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Effectiveness of Performance Appraisal and its Influence on Morale and Performance of Employees

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ABSTRACT

This paper aims to analyse the effectiveness of performance appraisal and the impact and significance of performance appraisal in the organisation on employee morale and performance. This research was conducted among 110 employees. Descriptive and simple random sampling is used for the study, and the data is collected from primary and secondary sources in the form of a questionnaire. Findings showed that the performance appraisal system followed in the firm also has an impact on the organisational goals, and employee performances are being improved because of the current system. 44.5% of the respondents have agreed that the current appraisal system helps employee development, and 31.8% of the respondents have agreed that the following appraisal system helps increase motivation. Most respondents were satisfied with the firm's assessment, and well-analysed goals were established. The human resources department is a bridge between the employee and the functional heads or reviewing authorities. The human resources team is responsible for assuring the effectiveness of the evaluation procedure. The HR division is responsible for planning and executing performance reviews.

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1.0 INTRODUCTION

Human Resource Management (HRM) is a business function focused on maximising workplace productivity to achieve organisational objectives. This involves concentrating on rules and processes, as well as the way people are handled inside organisations. Employee training, recruiting, performance assessment, and rewards are part of the department's responsibilities.

Performance evaluation is the process which examines the performance and advancement of a person on the work assigned for his future development, and it comprises mainly formal

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procedures. Every employee is entitled to a thorough evaluation. The effectiveness of this strategy depends on both the “willingness of the supervisor to complete an impartial and constructive review and the willingness of the employee to consider and act on constructive suggestions and to work together with the supervisor to attain future objectives.”

1.1 Review of Literature

Awan *et al.*, (2020) examined the “relationship of the effectiveness of the performance appraisal on employee performance and the impact on the engagement. Work engagement is taken as a variable and It is been taken from the perspective of self-determination theory. There was a gap in the employee performance and the work engagement. Performance management makes a major and favourable contribution to improving task and contextual performance”.

Kaur and Kiran (2020) understand the impact of Performance appraisal on employee satisfaction and also to examine the methods of performance appraisal. To identify the gap between actual and desired performance. Variables are management, salary, co-worker, nature of the job, work environment and advancement. It is seen the supervisor is rating that is showing an impact on their performance, and there is an effect on the change of work style and performance appraisal system helps in achieving the objectives of the organisation. Primary data is collected through the questionnaire with a sample size of 484. Reliability analysis is done in which job satisfaction was considered as dependent variable and performance appraisal as independent variable.

Setiawati and Ariani (2019) analysed the “influence of performance appraisal fairness and job satisfaction through commitment on job performance and also to determine the various factors that influence the performance of the employees”. The feedback provided is very important for the performance appraisal to be effective. This study says that in order to make the performance appraisal of civil servants more effective, the employees should first be given satisfaction on their performance appraisal and also there is a strong correlation between organisational commitment and job satisfaction.

Nguyen and Yandi (2020) studied the “influence of the factors that influence the performance of the employee which include motivation, leadership, environment and organisational culture. It is seen that Employee leadership is very influential in achieving the performance targets and it is seen that leadership plays a major role in influencing the employees. Employee performance is also based on the work environment and organisational culture can help in employee performance. It is done through studying literature or library research and it is seen that motivation and performance has a close relationship. So, if motivation is not given to subordinates will experience a decrease in performance results.”

Idowu (2017) “Effectiveness of performance appraisal system and its effect on employee motivation”: The objective of this is to examine the effectiveness of performance appraisal method and also its effect on employee motivation. This says that a positive correlation exists between the level of the employee and it is seen that 360-degree performance appraisal method seemed to be more effective when compared to the other methods as it helps in assessing performance from different angles. Both qualitative and quantitative methods are used for the primary data collection.

2.0 RESEARCH METHODOLOGY

2.1 Background of the Study

These days, performance evaluations are becoming more common. Over time, many performance assessment methodologies have been developed to aid in the evaluation of employee

performance. The notion of performance assessment is not new, and it has evolved over time. The evaluation system existed in the early centuries, but the nature of appraisal was less formal, and the instruments employed were less scientific. With the introduction of professionalisation in management in the post-war period, the evaluation gained prominence.

At initially, performance evaluations were based only on the degree to which an individual possessed certain characteristics that were deemed necessary for efficient performance of a certain task. All civilisations use performance evaluations to evaluate individuals, groups, and organisations. Performance evaluation has a limited history. Frederick Taylor's pioneering time and motion investigations are linked to its early twentieth-century history. However, this isn't really useful, because the same could be stated of current human resource management.

2.2 Statement of Problem

The purpose of this research is to determine how performance appraisal affects workers in the workplace, as well as the efficacy of the assessment system in improving employee performance and meeting organisational goals.

