



A Study on the Impact of Performance Appraisal of Employees in an Organisation Environment

Jhanvi .S¹, Vidya Shree V.S²

Master of Commerce –International Business, Mount Carmel college (autonomous) Bengaluru, India

Abstract:

Performance Appraisal has been considered as the most significant an indispensable tool for an organization, for an organization, for the information it provides is highly useful in making decisions regarding various personnel aspects such as promotion, incentives, criticism, performance, work environment, achieving organisation goals and overall satisfaction with existing performance management system in the organisation. Performance measures also link information gathering and decision making processes which provide a basis for judging the effectiveness of personnel sub-divisions such as recruiting, selection, training and compensation. This research will concentrate on examine the effect of the performance appraisal on an individual as well as on the organizations.

Key words: performance appraisal, employees, 360 degree appraisal, participative environment, constructive criticism

I. INTRODUCTION:-

Performance appraisal is the process of measuring quantitatively and qualitatively an employee's past or present performance against the background of his expected role performance, the background of his work environment, and about his future potential for an organisation. The major aim of performance appraisal is to enable an organization to maintain an inventory of the number and quality of all managers and to identify and meet their training needs and aspirations. In addition, increments rewards, maintain individual and group development and improving the employee's performance. To measure the performance appraisal there are several methods and techniques. The method and scales differ for obvious reasons. These are based on the sources of traits or qualities, different kinds of workers, and degree of precision of the employees. The types of performance appraisal are involved both in traditional and modern methods. Perhaps we have various types of appraisal methods they have certain limitations. But at present every organisation has their own method to appraise the employees. The appraisal systems are based on their immediate internal and external environment. Even though there are some tested tool to measure the employee performance it is difficult to follow because, the organisation's climate may differ from industry to industry. Many organisations they have formulated their own system which are prepared based on their own circumstance.

II. REVIEW OF LITERATURE:-

1. **T.R. Manoharan** – According to his observation in many organizations appraisal systems are
 - a) Not relevant to organizational objectives.
 - b) Subject to personal bias
 - c) They are often influenced more heavily by personality than by performance.

In order to eliminate these negative things there is an attempt with the computer based tool called Data Envelopment Analysis (DEA) which is used in the working place for the evaluation of performance of employees.

2. **Diane Shaffer (MAY 11, 2009)**- gives opinion that, motivation and performance appraisal are interrelated. Motivation is dependent on performance management. Employees who are motivated and happy with their jobs, want to stay connected with the company for a long time. He also discussed that, the organization should implement a successful appraisal method and also reward the employees who perform good in the organization. Through this way, employees get motivated towards their job and improve their performance.
3. **AlmuthMcdowall (2009)**-He states that, due to high level of competition, training and development has become very important. While selection of activities including coaching, 360-degree appraisal and development centers are linked to development. According to his opinion, 360-degree appraisal has been discussed that it is very important to give the feedback to the employees about their performances. Positive feedback motivates the employees and they become more willing to work future development programs.

III. STATEMENT OF THE PROBLEM:

A study to know the various kinds of appraisal system undertaken in organisation. It is also to know about the frequency at which the appraisal is conducted. This study helps the employees to voice out their opinion about performance appraisal methods, its advantages and disadvantages if there are any. For any shortcomings, suitable solution is to be implemented so that the employees achieve full efficiency in the organization.

OBJECTIVES OF THE STUDY:

1. To study the methods of performance appraisal system in the organization.
2. To know whether appraisal system helps the employees in improving their skills.
3. To learn whether the appraisal system gives a constructive criticism
4. To know whether the employees have freedom to express their opinions or disagreement regarding appraisal methods.

5. To know whether the appraisal system helps the organization in increasing productivity.

SCOPE OF THE STUDY:

The study includes employees of organisation. All respondents are based out of Bangalore branch. The study considers employee responses about various aspects of performance appraisal system, like, the meaning of appraisal to employees, conflicts arising as a consequence, frequency at which it is conducted, its effectiveness on employee efficiency, top level management bias if any, and whether 360-degree appraisal is carried out.

METHODOLOGY:

The methodology chosen for this study is that of analytics and interpretation. This is relevant and beneficial due to the nature of the study. It not only simplifies the understanding of the data, but also helps in comparison of the same.

