

COMPARATIVE STUDY OF PERFORMANCE APPRAISAL ON TWO PHARMACEUTICAL ORGANIZATIONS IN MADHYA PRADESH

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Abstract

This paper aims at studying performance appraisal system effectiveness in two selected pharmaceutical organization. Data's were collected with the help of questionnaires from both company's 480 supervisor/rater, executives and officers (technical and non-technical) professionals. Greenberg (1993) hypothesized and proposed four-factor model of "organizational justice": systemic (structural procedural); configural (structural-distributive); informational (social-procedural); and, interpersonal (social-distributive), has been used to evaluate effectiveness of performance appraisal system. This study used frequency distribution to study the comparison in presently practiced performance appraisal system. Result indicated that the frequency distribution of the pharma company A and B were significantly different from each other. It was found that Pharma Company A employee perceive greater satisfaction with (factor order) Performance expectation forecast, About performance rater, Understanding performance expectations, Concern over Performance Ratings, In-process feedback, Accuracy of performance rating, Behavior of Rater/Supervisor, Briefing rating results but were neutral with Appealing for Justice, were they need improvement. On the other hand pharma company B employees perceive satisfaction with only four factors like; About performance rater, Behavior of Rater/Supervisor Performance expectation forecast, Understanding performance expectations, but they indicated a need of improvement with the factors Concern about Performance Ratings, In-process feedback, Briefing rating results, Appealing for Justice and Accuracy of performance rating.

Keywords: Performance Appraisal, Comparative, Pharmaceutical organizations.

Introduction

"Performance appraisal is a system whereby, superior or managers evaluates the work performance of subordinates", thus it is one of the most common management practices utilized in all organizations worldwide. Performance appraisal can be described as a systematic attempt to distinguish the more efficient workers from the less efficient workers and to discriminate among strength and weaknesses of an individual has across many job elements. In short, performance appraisal is a measurement of how well someone performs job-relevant tasks. It has been concluded after going through many research, that performance appraisal systems become useless if they do not elicit positive reactions among raters and ratees (Tziner and Kopelman, 2002).

And, thus in recognition of the large amounts of time and money that need to be invested to develop and implement an appraisal system, an ineffective appraisal system would be a severe threat and loss of resources to an organization. Thus, evaluation of performance appraisal system has become a topic for in-depth research. On which many researchers have worked and tried to develop effective and successful model, but there was always some lacking. According to Kondrasuk et al. (2011) these problems can be categorized into three areas: (1) *the process and format*, (2) *evaluators role* and (3) *problems involving the ratees*.

Greenberg (1993) hypothesized and proposed four-factor model of organizational justice based on studies and research by considering all previous studies, which was summarized as: systemic (structural procedural); configural (structural-distributive); informational (social-procedural); and, interpersonal (social-distributive), which has proved to be time tested and has been considered

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more effective by many researchers compared to earlier proposed theories and concepts to evaluate performance appraisal system effectiveness.

Overview on Advantages of Performance Appraisal System

Beer, (1981) stated that by performance appraisal process employees learn about themselves, employees get knowledge about how they are doing? Employees learn about, what are the management values? According to Stephan and Dorfman (1989) outcomes of effective performance appraisal are improvement in the accuracy of employee performance and establishing relationship between performance on tasks and a clear potential for reward. Dobbins, Cardy and Platz-Vieno (1990) told five outcomes i.e. use of evaluations as feedback to improve performance, reduced employee turnover, increased motivation, existence of feelings of equity among employees, linkage between performance and rewards. Researcher viewed provision of information for the development of managerial strategies for training and development as an outcome. Research found outcomes like reduced employee stress, review of overall progress, linkage between current performance and employee's goals, and development of specific action plans for future. Summary of the scholarly articles (Bernardin & Beatty, 1984; Landy & Farr, 1983; Lawler, Mohrman, & Resnick, 1984; Murphy & Cleveland, 1995) pointed out following five areas as a measurement of an efficacious performance appraisal system: determines pay; explains and communicates pay decisions, provides the subordinate with development information and support, fosters mutual task definition and planning of future work goals, documents and recognizes subordinate's performance, allows the subordinate to provide feedback about feelings, supervision and definition of work.

Overview on Drawbacks of Ineffective Performance Appraisal

Skarlicki and Folger (1997) suggested that the appraisal process can become a source of extreme dissatisfaction when employees believe the system is biased, political or irrelevant and thus are often perceived as both inaccurate and unfair. The perception of the personal goals of the rater, the second structural force, may influence employee perceptions of the fairness of a decision. Employees may consider a performance rating unfair if the rater is considered to be attempting to avoid conflict by inflating ratings; to play favorites; or to yield to political pressures to distort ratings (McCarthy 1995). The result is that when an

employee is rated as satisfactory instead of excellent or above average, he or she may lose motivation and commitment to the organization. If an employee sees the performance appraisal system as unfair, there is a reduction in motivation to change behavior, a rejection of the usefulness and validity of the information, and an unwillingness to accept decisions based on appraisal information. For the supervisors, a decrease in trust in the process results in an increase in the leniency of ratings (Roberts, 1994a).

