

## Performance Appraisal in LIC of India: Some Empirical Evidences from Naharlagun, Itanagar and Pasighat Branches

Dr. Odang Tayeng<sup>1</sup> Dr. Philip Mody<sup>2</sup>

**Abstract:** In general connotation, Performance Appraisal (PA) construes a systematic evaluation of the performance of employees. It helps to understand abilities of a person for further development. Infact, it is also linked to wage determination, training requirement of employees, career advancement, transfer of employees etc. The present study found that, the study units has applied different methods of performance appraisal for different categories of employees. It is unveiled during the study that, majority of the employees is aware of existence of performance appraisal system in their organization. Moreover, the study has found that, most of the sample respondents are satisfied with the performance appraisal methods adopted by the study units. Further, the study has revealed that, the study units are maintaining high confidentiality of appraisal result of an employee.

Beguilingly, it is revealed during the study that, Performance Appraisal System in study units has led to Employees' Development. Further, the study has unearthed a fact that, Performance Appraisal System in study units has positive relationship with Reward & Promotion. Finally, the study has unveiled a fact that, Performance Appraisal System in the study units has helped to increase Employees' Performances.

**Key Words:** Arunachal Pradesh; Itanagar; LIC; Pasighat; Performance Appraisal and; Naharlagun

Date of Submission: 18-01-2020

Date of Acceptance: 06-02-2020

---

### I. INTRODUCTION

Performance Appraisal is the systematic evaluation of the performance of employees in order to understand abilities of a person for further growth and development. Every organization has a predetermined task for their respective employees which they have to perform within the stipulated time period. In simple word, it connotes comparison of actual performance of an employee with the predetermine task. It is also call as Merit Rating (MR) or performance evaluation (PE). It is a systematic process for measuring the performance of the employees in terms of job requirements. It is a system undertaken by organization, where management used various rating techniques for evaluating an employee's performance in an organization in term of job assigned to them. It enables the management to differentiate the employees in term of performing and non-performing employees. So, it is a universal practice of management applied to all categories of employees, whether operative, technical or managerial.

The mechanism of performance appraisal in LIC of India is as same as that of other Government organization. LIC of India is using different methods of performance appraisal for different categories of employees. Generally LIC of India is following the system of confidential reports (CR) and annual confidential reports (ACR) systems for appraising their employees. The Annual Confidential Report (ACR) is basically, written annually by immediate boss about the performance of his/her subordinates which is not disclosed to the employees and sent to the management of LIC for consideration. But, in recent past it has been also observed that LIC are also using 360 degree method and BARs method of performance appraisals for their various development officers since LIC of India is a business and service oriented organization

Thus, it follows all modern techniques of performance appraisal of employees.

### II. OBJECTIVES OF THE STUDY

1. To examine Performance Appraisal System followed by LIC of India in Naharlagun, Itanagar and Pasighat branches.
2. To know the linkage between Performance Appraisal System and Employees' Development in the Study Unit.

---

<sup>1</sup> Sr. Assistant Professor, Department of Management, Rajiv Gandhi University, Itanagar, Arunachal

<sup>2</sup> Associate Professor, Department of Commerce, Rajiv Gandhi University, Itanagar, Arunachal Pradesh, e-mail ID: philipmody@rediffmail.com, Contact No: 09436863376 (M) / 0360-2277269 (O)

3. To understand the linkage between Performance Appraisal System and Reward and Promotion in the Study Unit.
4. To analyze the impact of Performance Appraisal on Employees' Performance in the Study Unit.

### **HYPOTHESIS**

**HO<sup>1</sup>:** There is no relationship between Performance Appraisal System in LIC of India and Employees' Development.

**HO<sup>2</sup>:** There is no relationship between Performance Appraisal System in LIC of India and Reward & Promotion.

**HO<sup>3</sup>:** There is no relationship between Performance Appraisal System in LIC of India and Employees' Performance.

## **III. RESEARCH METHODOLOGY**

### **RESEARCH METHODOLOGY**

▪ **Research Method and Tools:** While conducting the present study, efforts have been made to make the study more empirical. The present study has been purely based on Field Survey. It is an Analytical and Descriptive Research in nature. During the study, Personal Interview, Telephonic Contacts and Observation Methods have been used to collect pertinent field data. Moreover, structured schedules, mobile phone and other stationeries have been widely used as research tools for the study.

