



# “A Study Of Impact of Performance appraisal System on Employee’s Productivity”

**Dr. Bijal Shah**

**Alka Hirani**

(Asst.Prof)Parul Institute of Management & Research Student, MBA-HRM

FMS, Parul University

**Nurpreet Kaur Deol**

FMS, Parul University

## ABSTRACT

Every successful company today places a premium on regularly reviewing and assessing employee performance. Today's workers not only expect to be recognized for their achievements but also to be compensated fairly for their time and energy. Many people in the workforce would thrive with more frequent feedback on their job. Due to the fact that workers' perceptions influence their assessments and attitudes toward the firm and its policies, workers may have diverse perspectives on the organization's performance assessment system. Differences in opinion among employees based on demographics are analyzed, coupled with the performance assessment system.

## GENERAL INFORMATION

Goals and objectives are a staple of every successful company. People and organizational structure are the defining characteristics of every given organization, and both contribute to the realization of its stated aims. For Chis Argyris, a company is "Intricate human techniques meant to attain particular goals." Additionally, seven (7) qualities of an organization were recognized by Blake and Mouton. These include the organization's goals, framework, resources, knowledge, people, processes, and outcomes.

But the organization's wheel is driven in a certain direction, with all hands-on deck to ensure success. People, according to Gant, "are the human resources for the supply of physical labor, technical and professional skills, which are germane to effective and efficient planning and implementation of developmental policies, programmes, projects and daily activities." This is the ultimate dignity of an organization, as it is the interactions of people with natural resources that institute the development process.

One thing that all of these definitions have in common is the understanding that a human resources manager's primary responsibility is to help their organization's employees grow and develop, whether that organization is a

government agency or a private business. This is true because, of all the tools at an organization's disposal, its people are the most important to use; without them, things like technical advancements in computers would go unused since nobody has the necessary expertise to utilize them. Management tasks such as planning, organizing, staffing, leading, coordinating, reporting or evaluating, and budgeting were necessary (POSDCORB).

Management tasks become more onerous and complicated in big, complex organizations. This is because it's very difficult for a manager to keep tabs on the specific duties of each employee without having extensive personal interaction with them all. To this end, "Performance Appraisal" has been recognized as a useful tool for the manager, who is responsible for carrying out the aforementioned responsibilities of planning, organizing, managing, directing, etc., as outlined by Knootz and O. dinnel.

In order to increase organizational effectiveness and efficiency, performance evaluations are increasingly being seen as an integrated management strategy. This method is used to keep tabs on the performance of a group or an individual with the intention of rewarding or motivating them in some way. This management technique itself is a sort of communication, since it allows the exchange of data, concepts, and even ideals between an organization and its employees.

This data system (Performance Appraisal) helps upper management see any blind spots in employee performance, providing insight into where more training of this manpower would be most beneficial to the growth and development process. Therefore, it is essential to consistently train and develop these groups of individuals in order to meet the ever-evolving demands of the industry.

An employee's performance review's importance is a key aspect in any analysis of the factors essential to the development and survival of a business. It is widely held that both the employee and the business must be aware of the extent to which their performance is helping to realize the organization's job objectives, staffing goals, and long-term strategic objectives. Additionally, the employee needs feedback on his or her progress toward personal objectives and on how those goals stack up against those of upper management.

An employee's performance appraisal is a formal, methodical evaluation of that person's work to evaluate how well they're doing on the job. The frequency with which this is done might range from quarterly to semi-annual to annual, but it is always consistent. Every worker hopes at some point that his supervisor or, even better, his employer will evaluate his work performance and provide suggestions for how he might improve.

These are the broad goals that can be achieved with a good performance evaluation system. Specifically, "the aim of performance assessment is to supply information for the promotion, demotion, transfer, salary rise, training and development, and firing of an employee," as stated by Nwachukwu.

Two, it boosts output by giving workers feedback on how their supervisors see them functioning on the job. So, among the many components of production, human capital always stands out as the most important and valuable in every company. For this reason, the practice of performance assessment has been acknowledged for its value as a means of enhancing business operations.

The aim of this article is to determine one part of the execution of the performance appraisal with an emphasis on its activities in an economic downturn and especially a global economic crisis. It identifies the stated purposes of the performance appraisal in MNCs and explores the unstated purposes of the performance appraisal, which rise during performance evaluation and feedback stages. The article then examine the various expectations employees and

managers have of the performance appraisal and lastly determines the changes to these expectations in an economic downturn.

