



## **PERFORMANCE APPRAISAL SYSTEM ADOPTED BY BISCUIT COMPANIES IN MADURAI DISTRICT**

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### **ABSTRACT**

A Performance Appraisal is a disciplined and continuous process of measuring an employee's work performance against the familiar necessities of the job. It is an individual appraisal of the worker's strengths and weaknesses, relative worth to the organization and approaching improvement potential. It helps to improve the performance of the employees and points out their mistakes in their jobs. Biscuit manufacturing units functioning in Madurai District offered employment opportunities to the people of nearby areas. These companies provide source of revenue to the rural people. Commitment and error free work is expected by these companies and they measure the performance of the employees via traits, behaviour and results. Hence, an attempt has been made to study the Performance Appraisal system adopted by the biscuit companies.

**Keywords :** Performance Appraisal, Employee, Biscuit, Manufacturing Units, Madurai District.

### **INTRODUCTION**

In the contemporary era, the victory of each and every organisation depends upon the performance of the employees. The organisations take tremendous efforts in the recruitment and selection of qualified

employees. In order to face the challenges in changing technical environment, the organisations have provided training to the employees. (Sudha Devi and Nagarani, 2015). The impact of proper recruitment,

selection and training is reflected in their performance. It is essential for the organisations to appraise the performance of the employees. Performance Appraisal is the procedure by which organizations gather information about how well employees are performing their jobs as it is one of the elements of the management process (Mathus, 2017). The most significant Performance Appraisal methods are self appraisal, 360 degree appraisal, Negotiated Appraisal and Peer Assessment. (Rajan and Sankari, 2018). The organizations adopted Performance Appraisal to assess the employees in performance reviews and assist to modify unproductive or insufficient work behavior, generate information that can be used to determine compensation, such as salary increases and bonuses. It also provides information to make decisions regarding transfers, promotions, terminations, etc., and to ascertain employee training and development programme requirements.

British is a home country for biscuits. After independence, bakery products like bun, cakes and biscuits gained a popularity due to the marketing practices of bakers. There is a mushroom growth of variety of bakery products. (Silpha Sabaritha, 2019). Among all, biscuits

occupied a dominant position in turnover as it is preferred by all age group of people. Cream biscuits, salt biscuits, various flavor biscuits rule the society by its unique taste. (Rajaram, 2020). Many budding entrepreneurs enter into the manufacturing process of biscuits as its process is simple and it yield more profits. In India, many biscuit companies provide employment opportunities and improve the standard of living of the people. As per 2022-2023, Food Corporation Agency (FCA) revealed that there are 38,415 registered companies are manufacturing biscuits. They contribute approximately 4.78 per cent to the total Gross Domestic Product. The human resources employed in the industry is the major pillar for the successful functioning of it (Sali Nalkari, 2022).

A Performance Appraisal is a methodical and intermittent process of measuring an individual's work performance against the recognized requirements of the job. It is an individual evaluation of the employee's strengths and weaknesses, comparative worth to the organization and upcoming improvement potential. Organizations need Performance Appraisals to precisely measure every employee's performance and confirm that they are working in the right area and doing the job

they were recruited for it. In addition, good Performance Appraisals increase efficiency and help cut costs. The present study has made an attempt to study the Performance Appraisal methods adopted by biscuit company manufactures in evaluation of performance of human resources.

The formulation and execution of human resource practices viz., recruitment, selection, training, placement, compensation, transfer, promotion and Performance Appraisal will enhance the smooth running of an enterprise. (Guru and Lakshmi, 2016). Among all HR practices, Performance Appraisal is the root cause to solve many crisis in any organisation. The present study focusses on the Performance Appraisal system adopted by biscuit company manufacturers in Madurai District. Hence the present study is planned to study the Performance Appraisal adopted by biscuit company manufacturers, to analyse the opinion of the biscuit company manufacturers towards Performance Appraisal system adopted in their business and to offer suggestions on the basis of findings of the study.

## **RESEARCH METHODOLOGY**

The methodology of the research includes methods of data collection, instruments used for data collection, sampling design, statistical tools used for

data analysis, hypotheses of the study and area of the study. The study has been based on both primary and secondary data. The primary data has been gathered from 130 biscuit company manufacturing units at Madurai District. The secondary data has been collected from books, magazines, journal and encyclopedias. The primary data has been collected from 130 respondents by using well-structured and pre-tested questionnaire. Based on the Pilot study, some of the unwanted and unsuitable questions were removed from the instrument and a few questions were simplified. The result of the Pilot study was useful for the researcher to frame the final questionnaire to collect information from the respondents.