▪ **Sources of Data:** During field survey, the data have been collected from both primary and secondary sources. The collection of primary data has been done through Personal interview. For the collection of primary data, a structured questionnaire has been framed, administered and collected after the interview and discussion. To study the Human Resource Management of LIC of India in context of Arunachal Pradesh, the researcher has consulted and collected information from various secondary sources. Secondary data have been collected from LIC Journals, LIC of India Report, Year book of LIC, existing data from both the LIC offices of Papum Pare and East Siang districts, books, journals, thesis, dissertations, published and unpublished sources. Beside, internet has been extensively used while collecting secondary information for the present study.

▪ **Universe of the Study:** The Universe of the present study encompasses all the employees who are presently working in various offices of LIC in Arunachal Pradesh. Moreover, the study has been carried across two districts of Arunachal Pradesh namely- Papum Pare and East Siang respectively. Henceforth, these two districts have been called hereafter, 'Study Area'. In addition, the present study has been conducted in three branches of LIC of India namely- Itanagar, Naharlagun and Pasighat respectively. Thus, these branches have been hereafter, called as 'Study Unit' for the present study.

▪ **Sampling Techniques and Size:** During the present study, Convenience Sampling under non-probability sampling technique has been used. For the present study, 60 permanent employees (both male & female) including subordinates, clerks and officers were selected from Naharlagun, Itanagar and Pasighat LIC offices on convenient sampling basis. Moreover, formal and informal discussions with the branch managers and other officials as well as other non-official staffs of Papum Pare and East Siang District offices of LIC of India have also been made to uncover some pertinent facts. Sample distribution and size for the study has been highlighted in Table 1.

**Table 1: Sample Distribution**

LIC Offices	Subordinate	Clerk	Officer	Total
Naharlagun	04	14	09	27
Itanagar	02	05	02	09
Pasighat	03	14	07	24
<b>Total</b>	<b>09</b>	<b>33</b>	<b>18</b>	<b>60</b>

**Source:** *Field Study, 2017*

▪ **Tools of Data Analysis:** For analysis of data, frequency distributions, pie chart, standard deviation, chi-square test etc., has been used to draw inferences on the Universe. Moreover, statistical packages like MS Excel and SPSS (21 Version) have been widely used to analyses field data as per the need and requirements of the study.

## **IV. ANALYSIS AND INTERPRETATION OF DATA**

**A. Employees' Awareness of Performance Appraisal System in the Study Unit:** It is observed from the Table 2 that 65 percent of the respondents are fully aware of an existence of performance appraisal system in their organization. 10 percent of the sample respondents felt that they are aware of it to some extent. Likewise, 20 percent of the total samples are found to have no idea about the performance appraisal system in

the LIC of India. It is also revealed from Table 2 that majority of officers category employees are aware of the system which constitute 88.9 percent of the total samples. On the other side, majority of the employees from subordinate category which constitutes 77.8 percent are unaware of the same. Branch wise analysis shows that, employees from Naharlagun branch are on the top in terms of awareness of performance appraisal system of the LIC of India. It is followed by Pasighat and Itanagar branches in the order.

**Table 2:** Employees' Awareness of Performance Appraisal System in the Study Unit

Rating Scale	Subordinate	Clerk	Officers	Total
To Great Extent	02(22.2)	21(63.6)	16(88.9)	39(65)
To Some Extent	00(00)	04(12.1)	02(11.1)	06(10)
To Little Extent	00(00)	00(00)	00(00)	00(00)
Not at All	00(00)	03(09.1)	00(00)	03(05)
No Idea	07(77.8)	05(15.2)	00(00)	12(20)
<b>Total</b>	<b>09(100)</b>	<b>33(100)</b>	<b>18(100)</b>	<b>60(100)</b>

Source: Field Study, 2017

Note: Figure in the bracket shows percentage to the total sample units

**B. Employees' Awareness on various Methods of Performance Appraisal Methods in the Study Unit:**

It is observed from Table 3 that 58.3 percent of the sample respondents have strongly felt that the appraisal method for upper levels employees and lower levels employees must be different. While 16.7 percent of the total respondents have agreed to some extent. However, 5 percent of the respondents felt that, appraisal method for upper and lower levels employees must be same in the LIC of India. It is interesting to mention here that the majority of respondents (in term of percentage) who have supported of having different assessment methods for different grade of employee by LIC of India are from officers categories. Branch wise analysis shows that, the maximum employees who support application of different assessment methods for different grade of employee by LIC of India are from Naharlagun branch. It is followed by Pasighat and Itanagar branches in the order.

