A Study of Performance Appraisal and Employee’s Performance by Measuring the Latest Role of Motivation in an Organization

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Abstract: The Employee performance is the strength of organization and Employee performance has traditionally been accorded prime focus by human resource managers. As a result, a number of performance appraisal techniques have over time been devised to help establish employee’s performance. In the contemporary times, the use of performance appraisals has been extended beyond the rating of the employee’s performance to aspects such as motivation. Accordingly, by the sought to investigate effectiveness of performance appraisal systems and its effect on employee motivation.

Performance appraisal is a widely discussed concept in the field of performance management. The importance accorded to performance appraisal systems in part arises from the nature of the current business environment, which is marked by the need to achieve organisational goals as well as remain relevant in intensely competitive markets through superior employee performance. The organisations can however control how employees perform their jobs. In addition, performance management research shows that a significant number of employees tend to have the desire to perform their jobs well as part of their individual goals as well as a demonstration of loyalty towards the organisation.

By adopting latest research objectives, pertaining to establishing the moderating role of performance appraisal as a motivation tool as well as potential challenges and findings show the presence of significant positive outcomes when the organisation uses performance appraisal as a motivation tool. Further, which the study finds that the use of more than one appraisal techniques helps yield greater satisfaction and consequently to higher motivational levels. The Researcher in this study relates to the assessment of the relationship between employee performance evaluations to assess the moderate role of motivation.

Keywords: Performance Appraisal And Management Appraisal Compensation, Performance Management, Employee Appraisal, Human Resource.

I. DESIGN

Selected workers can find performance appraisals to be threatening or intimidating. However, with good Design and planning, performance appraisals can be rewarding and constructive for workers and managers / supervisors. When performance appraisals are clearly linked with recognition and Rewards, there are also likely to be benefits for workers’ motivation, productivity and retention.

Findings:

In practice performance appraisal systems cover a wide range of these aspects, and seldom have exactly the same nature and functions. In order to integrate findings in the area, performance proposed a comprehensive framework including six categories, namely, appraisal purposes, appraises personnel, appraisal criteria, appraisal methods, appraisal timings, and appraisal feedback.

Implication /Limitation:

In a short period of time the employees are aware about the various policies are implemented by the company and also it gain goodwill in the minds of employees. Is suggested that the company should introduce new methods to provide good services promptly and efficiently at the time of employees’ measures, mainly focus on performance of the employee among executives, and their opinion efficiently and effectively.

Practical implication:

If Organization achieves higher performance levels, they should preferably belong to a chain and increase their category, and management should focus on “best” HRM practices opting inventing researched Performance appraisal policies for the employees as new focus.

Originality / Value:

Performance appraisal is the systematic assessment by merit factors of the behavior and / or ability of workers in their work and a means whereby each worker may be rewarded a percentage in addition to his wage according to his assessed merit value.

II. INTRODUCTION

Performance appraisal plays a key role to measure the employee’s performance and help the organization to check the progress towards the desired goals and objectives (IJbmr, 2012). Now organizations are using performance appraisal as a strategic approach by coordinating the human resource functions and business policies. They are focuses on it as it is a broad term that covering number of activities like examines employees, improve abilities, maintain performance and allocate rewards(Fakharyan,Jalilvand, and Dini, 2012). Performance appraisal help aligns individual goals and objectives with the organization goals. The system engages, motivates employees and thereby directs them toward achieving the strategic goals of the organization (Verhulp, 2006).