## INTRODUCTION OF THE STUDY

The outcomes demonstrated that only a minority of the respondents were happy with their TQM programmes. But this comparative lack of success did not lead them to eliminate performance appraisal altogether, as advocated by Deming and others because of the role of systems level causes of performance variation.

Proposes that by redirection performance appraisal can become a pivotal force for translating, articulating and instilling commitment to an organization's strategy. Presents a framework for evaluate the success and failure of performance appraisal systems in accomplishing their evaluation and development role on several dimensions. Resolves the limitations of conventional systems by transcending the dysfunctional conflict between evaluation and development. The transformational performance appraisal system is consistent with the new paths of managing and with new organizational forms.

### Advantages of performance appraisal

- Performance appraisal helps to improve the performance of the workers through trainings.
- Corrective actions: Any inadequacy of staff can be distinguished and remedial steps can be taken through evaluation.
- It helps in preparing SWOT analysis of every workers for career planning.
- Performance evaluation helps the organization in choosing about the promotions, demotion, transfers and rewards of the workers and it is an instrument to motivate workers towards better performance.

### Disadvantages of performance appraisal

#### General bias errors

It depends on attitude of rater. Sometimes raters are may be very strict or very lenient during the appraisal work. Rater may not consider the actual performance of the workers for appraisal work. It affects everyone in generally.

#### Halo effect

During appraisal when the appraiser considers or gives importance to one criterion of the evaluation and ignoring the other factor, then error is occurs. This is known as halo effect. It gives wrong evaluation of the workers.

#### Contrast and similarity errors

It occurs when appraiser rates one worker based on the work of another worker, rather than performance standards.

#### Recency errors

It occurs when rater considers recent performance than performance over the year this can be serious issue when employee has performed well all the year, only to have a problem right before evaluation takes place.

#### Rating inflation

At the point appraiser rating goes extremely high with no reason is called inflated rating. The rater should do the ratings is on fact basis and not on sentiments or feelings of people.

## The Methods Used in Performance Evaluations

### Methods of Evaluating Employee Performance

The performance assessment is the method of evaluating an employee's work against predetermined criteria and providing constructive feedback.

### Performance appraisal process

Step 1: Establishment of performance standards

Step 2: Communication of performance standards and expectations

Step 3: Measurement of actual performance

Step 4: Comparison of performance

Step 5: Appraisal feedback

Step 6: Corrective, motivation and development plan

#### Step 1: Establishment of performance standards

The performance appraisal process begins with setting up of standards for appraising the performance of employees. There should be some base on which appraiser can say that the performance is good, average or bad. Performance standards should be specific, measurable, achievable, relevant and time based.

#### Step 2: Communication of performance standards and Expectations

The standards set for performance should be communicated to the employees and explained to them, so that they come to know what is expected from them.

#### Step 3: Measurement of actual performance

This requires choosing the right technique of measurement, identifying the internal and external factors influencing performance and collecting information on results achieved. Here actual performance is measured through observing, statistical reports, oral reports and written report.

#### Step 4: Comparison of performance

Actual performance is compared with the predetermined standards of performance. Such comparison reveal variation which may be positive or negative.

#### Step 5: Appraisal feedback

The appraisal results are communicated and discussed with employees. Along with the variation, the reasons behind them are also analyzed and discussed.

#### Step 6: Corrective, motivation and development plans/actions

Training, coaching, counselling, advice, refresher courses etc are the examples of corrective actions that helps to improve the employee performance in future.

## LITERATURE REVIEW

### Magher, 2018

In this context, "concept" refers to any idea or thought. To better understand the problem space and define the study's goals, a conceptual framework might be used. It draws on the findings of prior studies to establish an overarching theory and approach for the present investigation. It has been shown that there are two independent factors in this study. They are called "Performance evaluation" and "Worker output," respectively. We'll look at each factor individually and then put them all together.

### Mwema et al., 2016

There is a common belief that a company's ability to maximize the efficiency of its workforce may be enhanced by instituting a formal performance review system. Some also consider it a crucial element of administrative control and a subset of human resource management. Planning an assessment procedure that will assist in reaching these goals (workforce growth, betterment, pay raises, employee feedback, identification of training requirements, etc.) is essential. Working for an organization in exchange for remuneration is what defines an employee.

### Sheahan, 2017

He or she has been employed to do work for the business in exchange for payment of a wage, fee, or salary. Productivity measures the effectiveness of an individual worker or a team. To put it another way, it is often believed to be the key to a company's success and expansion.

