

“DO PERFORMANCE APPRAISALS ENHANCE PRODUCTIVITY? EXAMINING THE ROLE OF APPRAISAL METHODS ON EMPLOYEE MINDSET”

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Abstract

This research is meant to learn about how performance appraisals affect employee's productivity. The main goal of the study was to see how performance appraisals influence employee motivation. The study also had some specific goals: To find out how performance appraisals are connected to employee productivity. To see how much the appraisal process affects productivity and motivation. To figure out how much appraisers influence staff motivation, and to identify the difficulties in evaluating employee performance. The study used a descriptive research method. A sample of 100 employees was chosen from various departments, age groups, genders, and experience levels to include a wide range of people quickly. Data was gathered using structured questionnaires. After collecting the responses, the data was converted into pie charts and Excel tables for analysis. The analysis helped in understanding the relationship between employee motivation, productivity, and performance appraisals. The data was also shown using bar charts. Finally, conclusions were made based on the analysis.

Keywords: Employee motivation, Performance Appraisal, Employee Productivity.

1. Introduction

Human Resources are a key part of every organization. Every worker has their own set of duties and responsibilities that help the company succeed. A performance appraisal should be a fair way to check how well employees are doing their jobs, which can help them feel more motivated, involved, and productive. But sometimes, companies don't use this system well and miss out on these positive results.

A performance appraisal is a regular and organized check on how well an employee is doing their job. It looks at how they are performing compared to what was expected and the company's goals. This includes the main skills the company needs and the specific skills needed for the job. Evaluating employee performance should be properly recorded and reviewed as part of their growth and development in the company through performance appraisals. Because performance appraisal is connected to how well employees are doing their jobs, it also has a big impact on how motivated they feel.

If the purpose of the appraisal isn't clear, it can have bad effects and lower employee motivation. It also helps keep records that are used to decide pay, salary, raises, bonuses, and other rewards. This helps identify what

employees are good at and where they need improvement, so they can be placed in the right job. It also helps understand an employee's potential for future growth.

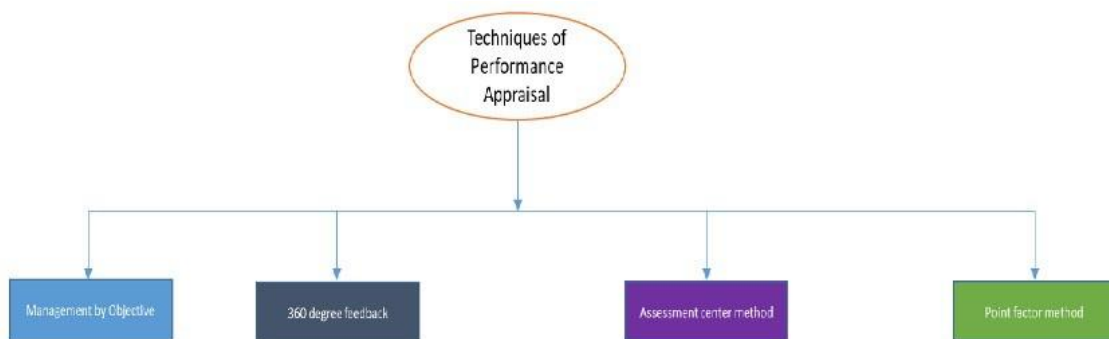
For an organization to reach its goals, every worker, from the top to the lowest level, should be encouraged to help the company in a positive way.

How well each employee performs will affect the company's overall performance. To make sure this doesn't go wrong, employees should feel satisfied, involved, and motivated. Using a good and ongoing Performance Management System can help organizations enjoy these benefits regularly.

1.1 Techniques of performance appraisal

Techniques of performance appraisal

1. Management by Objective - Employee and Management identifies and focus on specific appraisal system.
2. 360 Degree Feedback- Feedback will be taken from various hierarchy.
3. Assessment centre method - Clear picture of how other observe and the impact on their appraisal.
4. Point factor method – Compares cost of retaining and what are the monetary benefits of the employee.



