

Study of Performance Appraisal in Organized and Unorganized Beauty Salons in Delhi/NCR

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Abstract:

Performance appraisal is a very important instrument for effective management, but little has been explored its usage in beauty salon industry. This research is an attempt to fill this gap. In countries like India lot of skilled employees are working in beauty salons in organized setting. This empirical study explored the difference between the employees of organized and unorganized beauty salons in Delhi/NCR. What employees under these two different settings perceive about performance appraisal and how much they are satisfied in their current job. The responses were collected from 100 respondents, data was analyzed using SPSS. The results found significant difference on certain aspect though overall they found to be satisfied in their current job. The results of this study can be a great basis of know process of performance appraisal in this sector of India which can be used by the industry experts to improve this process and acquire the skilled employees.

Keywords: Performance Appraisal, PMS, Beauty Salons

I. BEAUTY SALONS IN INDIA

The consumption of beauty services in India has increased impressively in last couple of years. Both Female and Male consumers are becoming more and more ambitious which is leading to the concept of grooming and beauty in order to enhance their appearances. India is largely dominated by unorganized beauty salons. We could find beauty salons in almost every street and market of India. The beauty industry in India is changing. In last few years, like any other retail organization, beauty salons are too moving towards the more organized structure and witnessing increased number of international players. This market which was earlier women centric has now started concentrating on male grooming and is coming up with large numbers of unisex salons. Existing players in the market are adopting franchisee route for expansion (researchandmarkets, 2012).

Technopak estimates that the market beauty and wellness industry in India currently stands Rs.61534 crores with CAGR of 14 per cent. According to Pakhie Saxena, Associate Vice President-Retail at Technopak, "There exist a significant number of home grown beauty and salon chains that have established presence and gained preference in the Indian market over the recent years (Zainab, 2016).

The beauty salon industry like any other industry faces certain challenges. Some of these challenges that are plaguing growth potential are lack of skilled manpower, organized training institutes, increased operational costs, Poor Employee Performance etc.

II. EMPLOYEE PERFORMANCE PROBLEMS in BEAUTY SALONS

There are several problems in Salons which can range from poor work performance, lack of job commitment, unsatisfactory conduct, to personality conflict with

management or follow workers (Nelson, 2009). Whatever is the case but these problems can weaken the efficiency, productivity and harmony of the salon or spa all of which will soon become noticeable to clients. At large, there are two types of glitches:

1. Poor performance, which results when an employee does not or cannot perform the job up to acceptable standards. This could be because of several reasons:
 - a. Employment of wrong person.
 - b. Not fully understanding the duties and working conditions of the position appointed on.
 - c. Lack of adequate training.
 - d. Most important is regular assessment of performance.
2. Personality problems, which often interfere with salon or spa team dynamics and can infect the entire team reducing motivation.

To truly know how well an employee is doing in the job needs regular Performance Appraising. Performance appraising not only enable both management and employee to identify strengths and weaknesses but once identified to work together for improvement. Successful beauty businesses have an appraisal system that evaluates employee performance in accordance with their strategic goals. In other words if your business goals include the necessity for substantial increased retail sales then it stands to reason that the appraisal methods need to accurately identify retail skills levels. And once identified training and development must be provided to improve this area.

III. PERFORMANCE APPRAISAL

Globally, nearly all organizations use performance appraisals that utilize different tools and focus on multiple goals in order

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to examine an individual's performance and development potential. Therefore, it can be argued that the process of performance appraisal enables an organization to rate and calculate every individual employee's accomplishments and behavior over a certain period of time.

Performance Appraisal can be defined as a system that involves setting employee standards, looking at employees' actual job performance, assessing that performance against the standards, giving feedback to the employee on the performance, how to improve it in the future and setting new goals and expectations for another period (Dessler, 2008).

Armstrong (2006) defined Performance Appraisal as the formal assessment and rating of individuals by their managers at, usually, an annual review meeting. Through the use of a formal system if designed and implemented properly, performance appraisals can be very useful in reward allocation, promotions/demotions, transfers, layoffs/recalls, and selecting the appropriate training and development programs for employees. Moreover, they may also significantly help an employee's career choices and the direction of their specific effort and time. They may also arguably increase an employee's levels of commitment and job satisfaction.