Employees are dissatisfied with the ways in which their contributions are appraised. The roots of this dissatisfaction are a lack of transparency, limited opportunities for career development and inconsistent managerial support. *Clinton O. Longenecker, Stephen J. Goff (1992)*; revealed that; Lack of faith in the appraisal process: Employees think that their manager doesn't write appraisals based on employee's performance but bias their decisions based on their personal relations with employees; The time consuming process: The highly complex questions which they have no answers to or highly complex competencies which they have never heard of confuse them. Thus employees think that appraisal is a disturbance to their normal work; difficulty in writing appraisals: many employees have poor language skills and they are unable to communicate their performance in right language and support with data. This difficulty is further increased when they find extremely difficult questions/ terminology in the appraisal; the lack of feedback after the appraisal: many companies do not provide feedback to employees on their performance. In a paper based appraisal process the appraisal usually find its place in HR closets!

Cardy and Dobbins (1994) suggested that "with dissatisfaction and feelings of unfairness in process and inequity in evaluations, any performance appraisal system will be doomed to failure" Tziner, Prince and Murphy (1997) measured political considerations in performance appraisal to determine the extent to which distortions in ratings were present. Cardy, (1998) stated that performance appraisal has been facing with various problems especially those related to the implementation aspect and had aroused serious concern and mix feelings. As per literature survey following are the causes of employee dissatisfaction: - The manager lacked information on the employee's actual performance, lack of regular feedback, and a perception of appraisals being "political," employees' desire feedback not only about how they're performing but also as to

where they fit in terms of organizational plans for the future. The differences between scores to different questions are highly suggestive of underlying trends: Employees are dissatisfied with the ways in which their contributions are appraised.

This suggests that companies need to re-visit this topic to explore issues, perhaps with paper-based processes or an online system. From the views presented here, the roots of dissatisfaction are a lack of transparency, limited opportunities for career development and inconsistent managerial support etc. For the supervisors, a decrease in trust in the process results in an increase in the leniency of ratings (Roberts, 1994).

The Study

Performance appraisal in Indian pharmaceutical organizations is a widespread and common practiced as in other organization, despite documented criticism of the process. In last few decades employee performance appraisal system has undergone extreme changes and improvements, but till date highly effective performance appraisal system has not been established due to many reasons, which has been a great challenge for the researchers.

The objective of present research work was to study presently "practiced performance appraisal system" in selected pharmaceutical organization and to comparatively assess the level of effectiveness.

Where, the criteria for effective performance appraisal was job related, appraisers must be well trained and must clearly explain their performance expectations in advance, followed by regular review with desired feedback, same evaluation instrument and criteria should be used, and finally there should be a due process, and many more (Greenberg, 1993), if it does not exist then employees appeals for appraisal results review as they do not consider it accurate or fair.

Hypothesis

Although the present performance appraisal system followed by pharmaceutical industry have been established and proved to be test of time, but there is always a scope for further improvement. Moreover, the pharmaceutical industries world over are modernizing and restructuring their performance appraisal system setup to fight the upcoming challenges related to employee satisfaction with the performance management and retention. Hence, in this research it has been tried to find out effectiveness of presently practiced

performance appraisal system from employee perspective and on the basis of result it will be possible to suggest some changes and advancements. As mentioned previously, the success of the performance appraisal system is influenced by several factors which exert its impact in various ways. The broader areas to be studied in this research are thereby: performance expectations are forecasted or not, ratees understands it, rater's give support and feedback or not, rating have accuracy, rating results are briefed, ratee can appeal for justice, concern over ratings are given or not, rater's behavior in all, ratee's opinion towards last performance rating, performance appraisal system and supervisor. Satisfaction with rating received, time spent for planning and rating etc, these are those elements that hampers or foster the effectiveness of performance appraisal process. Thus the research hypotheses framed of this study are as follows:

H0- There is neither a need for changes in existing performance appraisal system of Pharmaceutical Industries, nor scope for making it effective and employee affable.

H1- There is a definite need of changes in existing performance appraisal system of Pharmaceutical Industries., as well as scope of making it effective and employee affable on the basis of factors like Systemic, Configurable, Informational, and Interpersonal justice, which may be related to effectiveness of Performance Appraisal System.

Method

Selection of Participating Organizations

In India there are more than 20,000 plus pharmaceutical industries, out of which more than 50 medium and large scales are present in different industrial areas of Madhya Pradesh. In last few years many market leaders like Ranbaxy, Company A, Cipla, Aristro, IPCA, Piramal Healthcare, ZYG, Glenmark, Mission Viva Care, Unichem Laboratories etc., have established their own production units in the industrial areas like Indore, Mandideep, Ratlam and Gwalior.

For descriptive type of research study, two pharmaceutical industries out of state top ten has been selected on the basis of; Technical Aspects: Both are Indian multinationals and enjoys top ranking, employs similar classifications of employees in production, quality control and assurance, research, store and packaging departments. In both organization performance appraisal system is controlled by the corporate office HRD but maintained and implemented by

individual organization's human resource department. Environmental Aspects: Availability of the diversity of jobs within the organization, same geographical region of establishment, central location of most personnel, availability of multicultural professionals. Miscellaneous: Guidance and support from employees of both organizations, availability of employees and volunteers to facilitate fast data collection. Time and cost constrain was also imperative factor.