1.2 Problem Statement

Performance appraisal is a great chance to properly acknowledge an employee's efforts and successes within the organization. It also helps in keeping a strong and positive connection between rewards and how productive someone is. It is important in an organization because it encourages open communication, makes sure everyone understands their goals and what is expected of them, and provides helpful feedback and guidance to boost productivity. However, it has been noticed that while performance appraisal has many benefits, it can sometimes have a negative effect, lowering employee morale and reducing productivity. Because of this, the research looked into how performance appraisal affects employee performance and productivity in a university setting, and what factors might act as a discouragement and lower productivity.

1.3 Objectives of the project

1. To learn how performance appraisals relate to how productive employees are.
2. To look into different ways of doing performance appraisals and how well they work.
3. To find out how much the performance appraisal process influences employee motivation.
4. To find out how much appraisers' actions affect employee motivation.

5. To identify the difficulties faced when evaluating employee performance.

1.4 Scope of the study

The study will look at how performance appraisals affect employee productivity, and it will do this by looking at an Organisation. To get a better understanding, the study will compare different departments, but it will only focus on organisation, so there won't be a comparison between Organisation. The employees who will be included are Employees, staff, and administrative officers. The study will use a group of 100 employees, and the results will be based on their responses.

2. Literature review

Over the past few decades, many studies have looked into performance appraisal systems (Bretz, Milkovich & Read, 1992; Fisher, 1989). While performance appraisal seems simple, research shows it is often used for giving feedback, evaluating performance, and understanding what employees are good at and where they need improvement (Ruddin, 2005). Across the whole industry, about 74 to 89 percent of companies use performance appraisal systems (Murphy & Cleveland, 1991). These systems serve various purposes like making human resource decisions, providing feedback, and conducting evaluations (Cleveland, Murphy & Williams, 1989). Employees' reactions to appraisals and the shared view in which performance appraisals happen have caught the attention of psychologists (Levy, 2000; Levy & Williams, 2004). According to Nasud (1999), an assessment framework is a key tool for understanding how valuable an employee's performance is. Performance appraisals help build a reward system that brings together the efforts of leaders and employees to achieve the organization's common goals (Cleveland, Murphy, & William, 1989).

The data gathered and performance evaluations serve as a base for making decisions about hiring and firing, training and developing current employees, and motivating and keeping a high-quality workforce by properly rewarding their efforts (Lillian, Mathooko, & Sitati, 2011).

Performance management systems are often part of performance appraisals. These systems help organize and manage all parts of an organization's resources to get the best possible results (Martin, 1998). According to McMaster (1994) and Williams (2002), performance management involves setting strategic goals, creating team objectives, developing performance plans, analyzing performance through appraisal systems, identifying development needs, and assigning rewards. A study by Dr. Atakilt Halifom Siyum (2020) on the impact of performance appraisal on employee productivity in private and public hospitals in Tigray, Ethiopia suggested that performance appraisal is becoming more part of a strategic approach to linking HR activities with business policies. It helps assess employees, develop their skills, improve performance, and distribute rewards.

Hodgetts (2002) breaks down the performance appraisal process into four steps: setting performance standards, evaluating individual performance, comparing it with standards, and assessing performance based on that comparison.

Performance appraisal is one of the most controversial yet essential HR tools that has attracted a lot of attention from researchers and practitioners (Murphy & Cleveland, 1992; Neely et al., 2000).

Even though it has conflicting uses (Cleveland, Murphy, & William, 1989), performance appraisal is widely used to measure and manage employee performance in all types of organizations, large or small (Locker & Teel, 1988; Murphy & Cleveland, 1991). Despite criticisms about its accounting nature (Bourne, Mills,

Wilcox, & Platts, 2000), rater bias (Murphy & Balzer, 1989; Smither & Reilly, 1987), and rater training (Borman, 1979), there is agreement among raters about how to use performance appraisal (Murphy K. R., Balzer, Kellem, & Armstrong, 1982). HR professionals use performance appraisal for making promotion decisions, handling salaries (Cleveland, Murphy, & William, 1989), and for training and development.