**Table 3:** Employees' Awareness on various Methods of Performance Appraisal Methods in the Study Unit

Rating Scale	Subordinate	Clerk	Officers	Total
To Great Extent	01(11.1)	21(63.6)	13(72.2)	35(58.3)
To Some Extent	00(00)	05(15.2)	05(27.8)	10(16.7)
To Little Extent	00(00)	00(00)	00(00)	00(00)
Not at All	01(11.1)	02(06)	00(00)	03(05)
No Idea	07(77.8)	05(15.2)	00(00)	12(20)
<b>Total</b>	<b>09(100)</b>	<b>33(100)</b>	<b>18(100)</b>	<b>60(100)</b>

Source: Field Study, 2017

Note: Figure in the bracket shows percentage to the total sample units

**C. Employees' Opinions toward Performance Appraisal Method of LIC of India:**

it is revealed from Table 4 that 51.7 percent of the sample respondents are found to have highly satisfied with the present method of performance evaluation methods adopted by the LIC of India. Further, 18.3 percent of the sample employees felt that they are satisfied to some extent. Also, 15 percent out of total sample have passed no comment on it. It is observed from Table 4 that, most of the employees of officer category are highly satisfied with the performance evaluation methods adopted by the study units. It constitutes 72.2 percent of the total sample respondents from officer categories. It is followed by the clerks and subordinate staffs in the order. On comparison note, the sample employees of the Pasighat branch have occupied the top position. It is followed by Naharlagun and Itanagar branches respectively.

**Table 4:** Employees' Opinions toward Performance Appraisal Method of LIC of India

Rating Scale	Subordinate	Clerk	Officers	Total
Highly Satisfied	00(00)	18(54.5)	13(72.2)	31(51.7)
Satisfied	02(22.2)	04(12)	05(27.8)	11(18.3)
Neutral	07(77.8)	08(24.2)	00(00)	15(25)
Dissatisfied	00(00)	03(09.1)	00(00)	03(05)
Highly Dissatisfied	00(00)	00(00)	00(00)	00(00)
<b>Total</b>	<b>09(100)</b>	<b>33(100)</b>	<b>18(100)</b>	<b>60(100)</b>

Source: Field Study, 2017

Note: Figure in the bracket shows percentage to the total sample units

**D. Dependency of Individual Goals Achievement on Performance Appraisal Methods:**

It is palpable from Table 5 that 53.3 percent of the total respondents have strongly felt that, performance appraisal undertaken by the study units have helped them to achieve their individual goals along with organizational objectives. And

also, 16.7 percent of respondents have simply agreed that performance appraisal method of LIC of India helped them in achieving individual goals. On the other side, 5 percent of the respondents opined that it is not related to attainment of individual goals. While, 25 percent of the total respondents have neither agreed nor disagreed on it. Fascinatingly, most of the samples from officer categories have endorsed high agreement on it. It constitutes 72.2 percent of the total samples from officers' category. Moreover, majority of the sample respondents from clerk category which constitutes 51.5 percent have also agreed on the same. On comparison note, highest numbers of employees from Naharlagun branch have felt that, achievement of their individual goals have been made through performance appraisal methods adopted by their respective branches of LIC of India. Likewise, Pasighat and Itanagar branches have occupied the second and third slots respectively.