For the collection of primary data from respondents, Stratified Random Sampling Technique has been used in this study. Twelve statements indicating the opinion of the biscuit company manufacturers towards Performance Appraisal system will be framed with the help of Likert's Five Point Scaling Technique. The collected primary data has been analyzed by using Cronbach Alpha Test and Factor analysis.

The area of the study is Madurai District where thirteen blocks have been selected for the present research work. In this

District, many MSMEs and SIDCO Units are functioning very well. Many business units are manufacturing the biscuits. Hence, Madurai District is chosen as study area. Each block is considered as a strata. After stratification, the respondents were selected proportionately. Totally, 637 biscuit

manufacturing companies are functioning. (Bakers Association, Madurai District, 2023-2024). Among them, 130 units are chosen conveniently. The details of the blocks and biscuit companies are given as “sampling framework” in the Table 1.

**Table 1 shows the Sampling Framework and the units are given as number**

S.No.	Block Name	No. of Biscuit Companies	Sampling Units
1	Madurai East	60	12
2	Madurai West	41	8
3	Thirupparankundram	52	11
4	Melur	37	8
5	Kottampatti	42	9
6	Vadipatti	42	9
7	Alanganallur	47	10
8	Usilampatti	41	8
9	Chellampatti	66	13
10	T.Kallupatti	59	12
11	Sedapatti	65	13
12	Thirumangalam	44	9
13	Kallikudi	41	8
<b>Total</b>		<b>637</b>	<b>130</b>

Source: Annual Reports of Bakers Association, Madurai District, 2023-2024

## RESULTS AND DISCUSSION

In this study, 130 biscuit companies functioning in Madurai District are taken into account. All the units are adopting Performance Appraisal for measuring the performance of the employees. In the biscuit company, most of the employees are semi skilled and at times unskilled in nature. For measuring

their performance, they adopted Trait Appraisal method, Behaviour Appraisal method and Result Appraisal method. Table 2 highlights the opinion of the biscuit company manufacturers towards Performance Appraisal system.

**Table 2: Performance Appraisal System Adopted By Biscuit Companies**

Statements		Strongly Agree	Agree	No Opinion	Disagree	Strongly Disagree	Total
Multi-talented	Count	75	34	12	4	5	130
	%	57.69	26.15	9.23	3.08	3.85	100
Less wastage	Count	69	25	14	16	6	130
	%	53.08	19.23	10.77	12.31	4.62	100
Skill Acquisition	Count	69	26	15	15	5	130
	%	53.08	20.00	11.54	11.54	3.85	100
Self-discipline	Count	53	23	15	14	25	130
	%	40.77	17.69	11.54	10.77	19.23	100
Obey the instruction of management	Count	54	27	16	18	15	130
	%	41.54	20.77	12.31	13.85	11.54	100
Protection of Equipment	Count	77	16	11	13	13	130
	%	59.23	12.31	8.46	10.00	10.00	100
Produce more quantity	Count	57	43	2	14	14	130
	%	43.85	33.08	1.54	10.77	10.77	100
Reach the company at correct time	Count	96	17	8	7	2	130
	%	73.85	13.08	6.15	5.38	1.54	100
Knowledge about modern technologies	Count	80	16	12	15	7	130
	%	61.54	12.31	9.23	11.54	5.38	100
Complete the work on time	Count	40	62	5	11	12	130
	%	30.77	47.69	3.85	8.46	9.23	100
High initiative	Count	41	37	27	18	7	130
	%	31.54	28.46	20.77	13.85	5.38	100
No dispute with others	Count	59	31	8	16	16	130
	%	45.38	23.85	6.15	12.31	12.31	100

**Source: Primary data**

In order to check the internal consistency of the twelve statements, Cronbach Alpha test has been used and the results are given in the Table 3. The alpha value is more than 0.9, and therefore excellent. When the alpha value is more than 0.8 and less than 0.9, it is good. If the alpha

value is more than 0.7 and less than 0.8, it is acceptable. When the alpha value is more than 0.6 and less than 0.7, it is questionable. If the alpha value is more than 0.5 and less than 0.6, it is poor. If the alpha value is less than 0.5, it is unacceptable. (Jayanthi, 2010).

**Table 3: The Results of Cronbach Alpha Test**

Performance Appraisal System	No. of Statements	Cronbach Alpha	P value
Trait based	4	0.8238	0.000
Behaviour based	4	0.9758	0.000
Result based	4	0.9125	0.000

**Source: Primary data**

The Cronbach Alpha reliability scale of the Trait Based Performance Appraisal is 0.8238 which shows that the opinion given by the respondents towards the four statements are good. The reliability scale of the behaviour based Performance Appraisal is 0.9758 which explains that the opinion given by the respondents towards the four statements are excellent. The reliability scale of the result based Performance Appraisal is 0.9125 which explains that the opinion given by the respondents towards the four statements are excellent. Among three systems, two systems have excellent values.