SOURCES OF DATA:

- **Primary Data-** Primary data has been obtained by distributing the questionnaires to 80 employees of organisation.

- **Secondary Data-** It has been obtained from magazines, newspapers, journals, internet etc.

SAMPLING DESIGN:

- **Sampling type-** The type of sampling used in this research is simple random sampling.
- **Sampling size-** The number of respondents for this project is 80.

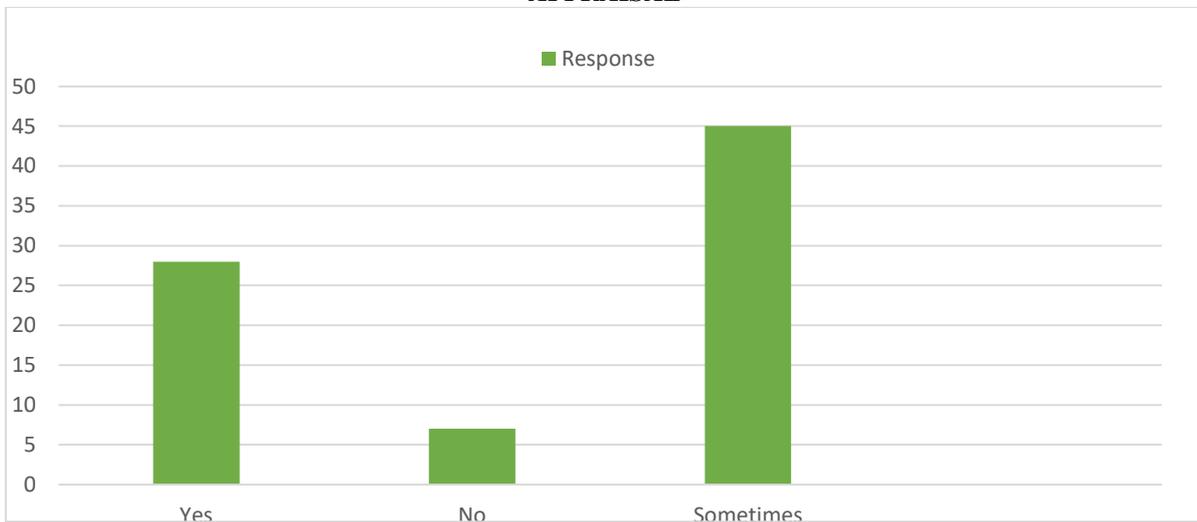
TOOLS FOR DATA COLLECTION:

The main tool for collection of data adopted was the questionnaire. Questionnaire containing various aspects of appraisal system was distributed among 80 employees in organisation to know the opinion of appraisal system, its advantages, disadvantages, effectiveness and efficiency.

LIMITATIONS OF THE STUDY

- The study is limited to respondents from an organization.
- The data obtained has been generalized and therefore carries limitations of generalizing information from a sample
- The study considers only performance appraisal system as perceived by employees, not employers

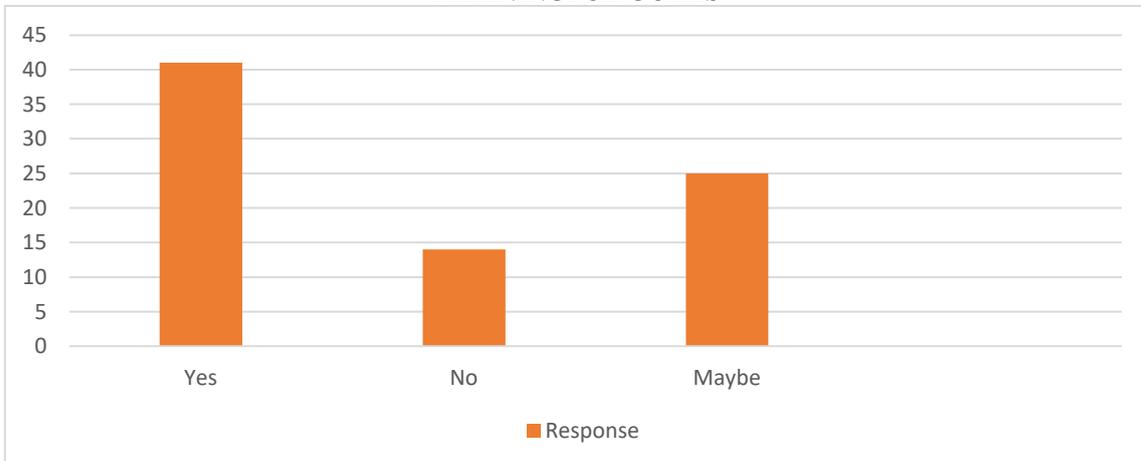
Q1. GRAPH SHOWING WHETHER EMPLOYEES RECEIVE AN INCREMENT AFTER PERFORMANCE APPRAISAL



