Evaluation of Performance Appraisal Practices in Selected Software Companies in Karnataka – An Empirical Study

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Abstract :

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 increase the trends in employee maintenance, retention & job security, etc. Performance appraisals, however, are beset with difficulties as a result of their complex nature. The general objective of the case study is to evaluate the contemporary performance appraisal practices in selected software companies in Karnataka.

Performance appraisals improve the work performance of employees by helping them realize their full potentials in carrying out their firm's mission and also, to provide information to employees and managers for use in making work - related decisions. They, also, provide feedback to employees and thereby serve as a vehicle for personal and career development.

The sample of 30 software companies were selected randomly. The feedback pertaining to Performance Appraisal Practices is collected through personal interview/ questionnaire/ googleforms from Director / HR Manager / Executive / employees. The data was analysed using tables, bar charts and pie charts.

The finding of the study reveals that there is high level understanding from staff about the need of performance appraisal. The largest gap between expectations and experiences lay in the current system, with respondents particularly concerned about the lack of training about high end-languages in due course of obsolescence of softwares faster pace and system analytics. Few respondents have generally revealed positive views about recent experiences of appraisal. In the light of the findings it is suggested that motivated managers enables in the system to work positively, despite concerns about process, and respondents believe fairness is generally enables to achieve expected set standards to meet deadlines. More attention is required to appraise team efforts and co-ordination. There is little appetite for a system that link appraisal to financial reward and promotion.

The conclusion of the research with the main recommendation, to develop a new system through engagement with staff and integrated performance appraisal model that is much more comprehensive which enables to integrate training and guidelines to attain the individual, group and collective objectives to enhance the efficiency and growth of the organisation.

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Introduction :

The technology has influenced by the then and now day-to-day life in the globalised world. Managing human resource has become a significant factor in the management for organizational success. To encompass competitiveness to create attention to "more than conducting business across national borders but also entails expanding competition for almost every type of organization presenting management with the challenge to operate in diverse cultural settings". The multinational companies (MNCs) and other national organizations face the challenge to managing their employees by using different methods of retention, compensation, motivation and performance appraisal strategies. The case study reveals performance appraisal practices being practiced by companies operating in India in general and particularly in Karnataka.

Objectives of the case study:

1. To study the Performance Appraisal practices in the Indian IT Industry in general and particular in Karnataka.
2. To know the perception of the employees for the effectiveness of existing system of performance appraisal in selected software companies in Karnataka.
3. To assess the satisfaction level towards setting of standards, KRA's, guidance provided by the superiors and the process of identification of training needs.
4. To give suggestions and recommendations for further improvement in employee satisfaction level.

Significance of the case study:

Performance appraisal has become a very vital HR instrument owing to its immense contribution to organisations today. Therefore, there is essential to study the standard measures to evaluate the performance of the employee to retain, recognise, reward and promote, which is very diverse practices followed in IT companies. As a result of this study will help the startup IT companies, IT professionals and policy makers in IT industries to identify strengths and weaknesses inherent in the conduct of performance appraisals and how to improve upon the contemporary practices.

Scope of the study

The study sought shed more light on the ineffective conduct of performance appraisal practices in IT companies and its effects on employee performance. The study therefore covers employees of the IT Companies comprising of HR Directors, Managers, IT Professionals etc. of some selected software companies in Karnataka.

Research Methodology

Type & Nature of Research:

The present study is descriptive and quantitative in nature.

Sampling Frame and Size:

Employees of 30 randomly selected software companies in Karnataka were selected for the study. Random sampling procedure (Judgmental) is used to obtain information. It is impossible to use the census method to collect the information. Therefore, the random sampling is done.

Sources of data collection:

The primary sources used for the data collection were interview and questionnaires which comprised of the close-ended questionnaires and also google forms.

The secondary sources for the data collection included the internet, books, journals and newspapers. Statistical tools such as SPSS, Frequency Distribution Tables, editing and coding were used for the data analysis.

Information Technology : Global Overview

The word "software" was coined as a prank as early as 1953 and did not get visibility until 1960's. Before this time, computers were programmed either by customers, or the fewer commercial computer vendors of the time, such as UNIVAC and IBM. The first company founded to provide software products and services was Computer Usage Company in 1955 (Elmer C. Kubie , 1994). Information technology, and the hardware and software associated with the IT industry, are an integral part of nearly every major global economy. The information technology industry has turned out to be probably the most robust industries in the world. IT, greater than any other industry, has an elevated productivity, mainly in the developed world, and for this reason is a key driver of growth for the global economy. Economies of scale and insatiable demand from both customers and firms symbolize this rapidly growing sector (Economy watch, 2010).