### Mwema et al. 2017

Now, the issue is whether or not performance appraisals have any effect on how hard workers really work. whether viewed favourably or unfavourably. Expert evaluation of employee performance, as stated enhances organizational efficiency. In a performance evaluation framework, information, incentive, and administration are the three pillars upon which the system rests. The appraisal process affects administration because it provides a formalized system for rewarding personnel, including raising salaries, giving more responsibility to those who have shown themselves to be the most capable, and recognizing those who have gone above and beyond in their roles. Initiating learning experiences that simultaneously drive workers to increase performance is key to the motivating function.

### Mwema et al., 2015

Finally, the informational role is met when the evaluation system provides managers with feedback or data about their employees' strengths and flaws. The appraisees and the appraisers in an organization both profit immensely from a well-executed performance review. A few advantages accrue to the appraisees (workers). The evaluated individuals have a more nuanced grasp of their strengths and areas for improvement, and they adapt their actions appropriately. Appraisals kick off a helpful seminar in which employees get feedback on their behavior and have the opportunity to provide ideas to their management. Finally, staff members get help setting up strategies to enhance their behavior and gain a deeper comprehension of the organization's top priorities and primary objectives.

### Paul et al, 2016

There are certain interconnected elements in performance evaluations. Rewards, training, promotions, reviews, firings, transfers, reorganizations, redeployments, etc. Training: Performance reviews are useful when a business needs to identify the category and severity of underachievers in its workforce. When workers are identified as



inefficient in carrying out their assigned tasks, they are given the opportunity to undergo training. Employees will be able to acquire the specialized and additional skills, knowledge, information, capabilities, and ability required for their future work thanks to the training they get. Still, even if excellent performance is assessed in both managers and staff, ongoing training is necessary so that objective feedback can be given.

### **Paul et al, 2015**

Management may utilize a performance assessment to rate an employee's work and provide constructive criticism using this method. More specifically, how to strengthen their weaknesses. Feedback has been demonstrated to be an effective tool for highlighting both strengths and flaws in the workplace, according to a number of studies. Some have said that if you want to boost an employee's performance, you must first help them zero in on what they should work on to get better results. This may be done via providing them with constructive criticism and feedback. Experts in the legal sector normally advise employers to retain written records of the feedback they get from employees in order to defend themselves legally, although it is possible to capture the information orally if desired.

### **BACKGROUND OF THE STUDY**

An employee's performance appraisal is a formal, methodical evaluation of that person's work to evaluate how well they're doing on the job. The frequency with which this is done might range from quarterly to semi-annual to annual, but it is always consistent. Every worker hopes at some point that his supervisor or, even better, his employer will evaluate his work performance and provide suggestions for how he might improve. These are the broad goals that can be achieved with a good performance evaluation system. Specifically, "the aim of performance assessment is to supply information for the promotion, demotion, transfer, salary rise, training and development, and firing of an employee," as stated by Nwachukwu.

Two, it boosts output by giving workers feedback on how their supervisors see them functioning on the job. So, among the many components of production, human capital always stands out as the most important and valuable in every company. For this reason, the practice of performance assessment has been acknowledged for its value as a means of enhancing business operations.

The aim of this article is to determine one part of the execution of the performance appraisal with an emphasis on its activities in an economic downturn and especially a global economic crisis. It identifies the stated purposes of the performance appraisal in MNCs and explores the unstated purposes of the performance appraisal, which rise during performance evaluation and feedback stages. The article then examine the various expectations employees and managers have of the performance appraisal and lastly determines the changes to these expectations in an economic downturn.

From the organization's viewpoint, input helps to effective learning. From the individual's point of view, it can satisfy any personal need for information on progress and facilitate social comparison with others. Whether criticism achieves any beneficial effects is dependent on the amount of critical feedback; a balanced review of performance, covering strengths and weaknesses; clear, relevant feedback content emphasizing the performance of the individual; the availability of other sources of feedback; the extent of subordinate participation in the interview and the relationship between the manager and the subordinate. Self-appraisal may be a more robust method and may overcome many of the problems normally encountered in discussing performance. There is ample evidence for its effectiveness.

Purpose of this article is to address the question whether or not quality-driven companies have, in practice, tended to adjust their performance appraisal systems to integrate total quality management (TQM) requirements. To do so, the findings of an initial literature survey suggested the combined use of quantitative and qualitative methods for empirical research. The quantitative components consist of a postal questionnaire survey of 64 UK-based, quality driven organizations on the topic of performance appraisal in the context of TQM. Key informants from 10 of these organizations were subsequently interviewed in order to gather detailed information on the reasons behind their initial responses.