Selection of Sample Size

In determining sample size, it was important that the sample studied adequately represents the population to which the researcher has chosen (Research forum, 1995). Data for the research study were collected by the random sampling technique from the technical and non technical staffs, officers, different grades of executives and supervisors (excluding workers), of different departments. Total numbers of professionals employed (excluding trainee, temporary employee, workers and other office staff) in pharma company B were approx 380-385 whereas in company A employees were approx 1200-1220.

Survey Management

For this study, a survey instrument was used to collect data from eligible employees. All participants were asked to respond in their role as a rater to the questioners about their organizational performance appraisal system and give their suggestion and views for its improvements. The research related primary data collection, was done between Apr-Dec 2011.

Response Rate

In response to several reminder calls with both internal and external volunteer, it was predicted that minimum return rate of filled form from both organization will be approx 50%, but at last 512 completed and partially completed questionnaire were returned. Out of those, 32 were unusable due to either patterned responses or substantial lack of completion. Thus, total 480 useable surveys were used for the analyses in our research study, out of which 115 were from Company B and remaining 365 forms were from Company A i.e., approx 30% of their professional employees.

Development of the Questioners

In this study, a questionnaire was developed to measure the "factors found to influence the effectiveness of performance appraisal instruments". The questionnaire consists of three separate parts: Part I included questions to check success of performance appraisal system among

ratees with the help of survey which contained 49 items divide into 9 questions. Four influencing factors measured are, *Systemic Justice* ("Performance expectation forecast", "About Performance Rater," and "Appealing for Justice"), *Configural Justice* ("Accuracy of Performance Ratings", "Concern over performance rating"), *Informational Justice* (Behavior of Rater/Supervisor) and *Interpersonal Justice* (Understanding performance expectation, In-Process performance feedback, Briefing rating results) aspects of justice. Part II included 16 items divided into 03 questions about "Reaction to Recent Performance Appraisal Received" like; "Opinion towards your last performance rating", "Opinion towards performance appraisal system", and "Opinion towards your supervisor". Part III contained Demographic Questions.

Data Interpretation Methodologies

Data collected from the two companies were analyzed using statistical procedures; Frequency distribution: for which each of the items were obtained along with a bar chart. This allowed the researcher, to take a quick glance, to tell how often each of the responses was selected. For present research responses were made using Likert-Scale; 1=strongly agree, 2=agree, 3=neither agree nor disagree, 4=disagree and 5=strongly disagree. Finally, comparative analysis was computed using Independent T-Test, which was to test the mean differences regarding nine factors measuring PAS effectiveness of both organizations. This allowed the researcher to detect the degree of association (small, moderate, or large) between two companies.

Data Analysis and Results

Demographic Statistics

Raters who appraised performance and employees whose performance was appraised in pharmaceutical organizations both were considered as elements of population for the study. Basic demographic information of the respondents who participated in the research from both pharmaceutical organizations, includes: the frequency distributions of the respondents in terms of the positions in which they are employed; the number of years in current position; their age and gender, followed by an overview on their highest level of qualifications and their role as rater or ratee has been included.

Q.No	Demographic Components		Company A		Company B	
			Frequency	%	Frequency	%
1.	Job Grade	L4/Managerial/Supervisor	20	5.48	8	6.96
		L3/Non-Managerial/ Executives	85	23.28	21	18.26
		L2/Officer	233	63.84	71	61.74
		L1/ /Technical/ Non-Technical	27	7.39	15	13.04
2.	Experience in Current Job	Less than one year	20	5.48	11	9.56
		1-3 years	302	82.74	45	39.13
		4-6 years	35	9.59	55	47.83
		7-9 years	8	2.19	4	3.48
3.	Current Age	Less than 25 years	95	26.03	21	18.26
		26-35 years	266	72.87	93	80.87
		36-45 years	4	1.09	1	0.87
4.	Gender	Male	358	98.08	112	97.39
		Female	7	1.92	3	2.61
5.	Highest Level of Education	UG (Technical/Non)	132	36.16	33	28.69
		PG (Technical/Non)	233	63.84	82	71.31
6.	Role as a Supervisor	Yes	20	5.48	17	14.78
		No	345	94.52	98	85.22
7.	Conducts PR	Yes	20	5.48	17	14.78
		No	345	94.52	98	85.22

Data revealed that, the respondents who participated in study were; Supervisors (n=20, 5.48%), Executives (n=85, 23.28%), Officers/Non-Managerial staff (n=233, 63.84%) were Technical and Non-technical staff participated (n=27, 7.39%). Where from Company B respondents were classified as Supervisors (n=8, 6.96%), Executives (n=21, 18.26%), Officers/Non-Managerial staff (n=71, 61.74%) and Technical and Nontechnical staff (n=15, 13.04%).