The following are some of the major objectives of performance appraisals:

- 1 Providing inputs to firstly, a system of rewards that consists of salary increment, promotions, appreciations, additional responsibilities, and so on; secondly, the administration of salaries.
- 2 Generating requisite guidance and feedback for the employee.
- 3 Enhancing the effectiveness of employees, which would help the employee to overcome his/her weaknesses and improve his/her performance through an apt development and training program.
- 4 Help distinguishing the employees for training, motivating, and developing them.
- 5 Generating important, relevant, and valid information about employees.

In a nutshell, the process of Performance appraisal creates a work environment that helps employees perform to their maximum potential and encourages them to excel in their jobs. It is the means by which managers communicate the organization's expectations and requirements from their employees and give feedback on how well the employees' are achieving their job goals (CIPD, 2009). It also unites the various elements that construct the practice of people management, particularly development and learning. Performance management also encourages a shared understanding of the goals to be achieved and provides a model to lead and develop people in order to ensure they are met.

Performance Appraisal System is not just an important tool of HRM to develop their employees, but is also used by different companies to reward their employees in form of bonuses, promotions, and pay raise etc. (Muhammad & Surayya, 2013). According to Coens and Jenkins(2001) performance appraisal is necessary in organizations to judge, rate and

illustrate employee's work attitude or qualities for a specific time period and results are kept confidential by the organization. In 1994 Peter, studied that effective appraisals are used for different purposes; like, to provide employees with their work productivity and quality assessment, to motivate them to perform better by providing them proper evaluation of their work etc. (Peter,1994). Currently, the prime focus of research is on how workers react to performance appraisal and in which situation, appraisal has taken place are greatly affecting the effectiveness of performance appraisal(Levy and Williams,2004). According to Murphy and Cleveland (1995) and Levy and Williams (2004) criteria of employee's reaction towards effective performance appraisal is highly "neglected criteria" which should be considered as an important criteria for determining the success of appraisal system. Cook and Crossman (2004) have concluded that humans can only be satisfied with performance appraisal if ends and means of achieving fairness are clear and justified. Hui and Qin-xuan (2009) too have found that the performance appraisal turned into ineffective management tool if it is perceived unfair by the employees and on the other hand it can be welcomed and resulted into positive attitude of the employees if it is perceived fair. Colquitt (2001) also claimed that employees who perceived fairness in organization exposed higher level of organizational commitment, productivity and demonstrate lower level of work withdrawals. It is important to take into consideration perception of employees about the fairness of performance appraisal, because fairness perception has great effect on organizational effectiveness (Johnson and Holladay, 2009). Different scholars researched that satisfaction of employees towards performance appraisal is very necessary.

IV. RESEARCH RATIONALE AND METHODOLOGY

We all know that for any business to prosper the contribution of the people is the ultimate source of its success which cannot and should not be ignored. Especially in service industry which is largely people centric like beauty industry. Large beauty salons are running like any other large organizations which have formal HR policies and initiatives to take care of their employees. Though it seems like any other organization these unorganized beauty salons also must be fine-tuning their HR policies keeping in mind the industry and to keep the motivation level of employee high. However, research on unorganized beauty salons is still unexplored and hence there is no authentic evidence on this aspect. This research largely aims to understand the HR policy implementation in organized and unorganized beauty salons in Delhi/NCR as no previous research to our knowledge has examined this facet specially the group differences regarding the performance appraisal among organized and unorganized beauty salons.

The major OBJECTIVES of this research are:

1. To study the Performance Appraisal method in organized and unorganized beauty salons.
2. To analyze the difference in employee motivation among organized and unorganized beauty salons.
3. To study the overall satisfaction of salon employees.

Primary data was collected using a questionnaire survey, both organized and unorganized beauty salons were targeted and questionnaires were distributed to the 100 employees. The field surveys were conducted for approximately 5 weeks in Delhi/NCR. The majority of the employees were not so educated hence survey was conducted in the form of interview which was indeed time consuming but reliable. The reliability & validity for the questionnaire were conducted. Total 30 employees' questionnaires were used to check the reliability of the questionnaire. The data were processed or entered into SPSS program version 20.0 and the data were analyzed to get the reliability coefficient of the questionnaires. Cronbach Alpha value arrived was 0.790 which indicated good reliability.

V. DATA ANALYSIS AND DISCUSSION

Respondents Profile

Respondents profile shows 60% of respondents were from unorganised beauty salons. Majority of respondents (78%) were female. Around 75% of respondents were relatively young in their organization i.e. they were not more than 4 years old in their salon whereas only 25% respondents were associated for 5 or more years. However in terms of total experience 50% were having more than 5 years of experience. Also, more than 86% respondents are below 35 years of age which shows this industry is dominated by young female employees.