Features of the IT Industry

Economies of scale for the information technology industry are high. The marginal cost of each and every unit of further program or hardware is insignificant compared to the worth addition that results from it. Unlike other customary industries, the IT enterprise is knowledge-driven. Efficient utilization of expert labour forces within the IT sector can aid an economic system and achieve a rapid pace of economic growth. The IT industry helps many different sectors in the progress system of the economic system including the services and manufacturing sectors.

The role of the IT Industry

IT organizations function as a medium of e-governance, due to the fact it assures useful accessibility to knowledge. The utilization of knowledge science within the provider sector improves operational effectively and provides to transparency. It additionally serves as a medium of skill formation. Due to its handy accessibility and the broad type of IT merchandise readily available, the demand for IT services has expanded noticeably these years. The IT sector has emerged as a predominant global driver of development and employment.

Size of the industry

According to industry analyst Gartner, the size of the worldwide software industry in 2013 was US$407.3 billion, an increase of 4.8% over 2012. As in previous years, the biggest four software vendors were Microsoft, Oracle Corporation, IBM, and SAP respectively (Gartner, 2013).

The Information Technology (IT) Industry of India : An Overview

The Information Technology Industry of India dates back to 1967 when the Tata Group in collaboration with Burroughs hooked up the primary program zone, SEEPZ in Mumbai. In 1973 SEEPZ became the first software export zone which noticed 80% of the software export in the 1980s. Since then, the IT sector of India has grown by leaps and bounds and has given India an identity in the IT and ITES (Information Technology Enabled Services) sector in the global scenario. The major hubs for the IT export sector are Bangalore, Chennai, Hyderabad, Delhi, Mumbai and Kolkata. Bangalore has earned the sobriquet, 'The Silicon Valley of India' owing to the maximum IT export (generating 77% of the net IT export revenue of India). The IT- ITES sector is broadly classified into two categories (i) Business Process Outsourcing (BPO) and (ii) Domestic and IT export. The growth in the BPO sector under the supervision of the IT-ITES sector has been phenomenal. According to NASSCOM, "The IT-BPO sector in India aggregated revenue of US$ 100 billion in FY 2012, where export and domestic revenue stood at US$ 69.1 billion and US $31.7 billion respectively". The industry is also an employment intensive sector. The estimated employment generation in the FY 2012 was an expected 230,000 thus providing direct employment to 2.8 million and indirect employment 88.9 million people all over the country.

According to a report prepared by Gartner, the top five outsourcing companies of India are TCS, Cognizant, Infosys, Wipro and HCL Technologies. (Joydeep D, 2013). India is the world's largest sourcing destination for the information technology (IT) industry, accounting for approximately 52 per cent of the US$ 124-130 billion market. The industry employs about 10 million Indians and continues to contribute significantly to the social and economic transformation in the country. The IT industry has not only transformed India's image on the worldwide platform, however has additionally fuelled fiscal growth by

energising the higher education sector particularly in engineering and computer science. India's cost competitiveness in offering IT services, which is approximately three-four occasions cheaper than the U.S., continues to be its specified unique proposition (USP) in the world sourcing market.

Classification of IT Industry in India

The Indian IT and ITeS industry is divided into four major segments – IT services, business process management (BPM), software products and engineering services, and hardware. The IT-BPM sector in India grew at a compound annual growth rate (CAGR) of 25 per cent over 2000-2013, which is 3-4 times higher than the global IT-BPM spend, and is estimated to expand at a CAGR of 9.5 per cent to US$ 300 billion by 2020 (India Brand Equity Foundation, 2015).

STRUCTURE OF IT INDUSTRY
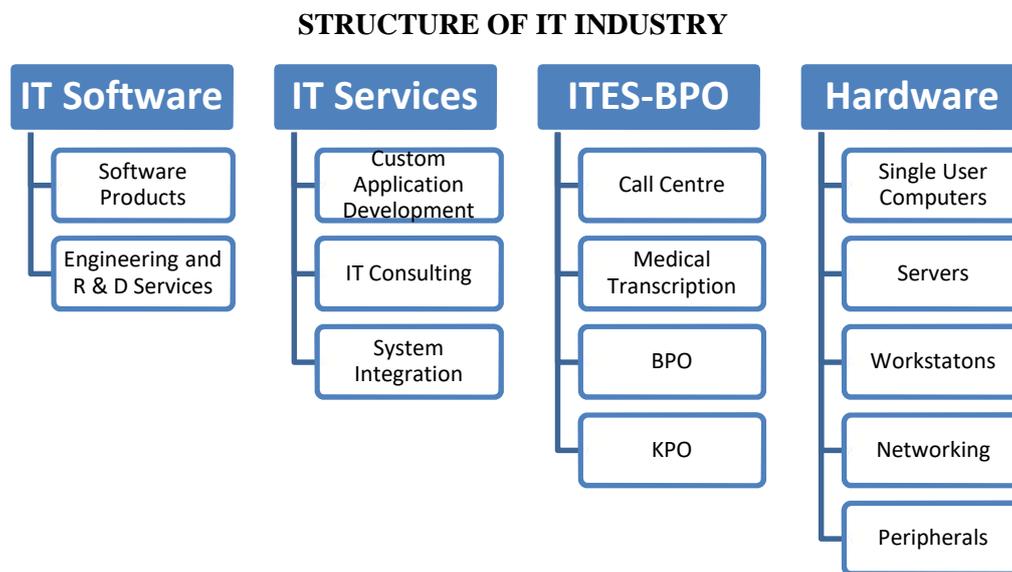
Figure 1 : Structure of the Indian IT Industry
Source: Dun & Bradstreet (2006).