Regarding time worked in the current job, the largest group of respondents participated in research from Company A Ltd., (n=302, 82.74%) reported job tenure of 1-3 years. Nearly one-tenth of all respondents (n=35, 9.59%) indicated that they had been in their current job for last 4-6 years. Respondents with less than one year experience with current job participated were (n=20, 5.48%), whereas (n=8, 2.19%) respondents were of highest 7-9 years of experience with current job. From Company B, the largest group of respondents participated in research, (n=55, 47.83%) reported job tenure of 4-6 years. Nearly one-tenth of all respondents participated (n=11, 9.56%) indicated that they had been in their current job from less than one years. Respondents with 1-3 years experience with current job participated were (n=45, 39.13%), whereas (n=4, 3.48%) respondents

were of highest 6-9 years of experience with current job.

Regarding the age of the study participants from Company A, the largest group (n=266, 72.87%) was in the 26-35 years age group. The second largest group (n=95, 26.03%) indicated their age as less than 25 years group. A very small proportion (n=04, 1.09%) indicated that they were in the age group of 36-45 years. Whereas, among Company B participants, the largest group (n=93, 80.87%) was in the 26-35 years age group. The second largest group (n=21, 18.26%) indicated their age as less than 25 years group. A very small proportion (n=01, 0.87%) indicated that he was in the age group of 36-45 years. 1.92% (n= 07) of the Company A and 2.61% (n= 03) of Company B respondents were female. The remaining 98.08% (n =358) of Company A and 97.39% (n =112) of the respondents of Company B were male.

Analysis of data regarding participated respondents qualifications showed that, the largest group of respondents from Company A (n=233, 63.84%) reported a post graduate degree as their highest, where (n=132, 36.16%) are graduate. Whereas, respondents from Company B (n=82, 71.31%) reported a post graduate degree as their highest qualification, and (n=33, 28.69%) are graduate.

Respondents participated in study who have responsibility as a supervisor to conduct performance appraisal was; from Company A (n=20, 5.48%) participated as rater and (n=345, 94.52%) were ratees. Whereas, from Company B (n=17, 14.78%) participated as rater and (n=98, 85.22%) as ratees.

Comparative Analysis by Frequency Distribution

Primarily, analyses of responses were made on the basis of frequency distribution given by employees on "Presently Practiced Performance Appraisal

System". Secondly, the reactions obtained were elaborated to determine employee "Reactions to their Last Performance Appraisal Systems".

Outcomes are summarized on the basis of Organizational Justice Theory's four factor models concepts include: A] Systemic justice, B] Configurable justice, C] Informational justice and D] Interpersonal justice. All questioners were covered in Part I of Questioners, which has been summarized below:

Qu. No.	Questions	% of Respondents Agreed PAS is Effective		MD	Company Considering PAS Effective
		A	B		
A	SYSTEMIC JUSTICE				
A.1.	Performance Expectation Forecast				
	A.1.1. PP are set at the starting	91.77	65.22	26.55	A
	A.1.2. PP measures your real work	84.93	69.56	15.37	A
	A.1.3. PP set, reflects important part of my Job	86.30	68.69	17.61	A
	A.1.4. PB is set by my opinion	80.27	57.39	22.88	A
	A.1.5. PB set by me is flexible	68.77	64.36	4.41	A
	A.1.6. PB set can be changed by me and my rater	71.51	70.44	1.07	A
	Mean Percentage Response	80.59	65.94		A
C.1.	About Performance Rater				
	C.1.1. Qualified rater is appointed for you	84.66	77.39	7.27	A
	C.1.2. Rater has sufficient knowledge about assigned job	77.53	71.31	6.22	A
	C.1.3. Rater understands practical requirements & problems	78.91	66.09	12.82	A
	C.1.4. Rater knows to evaluate performance, as per format	79.73	67.83	11.9	A
	C.1.5. Rater knows PR procedures and rating format	73.7	60.87	12.83	A
	Mean Percentage Response	78.91	68.69		A
G.1.	Appealing for Justice				
	G.1.1. I can appeal PR that I think is biased or inaccurate	55.89	36.53	19.36	A
	G.1.2. I am confident about my request of getting fair review	42.19	27.82	14.37	A
	G.1.3. I can challenge a PR if I think is unfair	53.70	33.04	20.66	A
	G.1.4. My PR can be reviewed if I prove it incorrect/unfair	40	37.39	2.61	A
	G.1.5. I am free to appeal a rating anytime I may need	65.49	39.87	25.62	A
	G.1.6. I can communicate feelings of disagreement about PR	72.60	37.39	35.21	A
	Mean Percentage Response	54.98	35.34		
B.	CONFIGURABLE JUSTICE				
E.1.	Accuracy of Performance Rating				
	E.1.1. My PR is based on how well I perform my work	83.01	36.52	46.49	A
	E.1.2. My PR is mirror image of my work done	67.95	22.61	45.35	A
	E.1.3. My PR involves my overall effort that I give	76.44	35.66	40.78	A
	E.1.4. My recent PR was based on my efforts that I put	73.98	38.26	35.72	A