Good organization performance refers to the employee’s performance. Satisfactory performance of employees does not happen automatically. Managerial standards, Knowledge and Skill, Commitment and Performance appraisal affecting employee’s performance. But we are focusing on performance appraisal. The history of performance appraisal is quite brief. Its roots can be traced in the early 20th century to Taylor’s
pioneering time and motion studies. The performance appraisal system start in practiced mainly in the 1940s and with the help of this system, merit rating was used for the first time near the Second World War as a method of justifying an employee’s wages (Lillian & Sitati, 2011). There are number of banks in Pakistan that using the performance management system for making better their employee’s performance because it leads to achieve organizational performance. However performance appraisal is very important process but it deemed to be the “weak point” of managing human force (Pulakios, 2009). Therefore performance appraisal is important to manage employee’s work effectively. (Armstrong, 2001) tells performance as behavior – the way in which organization’s teams and individuals get work done.(Mooney, 2009) suggested that performance is not only related to results but it also relates with activities and behaviors of employee the that they adopted to achieve their given goals. (Dessler, 2005) define performance appraisal as “comparing the employee’s present and past performance to his/her performance standards”. (Grubb, 2007) says performance appraisals is a procedure to evaluate how individual personnel are performing and how they can improve their performance and contribute to overall organizational performance. (Beach, 2001) Performance appraisal is the systematic evacuation of employees according to their job and potential development. (Pınar Güngör, 2011) says “Motivation is the ability of person to modify his/her behavior”. Motivation is a driven force that leads and directed a person toward some specific goals. After employee selection, probably the most powerful tool managers have to examine employee’s performance and getting results is the performance appraisal. (Todd Grubb, 2007). Performance appraisal involves an employee knowing what is expected of him and remain focused with the help of the supervisor, tells them how well they have done that motivates the employees toward the good performance (Casio, 2003). Performance management system is the process that strongly involves assurance and participation of employees within the organization and that determine the organizational results. The evaluation system identifies the gap of performance (if any). This gap is the problem that occurs when performance does not meet the standards that are set by the organization. The feedback system tells the employee about the quality of his or her work performance (NCN report HR Department’2010). Performance appraisal can enhance the benefits for the organization, but apparently it is not delivering the benefits in many cases (John Mooney, 2009). Most of the organizations usually include performance appraisal they cannot take the benefits from that beacuse there lay a huge difference between the anticipations and experiences in the present system (Elverfeldt, 2005).

HRM aim at constantly the competency requirements of different individual to perform the job assigned to them, effectively and provides opportunities for developing these competencies. As HRM deals with humans it is necessary to keep a check on their performance after regular interval of time given jobs, it is necessary to corrective actions term or there is need to appraisal their performance. The process of appraising for doing their work effectively is known as performance appraisal system. It is very essential to understand and improve the employee’s performance. It is the basis for HRD. It was viewed that performance appraisal was useful to decide upon employee promotion/transfer, salary determination and the like. Its roots in the early 20th century can be traced to Taylor’s pioneering Time and motion studies. As a distinct and formal management procedure used in the evaluation of work performance, appraisal really dates from the time of the Second World War - not more than 60 years ago. Yet in a broader sense, the practice of appraisal is a very ancient art. In the scale of things historical, it might well lay claim to being the world’s second oldest profession. Performance appraisal measures the qualitative and quantitative aspects of job performance. Performance appraisal is an integral part of HRM and HRM deals with personnel is people. “People” is the important and valuable resource that every organization or institution has in the form of its employees. Dynamic people can build dynamic organization. Effective employees can contribute to the effectiveness of the organization. HRM has multiple goals, which include employee’s competency development, employee motivation development and organization development. Employees require a variety of competencies, knowledge, attitude, skills in technical area; Managerial areas, behavioral and human relations areas and conceptual area to perform different tasks or functions required by their jobs. There is a basic human tendency to make judgments about those one is working with, as well as about oneself.” Appraisal, it seems, is both inevitable and universal. In the absence of a carefully structured system of appraisal, people will tend to judge the work performance of others, including subordinates, naturally, informally and arbitrarily. The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgments made will be lawful, fair, defensible and accurate. Performance appraisal systems began as simple methods of income justification. That is, appraisal was used to decide whether or not the salary or wage of an individual employee was justified. Earlier, motivational researchers were aware that different people with roughly equal work abilities could be paid the same amount of money and yet have quite different levels of motivation and performance. These observations been confirmed in empirical studies. Pay rates were important, yes; but they were not the only element that had an impact on employee performance. It was found that other issues, such as morale and self-esteem, could also have a major influence. 