**Table 6:** Dependency of Individual Goals Achievement on Performance Appraisal Methods

Rating Scale	Subordinate	Clerk	Officers	Total
Strongly Agree	00(00)	17(51.5)	15(72.2)	32(53.3)
Agree	02(22.2)	05(15.2)	03(27.3)	10(16.7)
Neutral	07(77.8)	08(24.2)	00(00)	15(25)
Disagree	00(00)	03(9.1)	00(00)	03(05)
Strongly Disagree	00(00)	00(00)	00(00)	00(00)
<b>Total</b>	<b>09(100)</b>	<b>33(100)</b>	<b>18(100)</b>	<b>60(100)</b>

Source: Field Study, 2017

Note: Figure in the bracket shows percentage to the total sample units

**E. Employees' Opinion on Confidentiality of Appraisal Result of LIC of India:** It is unveiled from Table 7 that 63.3 percent of the total sample respondents have strongly believed that, LIC of India is maintaining a confidentiality of appraisal results of an employee. Further, 11.7 percent of the sample respondents have supported to some extent. Also, 25 percent of the total respondents are found to have no idea over it as they have not yet been appraised. Therefore, it is revealed that LIC of India maintain high confidentiality with regards to appraisal results is concerned. Category wise analysis shows that, employees from officer category have occupied the top position. It is followed by clerk category in the row.

**Table 7:** Employees' Opinion on Confidentiality of Appraisal Results of LIC of India

Rating Scale	Subordinate	Clerk	Officers	Total
To Great Extent	02(22.2)	21(63.6)	15(72.2)	38(63.3)
To Some Extent	00(00)	04(12.1)	03(27.3)	07(11.7)
To Little Extent	00(00)	00(00)	00(00)	00(00)
Not at All	00(00)	00(00)	00(00)	00(00)
No Idea	07(77.8)	08(24.3)	00(00)	15(25)
<b>Total</b>	<b>09(100)</b>	<b>33(100)</b>	<b>18(100)</b>	<b>60(00)</b>

Source: Field Study, 2017

Note: Figure in the bracket shows percentage to the total sample units

**F. Employees' Opinions on Feedback Report of Performance Appraisal Methods:** It is observed from Table 8 that, 61.7 percent of the respondents have strongly agreed that management of LIC of India give feedback report of performance appraisal to their employees. Also, 10 percent of the sample respondent felt that, they receive feedback to some extent. However, 3.3 percent of the respondents felt that, there is no feedback report mechanism in the LIC of India. It is worth mentioning that, 100 percent of the sample respondents from officer category have received feedback. In case of clerical staffs, majority of them have received feedback on evaluation report. It is unveiled during the study that, employees from Naharlagun branch of LIC has received highest numbers of feedback reports. It is followed by Pasighat and Itanagar branches in the order.

**Table 8:** Employees' Opinions on Feedback Report of Performance Appraisal Methods

Rating Scale	Subordinate	Clerk	Officers	Total
To Great Extent	00(00)	19(57.6)	18(100)	37(61.7)
To Some Extent	00(00)	06(18.2)	00(00)	06(10)
To Little Extent	00(00)	00(00)	00(00)	00(00)
Not at All	02(22.2)	00(00)	00(00)	02(03.3)
No Idea	07(77.8)	08(24.2)	00(00)	15(25)
<b>Total</b>	<b>09(100)</b>	<b>33(100)</b>	<b>18(100)</b>	<b>60(100)</b>

Source: Field Study, 2017

Note: Figure in the bracket shows percentage to the total sample units

**G. Testing of Hypothesis:**

**Table 9: Testing of Hypothesis**

	Hypothesis I	Hypothesis I	Hypothesis I
Particular	There is no relationship between Performance Appraisal System in LIC of India and Employees' Development.	There is no relationship between Performance Appraisal System in LIC of India and Reward & Promotion.	There is no relationship between Performance Appraisal System in LIC of India and Employees' Performance.
Chi-Square	49.733	27.667	14.533
Degree of freedom	3	4	3

It is revealed from Table 9 that, the calculated Chi-Square values of hypothesis I, hypothesis II and hypothesis III are 49.733, 27.667 and 14.533 respectively. Further, the corresponding Table values at 0.05 level of significance are 7.81, 9.49 and 7.81(Degree of freedom=3, 4 and 3). Hence, the calculated value is much greater than the table value. Therefore, the hypotheses framed for the present study do not hold good and the three null hypotheses are summarily rejected.

Thus, there is a relationship between Performance Appraisal System in LIC of India and Employees' Development. Also, there is a relationship between Performance Appraisal System in LIC of India and Reward & Promotion. Moreover, there is a relationship between Performance Appraisal System in LIC of India and Employees' Performance.

