfaction and financial benefits. This Performance Appraisal System seeks to find and eliminate causes of defects or mistakes in business processes by focusing on outputs that are important to customers. There are many research studies in the broad area of Performance Appraisal. No doubt that academicians and practitioners alike have devoted a considerable thought to the various aspects of Performance Appraisal and related aspects, but very few studies are available on performance appraisal system in private and public sector units. As against this background it is considered important to know the facts, which contributed to the success of Ts-Genco in general which lead to turnaround the company from loss to profit making organization, and the implementation of Performance Appraisal strategies in particular, inspired the researcher to take up the

study on Impact of Performance Appraisal System – A Study on TSGENCO.

#### **IV. OBJECTIVES OF THE STUDY**

- i) To evaluate the Performance Appraisal System in TSGENCO,
- ii) To assess the Performance Appraisal System outcomes in TSGENCO and
- iii) To understand the measures taken by company for improving Performance of employees in public sector undertakings especially TSGENCO.
- iv) To analyze the perceptions and social economic profile, awareness levels of employees on Performance Appraisal System of TSGENCO.

#### **V. SCOPE OF THE STUDY**

The study is limited to the perceptions of engineering category of employees on PMS of employees in TSGENCO. Statistical analysis is based on the response given by the employees. Though the study is restricted to the perceptions of Employees on Appraisal System in the organization, there may have some other assumptions on Appraisal System by non engineers. Moreover, though the employees were assured of confidentiality and were requested to be frank and correct in their response and scores, chances of possible bias cannot be ruled out in limited number of employees. To overcome this, wide spectrum of employees were covered from all the departments.

#### **VI. METHODOLOGY AND SAMPLE OF THE STUDY**

The researcher closely witnessed the rapid growth and development of TSGENCO. This development was mainly attributed to the growth and achievements of TSGENCO constructed with an installed capacity of thermal power plants 2882.5 MW, Installed capacity of Hydel power plants 2351.76 MW installed capacity of solar power plants 1.00 MW, Kakatiya Thermal Power Project Stage-III – 1 x 700 MW. Total installed capacity of TSGENCO 5235.26 MW working with its employees with latest technologies and efficient skills. The researcher observed these changes from outside as a research investigator and desired to study the organization its functions and means for development through its performance appraisal system therefore, researchers selected TSGENCO for the present investigation.

A sample is a small proportion of a population selected for observation and analysis. Much care has been taken while selecting the sample for the study. Emphasis was given on collection of information during the period 2012 to 2017. While the study is concentrating on the perceptions of

employees on performance appraisal system of employees in TSGENCO, the employees are the subjects for this study. Therefore, the questionnaire was administered to the employees working in the company. The total employees' structure of the categorically divided into 4 groups i.e. Superintending Engineers, Divisional Engineers, Assistant Divisional Engineers, Assistant Engineers. The interview schedule was used for collecting data from executives and the questionnaire was used for the sample employees. The sample structure is given below;

The employee structure of TSGENCO is categorical into various groups. i.e. chairman & managing director i.e., chief engineer, director for each using SE's, DE's, ADE's, AE's, sub engineers and other 3<sup>rd</sup> and 4<sup>th</sup> class category out of which only four categories of employees have been considered in the present study with 25% sample method from selected four categories i.e. SE's, DE's, ADE's, AE's. Among the sample selected 100 questionnaires were administered to the respondents for data collection.

The filled questionnaires were gathered from the selected employees and scrutinized for final observations. In this process few questionnaires were not returned and some are not filled properly, and finally the sample is considered for the study with 100 employees.

The researcher has collected the necessary information from various sections and departments in study organization. The employees working in different departments and managers working in these departments are the source of the primary data. Thus, the researcher took prior permission from the Section Heads and Department Heads, so as to make the employees feel free to give the required information without any hesitation. In collecting the primary data from the employees of the selected organization a pre-designed questionnaire was used. An interview schedule was used to collect the information from those who are working in managerial positions.