III. LITERATURE REVIEW

There has been large number of researchs in past several decades on performance appraisal (Bretz, Milkovich & Read, 1992; Fisher, 1989). Performance appraisal sounds simple but researches tell us that it is commonly used in performance feedback and identify individual employee’s strengths and weaknesses (Ruddin, 2005). The use of performance appraisal system by business and industry has been counted between 74 to 89 percent (Murphy & Cleveland, 1991). Performance appraisal systems are used for different purposes in which include Human resource decisions, evaluation and feedback (Cleveland, Murphy & Williams, 1989). The different work that was dominated by psychologists that concentrated on the psychometric characteristics of appraisal for supervisors in their performance evaluation (Milkovich & Wigor, 1991). Psychologist focused on employee’s reaction to appraisal and shared view in which performance appraisal take place (Levy, 2000; Levy & Williams, 2004). Nasud argued that evaluation structure is important tool that recover the value of employees performance (Nasud, 1999). Performance appraisal establishes reward system that will combine the effort of leaders and the worker of organization to the commongoals of their organizations (Cleveland, Murphy, & William, 1989). For achieving high performance goal of organization performance
appraisal is a very important component of human resource management. The information gathered and performance appraisal provide basis for recruitment and selection, training and development of existing staff, and motivating and maintaining a quality human resource through correct and proper rewarding of their performance (Lillian, Mathooko, & Sitati, 2011). Performance appraisal is often including performance management system. Performance management systems manage and align all the organization, resources in order to achieve the highest possible performance (Martin, 1998). (McMaster, 1994; Williams, 2002) argued that performance management involve determining the strategic objective, establish team goals, plan of performance developed, Analyze the performance (by using appraisal system) identified need of development and Assign rewards. The different techniques are used for performance appraisal that is can be divided as Traditional and non-traditional form. The traditional form of appraisal is also known as “Free Form Method” it is just involved the overseeing and description of employee performance by his boss or superior (IJBMR, 2012). From the last few years the non-traditional form of appraisal is common in practices (Coens and Jenkins, 2000; Lawler, 2000). (Dorffman, 1986; Locke &Latham, 1984; Latham & Wexley, 1981) Mostly these techniques are used in throughout world for appraisal method. 1. Assessment center 2. Behaviorally anchored rating scales (BARS) 3. Human resource accounting method 4. 360 Degree Performance Appraisals 5. Management by objectives (MBO).

Assessment centre involves the informal events, tests and assignment that are given to the group of employees to evaluate their competencies (Ijbrm, 2012). Behaviorally Anchored Rating Scales is new method that is consist of predetermine critical areas of performance or it is set of behavior statements that describe important job qualities what is good and what is bad (Dargham, 2000).Human resource accounting method the performance of employee is evaluated in term of contribution and cost of employees(Ijbrm, 2012).Sharma, 2012)360 degree involves the feedback of employee’s performance by anyone who has contact with employee in organization. In 360 degree includeSelf-appraisal, Superior appraisal, Subordinate appraisal, Peer appraisal. These methods are less structured then the traditional method which is less focuses on the rankings and ratings and more emphasis on arranging meetings between employees and supervisor (Sharma, 2012).