## OBJECTIVES OF THE STUDY

- The role that performance reviews have in determining whether or not an organization succeeds.
- Motivated by an interest in the effects of productivity and employee evaluations, we set out to investigate these factors.
- To determine increment rewards and to provide reliable index for promotions and transfers to position of greater responsibility.
- To suggest ways of improving the employee's performance when he/she is not found to be up to the mark during the review period.

## RESEARCH METHODOLOGY

### METHODS FOR DATA COLLECTION & VARIABLES OF THE STUDY

#### Methods for data collection

Primary Data

Secondary Data

#### Primary Data

Primary source of data was collected by questionnaire.

#### Secondary Data

Secondary source of data was collected from

Books

Journals

Magazines

Web's big data es

#### Sampling

The sample technique utilized for data gathering is convenient sampling. The convenience sampling method is a non-probability strategy.

## Sampling size

Big data indicates the numbers of people to be surveyed. Though large samples give more reliable results than small samples but due to constraint of time and money,

## Plan of analysis

- Diagrammatic representation through graphs and charts
- Big data able inferences will be made after applying necessary statistical tools.
- Findings & suggestions will be given to make the study more useful.

## DATA ANALYSIS AND INTERPRETATION

### Sampling technique

Non probability

By contrast, non-probability sampling involves picking samples from a population in a non-random fashion. Non-probability sampling is a rapid, simple, and cheap method of data collection since it does not use a full survey frame.

### Analyze data:

- SPSS Software
- MS Excel

### SPSS Software

Descriptive and bivariate statistics, numerical result predictions, and group identification predictions are all available in SPSS for data analysis. Functions for data visualization, direct marketing, and data transformation are all included in the package. The software's primary view of open data resembles a spreadsheet.

### MS Excel

Descriptive and bivariate statistics, numerical result predictions, and group identification predictions are all available in SPSS for data analysis. Functions for data visualization, direct marketing, and data transformation are all included in the package. The software's primary view of open data resembles a spreadsheet.

## CONCLUSION/SUGGESTIONS

### CONCLUSIONS

Based on the data, we may conclude that there is a statistically significant association between performance assessment and employee productivity. Furthermore, feedback has a good influence on staff productivity. A well-implemented performance management system may assist any company in communicating with and motivating its personnel. The majority of respondents feel that a performance review is required as an evaluation tool in the workplace since it acts as a motivator. To be successful, a performance review system that is both fair and transparent must have the support of high management. Performance evaluations are an useful tool for managing human resources. It is critical to the company's performance and the development of each employee.

The performance evaluation system encourages employees who give their utmost, while dishonest employees are dealt with brutally when required. Both the corporation and its employees stand to benefit from this. Productivity increases when a company uses a fair performance evaluation system. The success of a company's performance



evaluation process is directly proportional to its capacity to achieve long-term goals. When it comes to promotions in the public sector, seniority is often more significant than performance.

## BIBLIOGRAPHY

- In D. Antononi published "The Effects of Feed Back Accountability on Upward Appraisal." rating," Journal of Occupational and Organizational Psychology.
- Implementing a System for Evaluating Workers' Performance, Bittner, Reign, Dooher, and Marquis (Eds)
- Article by V.R. Buzzotta from the Journal of Security Administration titled "Improve Your Performance Appraisal" Management.
- Human Resource Management: Issues, Case Studies, and Research, by Narendra K. Chadha Shri Sai Printographers, Delhi. Exercise.
- The Theory and Practice of Personnel Management, by Michael W. Cuning, William Heineman, a London publishing house.
- To that end, Gary Desiber and his coauthors of the Seventh Edition of Human Resource Management.
- Updating The Performance Review, Desing & Austin K. Naney, Eds., Profession-holding women.
- McGraw-Hill College published Flippo, E. B. Principles of Personnel Management. Wendell French, Houghton Mifflin Company. Human Resource Management, Third Edition.
- U.S.A. Mifflin. Personnel Administration in India, by P. Ghosh, Sudha Publications. The author, S.L. management techniques: principles and practice and Shalini Rajneesh.
- The Deep & Wide Publications, New Delhi, India, edition of Practices. Authors: Goel, S.L. together with Shalini Rajneesh, Public Personnel Administration, Deep & Published by Deep, a New Delhi company.
- Heigel, C., and Reinhold Publishing. The Encyclopedia of Management. Financial District, New York, Corporation.
- Koontz, H., and O. Donnell. "Principles of Management: An Examination of the Field." McGraw-Hill, New York, Managerial Duties.
- H. Koontz, "The Management Theory Jungle," Journal of the Academy of Examining the Management.