Table 1: Respondents profile

Type of Salon					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Organised	40	40.0	40.0	40.0
	Unorganised	60	60.0	60.0	100.0
Gender					
Valid	Female	78	78.0	78.0	78.0
	Male	22	22.0	22.0	100.0
Association with this Salon					
Valid	< 1 year	36	36.0	36.0	36.0
	1- 4 years	40	40.0	40.0	76.0
	5- 9 years	20	20.0	20.0	96.0
	10 years or over	4	4.0	4.0	100.0
Total Experience					
Valid	< 1 year	10	10.0	10.0	10.0
	1- 4 years	40	40.0	40.0	50.0
	5- 9 years	30	30.0	30.0	80.0
	10 years or over	20	20.0	20.0	100.0
Age					
Valid	Under 25	34	34.0	34.0	34.0
	25 – 34	52	52.0	52.0	86.0
	35-44	10	10.0	10.0	96.0
	45 and above	4	4.0	4.0	100.0

VI. PERFORMANCE APPRAISAL

Respondents were asked to state the type of performances appraisal they have and its frequency.

Fig 1 : Type of Salon and Performance Appraisal Followed

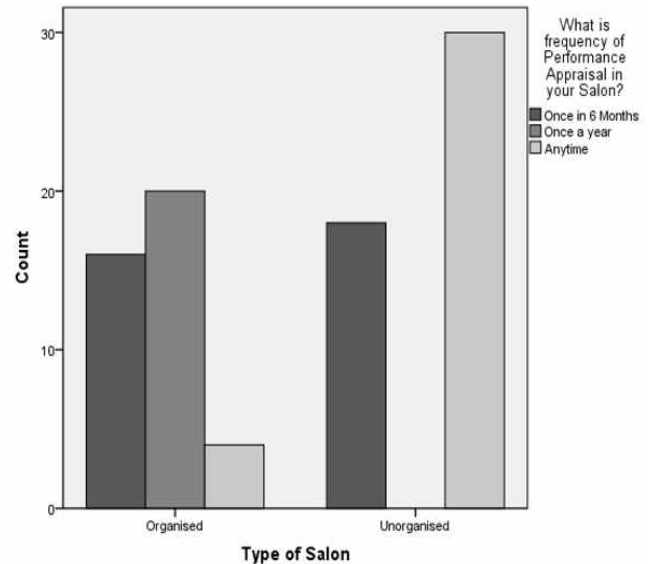
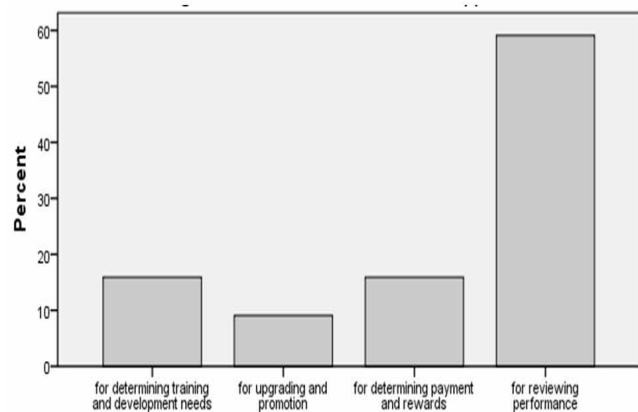


Fig. 1 shows the in unorganized salons performances appraisal is informal with flexible frequency, it either happens in once in six months or can happen, it is not at all an annual affair. On the other hand, organized salons performances appraisal is a formal process and they majorly appraise employees either once in 6 months or annually.

Fig 2 : Use of Performance Appraisal



Respondents were asked to state the purpose of performances appraisal in their salon, as per fig 2, majority of the (60%) respondents indicated that main purpose is 'for reviewing performance' and not the other reasons.

VII. DIFFERENCE ON PERFORMANCE APPRAISAL

Table 2 and 3 shows the difference among the Organized and Unorganized Salons Employees' perception about the performance appraisal in their organization.