Factor analysis has been used to analyse the Performance Appraisal systems

adopted by biscuit companies. Before applying Factor analysis, it is essential to check whether the data is fit for analysis or not. For that purpose, Kaiser-Meyer–Oklin (KMO) measure of sampling adequacy and Bartlett’s Test of sphericity test are implemented to test the fitness of the data. The KMO test shows that there is a 0.814 percentage of sampling adequacy in the model and significance value .000 shows that there is a high level significance among the variables in this model. By using Principle Component Analysis (PCA) under Varimax Rotation, twelve statements indicating the opinion of the respondents towards performance appraisal system has been rotated.

**Table 4: Factor Analysis**

Statements	I	II	III	Communalities
Produce more quantity	<b>0.988</b>	0.188	0.239	0.814
Less wastage	<b>0.972</b>	0.156	0.154	0.535
Complete the work on time	<b>0.965</b>	0.133	0.415	0.164
Protection of the Equipment	<b>0.960</b>	0.136	0.145	0.643
Obey the instruction of Management	0.184	<b>0.915</b>	0.397	0.982
No dispute with others	0.112	<b>0.903</b>	0.412	0.622
Self-discipline	0.168	<b>0.899</b>	0.176	0.516
Reach the company at correct time	0.192	<b>0.828</b>	0.397	0.366
Skill acquisition	0.874	0.179	<b>0.967</b>	0.624
Knowledge about Modern Technologies	0.864	0.182	<b>0.927</b>	0.153
High Initiative	0.852	0.035	<b>0.898</b>	0.367
Multi-talented	0.069	0.825	<b>0.817</b>	0.466
Variances	39.15	12.99	11.05	
Cumulative % of variances	39.15	51.24	62.29	

Source: Primary data

By applying Varimax rotation method, twelve statements are rotated and three factors are derived. The cumulative percentage of variance for the three factors are 62.29. The biscuit company manufacturers expect that the employees have to obey the instruction of the management as it score a communalities of 0.982.

Under Factor I, four statements such as production of more quantity, less wastage, completion of work on time and protection of equipment were analysed. Hence, Factor I is termed as “Result factor”. Among four statements, the statement ‘Produce more quantity’ got a dominant score (0.988). Sherin Rebecca (2021) pointed out the output (result) factor influence the Performance Appraisal of printing industry employees in Sivakasi. In the papad and masala powder making process, less wastage is preferred by manufacturing team while appraising the performance of daily wage earners as reported by Kannan (2018). In this present study, the analysed result factor comes under Factor I considered by biscuit company manufacturers for promoting more production.

Under Factor II, four statements are loaded. These statements are related to obey the instructions, no dispute with others, self-discipline and reach the company at correction time. Hence, Factor II is termed as “Behaviour factor”. Among four statements, the statement ‘Obey the instruction of management’ got a dominant score (0.988). Self-discipline is a pointing out factor for behaviour analysis of employees engaged in garments sector as reported by Sebastiammal, (2020). Similarly in this study, self discipline is the third dominant variable and obey the instruction is the highest dominant variable in Factor II.

Under Factor III, four statements are analyzed. These statements are related to skill acquisition, knowledge about modern technologies, high initiative and multi-talented. Hence, Factor III is termed as “Trait factor”. Among four statements, the statement ‘skill acquisition’ got a dominant score (0.967). The present finding is supported with the results of Anantha Selvi and Sangareswari, (2020) who pointed out that the hotel industries expected multi-talented employees for boosting their operational performance and compete with competitors.

As multi-talented employees perform very well, absorb new methods of housekeeping and maintenance and win the hearts of the clients, the hotel industries recruit and select multi-talented employees. From the results, it is clear that biscuit company manufacturers gave importance to results that is the output given by the employees followed by behaviour. Final factor is Trait factor. On the basis of findings of the study, some suggestions are offered. The biscuit company manufacturers gave focus on output based performance. They have to give equal importance to traits also. As there is a mushroom growth of competition, modern technologies and expectations of the customers are to be taken into account. For that purpose, they have to change their outdated method of measuring the performance.

Performance Appraisal is a yardstick which measure the performance of the employees. The companies have to give concentration for the adoption of proper Performance Appraisal methods. When right performance methods are employed, it lead the company to march towards the victory and motivate the employees to improve their productivity. The biscuit companies in Madurai District have to change their

Performance Appraisal pattern to elevate their business to the succeeding level.

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