3. Research Methodology

This part talks about how the research was done and the methods used. First, it explains what kind of research was carried out, then describes the study's structure and the plan for conducting the research. The group of people involved in the study is discussed next. To keep things varied, responses will be collected from only three different organisational departments. The sample will include people of all ages, genders, and with different lengths of work experience. The way the sample was selected and the number of people included are covered in the third part of this section. It also talks about the different places where the main information will be gathered. The tools used to collect the data, like the questionnaire, are explained in the fourth part. Then, the method used to get the data is described, and finally, the way the data will be analysed is discussed in the fifth part.

3.1 Research Design

The research design is the plan that helps reach the research goals or test the hypotheses. It's like a big picture guide that explains how to collect and analyze the needed information. Since the study wanted to get responses from many people and there were a lot of them, it used a quantitative research design. The study collected responses through a sample survey and used several statistical tools to analyze the data. The descriptive research design was chosen for this study. For gathering data, it used a sample survey method, and for analysis, it applied various statistical techniques and methods.

3.2 Research Plan

To find out what motivates employees and how that affects their performance reviews, data will be collected through questionnaires and interviews, and statistical tools will be used to analyze the information.

3.3 Research Frame

The population includes employees from Organisation . The study will look at how performance appraisals affect employee productivity, focusing on this impact within a single Organisation. To better understand this, comparisons will be made between different departments, but the study will only cover one organisation, so there won't be any comparisons between other organisation. The main group being studied will include Technical employee members, support staff, and administrative employee. The research will involve a sample of 50 employees, and conclusions will be based on their responses.

3.4 Sample size and sample unit

The number of people involved in the study will be limited to 50 employee and members from Organisation. Data will be gathered from three different departments to ensure a variety of perspectives in the research.

3.5 Data collection method

Questionnaires were the best method for collecting data in this study. Using standardised questionnaires allowed the researcher to gather information from a large group of people. One benefit of this method was that it could collect data from a limited number of variables or a wide range of variables. The respondents were asked to answer open-ended questions. The questionnaire was divided into three parts, each focusing on different factors based on the project's main goals. The main sources of primary data were questionnaires, surveys, and observations, while the sources of secondary data included books, journals, and websites.

3.6 Research procedures

Pilot questionnaires were made and given to 15 people to make sure the questions were clear and unbiased. The questionnaires were checked before use, and any suggestions for improvement that came up during the pilot testing were added to the final version. The final questionnaire was sent to the participants through Google Forms. This made the process of collecting data faster. The responses were then looked at carefully to find out what was learned and what conclusions could be drawn.

3.7 Scope of the study

The study was done at a particular organisation , and it only included a small number of participants.

3.8 Analysis tools

Percentage analysis method. Percentage method is most common method used. It helps the researcher to make a comparison with or series of data and also to describe the relationship in comparative relative terms.

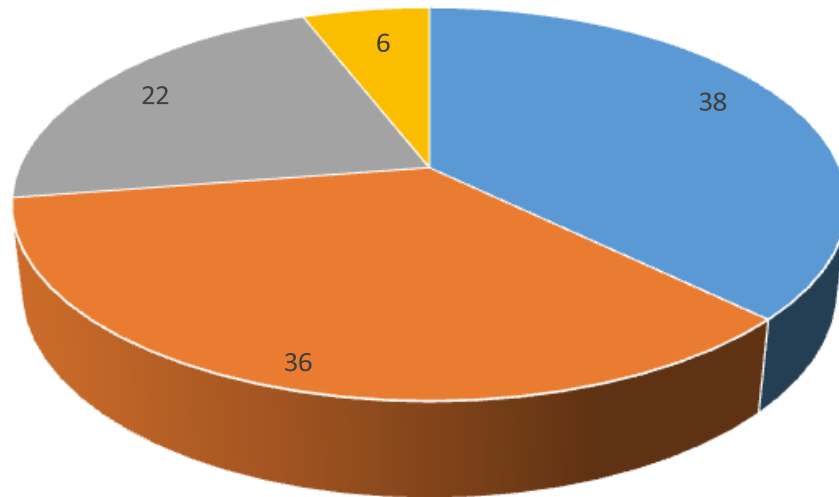
4 Analysis and Interpretation

The responses were gathered from three different departments at Organisations.