In order to acquire the secondary data, the researcher had visited offices of various departments of selected organization, and had gone through their official records and annual reports. The researcher also visited Head Office of TSGENCO i.e., Vidhuthsoudha, Hyderabad for gathering more information about other sources regarding hydel, solar plants which is know planning by TSGENCO and also gathered information from the books, journals, articles etc. The researcher was supported vehemently by the online electronic data bases, such as TSGENCO office website [www.tsgenco.telangana.gov.in](http://www.tsgenco.telangana.gov.in)

#### **VII. FINDINGS OF THE STUDY**

In the TSGENCO the working class employees are more than 50 percent in the organization. They are in the age group of 31-40 years old. Nearly 80 percent of the respondents are male category in the industry, and majority of the respondents are having their families and children. The TSGENCO having well experienced employees, TSGENCO is generating quality of power. Now in Telangana Power Transmission Corporation is having surplus power within its hands. Most of the sample respondents are aware of the performance appraisal system in the organisation. Therefore, majority of the sample of respondents are accepting the encouragement and support in performance analysis in the plant. Majority of the employees working in the TSGENCO are changing to new performance appraisal system. The performance appraisal practices information is getting through the feedback system.

The Company conducts performance analysis on yearly basis and the company has its own scale for conducting the performance analysis system in the TSGENCO. Most of the sample respondents i.e., 82 percent of the TSGENCO employees were satisfied with TSGENCO performance appraisal system regarding their promotions and most of the sample respondents are more positive towards performance appraisal system of TSGENCO. More than 50 percent of the employees have positive feeling about TSGENCO performance appraisal system in setting and achieving their goals in the organisation. About 60 percent of the sample respondent employees of the study area are accepted that there are gaps in performance once appraisal measurements and 36 percent of them have not accepted. More than 50 percent of the employees have positive opinion on the Key Result Areas. Hence, it is observed that more than 90 percent of the sample respondent employees are more positive towards their organization steps to improve their job standards in the organisation.

By and large, it can be summarized, that the above analysis and discussion on the statements relating to the perceptions of the TSGENCO employees on reward based performance management strategy in their organization. It is observed that many as more than fifty percent of the employees are more positive and they agreed about reward based performance management in the study organization.

According to the above analysis and discussion on the data, it can be noted that a dominated group of employees in TSGENCO plant felt dissatisfaction and perceived disagree with career based performance management strategy in TSGENCO. Even though in many cases like ensuring right people to right position, fostering change, fostering optimization, fostering integration

of performance management strategies, etc., a dominated group of employees neither agree nor disagree, a predominant group of employees have negative response towards many factors in this regard. An overall analysis and discussion on the table indicates that team based performance management strategy is showing mixed response from the managerial category employees in TSGENCO, where it is observed that in some of the factors there is a positive response from the employees, in some other cases there is negative response from the employees and still in some cases there is neutral response from the employees regarding team based management strategies. From the analysis and discussion it infers that organizational culture based performance management strategy is also showing mixed response from the employees in TSGENCO, where it is observed that in some of the factors there is a positive response from the employees, in some other cases there is negative response from the employees and still in some cases there is neutral response from the employees regarding organizational culture based management strategies.

On the whole the above analysis and discussion indicates that measurement based performance management strategy is showing more positive response from the managerial category employees in TSGENCO, Still in some cases there is neutral response from the employees regarding this statement. It is observed from the above analysis and discussion that competency based performance management strategy is showing mixed response from the managerial category employees in Plant, where it is observed that a dominant group of employees neither agreed nor disagreed with most of the statements in this regard.

## VIII. CONCLUSION

An overall, the above analysis and discussion on the table indicates that leadership based performance management strategy is showing negative response from the managerial category employees in TSGENCO, where it is observed that in many factors there is a negative response from the employees, still a few factors there are positive and neutral response from the employees regarding leadership based management strategies in the organization. According to the above analysis and discussion it indicates performance management outcomes are showing mixed response from the managerial category employees in TSGENCO, where it is observed that in some of the factors there is a positive response from the employees, in some other cases there is negative response from the employees and still in some cases there is neutral response from the employees regarding performance management strategies in the plant.

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