Employee’s Performance: High employee’s performances lead an organization and have greater opportunities for employees then those who have low performance (Vans cotter, 2000). “Performance is related to that organization hires the person to do and do well”(Campbell 1993). Performance is not only related to the acts but also involves judgment and evaluation process (Ilgen & Schneider, 1991). The activities that can be examined and measurable are reflected as performance (Campbell, 1993). Organizations need highly performance of its employees so that organization can meet their goals and can able to achieve the competitive advantage (Frese, 2002).Borman and Motowidlo, 1993) differentiate between work and performance. Work related to the person abilities through which employee performed activities which is contributed by the technical core. Performance not related to the technical core characteristics but it cares about the organization psychological environment and social environment in that organization achieve its objectives. It involves behaviors such as helping colleagues or being a reliable member of the organization (Frese, 2002). Performance appraisal emphasizes on the performance variables not on personal traits (Smithier, 1998). (Kane, 1995) argued that performance should be measured in term of the work related behavior.Murphy in 1991 argued that analyzing performance through personal characteristics has different disadvantages. (Jankoz, 2004) argued that the validity and reliability of attribute based performance appraisal are greater suspected as the perception of superior officer maybe biased. (Squires and Adler, 1998) appraisal based on traits of employee has little value. (Malos, 1998) concluded that fair appraisal is based on job related behaviors not traits of persons. Employees must believe that in performance appraisals there is great opportunity for them (Weick, 2001). Without fairness the performance appraisal system, rewards, motivations and developments create negative impact and frustration (Gilliland and Langdon, 1998). & Motivation: Motivation is an element that retains and manages employee manners and behavior (Steers and Porter, 1987). (Porter and Miles,1974) argued that in job the employees need freedom for success and work environment traits rewards create motivation. Motivation acts as driving force that leads employees towards its goals (Grant, 2008). Motivated employees are highly involved and engaged in their job and try to make their performance best(Guay, 2000; Vansteenkiste, 2007). Self-driven and freedom oriented qualities are mostly found in motivated employees (Grant, 2008). Motivated people are highly committed and have few desires (KAMAL et al. 2005). In South Africa performance appraisal is used to help public servants to know about what is expected to them, increased their motivation, describe their performance and improve their performance (Erasmus, Schenk, Westhuizen and Wessels, 2005). Organizations needed motivated employees to survive in a highly competitive world. Managers must be able to understand what motivate to employees however this function is very complex because that motivates employee today may not tomorrow (Kovach, 1987). Motivated employees are those who work according to the clearly define goals and take their actions to achieve that goals(McShane & Von Glinow 2003). Motivation is the perception of an individual that describe the intensity of his or her behavior (Petri & Go-vern, 2004). Performance Appraisal helps employees to motivate by clearly define their objectives and by setting future direction with providing training to fulfill the objective performance(Bach, 2005). Justice theory related with the acts of being just and fair with everyone.(Roch and Shanock, 2006) use all four justice dimensions in their framework by considering all are related to social relationship either these relationship with the organization or with the supervisor.

1. Procedural justice 2. Distributive justice 3. Interpersonal justice 4. informational justice In this study we draw this framework for applying it especially in performance appraisal context. This context related to explaining employees have perception of fairness about appraisal system. (Rosenzweig and Nohria, 1994) Procedural justice perceptions include the fair relative weighting in the basic elements of the performance appraisal system. There are three important procedures that are prominent in appraisal system that is assigning rate, set criteria and looking for appeals. (Silverman and Wexley, 1984) argued that developing the behavioral anchored rating scales are satisfactorythen the interview system of appraisal process. Distributive justice perception is related to the equity theories believes that distribution are fair. Rater may feel motivated to conform about the other norms like equity, want, or social status which maybe seem unfairpractice to those who are being rated (Leventhal, 1980). Personal goals of rater like
motivations, teach, avoid conflict or gain personal favor. Employee may take appraisal fair if they thought that rater is trying to motivate them and want to improve their capabilities. And employees also can take appraisal unfair on the basis of conflicts, avoidance, favoritism and politics. Interpersonal justice is related to the rater fair behavior with the employee that is being evacuated.(Greenberg, 1986) argued that employees are very sensitive about the behavior of directors and representatives in the organization. Informational justice involves the fair explanations of performance anticipations, standards, response and reasons of decisions. In the context of performance appraisal the most common thing is setting goals and standards and feedback (Kamencu, 2011).

