

Performance Appraisal system on Commercial organizations in Tiruchirappalli

“Performance appraisals is the systematic, periodic and an impartial rating of an employee’s excellence in matters pertaining to his present job and his potential for a better job”

- Flippo

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ABSTRACT

Performance appraisal is a vital tool to measure the frameworks set by any organization to its employees. It is utilized to track individual contribution and performance against organizational goals and to identify individual strengths and opportunities for future improvements and assessed whether organizational goals are achieved or serves as basis for the company’s future planning and development .This study examined the status of the Performance Appraisal system on Commercial organizations in Tiruchirappalli. The respondents of this study were tenured employees . quantitative analysis and data collection tools are used to describe quantitative analysis between performance appraisal and employee performance. The quantitative research has provided empirical investigation about research purpose regarding Performance Appraisal system on Commercial organizations in Tiruchirappalli, For collecting data, survey technique was used in this study. For this reason, a sample was used in the study. This sample was selected from different organizations of the Tiruchirappalli. Further, the respondents identified some major gaps in the implementation of the company’s appraisal system: no appropriate rewards are given to best employees, appraisal system was not fully explained to employees, no feedback of results and employees do not participate in the formulation of evaluation tools. In this study, statistical analysis methods were used to get empirical evidence about impact of performance appraisal on employee performance in descriptive results. It is recommended that the organization should revisit and redesign its appraisal system that is align to its vision and mission towards the attainment of its organizational goals.

Keywords: Effectiveness, Employee Performance, Appraisal System, organizations, context.

I. INTRODUCTION

Performance appraisal is often regarded as the most critical function of human resource management (Selvarajan and Cloninger, 2008; Smither and London, 2009). Several prior studies have revealed that suggested that effective performance appraisal system is the sign of integral component of effectiveness of human resource management of an organization (Zapata-Phelan et al., 2009). Performance appraisal has been studied widely in several organizations in the western context. However, this particular topic has not been researched appropriately in the Asian context specifically in perspective of Tiruchirappalli.

Selvarajan and Cloninger (2009) have also noted that performance appraisal is not effectively developed process within Tiruchirappalli organizations, but the evidence and prior literature on this topic is rare. Moreover, the prior literature on this subject aims at observational aspects and little emphasis is made on the empirical findings of the effectiveness of performance appraisal and its influence on employee

performance (Selvarajan and Cloninger, 2008). Clearly, there is need to derive empirical findings on evaluation on performance appraisal system and its influence on employee performance in the context of Tiruchirappalli.

DeNisi and Pritchard (2006) have also noted that extant research on performance appraisal has excessively emphasized on psychometric issues rather than focusing on rigorous and systematic approach to performance appraisal that is more likely to enhance motivation level of employees for improving their performance. Roberson and Stewart (2006) found that employees respond to performance appraisal system in three perspectives that are: a) Perception of fairness, b) Perception of accuracy, and c) Performance appraisal satisfaction.

On the other hand, Selvarajan and Cloninger (2009) were of the view that performance appraisal provides consistent feedback to employees that enables them to improve performance. Thus, a critical issue in this regard is to assess and determine the factors that can influence outcomes of performance appraisal. In this respect, the current study aimed at the evaluation of critical factors associated with the Performance Appraisal system on Commercial organizations in Tiruchirappalli.

II. Originality of research

This paper has contributed to elaborate that how Tiruchirappalli organizations pursue performance appraisal system. In this way, gap in literature has been filled regarding performance appraisal in Tiruchirappalli organizations. The results of this study are based on the survey findings conducted with employees of several organizations. In this way, empirical contributions have been made by the researcher to elaborate effectiveness of performance appraisal system and its impact on performance of employees.

Objectives of the study:

The purpose of the study is to understand Performance Appraisal system on Commercial organizations in Tiruchirappalli. Specifically, factors influencing performance appraisal have been identified in the study. Furthermore, this study also aimed to elaborate the influence of appraisal on employee performance in Tiruchirappalli organizations. Finally, critical challenges involved in the performance appraisal system will also be evaluated appropriately.