- Administrative Department
- Technical services Department
- Mechanical maintenance Department

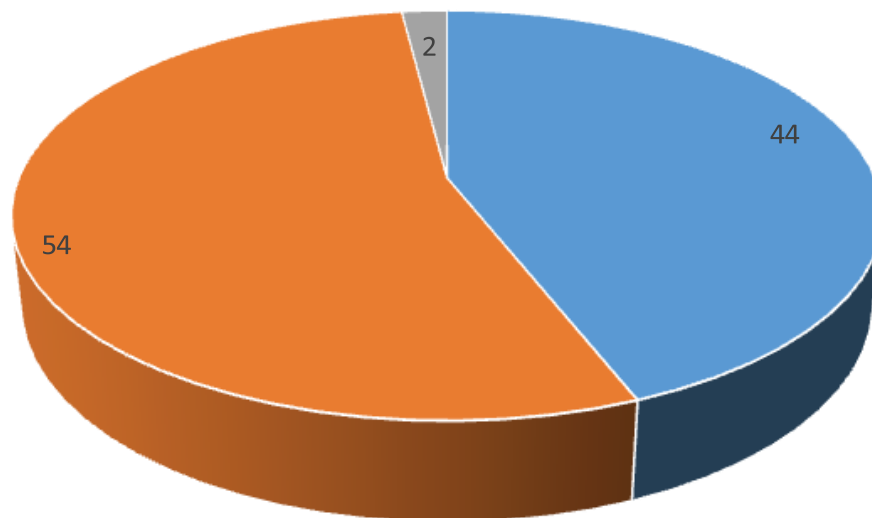
The questionnaire was sent out, and responses were collected from 50 participants (36% female, 64% male). Based on response data was analysed.

Age Group Respondant



■ 20 to 30 years ■ 31 to 40 years ■ 41 to 50 years ■ Above 51

Appraisal technique for Evaluation



■ Management by objective ■ 360 degree ■ Review comitte ■

74% of the employees were between the ages of 20 and 40 years.

76% felt that performance appraisal helped them set and achieve meaningful goals.

84% believed that performance appraisal creates an environment where people can openly share their work-related issues and feel supported.

5 Observations and Conclusions

After gathering responses through questionnaires, the data was analysed. It was then converted into pie charts and Excel tables. The analysis helped understand the relationship between employee motivation, productivity, and performance appraisals. The findings were shown using bar charts. Finally, conclusions were made based on the analysis.