In this study we examined the role of implicit person theory in the view of a manager's performance judgments. Performance appraisal is the source that gives sense to employees that they are being valuable and recognize as an organizational team. Lee & Bruvol, (2003) argued that thought that has been develop through the performance evaluation system that performance is being evaluated for the development of employees than employees will compensate it to increase their level of performance. On the basis of justice theory many analyzers distinguish between distributive and procedural justice when they are reviewing about the organizational justice. Moorman, (1991) suggested that Distributive justice is related to the justice in results and outcomes that employees get and procedural justice related to the real fairness in the system that apply for defining results. Rahim et al, (2001) different studies reveal that in organizational justice distributive and procedural justice have exclusive and shared relations with organization. Boss, (2001) argued Employees those feel that the results of performance appraisal is unfair they often leave the organization and their morale and involvement will let down. And it will change their behavior in wrong doings for taking revenge from the organization. Hypotheses1: There is the significant relationship exist between performance appraisal and employees performance. Attentions that are giving employee's son emotional base are stimulate employees towards the main objectives of the organization and it will become main cause of coordination of employee’s in organization (Lathman, 2003). Wood,(1974) analyzes the relation among employee’s behavior, motivation in job and performance in sample using 290 semi-skilled and skilled workers. The conclusion was that highly involved employees were basically oriented toward their jobs and did not have clear satisfaction with organization evaluation of performance. (Egwurudi, 1981) investigated motivation among Nigerian employees high and low occupation using them as sample. He concluded that low income employees are not confirmed and high income employees have greater value on basic job factors. (Kunz and Pfaff, 2002; Pullins, 2001) investigated that motivated salespersons are motivated by their rewards, money or promotion are more involve in their work. Hypotheses2: Motivation positively affects the relationship of performance appraisal and employees performance. 2.4 Theoretical Framework: The organization goals are divided and they incorporate the employee work plan. Performance appraisal involves what is expected to employees and employees remain in the focused of supervisor (Casio, 2003). Evaluation involves employee performance comparison with the objectives that has been described in the beginning of the appraisal period (Lillian, Mathooko & Sitati, 2012). Evaluation tells about the performance of employee that which employees have met their goals. Regular assessment make able to employees to focus his attention on that what is expected to him give feedback to employees and motivates him too (Casio, 2003). Positive feedback tells employee that his work done well and also illustrates what is needed to improved. The good appraisal and supervisor must communicate to employee that how the performance of them can improved and motivates him (Lillian, Mathooko & Sitati, 2012).

**OBJECTIVES OF PERFORMANCE APPRAISAL**

1. The Salary increase Performance appraisal plays a role in making decision about salary increase which, Normally salary increase of an employee depends performing his job status. Pay may be disclose how well an employee is attaining performance at their individual level and how much he should be compensated by way of salary increase for an employee.

2. In allotment of Promotion Performance appraisal plays significant role where promotion is based on merit and seniority. Performance appraisal discloses how an employee is working in his present job and what his strong and weak points are, which rates, it can be decided whether he can be promoted to the next higher position.

3. Training and Development Performance appraisal tries to identify the strengths and weakness of an employee on his present job, for overcoming weakness of employees.

4. Pressure on Employees Performance appraisal puts a sort of pressure on employees for better performance. If the employees are conscious that they are being appraised in respect of certain factors and their future largely depends on such appraisal.

5. Identifying systemic factors that are barriers to, or facilitators of, effective performance.

6. To confirm the services of probationary employees upon their completing the probationary period satisfactorily, to improve communication. Performance appraisal provides a format for dialogue between the superior and the subordinate, and improves understanding of personal goals and concerns.

7. To determine whether HR programmes such as selection, training and transfer have been effective or not by considering performance appraisal aspect in it.

**IV. METHODOLOGY**

The development and administrative work are taken into consideration. According to the universal compensation scheme, the employed staff staff will be paid bonuses for very good results during the period evaluated, provided with result oriented performance in regular work has to be calculated adding previous achievements.