IT Industry in Karnataka

Karnataka is the main IT hub of the nation with Bengaluru as the 4th greatest technological cluster in the world after Silicon Valley, Boston and London. Major IT activities in Karnataka are concentrated in Bengaluru. Bengaluru is popularly known as the Silicon Valley of India. NASDAQ opened its office in Bangalore on Feb 12, 2001. This was considered as a major recognition to Bengaluru. Karnataka contributes highest to the IT exports of India with twenty percent of the IT companies operating located in Karnataka. Fifty percent of the world's SEI CMM Levels 5 certified companies are located in Bengaluru. Leading IT companies like Infosys, Wipro, Tata Consultancy services, Oracle, Dell, IBM, Microsoft, Accenture, Cognizant and many others have their offices in Karnataka. Indian IT companies Infosys and Wipro have made an entry to the Forbes 2000 list. The top ranked global IT companies have based their India operations and R&D centers from Bangalore including Microsoft, IBM, Oracle and IBM. Karnataka state contributes five lakh IT professionals from leading engineering institutes to the nation's IT workforce of 2.5 million.

Massachusetts institute of technology (MIT) review magazine placed Bangalore amidst eight of the world's largest technology innovation clusters. To be incorporated in a renowned and respected magazine brings Bangalore and its software population gratification and recognition. Apart from Bangalore, other countries that received this recognition are Boston, Israel, Silicon Valley and Beijing, Paris-Saclay in France, Skolkovo Innovation City in Russia and Tech City in London.

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Apart from MIT, Bangalore also received recognition in November 2012 from Genome, a global research startup firm. Genome ranked Bangalore amidst 20 of the most influential startup environments in the world. A high risk taking talent, a deep rooted work ethic and abilities to overcome the challenges of startups in Bangalore has created a niche in Bangalore in the network of worldwide startups.

Performance Appraisal – An Overview

Today, IT companies have to make an attempt to develop the outlook and performance of its employees by using multiple and complex training and educational programmes. In comparison to this, several academicians, researchers and professionals hold that the personality of employees is generally developed when they learn several dimensions of job while working. Similarly, it is also believed that proper development of the personality of an employee by exercising on the job will be more useful when the organisation simultaneously gets related feedback through a systematic method of performance appraisal.

Performance appraisal is a process of obtaining, analysing and recording information about the relative worth of an employee. It is a systematic, periodic and an impartial rating of an employee's excellence in matters pertaining to his present job and his potential for a better job. A good appraisal system provides right feedback about the performance of an employee. In spite of dislike by several employees, PA has become an inescapable feature. It imparts benefits not only to the employees but also on supervisors and management, (Sanjeev Kumar Saxena-Jodhpur, (2011), Oppapers.com).

The concept of performance appraisal

Performance Appraisal can be viewed as the process of assessing and recording staff performance for the purpose of making judgments about staff that lead to decisions. It is undertaken to discover how productive an employee is and whether the employee can continue to perform in future to help achieve organisational goals. It constitutes an essential part of the HRM process and is a factor in determining the crucially important dimensions of employee and organisational effectiveness for success, (Decenzo and Robbins, 1993).

An appraisal evaluates not only the employees" performance but also the potential for development. The primary objectives of an appraisal are to assess part performance, identify training needs, set and agree on future objectives and standard as well as to facilitate the achievement of these goals.

Jon Clemens for example argued that the "purpose of reviews should be to drive better business results for the organisation making sure that the daily efforts of employees directly contributes to both their team's goals and the goals of the organisation",(Heskett 2007).

Historical overview

Its roots in the early 20th century can be traced to Taylor"s Pioneering Time and Motion studies. As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the world war II- not more than 60 years ago.

The practice of appraisal is a very ancient art. In the scale of things historical, it might well lay claim to being the world's second oldest profession. Dulewicz, (1989) noted that there is a basic human tendency to make judgment about those one is working with as well as about oneself. Appraisal it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others including subordinates, naturally, informally and arbitrarily. The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgment made will be lawful, fair, defensible and accurate.

In the 1950s in the United States, the potential usefulness of appraisal as a tool for motivation and development was gradually recognised. The general model of performance appraisal as it is known today began from that time.