	E.1.5. My recent PR was based on many things I do	77.26	32.18	45.08	A
	Mean Percentage Response	75.73	33.05		
H.1.	Concern over Performance Rating				
	H.1.1. Actual PR is given, even if it might upset me	84.37	61.74	22.63	A
	H.1.2. My performance rating is not to oblige me	81.64	71.30	10.34	A
	H.1.3. PR is result of application of PR standard	77.81	30.43	47.38	A
	H.1.4. PR isn't higher is based on efforts & contribution	79.45	70.43	9.02	A
	H.1.5. PA is actual not based on personality or position	82.46	63.48	18.98	A
	H.1.6. PR doesn't reflects rater personal like or dislike	57.27	26.96	30.31	A
	H.1.7. Same PR isn't given to avoid bitterness & rivalry	74.53	65.21	9.32	A
	Mean Percentage Response	76.79	55.65		
C.	INFORMATIONAL JUSTICE				
B.1.	Understanding Performance Expectation				
	B.1.1. Performance expectation is clearly explained	89.59	61.73	27.86	A
	B.1.2. Benchmark set will be used to evaluate performance	76.72	66.09	10.63	A
	B.1.3. Performance Improvement Chances are explained	77.26	57.39	19.87	A
	B.1.4. Possibilities and way of meeting is explained	71.78	64.35	7.43	A
	Mean Percentage Response	78.84	62.39		
D.1.	In-Process Performance Feedback				
	D.1.1. You get regular in process performance feedback	85.75	44.35	41.40	A
	D.1.2. Get suggestion to improve performance routinely	65.76	47.82	17.94	A
	D.1.3. Unofficially Performance reviewed once/3 month	77.26	35.65	41.61	A
	D.1.4. Rater review, your progress towards your goal	76.15	60.87	15.28	A
	Mean Percentage Response	76.23	47.17		
F.1.	Briefing Rating Results				
	F.1.1 PR is justified with live examples	74.79	47.82	26.97	A
	F.1.2. Process of PR or evaluation is explained to me	54.80	25.22	29.58	A
	F.1.3. Time taken to explain decision isn't alarming	52.88	42.61	10.27	A
	F.1.4. I can question rater about my performance rating	78.91	50.43	29.27	A
	F.1.5. Rater explains changes required to improve PR	74.52	49.56	24.56	A
	Mean Percentage Response	67.18	43.13		
D	INTERPERSONAL JUSTICE				
I.1.	Behavior of rater/supervisor				
	I.1.1. Your supervisor is rarely rude to you	70.68	70.43	0.25	A
	I.1.2. Your supervisor is almost polite and kind	66.85	66.00	0.85	A
	I.1.3. Supervisor treats you with dignity and respect	67.94	63.48	4.46	A
	I.1.4. Supervisor does not invade your privacy	77.81	73.04	4.77	A
	I.1.5. Superiors do not make hurtful statements for you	73.70	73.92	0.22	B
	I.1.6. Supervisor is sensitive to your feelings	83.56	71.30	12.26	A
	I.1.7. Supervisor shows concern for rights as employee	76.16	50.44	10.27	A
	Mean Percentage Response	73.82	66.94		

By the above data it was revealed that 80.59% Company A employees considered performance appraisal system effective compared to Company B employee i.e. 65.94% (15% less to A) to the item "Performance Expectation Forecast" as their performance prospects are set by their opinion at the starting of new sessions, measures their real work including their important part of their job, they agreed that performance benchmark set is flexible and can be changed by them and their rater. When second parameter of systemic justice was analyzed i.e. "About Performance Rater" it was revealed that 78.91% Company A employee consider performance appraisal system effective compared to Company B i.e. 68.69% as their rater was qualified and agreed that he has sufficient knowledge about assigned job, its related requirement and practical problems. He knows how to evaluate performance by following PAR procedures. But when it come to "appealing for justice scale" it was observed that both companies are suffering with the performance appraisal system drawbacks and only approx 55% consider

performance appraisal system effective. Company A employees agreed that are free to appeal or communicate PAR anytime they may need. But less than 50% are with some hope of getting fair review of appeal if they prove it incorrect or biased. Company A employee consider "accuracy in PR" were 75% are satisfied, but company B employee are highly (76%) unsatisfied with rating system. 43% employees of company responded that their rating was influenced by their rater like of dislikes were ratio is very high in company B where approx 75% are not satisfied. More than 70% employees of company B believed that their PR is not a result of performance rating standards. In case of "understanding performance expectation" both are at agree level. But "in-process performance feedback system" is very weak in company B (only 47% considered effective).