Analysis and Interpretation: From the above graph, it can be inferred that, about 45% of the respondents are of the opinion that the employees receive an increment after appraisal only sometimes, whereas, 28% of them are certain about receiving

an increment after appraisal. This implies that not every employee receives an increment post-appraisal. It may depend upon the efficiency with which they have performed.

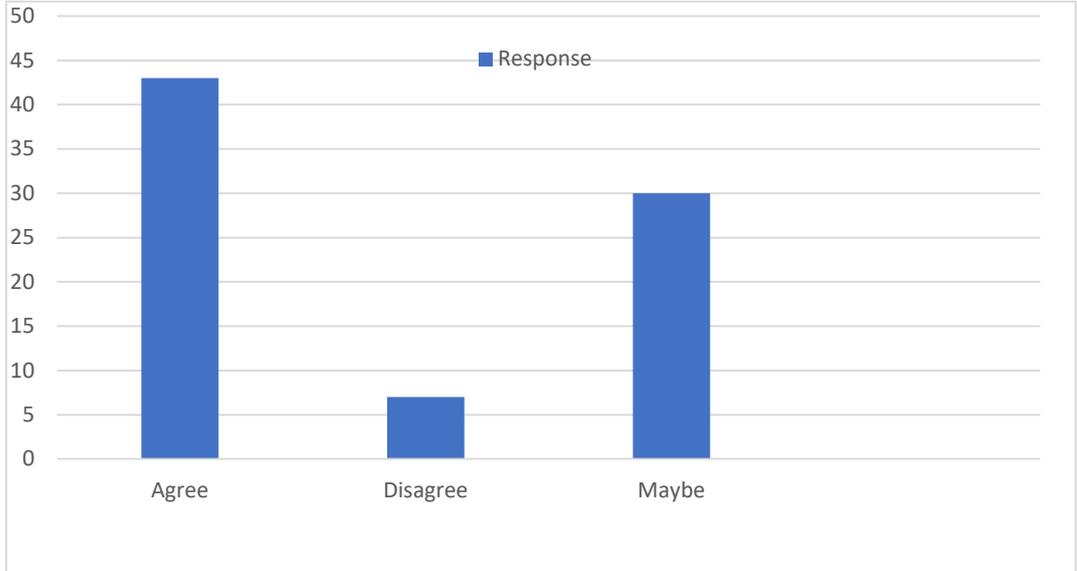
Q2 GRAPHSHOWING WHETHER PERFORMANCE APPRAISAL HELPS IN SETTING AND ACHIEVING MEANINGFUL GOALS



Analysis and Interpretation: In the above graph it is found that, 41.25% of them are certain that appraisal system helps them in achieving the goals. That may be because of the

various factors like, training and motivation. About 25% of them are unsure whether it helps them or not, while 14% of them are certain that it does not help them in achieving goals.

