

# A Study on Opinion about Performance Appraisal System in LIC form the Perception of Development Officers with Special Reference to Salem City

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## Abstract:

In the present scenario from the individual and corporate employees, the survival involves a proportion of high risk factors in the present situation. Here comes the role of insurance, insurance industry place a predominant role in managing the vulnerability of individual and as well as the industry and they are playing a key role in developing the economy also. In this aspect the performance of these insurance companies depends mainly on their Human Resource. Based on these factors insurance companies appraise the performance of their employees periodically. This paper focused to study the effectiveness of the performance appraisal system form the view of development officers of Life Insurance Corporation in Salem City

**Keywords:** performance appraisal, development officer, vulnerability.

## 1.1 INTRODUCTION

Globalization made insurance as highly competitive industry and they are in a position to maintain competitive advantage and stay alive. For the sake of this insurance companies need to maintain and sustaining the performance of their employees. So they are in a compulsion to appraise the performance evaluation periodically. Performance Appraisal can be defined as a system that involves setting employee standards, looking at employees' actual job performance, assessing that performance against the standards, giving feedback to the employee on the performance, how to improve it in the future and setting new goals and expectations for another period (Dessler, 2008). The techniques like

management by objectives, 360 degree performance appraisal, and behaviorally anchored rating scale are some most used techniques. Cleveland et al. (1989) has identified two critical uses of performance appraisal, the first one is identifying the difference between individuals, that is determining who is performing better than others and overall, and the second purpose is identifying the strength and weakness of individual employees. In the present scenario maximum of the companies using performance appraisal system adopted in the above two purpose.

The role of development officer is decisive in an insurance organization. They are involved in the process of training and building

the team of insurance agents and they are also responsible for the performance of the agents. The agents are the major business providers of LIC. The job description of development officer requires patience, sometimes they need to wait for a very long time to reap the benefit of their efforts. So many researches has been conducted to study the performance appraisal methods of insurance companies, Here the researcher attempts to study how the development officers perceive the appraisal system and whether they feel the appraisal system is effective for the individual and organization.

## 1.2 REVIEW OF LITERATURE

**Srivastava, D.C and Srivastava S (2001)** have explained the financial significance of insurance industry and the prominent contribution of insurance industry to Indian Economy, so the performance of insurance industry is said to be an indicator of economy. So the need to analyze the performance system and its perception on employees is prominent. When we are looking for the need for performance appraisal, **Khan (2007)** has stated that the fundamental objective of performance appraisal is to facilitate management in carrying out administrative decisions relating to promotions, firings, downsizings and pay increases. From carrying out the performance appraisal, management has to make choices in relation to retention, future assignments and training and developmental needs. **Arvind (2009)** evaluated the Performance Appraisal Systems of 33 different organizations. He found that prejudice and appraiser bias were most common apprehensions in evaluating performance appraisal system in the organization. Strong needs were felt for identifying measurable parameters for

performance evaluation, and providing multiple feedbacks to reduce appraiser bias. **Sharma Neeraja and Sharma Aman (2009)** have examined the Employers Perspectives Regarding Performance Appraisal and Reward Philosophy in Insurance Sector in Haryana. They studied the employer's perspectives regarding performance appraisal and reward philosophy and the influence of demographic variables on it. And they found no relationship between demographic factors and the perception of appraisal system. Even though we have lot of criticisms about performance appraisal methods, we have to accept the role of performance appraisal in achieving organizational goals and development, there is no one single and best methods of appraisal which can be applied to all the organizations. Instead Effective performance appraisals should be associated with clear goals that are attached to specific performance criteria and are well-accepted by both appraiser and appraise. **Mustapha & Daud (2012)** According to **Rahman & Shah (2012)** 'The success of any HR intervention in organization is heavily dependent on employees' perception of that intervention'. For a successful performance appraisal, it is important that appraisal to be effective and useful, and it is vital that those who taking part, the appraiser and the appraise, the both should get benefits from the appraisal. **(Dipboye and Pontbriand, (1981).** The success of an appraisal system is not depends in the accuracy and sophistication of the system, it relies how the appraise recognizing it. **Piggot-Irvine (2003)** has also insisting for an effective appraisal system, it should be confidential, informative, have clear guidelines and be educative. In order to have effective appraisal, the process must be embedded completely

throughout the organization where the values shape part of the fabric of the everyday life of the workplace. As a whole the success of the appraisal, is not with the system or appraiser, it relies how the process has been communicated to the appraisal and how they perceive about that.

### 1.3 STATEMENT OF THE PROBLEM

Today's insurance industry is more complete due to privatization. There are so many players in the market, and the customers also have means to know complete details about the company and the products. So the business of an insurance company purely depends on its Human Resource. Reviewing and enhancing the employees is inevitable in insurance sector. They have periodical appraisals; this study is aimed to look at the performance appraisal system from employees' point of view. And this will examine how the development officers feel about the performance appraisal system and whether they believe it as appropriate

### 1.4 NEED FOR THE STUDY

Performance appraisal system has aspects which are worldwide to all the organizations. PAS is relevant to all sectors and it is at the base of all development and Identifying the training needs. In this study the individuals' development and matching them to their roles and responsibility of the organization. The need of PAS is more in the service oriented institutions like insurance companies. An efficient, effective & disciplined organization helps in the process of economic development. The need of PAS in insurance industry has been continuously growing because of an effective role they are called upon to play in the task of socioeconomic development. The aim of the study is to identify the PAS to the development

officers adopted by the Life Insurance Companies in Salem City.