**A. Statement Of The Problem:**

Much of literature dealing with Human Resource Management and its issues recognize the importance of performance appraisal system which occurs in the organization. All organization faces the problem of directing the energies of their staff to the task of achieving business goals and objectives. In doing so, organization need to devise means to optimize their contributions. Performance appraisals constitute one of the major management tools employed in this process. The continuous evolution of organization towards the changes creates a great impact in the life of the business still, the business leaders are relying on the capacity of the people.
and their performance towards their job and roles in the organization. Whether a profitable or non-profit organization, the people has been essential resources in the organization. Various strategies had been effectively used for the employee according to their different needs and areas that needs to sustain. However, there is a little attention given in enhancing the employee performance appraisal system. The present study was under taken to clarify certain questions related to the care phase of performance appraisal through regular assessment of progress toward goals focuses the attention and efforts of an employee or a team.

B. Scope Of The Study

This study provide appraisal feedback to employees and thereby serve as reflecting mirror for personal and career development and allow the management to take effective decision against drawbacks for the well being of the employee’s development to improve employee work performance as helping management to realize and use their full potential in carrying out their firms mission. This study helps to know the level of importance of appraisal system. The payroll and compensation decision, training and development needs, promotion, demotions transfer which including job analysis and providing superior support, assistance and counseling giving strength to job performance & personal qualities of an employee in organization.

C. Need Of The Study

This study helps building progress towards organizational goals, that helps the superior to have a proper judgement to extract work with their subordinates which ensure organizational effectiveness through correcting the employee for standard and improved performance and suggesting the changes in employee behavior, providing information about the performance ranks/ helps to counsel/ facilitate fair and equitable compensation.

D. Hypothesis Of The Study

The study that includes the calculation of null hypothesis and alternative hypothesis by comparing age group in different departments of the respondents and preference of the appraisal system. Null hypothesis is used for testing. It is a statement that no difference exists between the parameter and statistics being compared to it and also alternatively hypothesis is the logical opposite of the null hypothesis in a present study pertaining to development as stated.

CONCLUSION

Every employee in an organization increases the productivity and goodwill of every company. An employee, being an individual is treated as assets in the organization. So the organization should mainly emphasis performance appraisal techniques and its development programme. Both the appraiser and appraise should realize the principle and use the tool of appraisal system in a constructive way for the prosperity of the organization. The performance appraisal technique prevailing in the organization is fair. Employees are satisfied with the present performance appraisal system that is a traditional one. As many new appraisal techniques are emerged, the organization can implement modern technique which would be more effective.

Suggestions

The techniques used for performance appraisal are very traditional which is to be modernized in future for good prospect of the employees. Increase the awareness level of employees during the performance appraisal period. It will be better if the management provides incentives to employees so it will boost in their work and productivity and also extend the probation period up to 2 years. Separate rating committee to be fixed during the appraisal period. So that there is no rating biases and personal prejudice will occur. The performance rating is very helpful for management to provide employee counseling during the appraisal. Performance appraisal is purely based on appraisal system and the rating helps to fix increment for workers make them retained in the organization. Supervisors must maintain cordial relationship with workers and offers recognitions of the employee’s efforts and provide guidance to workers.

RESULTS & DISCUSSION

Performance is what is expected to be delivered by an individual or a set of individuals within a time frame. What is expected to be delivered could be stated in terms of results or efforts, tasks and quality, with specification of conditions under which it is to be delivered, Feeding forward coaching has the power to turn everyday employees into engaged Employee’s at workplace and which coaching inspires employees stability to give extra discretionary effort drive excellent results in the competitive atmosphere. The documentation that you maintained during the performance review period serves you well as you prepare for an employee’s performance review.

Never get into a performance review without any preparation. If any failure is expected or found, which will miss key opportunities for feedback and improvement, and the employee will not feel encouraged about his successes for a long term commitment in an organization.

References