Observation 1

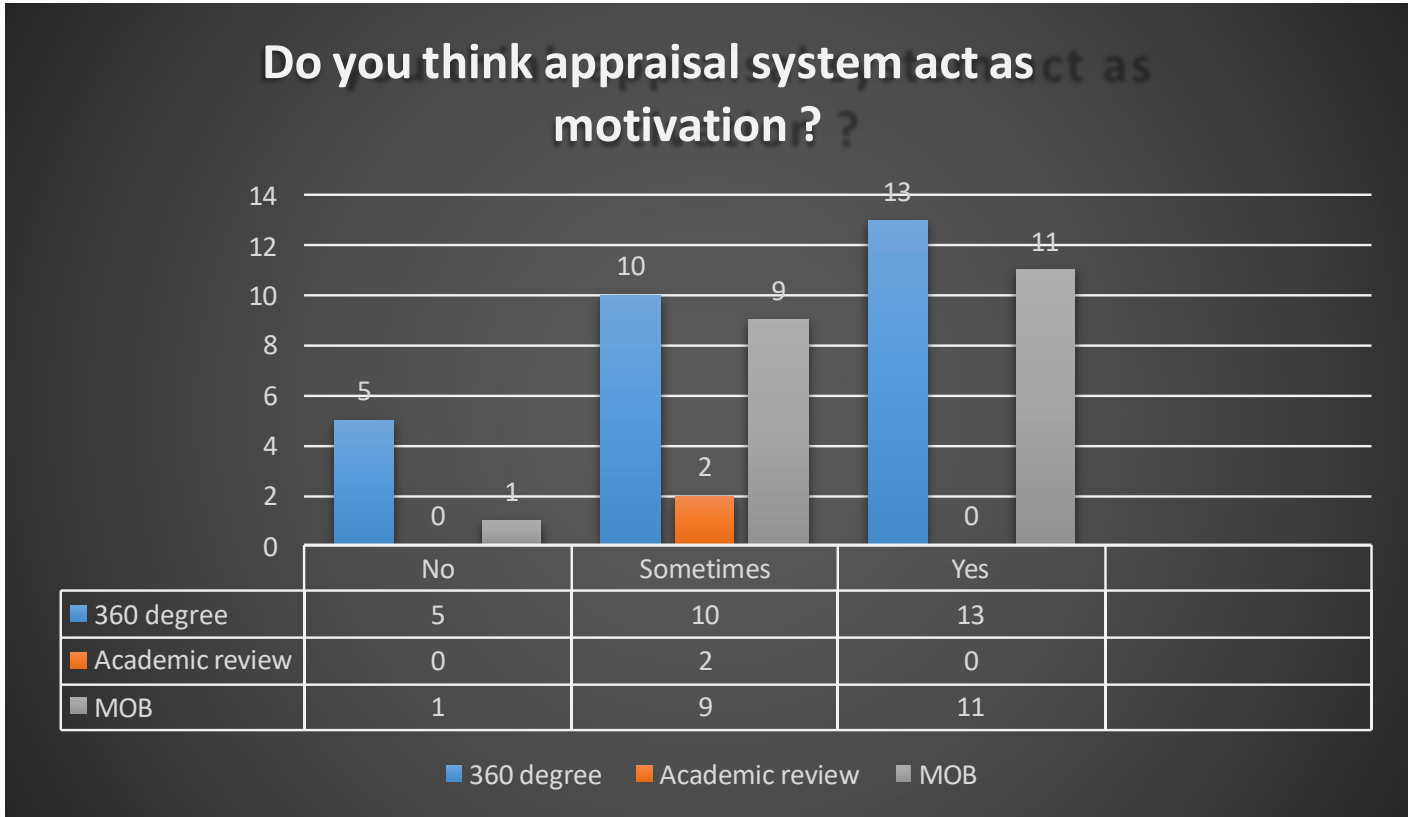
360 degree is the most commonly used performance appraisal method, with 56% of people using it. MOB is next, used by 46% of people. About 48% of employees think it works as a motivator, but 42% believe it sometimes motivates and sometimes doesn't.

Conclusion 1

This means that most employees find the 360 degree performance appraisal method acceptable, as only 10% of them believe it does not motivate them.

This also shows that there is room for improvement in the performance appraisal system, and combining the 360 degree method with MOB could lead to better outcomes.