### 1.5 OBJECTIVES

The main objective of the study was to development officers' perception about the performance appraisal system and also their perception about the implications of performances appraisal system.

### 1.6 RESEARCH METHODOLOGY

#### 1.6.1 Data Source

The necessary data have been collected from both primary sources and secondary sources. The primary data were collected with the help of a well-structured questionnaire for perception of performance appraisal of development officers in LIC of Salem City. Moreover, the researcher used personal interview method and observation method. The secondary data for this study is collected from the magazines, leading research journals, websites and published articles.

#### 1.6.2 Sampling Technique

The study was conducted in Salem city. Simple random sampling technique was used to collect 48 respondents from the 8 branches of Life Insurance Corporation- Branches, Salem city.

### 1.7 ANALYSIS AND INTERPRETATION

**TABLE NO: 1.7.1**

**The relationship between years of experience in the same organization and perception about the performance appraisal system**

Variable	Correlation	P value
Years of experience in the same organization	0.834	0.001

and perception about the performance appraisal system		
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H0<sub>1</sub>: There is no significant relationship between experience of the respondents and perception about the appraisal system

Table no 1.7.1 reveals P value is less than 0.01 the null hypothesis is rejected at 1% level of significance. Hence there is a relationship between the years of experience of development officers and their perception about the performance appraisal system. Since they have a positive correlation of 0.834, development officers have feel good factor about the performance appraisal system when their years of experience increase in the organization.

**TABLE NO: 1.7.2**

**The relationship between age of the respondent and perception about the performance appraisal system**

Age of the Respondent	Perception about PAS						Chi square value	P value
	Highly Satisfied	Satisfied	Neutral	Dis Satisfied	Highly Dis Satisfied	Total	8.147	0.0227

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Less than 25	0	5	1	0	0	6		
26 to 30	0	10	3	0	0	13		
31 to 35	5	10	3	0	0	18		
41 to 45	1	6	4	0	0	11		
<b>Total</b>	<b>6</b>	<b>31</b>	<b>11</b>	<b>0</b>	<b>0</b>	<b>48</b>		

*Source: Primary Data*

H0<sub>2</sub>: There is no significant relationship between experience of the respondents and perception about the performance appraisal system

Table no 1.7.2 reveals P value is greater than 0.05, the null hypothesis is accepted at 5% level of significance. Hence there is no significant relationship between age of the development officers' and the perception about performance appraisal system. So the perception about appraisal system is not influenced by the age of the respondents.

**TABLE NO: 1.7.3**

**The relationship between age of the respondent and perception about the performance appraisal system**

Educational Qualification	Perception about PAS						Chi square value	P value
	Highly Satisfied	Satisfied	Neutral	Dis Satisfied	Highly Dis Satisfied	Total	8.147	0.0227

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	Hi ghl y Sat isfi ed	Sat isfi ed	Ne utr al	Dis Sat isfi ed	Hi ghl y Dis Sat isfi ed	T o t a l		
UG	1	9	7	0	0	17	6.852	0.114
PG	2	14	3	0	0	19		
Profe sion al Degr ee	3	7	1	1	0	12		
Tota l	6	30	11	1	0	48		

Source: Primary Data

H0<sub>3</sub>: There is no significant relationship between educational qualification of the respondents and perception about the appraisal system

Table no 1.7.3 reveals the P value is greater than 0.05, the null hypothesis is accepted at 5% level of significance. Hence there is no significant relationship between educational qualification of the development officers' and the perception about performance appraisal system. Their perception about performance appraisal system is not influenced by the educational qualification of the respondents.

## 1.8 FINDINGS AND SUGGESTIONS

Performance appraisal is essential for organization and as well as for employees. The

better understanding with appraisal system and faming the appraisal system with the assent of the employees will make the appraisal system more effective. The study reveals the perception of development officers about their performance appraisal system. The perception is not influenced by the age and educational qualification of the respondents whereas it is prominently influence by the experience of the respondents. Majority of the respondents feel the appraisal system as an effective one and they also very well know the appraisal is determinant of their promotion, financial rewards, training requirements, and based on the appraisal results the future responsibility and discipline actions are also decided.

## 1.9 CONCLUSION

The overall analysis relating to the effectiveness of the performance appraisal basing on the opinions of employees with regard to the perception of appraisal system is not based on the educational qualification or age of the respondent, to some extent it is influenced by experience in the same organization. It is majorly influenced by participation of respondents in faming the appraisal system. Respondents must know the procedure and implications of the appraisal to make it effective.

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