Apekey (2006) PA in contemporary times gives supervisors and employees the opportunity to review the performance of the latter against set performance standards. This is to help identify their strengths and

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weaknesses in order to enable the supervisors design or recommend a specific programme that will help employees improve upon their performance.

The Performance Appraisal Process

The performance appraisal process consists of six inter-related steps as follows:

Establishing performance standards

The first step in the process of PA is the setting up of the standards which will be used as the base to compare the actual performance of the employees. This step requires setting the criteria to judge the performance of the employees as successful or unsuccessful and the degrees of their contribution to the organisational goals and objectives. The standards set should be clear, easily understandable and in measurable terms. In case the performance of the employees cannot be measured, great care should be taken to describe the standards.

Communicating the standards

Once set, it is the responsibility of the management to communicate the standards to all the employees of the organisation. The employees should be informed and the standards should be clearly explained to them. This will help them to understand their roles and to know what exactly is expected from them. The standards should also be communicated to the appraisers or evaluators and if required, the standards can also be modified at this stage itself according to the relevant feedback from the employees or the evaluators.

Measuring the actual performance

The most difficult part of the performance appraisal process is measuring the actual performance of the employees that is, the work done by the employees during the specified period of time. It is a continuous process which involves monitoring 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 the outcome of the process and providing assistance rather than interfering in an employee's work.

Comparing the actual with the desired performance

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance more than the desired performance or if the actual performance is less than the desired performance, it depicts a negative deviation in the organisational performance. It includes recalling, evaluating and analysis of data related to the employee's performance.

Discussing results

The results of the appraisal is communicated and discussed with the employees on one-on-one bases. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employee's future performance. The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better.

Decision making

The last step of the process is to take decisions which can either improve performance of the employees, take the required corrective actions or the related HR decisions such as rewards, promotions, demotions, transfers etc, (http://appraisals.naukrihub.com)

The above steps provide a framework for the study to evaluate the performance appraisal practices followed in IT companies.

Effective performance appraisal process

PA system can achieve its intended purpose, steps must be taken to ensure that all the pre-requisites that make it effective are adhered to.

Firstly, clear performance criteria must be set. Longenecker, (1997) intimated that appraising employee performance is destined to fail without having clearly established performance criteria by which to judge their performance. If ambiguity surrounds the job description, goals, traits or behaviours that will be the

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basis for the evaluation, the process is bound to fail. Communication is an important part of the PA process. An effective two way communication which outlines the desired behaviour or the expected results should be communicated to the employees as well as the evaluators.

An effective PA standard should be related to the strategic objectives of the organisation. The standard should include the whole range of the employee's responsibilities. PA must also meet certain legal requirements such as reliability, fairness and validity since they constitute one basis for HRM actions, (Apekey 2006).

According to Debrah, (2004) in most Ghanaian organisations, Performance appraisals are based on supervisory ratings and this encourages subjectivity in the performance appraisal process, thus, an appropriate rating instrument must support the appraisal process. The instrument should be tailored to capture critical desired behaviour and outcomes with corresponding meaningful performance standards and metrics, (Longenecker, 1997).

Continuously noting and documenting the performance of an employee is also important for effective performance appraisal. Managers are expected to monitor employee's performance on an ongoing basis in order to be in a position to know what the subordinates are actually doing. Longenecker, (1997) points out that, to increase the effectiveness of the evaluation process, regular performance feedback is needed.

Also according to Amstrong, (2006) feedback should be based on factual evidence and should be presented in a manner that enables individuals to recognise and accept its factual nature. The purpose of the feedback should be developmental rather than judgmental. Longenecker, (1997) notes that employees want ongoing performance feedback to reinforce appropriate actions and to be in a position to make adjustments when their performance needs improvement. People are more likely to work to improve their performance and develop their skills if they feel empowered by the process, (Armstrong, 2006).

Also according to Piggot-Irvine (2003), effectiveness occurs when appraisal interactions are non-controlling, non-defensive, supportive, educative and yet confidential. Effectiveness is also linked to appraisal processes and information that have clarity, objectivity, high integrity and where deep development is a goal.

It is imperative therefore for every organisation to ensure that appraisers and appraisees agree on realistic targets. Besides, the criteria for review performance must be based on employees' actual performance and must be devoid of non-performance related characteristics. This, to a large extent will help employees perceive the performance appraisal process as a fair one and invariably be satisfied with.

Performance Appraisal Methods

1. Ranking methods

According to Wayne (1992), simple ranking requires that a rater orders all employees from highest to lowest, from best employee to worst employee etc. Alternative ranking requires that a rater initially lists all employees on a sheet of paper alternating them from the top to the bottom of the list until all employees have been ranked.