Source – Primary study



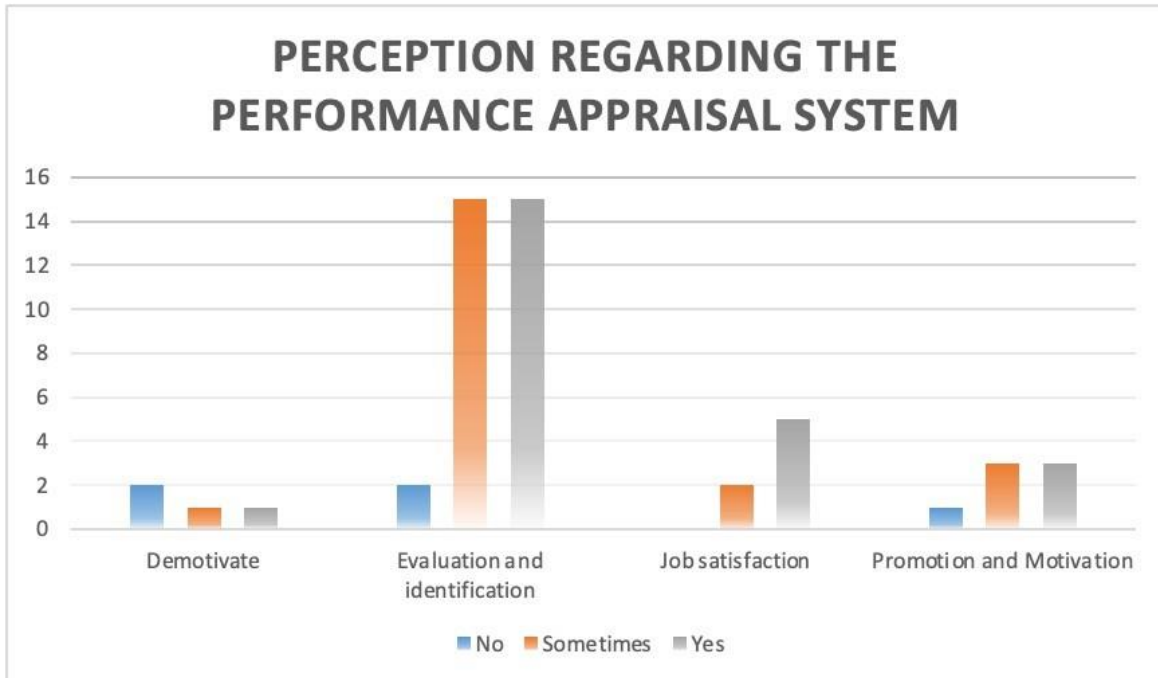
Observation 2

64% of employees think that the performance appraisal system is used to check how well they are doing and find any problems. But 30% of them believe it also helps to motivate them. However, 10% of employees feel that the performance appraisal system makes them less motivated.

Conclusion 2

Seminars can be held to explain to employees what performance appraisal is, how it can help them, and what the main purpose of the process is. Also, feedback and reviews can be collected from the employees.

Source – Primary study



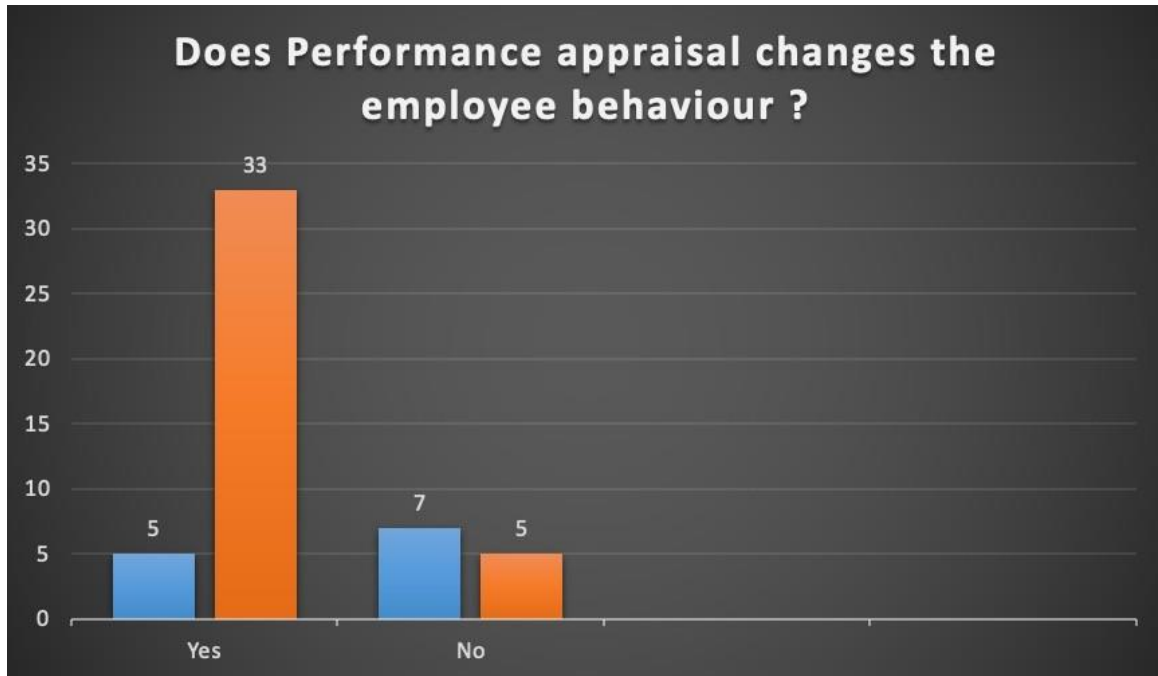
Observation 3

66% of the employees say that performance appraisals help them set and reach their goals, and also encourage them to behave better at work.

Conclusion 3

This means that the whole appraisal system might not encourage every employee, but it still helps improve their work performance.