Table 2: Group Statistics

	Type of Salon	N	Mean	Std. Deviation	Std. Error Mean
Your organization conducts Performance Appraisal	Organised	40	2.8000	1.18105	.18674
	Unorganised	48	3.5000	1.01058	.14586
I clearly understand the purpose of performance appraisal.	Organised	40	4.0000	.90582	.14322
	Unorganised	48	3.6250	1.33089	.19210
I feel highly motivated after performance appraisal.	Organised	40	3.9000	.70892	.11209
	Unorganised	48	3.6250	1.33089	.19210
I receive specific and accurate feedback from my manager on my past performance	Organised	40	4.0000	.64051	.10127
	Unorganised	48	3.6250	1.33089	.19210
It improves the relationship with my manager.	Organised	40	4.0000	.64051	.10127
	Unorganised	48	3.6250	1.33089	.19210
I feel that the time spent on PA is well worthwhile.	Organised	40	4.0000	.64051	.10127
	Unorganised	48	3.6250	1.33089	.19210
Performance Review improves job performance	Organised	40	4.0000	.64051	.10127
	Unorganised	48	3.6250	1.33089	.19210
Pay is purely based on Performance Appraisal	Organised	40	4.3000	.64847	.10253
	Unorganised	48	3.6250	1.33089	.19210
Promotion is purely based on Performance Appraisal	Organised	40	4.3000	.64847	.10253
	Unorganised	48	3.6250	1.33089	.19210
Performance Goals are clearly defined in the appraisal process	Organised	40	4.2000	.60764	.09608
	Unorganised	48	3.6250	1.33089	.19210
Performance Reviews provide me with the opportunity to set personal goals	Organised	40	4.1000	.70892	.11209
	Unorganised	48	3.6250	1.33089	.19210
All the information obtained from PA is confidential.	Organised	40	4.1000	.70892	.11209
	Unorganised	48	3.6250	1.33089	.19210
Performance appraisal makes me better understand what I should be doing.	Organised	40	3.8000	1.09075	.17246
	Unorganised	48	3.6250	1.33089	.19210
The Performance Appraisal System helps identify areas for development.	Organised	40	4.2000	.60764	.09608
	Unorganised	48	3.6250	1.33089	.19210
Performance appraisal in my company is fair.	Organised	40	3.8000	1.09075	.17246
	Unorganised	48	3.5000	1.51587	.21880
Are you satisfied with your current job	Organised	36	3.8889	.88730	.14788
	Unorganised	48	3.5000	1.51587	.21880

Results shows that, employees of unorganized salons agree more to the fact that their 'Organization conducts Performance Appraisal' whereas on all other statements Organized salons employees' agree more as compare to their unorganized salons employees. It is important to note that unorganized salons appraise their employee more at good frequency in order to observe their performance. Whereas, organized salon employees' perception about the Performance Appraisal process is better. But is this visible difference significant or not is analyzed by independent t-test

Table 3 : Independent Samples Test

Table 3 : Independent Samples Test									
	Levene's Test for Equality of Variances		t-test for Equality of Means						
	F	Sig.	t	df	Sig. (2-tailed)	Mean Diff.	Std. Error Diff.	95% Confidence Interval of the Difference	
								Lower	Upper
Your organization conducts Performance Appraisal	4.910	.029	-2.996	86	.004	-.70000	.23361	-1.16440	-.23560
I clearly understand the purpose of performance appraisal.	24.308	.000	1.513	86	.134	.37500	.24783	-.11768	.86768
I feel highly motivated after performance appraisal.	43.463	.000	1.175	86	.243	.27500	.23412	-.19042	.74042
I receive specific and accurate feedback from my manager on my past performance	58.359	.000	1.631	86	.107	.37500	.22999	-.08220	.83220
It improves the relationship with my manager.	58.359	.000	1.631	86	.107	.37500	.22999	-.08220	.83220
I feel that the time spent on PA is well worthwhile.	58.359	.000	1.631	86	.107	.37500	.22999	-.08220	.83220
Performance Review improves job performance	58.359	.000	1.631	86	.107	.37500	.22999	-.08220	.83220
Pay is purely based on Performance Appraisal	51.505	.000	2.929	86	.004	.67500	.23045	.21688	1.13312
Promotion is purely based on Performance Appraisal	51.505	.000	2.929	86	.004	.67500	.23045	.21688	1.13312
Performance Goals are clearly defined in the appraisal process	59.755	.000	2.521	86	.014	.57500	.22813	.12150	1.02850
Performance Reviews provide me with the opportunity to set personal goals	43.463	.000	2.029	86	.046	.47500	.23412	.00958	.94042
All the information obtained from PA is confidential.	43.463	.000	2.029	86	.046	.47500	.23412	.00958	.94042
Performance appraisal makes me better understand what I should be doing.	12.408	.001	.666	86	.507	.17500	.26286	-.34755	.69755
The Performance Appraisal System helps identify areas for development.	59.755	.000	2.521	86	.014	.57500	.22813	.12150	1.02850
Performance appraisal in my company is fair.	18.759	.000	1.046	86	.299	.30000	.28686	-.27025	.87025
Are you satisfied with your current job	31.153	.000	1.372	82	.174	.38889	.28348	-.17504	.95282