Grobler et al also postulated that, the ranking method is comparative, thus, supervisors or other raters judge employees" performances in relation to each other instead of against an absolute standard. Supervisors usually rank their employees from effective to least effective in total job performance. According to Grobler et al, the advantages of ranking method are that it is easy to complete and also ranking completely avoids problems of central tendency or leniency. Again, they found some challenges with the ranking method. According to them, the method is seldom developmental since employees do not receive feedback about performance strengths and weaknesses or any future directions. Grobler et al also pointed out that when ranking is used, there is no common standard of performance by which to compare employees from various departments because employees in each department are compared only with one another.

2. 360 degrees feedback

According to Ward (1995), 360° feedback is the systematic collection and feedback of performance data on an individual or group derived from a number of the stakeholders on their performance. 360 degrees

which is also called multi-source assessment or multi-rater feedback generates its performance data on individual from their peers (team members or colleagues in other parts of the organization), supervisors (those one reports to), subordinates (those who report to the individual), customers, self and team. Also according to Mathias and Jackson (2004), 360 degrees feedback recognises that the manager is no longer the sole source of PA information. Instead, various colleagues and constituencies supply feedback about the employee to manager, thus, allowing the manager to obtain input from a variety of sources. Mathias and Jackson (2004) again postulate that, the sole purpose of 360 degrees feedback is not to increase reliability by soliciting like-minded views but rather to capture the various evaluations of the individual employees' different roles.

3. Essay method

Wayne (1992) observed that the narrative essay is the simplest type of absolute rating system. Here a rater describes in writing, an employee's strengths, weaknesses and potentials together with suggestions for improvement. If essays are done very well, they have the tendency to provide detailed feedback to subordinates regarding their performance. Notwithstanding, comparisons across individuals, groups or departments are almost impossible since different essays touch on different aspects of each employee's performance. It then becomes difficult to use essay information for personnel decisions since subordinates are not compared objectively and ranked relative to each other.

According to Mathias and Jackson, (2004), the format allows the rater more flexibility than other methods do and this makes appraisers often combine the essay with other methods. According to them, one challenge with the method is that, the effectiveness of the essay approach depends on the supervisor's ability to write. Some supervisors do not express themselves well in writing resulting in a poor description of employee performance.

4. Critical incident method

Sudhir, (2001) indicates that a critical incident means a significant act by an employee exceeding or failing, any of the requirements of his job. It denotes an exceptional behaviour of an employee at work, for example, resisted the implementation of charge and refused to help a fellow worker to accept the management decisions. This method requires every supervisor to record all such significant incidents in each employee"s behavior which indicates effective or successful action and those which show ineffective or poor behaviour.

Torrington and Hall (1995) also upheld the method with the view that it looks at behaviours and that a list of critical incidents on a given employee provides a rich set of examples from which the employee can be shown which of their behaviours are desirable and which ones call for improvement.

With the challenges concerning the critical incident method, Torrington and Hall argued that using this method is quite time consuming and burdensome since appraisers are required to write these incidents down regularly. They also argued that the method faces the same challenges as the essay since these do not lend themselves to quantification.

According to Mathis and Jackson (2004), in this method, the manager keeps a written record of both highly favorable and unfavorable actions in an employee's performance during the entire rating period. According to them, when a "critical incident" involving an employee occurs, the manager writes it down. They also saw the method as having challenges since producing daily or weekly written remarks about each employee's performance takes considerable time. Again, they observed that employees may become overly concerned about what their superiors write and begin to fear the manager's "black books".

5. Behaviorally anchored rating scale (BARS)

BARS were developed as a response to the shortcomings of the graphic scale approach. According to Harris (1997), the major aim of BARS is to provide a set of scales that is defined in a precise behavioral manner.

According to Wayne, (1992), BARS method has received considerable attention by academics in recent years. Wayne maintains that, these scales combine major elements from the critical incident and graphic rating scale approaches in that the appraiser rates the employee based on items along a continuum but the points are examples of actual behavior on the job rather than general descriptions or traits.

Grobler et al also stressed that BARS are significant because they have clear standards as the critical incidents along the scale help to clarity what is meant by extremely good performance, average performance etc.

According to Mathias and Jackson (2004), BARS compare what the employee does with possible behaviors that might be shown on the job.

Harris on the other hand, argued that the development of BARS is time consuming than the other methods. Wayne also argued that BARS require considerable efforts to develop, yet there is little research evidence to support the superiority of BARS over the other types of rating systems.

6. Management by objectives (MBO)

In the opinion of Torrington and Hall, (1995), MBO is a process that converts organisation objectives into individual objectives. It can be said to consist of four steps: goal setting, action planning, self-control and periodic reviews. They observed that, in goal setting, the organisation‟s overall objectives are set. At the individual level the manager and subordinates jointly identify those goals that are critical for the subordinate to achieve in order to fulfill the requirements of the job as determined in the job analysis.