III. Literature Review

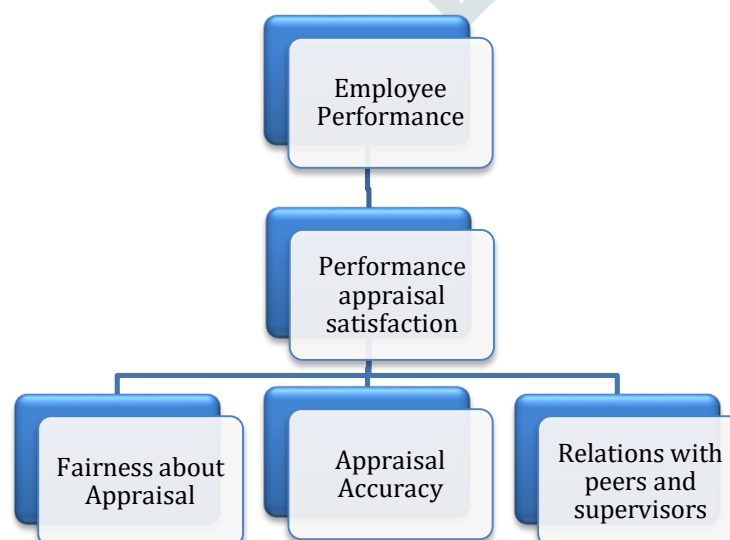
Employee performance appraisal is an effective tool or vehicle for assessment of employee performance and implementation of strategic initiatives for the improvement of employee performance (Lawler and McDermott, 2003). However, a considerable literature stream also suggests that there exist dissatisfaction in employees regarding performance appraisal system (Mercer, 2002; Roberson and Stewart, 2006; Moullakis, 2005). For instance, Morgan (2006) noticed that performance appraisal in many organizations has not met expectations of employees. In the same vein, prior findings by Smither and London (2009) have elucidated that 80-90% managers reflect that performance appraisal has not been effective in improving employee and organization's performance.

Thurston (2001) has addressed the specific aspects related with performance appraisal and also reveal that effectiveness and success of appraisal system depends on reactions and feedback of employees. This suggests that employee feedback is critical factor in assessing effectiveness of appraisal system. This feedback can be positive or negative regarding outcomes of appraisal system. Prior studies have revealed that positive feedback is more likely to be accepted whereas employees often hesitate to accept negative outcomes of appraisal system (Rao, 2004). On the other hand, Roberson and Stewart (2006) suggest that if negative feedback is delivered in an effective and persuasive manner, employees will take it seriously and will focus on eliminating the negative aspects in their performance.

Prior literature has suggested that performance appraisal is an effective system for attaining different objectives. In this regard, Selvarajan and Cloninger (2009) have revealed that effective performance appraisal system results in improving performance of employees and motivating them. In this regard, it can be identified who are the weak performers and who strong performers within organizations are. In the same line of thought, prior studies have identified five major outcomes of effective performance appraisal (Rao, 2004). These are: 1) using results of performance appraisal to improve employee performance, 2) enhancing motivation, 3) reducing employee turnover, 4) associating rewards and employee performance and 5) establishing equity among employees (Rao, 2004; Selvarajan and Cloninger, 2009).

Nurse (2005) has also discussed the impact of appraisal on employees and organizations. He specifically suggested that results of appraisal provide information to managers to take further steps about promotions and development of employees. On the contrary, Rao (2004) suggests that weak areas of performance are identified through effective performance appraisal system. In this way, managers can take decisions regarding training of employees to improve those weak areas. Moving further, Teratanavat, Raitano and Kleiner (2006) suggest that effective performance appraisal results in reducing stress level of employees. In this way, performance appraisal system interlinks current, past and future performance of employees.

Theoretical Framework



IV. Type of Research

The study has been conducted to analyze that how effective is performance appraisal in Pakistani organizations. For this reason, quantitative analysis has been used to describe the research problem. In this respect, quantitative analysis and data collection tools are used to describe quantitative analysis between performance appraisal and employee performance. The quantitative research has provided empirical investigation about research purpose regarding Effectiveness of Performance Appraisal system in the Commercial organization in Tiruchirappalli.

