

A STUDY ON THE IMPACT OF PERFORMANCE EVALUATION ON EMPLOYEES PRODUCTIVITY WITH SPECIAL REFERENCE TO CHENNAI

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Abstract

Performance appraisal refers to the set of evaluation techniques followed in an organisation to assess the employees. Different firms follow different techniques to assess its employees. But basically performance evaluation involves the evaluation of work of the employees by some individual at a senior level. This study brings to light if the method of performance appraisal actually boosts the level of contribution from part of the employees as well as if the personal bias of the superiors proves to be a hindrance in the actual occurrence of its purpose for which it was initially intended for.

Index Terms- Performance Evaluation, Employee Turnover

INTRODUCTION

A performance appraisal, also referred to as a performance review, performance evaluation, career development discussion, or employee appraisal is a method by which the job performance of an employee is documented and evaluated. Performance appraisals are a part of career development and consist of regular reviews of employee performance within organizations. A performance appraisal is a systematic, general and periodic process that assesses an individual employee's job performance and productivity in relation to certain pre-established criteria and organizational objectives. Other aspects of individual employees are considered as well, such as organizational citizenship behaviour, accomplishments, potential for future improvement, strengths and weaknesses, etc.

To collect performance appraisal data, there are three main methods: objective production, personnel, and judgmental evaluation. Judgmental evaluations are the most commonly used with a large variety of evaluation methods. Historically, performance appraisal has been conducted annually, however, many companies are moving towards shorter cycles, every six months, every quarter, and some have been moving into short-cycle, weekly, bi-weekly. The interview could function as "providing feedback to employees, counselling and developing employees, and conveying and discussing compensation, job status, or disciplinary decisions. Performance appraisal is often included in performance management systems.

Performance management systems are employed to manage and align all of an organization's resources in order to achieve highest possible performance. How performance is managed in an organization determines to a large extent the success or failure of the organization. Therefore, improving Performance appraisal for everyone should be among the highest priorities of contemporary organizations.

LITERATURE REVIEW

Kacmar, Wayne, and Wright (2009) indicated that while impression management tactics were exhibited and feedback provided by the supervisor each had a significant main effect on subordinate ratings of the supervisor, they did not interact with one another. This lack of an interaction indicated no support for the predicted overload effect that could have been created by both positive feedback and impression management tactics being present.

Shelley (1999) describes performance appraisal as the process of obtaining, analyzing and recording information about the relative worth of an employee. The focus of the performance appraisal is measuring and improving the actual performance of the employee and also the future potential of the employee. Its aim is to measure what an employee does. Shelley again considers PA as a systematic way of reviewing and assessing the performance of an employee during a given period of time and planning for his future. It is a powerful tool to calibrate, refine and reward the performance of the employee. By focusing the attention on performance, performance appraisal goes to the heart of HR management and reflects the management's interest in the progress of the employees.

Moats (1999) corroborate Shelley's (1999) position and further add that performance appraisal is a process by which organizations evaluate employee performance based on preset standards. Moats describes the main purpose of appraisals as helping managers effectively staff companies and use human resources, and, ultimately, improving productivity. According to Moats when conducted properly, appraisals serve the purpose Shelley describes by: (1) showing employees how to improve their performance, (2) setting goals for employees, and (3) helping managers to assess subordinates' effectiveness and take actions related to hiring, promotions, demotions, training, compensation, job design, transfers, and terminations.

Gioia and Sims (1986) investigated managerial attributions and the observed verbal behaviours of managers and subordinates when experienced managers interacted with different subordinates in a simulated performance appraisal setting under different conditions of work history and performance. Managerial attributions were measured before and after the interaction. Conversational behaviors of both managers and subordinates were recorded on videotape and coded into verbal categories for analysis. Results show distinctly different patterns of managerial attribution and verbal behavior for the subordinate performance failure condition when compared with the success condition but no response to the work history information cue. In particular, managers tended to probe for the cause of failure by asking attribution-seeking questions of the subordinates. The face-to-face interaction resulted in an attributional shift toward leniency by the managers, who assigned less blame for failure and more credit for success after the interaction. The conversations were marked by reciprocal task information exchange, evaluative behavior, and in the case of low performance, overt verbal attributions by the subordinates in response to the managers' attribution-seeking questions. Inter-coder reliability tables and the coding format are appended.