These goals are agreed upon and then become the standards by which the employee's results will be evaluated.

According to Werther and Weihrich, (1975), the heart of MBO consists of goals that are objectively measurable and mutually agreed on by managers and employees. In action planning, the means are determined for achieving the ends established in goal setting, thus, realistic plans are developed to attain the objectives.

According to Mathias and Jackson, (2004), MBO specifies the performance goals that an individual and his manager agree to try to attain within an appropriate length of time. They again emphasised that MBO should not be a disguised means for a superior to dictate the objectives of individual managers or employees. They observed that the MBO process seems to be most useful with managerial personnel and employees who have a fairly wide range of flexibility and control over their jobs.

Purpose of performance appraisal

PA is the process of evaluating how well employees perform their jobs when compared to a set of standards and then communicating that information to those employees. PA is widely used for administering wages and salaries giving performance feedback and identifying individual employee's strengths and weaknesses, (Mathias and Jackson, 2004). According to them, PA can be a primary source of information and feedback for employees which are often key to their future development. In the process of identifying employee strengths and weaknesses, potentials and training needs through PA feedback, supervisors can inform employees about their progress, discuss what areas they need to develop and identify development plans. The Manager's role in such a situation parallels that of a coach. A coach rewards good performance with recognition, explains what improvement is necessary and shows employees how to improve. After all, people do not always know where and how to improve and managers should not expect improvement if they are unwilling to explain where and how improvement can occur.

Noe, Hollenbeck, Gerhart and Wright, (1996) noted that, organisations use PA in many administrative decisions: salary administration (pay rise), promotions, retentions, termination, layoffs and recognition of individual performances. Again, the purposes of an effective appraisal system are to link employee activities with the organisation's strategic goals, furnish valid and useful information for making administrative decisions about employees and provide employees with useful developmental feedback.

Moreover, in some organisations, PA and Performance Management systems are treated as unnecessary or routine job. But the evaluation of employee's job performance is vital human resource function and of critical importance to the organisation. In work organisations, performance measurement typically takes place in the form of formal performance appraisals which measure worker performance in comparison to certain predetermined standards. Performance appraisals serve many purposes for the individual worker, for the worker's supervisor and the whole organisation, (Cleaveland, Murphy and

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Williams, 1989). They noted that, for the worker, PA serves as a means of reinforcement, career advancement, information about work goal attainment and a source of feedback to improve performance. For the supervisor, PA serves as a basis for making personnel decisions, assessment of workers" goal attainment, opportunity to provide constructive feedback to workers and an opportunity to interact with subordinates.

Also, for the organisation, PA helps in the assessment of productivity of individuals and work units, validation of personnel selection and placement methods, means for recognising and motivating workers, source of information for training needs and an evaluation of the effectiveness of organisational interventions.

How PA is used has been shown to influence rating behaviour and outcomes and to be an important predictor of employee attitudes toward their supervisor, the job and the appraisal process, (Jordan and Nasis, 1992).

Who should evaluate performance?

The most basic requirement for any rater is to adequately observe the job performance over a reasonable period of time. Performance could then be evaluated by any of the following:

1. The immediate supervisor

Wayne, (1992) stresses that if appraisal is done at all, it will perhaps be done by this person. Besides, the immediate supervisor is obviously the best in terms of relating the individual's performance to departmental and organisational objectives.

2. Peers

Peers can provide a perspective on performance that is entirely different from that of the immediate supervisors. Bruce et al (2001) observed that people at the same level appraise their peers so that each employee can use their expert knowledge of the appraisee"s role and responsibilities to give an authoritative opinion on their skills

3. Self-appraisals

According to Field and Holley, (1982), self-appraisals tend to be more lenient, less variable and more biased and show less agreement with the judgment of others.

Shore and Thornton, (1986) also maintain that since employees tend to give themselves high or more marks than their supervisors do, self-appraisals are perhaps more appropriate for counseling and development than for personnel decisions.

4. Customer or client evaluations

In the view of Grobler et al, in some instances, the consumers of an individual's or organisation's services can provide a unique perspective on job performance, Although the client's objectives cannot be expected to correspond completely with the organisation's objectives, the information they provide can be useful for personnel decisions such as promotion, transfer and the need for training.

Challenges of performance appraisal

The use of ratings and other techniques in PA assume that the human observer is reasonably objective and accurate but raters' memories are quite fallible and raters subscribe to their own sets of expectations about people, expectations that may or may not be valid. Despite the fact that a completely error-free PA is only an ideal we can aim for, with all actual appraisals falling short of this ideal, a number of factors that significantly impede objective appraisal have been isolated for discussion.