Source – Primary study



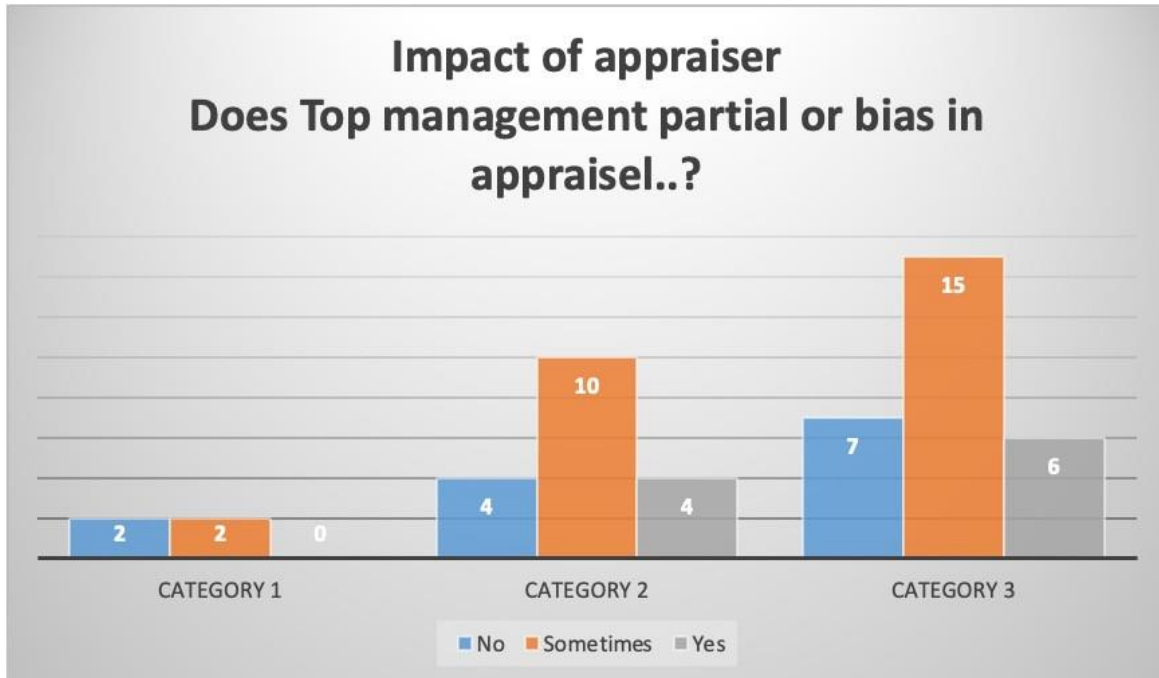
Observation 4

Most employees think that the performance appraiser plays a big role in the performance appraisal system. They also think the appraiser often has certain ideas about an employee before the appraisal, which can lead to biased evaluations.

Conclusion 4

Some rounds may be run by AI, and reports can be submitted anonymously along with other steps. This helps ensure everyone has an equal opportunity.