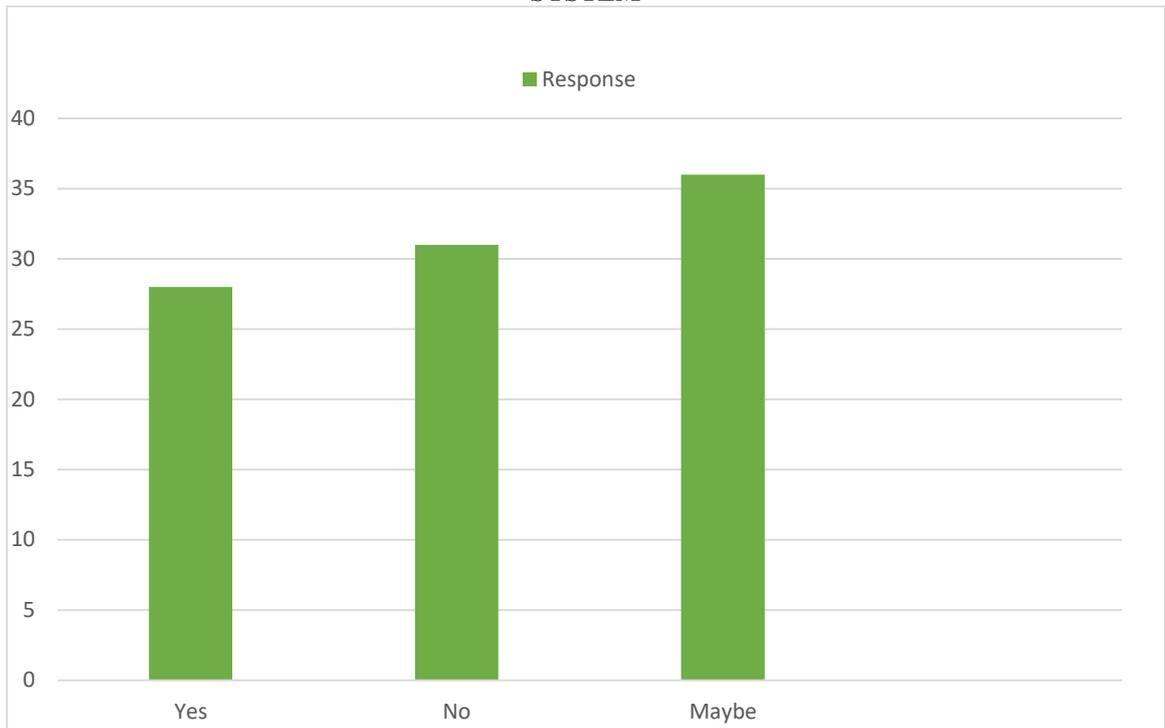
Q3. GRAPH SHOWING WHETHER PERFORMANCE APPRAISAL GIVES CONSTRUCTIVE CRITICISM



Analysis and Interpretation: As evidently shown, 43% of respondents agreed that the system of performance appraisal offers constructive criticism to them. Every time an employee's performance is evaluated, there is scope for

identifying what new skills an employee can acquire to perform better in the future. This could be a probable cause for such a strong agreement.

Q4. GRAPH SHOWING SATISFACTION LEVEL WITH THE EXISTING PERFORMANCE MANAGEMENT SYSTEM



Analysis and Interpretation: The response to this question is somewhat divided. 36% of them are diplomatic about whether they are satisfied with the current appraisal system or not, while 31% of them have said that they are not satisfied. Only 28% of them are satisfied with the existing appraisal system. Manager should take up this problem seriously and look for appropriate solution.

FINDINGS/ CONCLUSIONS

- It is found that the both Merit and Grading methods of performance appraisal are implemented in organization .
- It is understood from the responses that the current appraisal system is not helping the employees in improving their leadership and inter personal skills.

- It is learnt that the current appraisal system does give a constructive criticism to employees in a positive manner.
- It can be inferred that the employees only sometimes feel free to express disagreement regarding appraisal decisions. There are hardly any respondents who have agreed that they are comfortable expressing their opinions.
- It can be noticed that the performance appraisal process does contribute to an increase in the organization's productivity.

SUGGESTIONS

- It is suggested that the firm should adopt a new method of appraisal that integrates the merits of Merit and

Grading methods, since the opinions on the current methods are somewhat divided.

- It may be suggested that the firm would benefit from designing a way of appraisal to include factors that may help employees enhance their leadership and interpersonal skills, resulting in a change in employee behavior.
- The firm may continue to provide criticism in a friendly and positive manner to its employees, since this is constructive.
- It can be suggested that the management has to create a more accommodating environment, so that the employees feel comfortable to express their opinions and disagreements with the implemented appraisal system

V. REFERENCES

[1]. Shashik Gupta, Rosy Joshi, Human Resource Management, 7th revised edition, Kalyani publishers, Ludhiana 2016

[2]. <https://www.businessdictionary.com/definition/constructive-criticism.html>

[3]. John P Wilson, Human Resource Development: Learning and Training for individuals and organizations 2nd edition London 2005