1. Halo error

Decenzo and Robbins (1993) note that the halo effect or error is a tendency to rate high or low on all factors due to the impression of a high or low rating on some specific factor. According to them, if an employee tends to be conscientious and dependable, the rater might become biased toward that individual to the extent that he will rate him or her positively on many desirable attributes. Also as per their observation in

an institution, students tend to rate a faculty member as outstanding on all criteria when they are particularly appreciative of a few things he or she does in the classroom as compared to a few bad habits which might result in students evaluating the instructor as „lousy‟ across the board. Cleaveland, Murphy and Williams (1989) also postulate that the halo error is perhaps the most pervasive error in performance appraisal as raters who commit this error assign their ratings on the basis of global impressions of ratees. According to them, an employee is rated either high or low on many aspects of job performance because the rater knows (or thinks he or she knows) that the employee is high or low on some specific aspects.

2. Similarity error

Decenzo and Robbins (1993) state that, when evaluators rate other people in the same way, that the evaluators perceive themselves, they are making a similarity error. In this case, evaluators who see themselves as aggressive may evaluate others by looking for aggressiveness thus, those who demonstrate this characteristic tend to benefit while others are penalised.

3. Central tendency

Beardwell and Holden (1997) note that central tendency is the reluctance to make extreme ratings (in either direction); the ability to distinguish between and among ratees; a form of range restriction. According to them, raters who are prone to the central tendency error are those who continually rate all employees as average. In this case, if a manager rates all subordinates as 3, on a scale of 1 to 5, then no differentiation among the subordinates exists. As such, failure to rate subordinates as 5, for those who deserve that rating and as 1, if the case warrants it, will only create problems, especially if this information is used for pay increases.

Results and Discussion:

Table 1: Satisfaction towards the process for setting individual standards

Highly Dis-Satisfied	Dissatisfied	Average	Satisfied	Highly Satisfied	Total
2	4	8	11	5	30

Chi-Square Test Analysis:

H_o : IT employees are satisfied by the process of setting their standards.

Ei = Oi/5 = 30 / 5 = 6

Oi	Oi-Ei	(Oi-Ei)^2	(Oi-Ei)^2/Ei^2
2	-4	16	0.44
4	-2	4	0.11
8	2	4	0.11
11	5	25	0.69
5	-1	1	0.03
		Total	1.39

Degree of Freedom (v) = N-1 = 5-1 = 4

v=4, χ^2 0.05 = 9.49 (Tabulated)

From the above test it is revealed that the calculated value of χ^2 is less than the tabulated value. Hence, hypothesis holds true and it can be concluded that the employees are satisfied.

Table 2: feedback and guidance provided by your superior for improvement

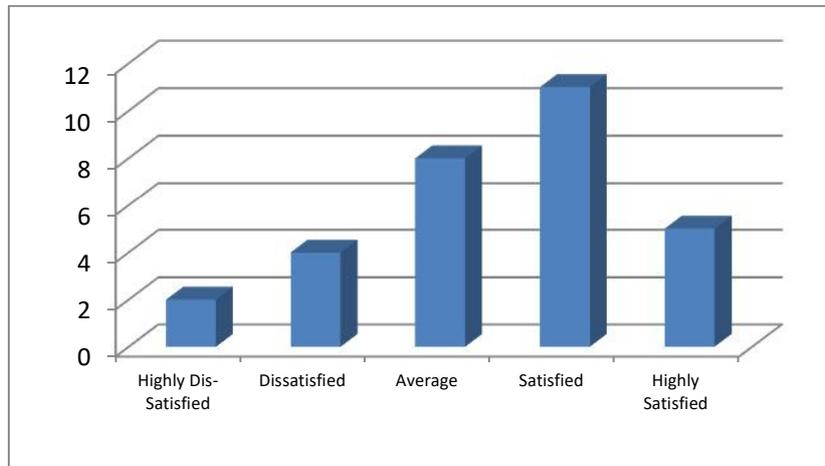| Highly Dis-Satisfied	Dissatisfied	Average	Satisfied	Highly Satisfied	Total
1	2	8	13	6	30

Chi-Square Test Analysis:

H_o : IT employees are satisfied by the process of setting their standards.

Ei =   Oi/5 = 30 / 5 = 6

Oi	Oi-Ei	(Oi-Ei)^2	(Oi-Ei)^2/Ei^2
1	-5	25	0.69
2	-4	16	0.44
8	2	4	0.11
13	7	49	1.36
6	0	0	0.00
		Total	2.61

Table 3: Level of access provided by your superiors to discuss your problems concerns

Highly Dis-Satisfied	Dissatisfied	Average	Satisfied	Highly Satisfied	Total
1	3	6	15	5	30

Chi-Square Test Analysis:

H_o : IT employees are satisfied by the process of setting their standards.