In company A 67% employee believed that their "PR are briefed", but only 47% company B employee responded positively. And finally both companies' employees are satisfied with their "rater's behavior"

B]. Employees reaction towards "Opinion towards Your Last PR" related questions:

Qu. No.	Questions	% of Respondents Agreed PAS is Effective		MD	Comparatively Effective
		A	B		
A.	Opinion towards Your Last PR				
	A.2.1. Satisfied with my recent PR	80.00	49.09	33.91	A
	A.2.2. Recent performance rating was quite fair	82.19	40.87	41.32	A
	A.2.3. Recent PR gives me clear cut picture of my job	65.75	45.22	21.53	A
	A.2.4. PA received was pretty accurate	69.04	48.70	20.34	A
	Mean Percentage Response	74.25	45.97		
B.	Opinion towards PAS				
	B.2.1. Overall performance appraisal system is fair	80.82	49.56	31.26	A
	B.2.2. Satisfied with the PRS used to set PE	74.25	72.17	2.08	A
	B.2.3. Satisfied with the PRS used to rate performance	72.61	42.61	30	A
	B.2.4. Department shouldn't change PR evaluation	60.00	26.95	33.05	A
	B.2.5. I think the PAR process isn't waste of time	71.51	71.30	0.21	A
	B.2.6. Interested in participating PRS even if not required	77.53	62.60	14.93	A
	B.2.7. PRP has helped to improve job performance	75.89	67.83	8.06	A
	B.2.8. Dept. shouldn't revise or improve the PRS	53.42	33.91	19.51	A
	Mean Percentage Response	70.75	53.36		
C.	Opinion towards Your Supervisor				
	C.2.1. Satisfied with support and guidance of supervisor	84.37	69.57	14.80	A
	C.2.2. Have good supervisor & will give positive	62.47	68.70	6.23	B

	rating				
	C.2.3. Supervisor takes performance rating seriously	76.71	40.00	36.71	A
	C.2.4. PA was held on pre decided scheduled time	83.56	80.00	3.56	A
	Mean Percentage Response	76.77	64.56		
E.	Comparison between PR Received & PR Expected	67.68	49.57	18.11	A
F.	Regarding My Performance Planning Time Spent	87.94	63.47	24.47	A
G.	During My Performance Rating Time Spent was	81.93	67.87	14.06	A

Opinion of Respondents from Company A towards their "Last Performance Rating", revealed that approx 75% employees of company A have positive opinion against the rating they received and consider it accurate and fair compared to Company B that responded approx 46%, which is quiet alarming. When opinion against "performance appraisal system" was revealed from company A, approx 71% respondents agreed that their system was fair and has helped to improve their performance, but they responded neutral against items like; department should revise or improve the rating system. And their opinion against their supervisor is quite positive (77%). Whereas company B responded neutral against their appraisal system (54%) and negatively against their satisfaction with rating system finally approx 70% employees demanded changes in their present performance appraisal system.

Opinion of Respondents from Company A Ltd. towards their "Last Performance Rating" received revealed that 32 employee agreed that they received Outstanding performance rating (N = 365, Percentage = 8.77), 173 received Exceed Requirements (N = 365, Percentage = 47.39), 124 received Meets requirements (N = 365, Percentage = 33.97) and 36 employees received Needs improvements (N = 365, Percentage = 1.03). Whereas, 63 respondents "Expected" Outstanding Ratings in their Last Performance Rating (N = 365, Percentage = 17.26), 201 employees expected Exceed Requirements (N = 365, Percentage = 55.07), 87 expected Meets requirements (N = 365, Percentage = 23.84) and 14 employees expected Needs improvements (N = 365, Percentage = 3.84). Opinion of respondents from Company B Pharmaceutical towards their last performance rating received revealed that 03 employee agreed that they received Outstanding performance rating (N = 115, Percentage = 2.61), 41 received Exceed Requirements (N = 115, Percentage = 35.65), 37 received Meets requirements (N = 115, Percentage = 32.17) and 15 employees received Needs improvements (N = 115, Percentage = 13.04). Whereas, 08 respondents "Expected" Outstanding Ratings in their Last Performance Rating (N = 115, Percentage = 6.96), 65 employees expected Exceed

Requirements (N = 115, Percentage = 56.52), 34 expected Meets requirements (N = 115, Percentage = 29.56) and 8 employees expected Needs improvements (N = 115, Percentage = 6.96).

Opinion about time spent in "Performance planning" and "Performance rating": Opinion of respondents from Company A Ltd. towards their "Time spent in Performance Planning" revealed that 270 employee agreed that they received "About Right Time" during performance planning (N = 365, Percentage = 73.97), 51 received "More than required Time" (N = 365, Percentage = 13.97), 44 received "Less Time they Need" (N = 365, Percentage = 12.05). And 242 respondents responded that they received "About Right Time" for Performance Rating (N = 365, Percentage = 66.31), 57 employee had "More than required Time" (N = 365, Percentage = 15.62), 66 received "Less Time they needed" (N = 365, Percentage = 18.08) during performance rating. Opinion of respondents from Company B Pharmaceutical Ltd. towards their "Time spent in Performance Planning" revealed that 43 employee agreed that they received "About Right Time" for performance planning (N = 115, Percentage = 37.39), 30 received "More than required Time" (N = 115, Percentage = 26.08), 42 received "Less Time they Need" (N = 115, Percentage = 36.52) Whereas, 43 respondents of Company B Pharmaceutical Ltd. responded that they received "About Right Time" during Performance Rating (N = 115, Percentage = 37.39), 27 received "More than required Time" (N = 115, Percentage = 23.47), 45 received "Less Time they Need" (N = 115, Percentage = 39.13).