According to Careless, Mann and Wearing (1998), 360-degree feedback, that is the practice of using multiple ratings in the assessment of individuals, has become a popular assessment tool for purposes of management development and performance appraisal. They examined the strength of agreement between different raters of branch managers in a large Australian bank. The raters were branch managers, the managers' superiors and subordinates. Raters assessed the target managers on transformational leadership and work performance. The second aim was to examine the influence of 3 variables on the level of agreement between manager and subordinate ratings; these were age of the manager, level of performance of the manager, and extent of acquaintance between manager and subordinate. Consistent with previous research, the results showed a low agreement level between the 3 sources on ratings of manager's leadership and work performance. However, there was also a moderate agreement between pairs of subordinates. Level of agreement was influenced by manager's performance, but not by extent of acquaintance, and inconclusively by the age of the manager.

Greller (1998) examined data from employees on their level of performance during appraisal reviews conducted by managers to assess: (1) whether participation in the review is process specific to the situation or a characteristic of the manager, and (2) how the subordinate's experience moderates the impact of participation. Results show that participation in the review was influenced more by which manager conducted the review than the circumstances of the specific review. The effect of participation was greater for variables measuring future relationship (potential in the firm and seeking feedback from manager) than immediate decisions

OBJECTIVES OF THE STUDY

The study is undertaken with the following objectives:

1. To study the perception of employees towards performance appraisal.
2. To study whether the performance appraisal can affect the productivity of the employees.
3. To study whether the performance appraisal is free from personal bias.
4. To make suggestions and recommendations based on the study.

HYPOTHESIS

Based on the objectives following hypothesis are set:

- H0: There is no significant association between performance appraisal and employees productivity.
 H1: There is a significant association between performance appraisal and employees productivity.
 H0: There is no significant association between personal bias and employee performance
 H1: There is a significant association between personal bias and employee performance

RESEARCH METHODOLOGY

DATA COLLECTION

Both primary and secondary data were used for this study. Primary data was collected through a pre-structured questionnaire, while secondary data were collected from various articles, books and also via internet.

SAMPLE DESIGN

The survey was carried out among 100 employees selected on the basis of Convenience Sampling.

LIMITATIONS OF THE STUDY

1. The study includes only 100 respondents, whose opinions are analysed. Thus it is possible that the study would limit to the sample itself and perhaps not beyond it.
2. The study includes employees of only Chennai.

STATEMENT OF THE PROBLEM

Performance appraisal is a means to study the overall performance of the employee and the contribution made to the organisation. Different companies follow different methods to assess the performance of their employees. Since there is no uniform standard to assess the performance of the employees, and the judgement of the superior plays a major role, the study tries to find if at all the performance appraisal meets its requirement and if at all the personal bias of the superiors hinders its real purpose.

SCOPE OF THE STUDY

The study aims to find out the perception of the employees towards performance appraisal. The data collection is restricted to Chennai. The data collected may vary based on the responses received. The sample size has been restricted to 100. The study has been carried out over a period of 6 months and its relevance may vary with time.

TESTING OF HYPOTHESIS

H0: There is no significant association between performance appraisal and employees productivity.

H1: There is a significant association between performance appraisal and employees productivity.

	High Productivity	Medium Productivity	Lower Productivity
Ranking	10	6	5
Paired comparison	15	10	2
Forced distribution	6	5	10
Confidential report	3	8	1
Others	10	7	2

Chi-square = 19.632

Degree of freedom = 8

Level of significance = 5%

Table value = 15.507

Since the calculated value is greater than table value, Alternative hypothesis is accepted. Therefore :- There is a significant association between performance appraisal and employees productivity.

H0: There is no significant association between personal bias and employee performance

H1: There is a significant association between personal bias and employee performance

	High Performance	Medium Performance	Lower Performance
Bias in workload division	10	5	5
Partiality	10	8	5
Purposeful Bias	12	5	4
Appraisal Bias	6	7	5
Self Bias	8	5	5

Chi-square = 2.905

Degree of freedom = 8

Level of significance = 5%

Table value = 15.507

Since the calculated value is less than table value, Null hypothesis is accepted. Therefore :- There is no significant association between personal bias and employee performance.

FINDINGS AND CONCLUSIONS

The study was primarily conducted to know if the performance appraisal techniques followed in the organisations helps the employees to improve their productivity and also if the personal bias of the superiors affects the performance appraisal. It was concluded that the employees do give importance to the appraisal methods and hence tend to focus more on their work and provide their fullest possible attention to complete the works allotted on time. Also, it was noted that the superiors do not take their personal bias into consideration while evaluating the employees. Hence, it can be concluded all organisations should follow some kind of appraisal methods to improve the productivity of the employees and the organisation.