Results of Table 3 shows that there is significant difference among the Organized and Unorganized Salons Employees on Performances Appraisal. On the following statements : 'Your organization conducts Performance Appraisal', 'Pay is purely based on Performance Appraisal', 'Promotion is purely based on Performance Appraisal', 'Performance Goals are clearly defined in the appraisal process', 'Performance Reviews provide me with the opportunity to set personal goals', 'All the information obtained from PA is confidential', 'The Performance Appraisal System helps identify areas for development'. Except on 'Your organization conducts Performance Appraisal' on all other statements Organized Salons employee agree more as compare to Unorganized Salons employees.

VIII. SATISFACTION LEVEL

Table 4 : One-Sample Statistics

	N	Mean	Std. Deviation	Std. Error Mean
Are you satisfied with your current job	84	3.6667	1.29255	.14103

Table 5: One-Sample Test

	Test Value = 4					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Are you satisfied with your current job	-2.364	83	.020	-.33333	-.6138	-.0528

On the satisfied level in their current amazingly there is no significantly difference among the two groups i.e. both Organized Salons employee and Unorganized Salons employee have almost same level of satisfaction which is towards agreement side (table 3). Results of Table 4 and 5 show that overall all the salons' employees are satisfied in their current jobs.

IX. CONCLUSION

Employee reactions and perception about performance appraisal is very critical and important aspect to achieve employee satisfaction which in turn leads to better organizational performance. The research shows the though the unorganized beauty salon appraise their employees more frequently however they don't have formal approach towards it. Organized beauty salons have structured and formal performance appraisal approach. The results also show that overall all the salons' employees are satisfied in their current jobs irrespective of being working in two different settings. However their perception differs on several factors.

X. LIMITATION

1. The employees in beauty salons are very busy and work odd hours, and thus taking interview was very time consuming.

2. At some instances, the respondents were reluctant to give information, due to negative perceptions associated with such studies.
3. Some of the respondents were skeptical to give our information as they thought this could be a ploy by their management to seek information about how they felt about their job.

XI. RECOMMENDATION FOR FUTURE RESEARCH

1. This study was conducted only in Delhi/NCR, however this sector is much larger hence the similar studies shall be conducted to generalize the results.
2. Also, the qualitative research can give more insight to this sector.

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- 9. Performance Goals are clearly defined in the appraisal process
- 10. Performance Reviews provide me with the opportunity to set personal goals
- 11. All the information obtained from PA is confidential.
- 12. Performance appraisal makes me better understand what I should be doing.
- 13. The Performance Appraisal System helps identify areas for development.
- 14. Performance appraisal in my company is fair.
- 15. Are you satisfied with your current job.

QUESTIONNAIRE

Does your organisation have a formal performance appraisal system?

Yes

No

What is frequency of Performance Appraisal in your Salon?

Every 6 Months

Once a year

Any time

How is the Performance Appraisal method in your organisation?

Easy

Complicated

Efficient

Inefficient

Your organization conducts Performance Appraisal:

for determining training and development needs

for upgrading and promotion

for determining payment and rewards

for reviewing performance

for setting future targets

Please rate the following statements on 1 to 5, 1 being strongly disagree, 5 bring strongly agree.

1. I clearly understand the purpose of performance appraisal.
2. I feel highly motivated after performance appraisal.
3. I receive specific and accurate feedback from my manager on my past performance
4. It improves the relationship with my manager.
5. I feel that the time spent on PA is well worthwhile.
6. Performance Review improves job performance
7. Pay is purely based on Performance Appraisal
8. Promotion is purely based on Performance Appraisal

Type of Salon :

Organized

Unorganized

Gender :

Male

Female

Association with this Salon:

< 1 year

1 - 4 years

5 - 9 years

10 years or over

Total Experience:

< 1 year

1 - 4 years

5 - 9 years

10 years or over

Age:

Under 25

25 – 34

35 - 44

45 and above