**V. CONCLUDING REMARKS**

LIC of India practices same performance appraisal system like other Central Government organizations do. The present study revealed that, the LIC of India is using different methods of performance appraisal for different categories of employees. Generally, LIC of India is following the system of Confidential Reports (CR) and Annual Confidential Reports (ACR) systems for appraising their employees. The Annual Confidential Report (ACR) is basically written annually by immediate boss about the performance of their subordinates for managerial decision making. The present study unveiled that majority of the employees which constitutes 65 percent of the total sample of the study units are aware of existence of performance appraisal system in their organization. The study unleashed a fact that, 70 percent of the total respondents of the study units are satisfied with the performance appraisal methods adopted by the study units. In addition, it is revealed from the present study that LIC of India is using acceptable performance appraisal methods for their employees as 75 percent of the total respondents didn't find any irregularities or discrepancies in the performance appraisal system of the organization. The present study has revealed that, the study units are maintaining a confidentiality of appraisal result of an employee.

The study unveiled that; Performance Appraisal System in study units has led to Employees' Development. Further, the study has unearthed a fact that, Performance Appraisal System in study units has positive relationship with Reward & Promotion. It is also revealed from the study that, Performance Appraisal System in the study units has helped to increase Employees' Performances.

**REFERENCES:**

- [1]. A, S. A. (1984). *Managing People*. Great Britan: British Institute of Management.
- [2]. Agarwal, R. (1973). *Dynamic of Personnel Management*. New Delhi: McGraw Hill Publishing Com.Ltd.
- [3]. Armstrong M. (1977). *Principles and Practice of Personnel Management*. London: Kagen Page.
- [4]. Basu, K. (1979). *New Dimensions in Personnel Management*. Delhi: Inter-India Publication.
- [5]. Bhatta, R. (2003). *Unit, Trust of India Mutual Funds', A study, UTI Institute of Capital Market*. Bombay.
- [6]. Chandran, R. (2007). Changing Scenario of Indian Insurance. *Infiniti, Journal of Management* , 9-15.
- [7]. Chatterji, B. (1983). *Personnel Management and Industrial Relation*. New Delhi: Surjeet Publication.
- [8]. Edwin, B. F. (1976). *Principles of Personnel Management*. New Delhi: Tata McGraw Hill Publishers.
- [9]. Giri, V. (1972). *Labour Problems in Indian Industry*. Bombay: Asia Publisng House.
- [10]. Gregor, D. M. (1960). *The Human side of Enterprise*. New Delhi: Tata McGraw Hill Publishers.
- [11]. Jain, P. K. (2007). *New Trend in Human Resource Management*. New Delhi: McGraw Hill Publishers.
- [12]. Jucius, M. (1977). *Personnel Management*. Bombay: D.B. Taraporewals sons & Company (P) Ltd.
- [13]. Krishnaveni, R. (2010). *Human Resource Management*. New Delhi: Anurag Jain, Excel Book Publication.
- [14]. Mamoria, C. (1991). *Personnel Management*. New Delhi: Himalaya Publishing House.
- [15]. Neera, B. (2003). Life Insurance Awerness. *Insurance watch* , 57-58.
- [16]. Rao, T. (2004). *Human Resource Management*. New Delhi: Sage Publication.
- [17]. Rao, P. S. (2008). *Essentials of Human Resource Management and Industrial Relations*. Mumbai: Himalaya Publishing House.
- [18]. Sharma, T. (2015). Human Resource Development in LIC of India. *International Jpurnal of Trade & Commerce* , 72-78.
- [19]. T.N, B. (1991). *New Dimension in Personnel Management*. Delhi: Inter-India Publication.
- [20]. T.N, B. (1991). *Personnel Management & Industrial Relation*. Agra: Sahitya Bhawan.
- [21]. Yoder, D. (1980). *Personal Management & Industrial Relation*. New Delhi: Prentice Hall of India.

Dr. Odang Tayeng. "Performance Appraisal in Lic of India: Some Empirical Evidences from Naharlagun, Itanagar and Pasighat Branches". *International Journal of Humanities and Social Science Invention (IJHSSI)*, vol. 09(1), 2020, pp 15-19.