Type of Data:

In this study, primary and secondary data have been used for investigating Effectiveness of Performance Appraisal system in the Commercial organization in Tiruchirappalli. The secondary data was used to know what prior researchers have theorized about performance appraisal and employee performance. This data provided theoretical investigation of research problem. On the other hand, primary data was used to get empirical investigation about Performance Appraisal system on Commercial organizations in Tiruchirappalli.

Data Collection Method:

In this particular study, survey method was used for collecting primary data from employees of different organizations within Tiruchirappalli. For collecting primary data, close ended questionnaire was used. This questionnaire was composed in two sections. The first section of questionnaire elaborated the demographical information about respondents whereas the second section highlighted critical factors of performance appraisal in Tiruchirappalli. On a scale of 1-5, effectiveness of performance appraisal was measured in this paper. For collecting data, self administered survey was conducted with the employees of the Tiruchirappalli organizations.

Quantitative data analysis was used in this study for investigating empirical analysis of research problem. In addition, statistical analysis was made to derive association between variables of the study.

Sample and Population:

For collecting data, survey technique was used in this study. For this reason, a sample was used in the study. This sample was selected from different organizations of the Tiruchirappalli. This sample was selected from different industries i.e. banking, manufacturing and services. In this respect, non probability sampling technique was used in the study so that no preference can be made in the sample selection. On this basis of non probability sampling, a sample of 240 employees was selected from different organizations of Tiruchirappalli.

Results and Analysis:

In this study, response rate of 83% was achieved that was adequate to analyze results to analyze effectiveness of appraisal. In this study, statistical analysis methods were used to get empirical evidence about impact of performance appraisal on employee performance.

The descriptive results of the study about gender of respondents revealed that 59% respondents were males whereas 41% were females. During the sample selection, no priority was made between male or female respondent. As far as the age of respondents is concerned, it was found that 17% respondents were less than 20 years old, 31% respondents were between 20-29 years, 30% were between 30-39 years, 19% were between 40-49 years and 3% were either 50 years old or above. When it comes to education level of respondents, the results revealed that 7% had primary education, 20% were intermediates, 41% graduates and 20% either had masters level or higher education level. The rest of the respondents had other technical level education.

When respondents were asked about the fact that had their performance been appraised ever, 100% respondents answered in yes and the rest of respondents answered in no. The frequency of appraisal suggested that yearly appraisal is more evident in organizations. 19% respondents revealed that their performance is appraised monthly, 28% respondents suggested that their performance is appraised quarterly. There have been 21% respondents who suggested that semi annually performance appraisal is conducted by organizations whereas 32% respondents revealed that yearly performance appraisal is followed in their organizations. When asked about performance appraisal mode, 11% respondents suggested that feedback mechanism is used to appraise performance. 40% respondents pointed out written statement method, 28% pointed out at ranking method and rest of the respondents highlighted face to face discussions for appraisal.

Descriptive results:

For analyzing the Performance Appraisal system on Commercial organizations in Tiruchirappalli context, the data has been analyzed descriptively. The descriptive results of study have been elaborated as below:

Variables	N	Mean	Standard Deviation	Standard Error Mean
Fairness about Appraisal	240	25.26	2.35	0.225
Appraisal Accuracy	240	19.13	1.74	0.165
Relations with peers and supervisors	240	24.84	2.26	0.215
Performance appraisal satisfaction	240	15.05	2.61	0.248
Employee Performance	240	18.44	3.95	0.376

VI. Conclusion

The study was based on the evaluation of Performance Appraisal system on Commercial organizations in Tiruchirappalli. The study was conducted through survey analysis conducted with the employees of Tiruchirappalli organizations. On the basis of statistical analysis, it has been concluded that performance appraisal is linked with the employee performance outcomes in Tiruchirappalli organizations. In addition to this, the results also reflect that all study variables are significant except relationship among peers and supervisors regarding performance appraisal process.

The results of the study provide sound understanding about that employees have fair perception about performance appraisal. This also reveals that respondents think that performance appraisal outcomes are accurate and significant towards employee performance. In addition, the study outcomes also reflect that performance appraisal impacts performance level of employees in organizations.

The future prospects of study reveal that its generalizability is low because of a small sample. Therefore, future researchers have option of expanding the scope of study by using the large and diverse sample. In addition, they can also highlight differences in performance appraisal followed in different industries of Tiruchirappalli.

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