Comparative Analysis

Comparative approach was used in examining the effectiveness of the Performance Appraisal System. The first unit of analysis was the company A which is also the implementer and architect of the system (awarded for high employee satisfaction). The second unit of analysis was the company B, both are independent private organization and top rated Indian MNC.

The aim of doing a comparative analysis was to interpret the differences in the two organizations might depict in some of the independent variables selected for this research. For instance, by analyzing different aspects such as the differences 'in-process performance feedback', the degree of 'accuracy in performance rating', having right of 'appealing for justice', 'concern over rating', etc, will be able to explore the similarities and differences between both organizations.

Yin (1981) expressed that "people are likely to react adversely whenever they are confronted with individualized data, but are likely to be more tolerant when confronted with aggregate data". It is believed that the appraisal system has been

working relatively smoothly at company A while the system has faced numerous obstacles at company B. As a result, comparing two organizations will increase the likelihood that the analysis presented in this study will be accepted by both organizations. By comparing these two organizations using the independent variables, this study will allow to analyze the extent of effectiveness of the performance appraisal system in both organizations. Furthermore, the comparison will also allow generalizing the extent of effectiveness of the appraisal system to the whole pharmaceutical industries. To compare differences in the mean 'T-Test' has been used. Data interpretation is as follows:

Factors/Variables	Pharma Industry	N	Mean	SD	T-Value	2-tailed P vales	Level of Significance
A. Performance expectation forecast	A	365	2.19	.86	-1.9057	0.0567	Not Significant
	B	115	2.41	1.14			
C. About performance rater	A	365	2.22	.85	-1.0899	0.2758	Not Significant
	B	115	2.34	1.08			
G. Appealing for justice	A	365	2.81	1.10	-3.5907	0.0003	Significant
	B	115	3.25	1.16			
E. Accuracy of performance rating	A	365	2.35	.98	-7.2426	< 0.0001	Significant
	B	115	3.26	1.23			
H. Concern about performance ratings	A	365	2.28	.93	-3.2644	0.0011	Significant
	B	115	2.67	1.17			
B. Understanding performance expectations	A	365	2.22	.93	-1.2038	0.2286	Not Significant
	B	115	2.37	1.23			
D. In-process performance feedback	A	365	2.26	.95	-5.7566	<0.0001	Significant
	B	115	2.96	1.19			
F. Briefing rating results	A	365	2.53	.99	-4.1109	<0.0001	Significant
	B	115	3.03	1.18			
I. Behavior of rater/supervisor	A	365	2.35	1.01	-0.7174	0.4731	Not Significant
	B	115	2.44	1.22			

Factor Analyzing Opinion Towards Last Performance Rating

A. Opinion towards your last PR	A	365	2.34	.97	-2.5961	0.0094	Significant
	B	115	2.74	1.56			
B. Opinion towards PAS	A	365	2.44	.99	-3.1906	0.0014	Significant
	B	115	2.82	1.15			
C. Opinion towards your supervisor	A	365	2.30	.94	-1.3561	0.1751	Not Significant
	B	115	2.46	1.15			

By above comparison it was revealed that company A and B differ on following factors; Right to "appeal for justice", trust on "accuracy in performance rating", getting "in-process performance feedback", having discussion to get "brief on performance rating" followed by "concern over PR", and when factors representing 'opinion against last PR' was analyzed it was

observed that both companies differ on view of effectiveness and thus finally it was concluded that company A employees are comparatively satisfied than company B.

Hypothesis Testing

It was believed that the present PAS followed by both pharmaceutical industries have been established and proved to be test of time. But researcher believed that there are always scopes for further improvement in the system. Hence, in research hypothesis, it has been tried to find out

whether both organization's PAS are effective from employee perspective or they both or any one needed some advancements or changes. Two hypotheses were developed (discussed earlier) and tested to find as to whether they had responded the aim of research or not.

Research Factor	Pharma Industry	N	Mean	SD	T-Value	Df	2-tailed P vales	Level of Significance
PA Effectiveness	A	365	2.36	0.95	-3.169	164.06	0.0018	Significant Difference
	B	115	2.74	1.17				

By analyzing the above data it was concluded that, the mean values of two samples are significantly different. Based on the above data Null Hypothesis (H0) was rejected whereas, Alternative Hypothesis (H1) was confirmed, that suggested there are differences in PAS and definite need of changes in existing system, as well as scope of making it effective and employee affable. By comparing the mean of both companies, Company A (mean = 2.36) and Company B (mean = 2.74) it was concluded that Company B employees need changes in existing PAS to make it effective and employee affable.

Discussion

Performance Appraisal System is one of the most widely researched areas in industrial/organizational psychology. The employee performance appraisal is intended to provide feedback to the employee concerning how well or how poorly they have performed during a finite period of time, they also determine how well employees do their jobs relative to the organizational goals or communicated standards. The researcher has done a comparative study between two multinational companies Company A and Company B, where it was observed that both companies employees are in the range of agreement with the factors like "Performance Expectation Forecast", "About Performance Rater", "Understanding Performance Expectation" and "Rater's behavior".