This will aid in determining what people think about the current performance assessment method.

2.3 Objectives of the Study

- 1) To understand the effectiveness of the performance evaluation system.
- 2) To identify the method for evaluating the performance.
- 3) To determine the link between employee performance and the performance appraisal system.
- 4) To understand the employee perceptions of the current appraisal system.
- 5) To see the impact of the current appraisal system on employees morale.

2.4 Type of Research

Descriptive research is used for the study.

2.5 Sampling Techniques

Simple random sampling method is used for the study.

2.6 Sample Size

The sample of 110 employees was considered for the study.

2.7 Actual Collection of Data

- The primary data is collected from the employees through the questionnaire.
- The term "secondary data" refers to information compiled from a wide range of resources previously possessed by another person and subjected to a statistical process.
- Tools used for the study: The technique utilised in this analysis is the simple average method. In this approach, the total number of responses for a certain choice is calculated by dividing the number of responses, yielding the percentage of respondents who chose that option.

2.8 Limitations of the Study

- 1) The respondent’s fear of telling the truth was also a constraint.
- 2) The data was gathered from current employees rather than those who have left the organisation.
- 3) The respondent’s information may be biased in some ways.
- 4) The defendant’s awareness tendency or mindset may also act as hindrances to the assessment.

3.0 DATA ANALYSIS AND INTERPRETATION

Table 1 – Effectiveness of Current Appraisal System

Category	Frequency	Percentage
Agree	41	37.3
Strongly agree	29	26.4
Neutral	20	18.2
Disagree	14	12.7
Strongly disagree	6	5.5
Total	110	100.0

Table 1 shows the effectiveness of current performance appraisal system in which 37.3% of them agreed, 26.4% of them strongly agreed, 18.2% respondents say neutral and 12.7% disagrees and 5.5% of the respondents strongly disagrees.

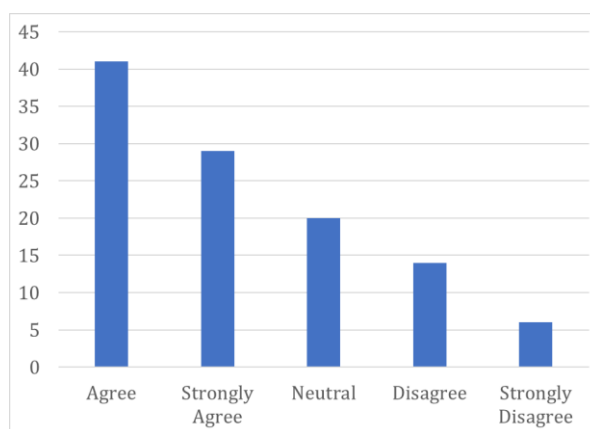


Figure 1 – Effectiveness of the Current Appraisal System

After the analysis it is found that majority of the respondents agreed that the current appraisal system followed in the organisation is an effective.

Table 2 – Effectiveness of the Grading Method System while Appraising the Appraise

Category	Frequency	Percentage
Agree	34	30.9
Strongly agree	38	34.5
Neutral	21	19.1
Disagree	13	11.8
Strongly disagree	4	3.7
Total	110	100.0

Table 2 shows the effectiveness of the grading system in which 30.9% of the respondents have agreed. 34.5% of them have strongly agreed, 19.1% of the respondents says neutral and 11.8% disagrees and 3.3% of the respondents have strongly disagreed.

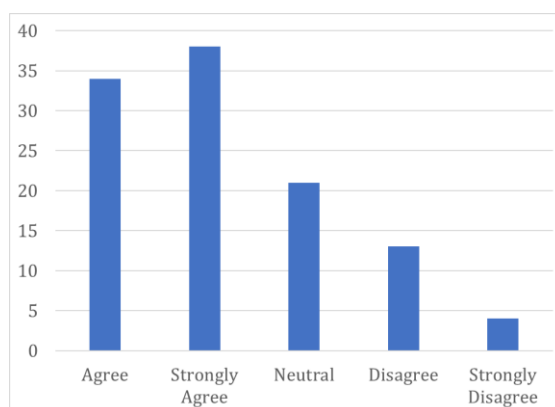


Figure 2 – Effectiveness of Grading Method System while Appraising the Appraise

Therefore, most of the respondents strongly agrees that grading method of appraisal is effective and it helps in improving the employee performance.

Table 3 – Performance Appraisal System followed Helps in Increases Motivation

Category	Frequency	Percentage
Agree	35	31.8
Strongly agree	34	30.9
Neutral	24	21.8
Disagree	12	10.9
Strongly disagree	5	4.6
Total	110	100.0

Analysis: The above Table 3 shows that the 31.8% of the respondents have agreed and 30.9% of them have strongly agreed. Then 21.8% of the respondents says neutral and 10.9% have disagreed and least number of respondents have disagreed with 4.6%.