Ei =   Oi/5 = 30 / 5 = 6

Oi	Oi-Ei	(Oi-Ei)^2	(Oi-Ei)^2/Ei^2
1	-5	25	0.69
3	-3	9	0.25
6	0	0	0.00
15	9	81	2.25
5	-1	1	0.03
		Total	3.22

Table 4: participation of your team members in completion of your targets

Highly Dis-Satisfied	Dissatisfied	Average	Satisfied	Highly Satisfied	Total
4	2	6	17	1	30

Chi-Square Test Analysis:

H_o : IT employees are satisfied by the process of setting their standards.

$Ei = \quad Oi/5 = 30 / 5 = 6$

Oi	Oi-Ei	(Oi-Ei)^2	(Oi-Ei)^2/Ei^2
4	-2	4	0.11
2	-4	16	0.44
6	0	0	0.00
17	11	121	3.36
1	-5	25	0.69
		Total	4.61

Table 5: time-frame provided to you in completion of your targets

Highly Dis-Satisfied	Dissatisfied	Average	Satisfied	Highly Satisfied	Total
0	4	19	4	3	30

Chi-Square Test Analysis:

H_o : IT employees are satisfied by the process of setting their standards.

$Ei = \quad Oi/5 = 30 / 5 = 6$

Oi	Oi-Ei	(Oi-Ei)^2	(Oi-Ei)^2/Ei^2
0	-6	36	1.00
4	-2	4	0.11
19	13	169	4.69
4	-2	4	0.11
3	-3	9	0.25
		Total	6.17

Table 6: process of identification of training needs

Highly Dis-Satisfied	Dissatisfied	Average	Satisfied	Highly Satisfied	Total
0	2	12	14	2	30

Chi-Square Test Analysis:

H_o : IT employees are satisfied by the process of setting their standards.

$Ei = \quad Oi/5 = 30 / 5 = 6$

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Oi	Oi-Ei	(Oi-Ei)^2	(Oi-Ei)^2/Ei^2
0	-6	36	1.00
2	-4	16	0.44
12	6	36	1.00
14	8	64	1.78
2	-4	16	0.44
		Total	4.67

Table 7: usefulness of training inputs in improving your current performance

Highly Dis-Satisfied	Dissatisfied	Average	Satisfied	Highly Satisfied	Total
3	4	14	8	1	30

Chi-Square Test Analysis:

H_o : IT employees are satisfied by the process of setting their standards.

Ei = Oi/5 = 30 / 5 = 6

Oi	Oi-Ei	(Oi-Ei)^2	(Oi-Ei)^2/Ei^2
3	-3	9	0.25
4	-2	4	0.11
14	8	64	1.78
8	2	4	0.11
1	-5	25	0.69
		Total	2.94

Table 8: responsibilities commensurate with your level in the company

Highly Dis-Satisfied	Dissatisfied	Average	Satisfied	Highly Satisfied	Total
0	0	4	20	6	30

Chi-Square Test Analysis:

H_o : IT employees are satisfied by the process of setting their standards.

Ei = Oi/5 = 30 / 5 = 6

Oi	Oi-Ei	(Oi-Ei)^2	(Oi-Ei)^2/Ei^2
0	-6	36	1.00
0	-6	36	1.00
4	-2	4	0.11
20	14	196	5.44
6	0	0	0.00
		Total	7.56

Table 9: Satisfaction Level with the process of performance appraisal

Highly Dis-Satisfied	Dissatisfied	Average	Satisfied	Highly Satisfied	Total
2	3	12	9	4	30

Chi-Square Test Analysis:

H_o : IT employees are satisfied by the process of setting their standards.

$E_i =$ $O_i/5 = 30 / 5 = 6$

Oi	Oi-Ei	(Oi-Ei)^2	(Oi-Ei)^2/Ei^2
2	-4	16	0.44
3	-3	9	0.25
12	6	36	1.00
9	3	9	0.25
4	-2	4	0.11
		Total	2.06

Source: Primary Data.

Conclusion:

Software Services Industry Body NASSCOM is confident concerning the progress of India's IT sector. According to NASSCOM, "'newer geographies' are set to double their contribution to India to 20% by 2020". As per the estimation of NASSCOM purely domestic and export services of the Indian IT sector is anticipated to generate US$ 225 billion by 2020. The panorama of the worldwide IT and ITES market is changing quickly and it is totally up to the Indian IT sector now to adapt to this changing panorama. After all India still remains to be a main brand name in the world IT and ITES sector.

Pertaining to the above facts explored in the case ensures that the prevailing work environment is complex, which is being rapidly reshaped by multiple game changing trends which is having a significant impact on business growth and access to skilled talent with HR at the epicenter. Today's dramatically shifting business, globalization, talent and regulatory landscape is continuously throwing up new challenges for the HR leaders to debate and unravel. In light of these changing trends, the role of HR function is shaping into a more strategic, driving role with increasing focus on broader human capital issues.

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