Source – Primary study



Observation 5

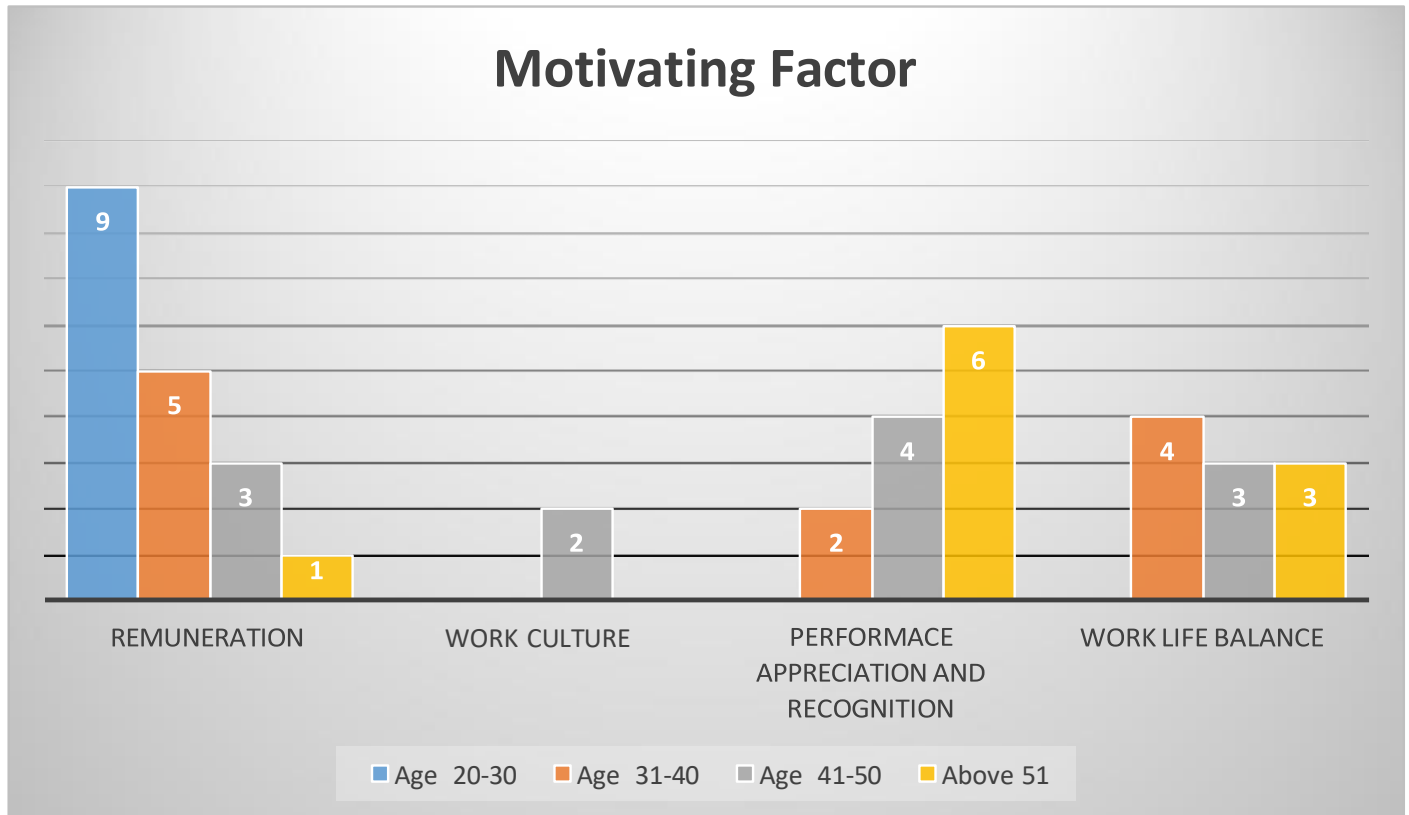
Pay is a big factor in keeping people motivated. But as people gain more experience, they tend to care more about being recognized for their work and having a good balance between their job and personal life, rather than just how much they are paid.

Conclusion 5

In the early years of a career, pay is the main reason someone works hard. But once the first three needs from Maslow's hierarchy of needs are met, employees start looking for ways to feel good about themselves.

Source – Primary study

All the observations shown above show that performance appraisals help motivate employees and also help increase their productivity.



6 Managerial Implications

The study found that companies should regularly check how well their employees are doing based on their achievements, the company's goals, the targets they've set, and how well they manage their time. This can help increase employee productivity. Since this is a primary study, these findings can be used in any organization.

Some of the key points from the study were:

Employees are often unsure why performance appraisals are done, so they don't feel motivated by the process. Management should explain the whole process, including the reasons behind it and the criteria used to evaluate them.

It's important for both employees and the person doing the appraisal to clearly understand the purpose of the appraisal.

A transparent process helps motivate employees. Employees believe the appraiser has a big influence on the process, and if they think it's unfair, it can discourage them.

During the early years of their career, salary is the main motivator for employees.

But once they are over 31, work-life balance becomes more important. Employers should have a full-time counselor to help mediate between management and employees, and to understand their professional and personal needs.

After the age of 50, recognition and appreciation become more important than salary.

Along with performance appraisals, having a career development program is important so employees can see their future in the company.

Lastly, the study found that using the Management by Objectives method in performance appraisals is statistically significant in evaluating employee performance.

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