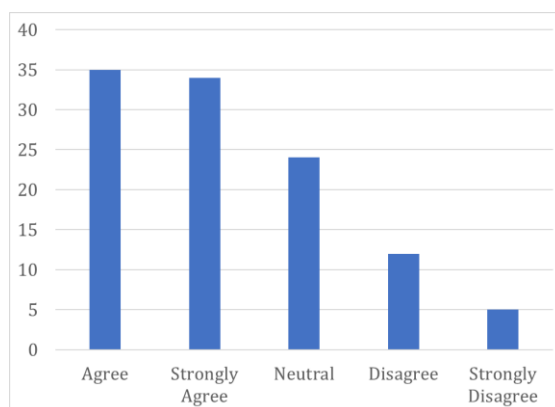


Figure 3 – Performance Appraisal System followed Helps in Increasing Motivation

Interpretation: It is inferred that majority of the respondents agreed and strongly agreed that the current appraisal system is motivating the employees.

Table 4 – Appraisal System is Helping in Employee Development

Category	Frequency	Percentage
Agree	49	44.5
Strongly agree	31	28.2
Neutral	12	10.9
Disagree	14	12.7
Strongly disagree	4	3.7
Total	110	100.0

Analysis: The above Table 4 shows that 44.5% of the respondents have agreed and 28.2% of them have strongly agreed. Then 10.9% of them says neutral, then 12.7% of them have disagreed and then the least number of respondents have strongly disagreed with 3.7%.

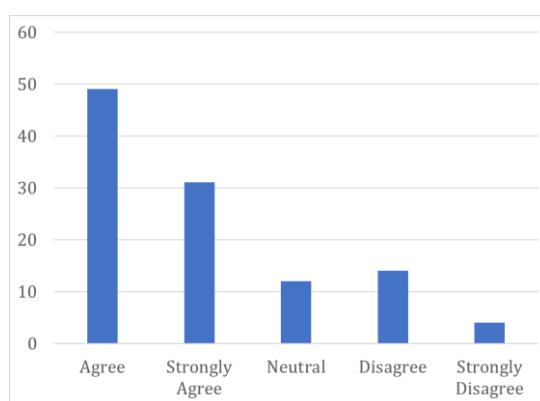


Figure 4 – Appraisal System is Helping in Employee Development

Interpretation: Based on the analysis it can be inferred that maximum number of respondents agrees that the appraisal system followed is helps in the development of the employee when compared to the number of respondents disagreed. So, it is concluded that the appraisal system followed in the organisation helping in the development of the employee

4.0 FINDINGS

- Respondents strongly agree that the appraisal system is effective. This shows that the method followed for assessing is showing impact on the performance of the employee.
- Most of the respondent's agreed that they are satisfied with the evaluation followed inside the organisation.
- Majority of the Respondents strongly agreed that grading system is effective in appraising the performance. This shows that grading system has impact on the employees.
- Maximum number of respondents have agreed that they are getting the feedback regularly and very least number of respondents disagreed. This shows that they are provided the feedback regularly.
- Respondents (44.5%) of them have agreed that the current appraisal system is helping the employee development.

5.0 SUGGESTIONS

- The firm should also give importance to the individual line managers while assessing the performance.

- The firm should also have proper interactions and positive relationship with the subordinates.
- The employees must also be considered and must be given chance in the decision making.
- The firm should go with the modern methods as it provides information much better and can be able to assess in all the ways.
- Employee development programs must be held more effectively.
- The company should concentrate more on individual development.
- The firm should set the targets for the employees more specifically.
- Competency of the employees must be improved.
- Acceptance of new ideas and proposals is required.

6.0 CONCLUSION

Performance evaluations are also necessary for career and succession planning for people, critical jobs, and the organisation as a whole. Performance evaluations are essential for developing “employee motivation, attitude, and behaviour, communicating and aligning individual and organisational objectives, and fostering healthy relationships between management and workers”. Appraisals have been much easier and especially more relaxing if the supervisor meets with each team member individually and periodically throughout the year for one-on-one discussions. Goals are constantly changing in today’s climate. The finest performance reviews should always include a two-way conversation.

Based on the analysis, it is seen that well-analysed goals are created and effective performance appraisal methodologies are used, and the majority of employees in the organisation are satisfied with the firm’s assessment. Almost all of the employees have a positive attitude and are well informed of what is expected of them. It is concluded that the performance appraisal followed in the organisation has positive impact on the employee performance and it is also increasing the employee morale.

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