But when it come to "Appealing For Justice" it was observed that both companies are suffering with the PAS drawbacks where less than fifty percent employee hope of "getting fair review of appeal" if they "prove it incorrect or biased". Finding against the item "Accuracy of Performance Rating" reveals that Company B situation is critical as maximum of employee don't believe that their PRS was accurate and nor based on PR standards. When data related to factor "In-Process Performance Feedback" was analyzed, it was revealed that maximum employees

of Company A agreed with the items compare to Company B were response was approx fifty percent. Highest level of disagreement by Company B employee was with the item that "process of PR or evaluation is explained to me".

Thus, from the above data it was concluded that company A employees were more satisfied than company B, but overall both companies required some changes which has been discussed in suggestions part.

Suggestions

The objective of the study was to compare performance appraisal system in the selected two pharmaceutical organizations. Various literature sources were investigated and considered in an effort to identify key elements affecting performance appraisal effectiveness, and their effect on organizations. From the respondents surveyed it has been established that although maximum standards of performance Appraisal systems are already in operation at Company A, but there are still few areas in which the modification would result in improvement. Whereas in Company B PAS practiced is very old though it does not completely satisfies the employees hope of better PAS, hence it requires some changes to be implemented for organization development. The areas which may be addressed commonly for both companies for enhancing perceptions of PA effectiveness have been summarized as:

- Ensure that employees are given a voice during the feedback process (Korsgaard & Roberson, 1995) and are allowed to participate in two way communication regarding feedback (Giles & Mossholder, 1990).
- Allow employees the opportunity to challenge or rebut their evaluations (Greenberg, 1986b). This includes both formal and informal mechanisms.

- Ensure that feedback is job relevant and does not reflect personal bias (Armentrout, 1996; Noe, Hollenbeck, Gerhart & Wright, 1997).
- Provide timely feedback – Research has long demonstrated the importance of timely feedback in changing performance and promoting interpersonal fairness (Ilgen, Fisher & Taylor, 1979). Tyler and Bies (1990) also considered perceptions of interpersonal fairness and highlighted the importance of providing timely feedback. Smither (1998) suggested that feedback, whether formal or informal, should be delivered much more frequently and even on a continual basis and certainly should not be limited to an annual event.
- Provide feedback in an atmosphere of respect and courtesy. Research has shown that an employee's perception of trust and the supervisor's ability to treat employees with courtesy and respect are strong determinants to perceptions of interpersonal fairness (Tyler & Bies, 1990).
- Avoid surprises during the formal performance review and feedback session by providing ongoing feedback. Perceptions of outcome unfairness can arise when outcome expectations are not met. If supervisors do an effective job of providing continual feedback to their employees that will surpass the consequences arises by the employees and hence he/she will be prepared for the outcome of the formal session.
- Management should to be committed to the process, in terms of implementing PAS. The literature has revealed that culture is of utmost importance. The survey has shown that there is already a positive culture present at organization. Therefore, the adoption and implementation of an improved performance appraisal system at both pharmaceutical organizations should not prove too difficult, as long as management is committed to the process.
- Develop an opportunity for free and regular feedback by the open and transparent system which can easily be implemented by making it on-line.
- Share both positive and negative feedbacks in the same meeting with appraisee.
- The appraiser sets targets for the employee being appraised for a period of six months,

12 months and three months being least. Targets should tracked by constant monitoring, appraisal at the end of the project, input from customer, six months reviews, weekly reports, by revenues and assignments.

Problems and Limitations

This study suffers from some of the same limitations that much performance appraisal research has encountered. The data were collected through a pen and pencil survey using predominantly positive statements and a response scale in which agreement was always to the left. The choice to use positive statements was made in partial response to the participating organization's desire to emphasize the positive aspects of performance appraisal, to simplify responses for the participants and to maintain consistency with past operational definitions of justice constructs. Other limitations include the relatively low response rate i.e., only 30% of the total approx 1500 participants. However, considering somewhat controversial nature of the study, this return rate was reasonable. The primary concern is whether there are systematic differences between respondents and those who did not respond.

To get the contacts, views and opinion of HR or senior manager for interviews was very difficult and time consuming and was a difficult task. For authentic data collection surveys questioners were distributed randomly to the eligible personnel those who were interested to participate, by contacting them personally or with the help of selected internal (employee) and external volunteers. Confidentiality was assured to the participants that the report or data will be edited to protect identification of participating individuals and company. Further, in continuation to this research more statistical tools will be used to analyze results more deeply and soon analysis will be made by using demographic information, which will unfold new things and findings in front of the researchers.

Opportunities For Further Research

Further research based on the findings of this study is advisable. Other pharmaceutical organizations might well be experiencing similar problems to those which was observed with company A and B. A study of other pharmaceutical organizations in the Madhya Pradesh may provide a basis for a performance management model specific to this industry in the industrial hubs of Madhya Pradesh region. The lack of transparency and faith on PAS been identified as a key area for improvement. Opportunity exists for a study focused on improved

transparency and faith on PA. If both organizations, especially Company B were to implement a modern performance management system, an evaluation of the system after it has been in operation for a period of time based on the literature and recommendations contained in this study may result in a different outcome.

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