

# A STUDY ON ROLE OF PERFORMANCE APPRAISAL SYSTEM AND ITS IMPACT ON EMPLOYEES MOTIVATION

NASANAKOTA ROJA, Y. MAMATHA

MBA Student, Assistant Professor

DEPT OF MBA

PVKK INSTITUTE OF TECHNOLOGY(AUTONOMOUS), Anantapuramu – 515001 (A.P)

[laasyaroopini08@gmail.com](mailto:laasyaroopini08@gmail.com), [ymamatha1989@gmail.com](mailto:ymamatha1989@gmail.com)

## ABSTRACT

Performance appraisal refers to all formal procedures used in working conditions to evaluate personalities and contributions and potential of group members. The literature review section examines the importance of search studies, company data or industry reports that serve as a foundation for the setup of study. The research dimension of the related literature and the relevant information begins from an explanatory perspective, approaching towards specific studies which do related to the judge the limitations and informational gaps in data from the secondary sources.

This analysis may reveal conclusions from past studies to realize the reliability of the secondary sources and their credibility. This in turn enables one to rely on a comprehensive review for the study. Most appraisal methods used throughout the world today are based, to some extent at least upon the following techniques: Graphic rating scales; behaviorally anchored rating scales (BARS), behavioral observation scales (BOS); mixed standard rating scales; and management by objectives (MBO). Most commentators agree that goal-based appraisal systems, in which an employee's work performance is measured against specific goals, are the most satisfactory (Dorfman et al., 1986; Locke and Latham, 1984;

Lastly, in the past few years, there has been growing interest in the practice community for what has been termed "non-traditional" appraisal systems (e.g., Coens and Jenkins, 2000; Lawler, 2000). These systems are less structured than the more traditional systems, with less emphasis on ratings or rankings, and more emphasis on developmental meetings between supervisors and employees as needed. The study of Bladen (2001) indicated that these approaches have been growing in popularity, but most firms that have moved in this direction have developed hybrid models, which still retain some aspects of the traditional systems.

## I. INTRODUCTION

### HUMAN RESOURCE MANAGEMENT

Human resources is one of the most valuable and unique assets of an organization. According to **Leon C. Megginson**, the term human resources refers to "the total knowledge, skills, creative abilities, talents and aptitudes of an organization's workforce, as well as the values, attitudes and beliefs of the individuals involved." Management as a process involves planning, organizing, staffing, leading and controlling activities that facilitate the achievement of an organization's objectives. All these activities are accomplished through efficient utilization of physical and financial resources by the company's human resources.

Human Resource Management is a management function involving procurement of suitable human resources, train and develop their competencies, motivate them reward them effectively and create in them an urge to be part of the management team whose aim should be render, dedicated, committed service for the success and growth of the organization.

The term human resources spell the total sum of the components (like skills, creative abilities) possessed by all employees and other persons (like employed, employees, owners etc.) who contribute their services to attain the organizational objectives and goals. Human Resource Management is much broader compared to the term personnel management either at the component's level or in coverage at organization level. The comparison personnel is Human Resource

Management is presented. (C.B. Mamoria, S.V. Gankar)

### **PERFORMANCE APPRAISAL:**

**Dale Yoder:** Performance appraisal refers to all formal procedures used in working conditions to evaluate personalities and contributions and potential of group members.

**Flippo:** Essential purpose in this systematic & periodic appraisal is the accurate measurement of human performance. It attempts to reduce, if not to eliminate human bias and prejudice by means of a system, subject to impartial review and check.

**Smith:** Performance appraisal is the process of evaluating an employer's performance of the job in terms of its requirement.

**Heyal Observer:** It is the process of evaluating the performance and qualification in terms of the requirement of job for which he is employed for purposes of administration including placements selection for precautions providing financial rewards and other actions which required differential treatment among the members of a group as distinguished from actions affecting all members equally.

**Aswathappa:** Systematic evaluation of individuals with respects to their performance in the end his potential for development.

**C.B.Mamoria:** Performance appraisal is the process of evaluating the performance & the qualifications of the employees in terms of the requirement of the job for which he is employed, for purposes of administration including.

Placement, selection for promotion, providing financial rewards and other actions, which require differential treatment among the members of a group as distinguished from actions affecting all members equally.

### **MEANING:**

Globalization of economy has put the organizations under tough competition. Thus survival depends on the performance. We may consider performance of the organizations the sum of the total performance of each individual. In fact, performance management today occupies an important role. Global economy forced organizations to be more and more competitive and the last word of competitiveness is performance-a performance with result. Thus performance management is a managerial function for planning, managing, improving, appraising and rewarding one's performance

Some of the Important features of performance appraisal are:-

- Performance appraisal is the systematic description of an employee job relevant strengths and weakness.
- The basic purpose is to find out how well the employee is performing the job and establish a plan of improvement.
- Appraisals are arranged periodically according to a definite plan.
- Performance appraisal is not job evaluation. Performance appraisal refers to how well someone is doing the job. Job evaluation determines how much a job is worth to the organization and, therefore, what range of pay should be assigned to the job.

A performance appraisal (PA) or performance evaluation is a systematic and periodic process that assesses an individual employee's job performance and productivity, in relation to certain pre-established criteria and organizational objectives. Other aspects of individual employees are considered as well, such as organizational citizenship behavior, accomplishments, potential for future improvement, strengths, and weaknesses. A PA is typically conducted annually. However, the frequency of an evaluation, and policies concerning them, varies widely from workplace to workplace.

Sometimes an evaluation will be given to a new employee when a probationary period ends, after

which they may be conducted on a regular basis (such as every year). Usually, the employee's supervisor (and frequently, a more senior manager) is responsible for evaluating the employee, and he or she does so by scheduling a private conference to discuss the evaluation. The interview functions as a way of providing feedback to employees, counseling and developing employees, and conveying and discussing compensation, job status, or disciplinary decisions.

Historically, performance appraisals have been used by companies for a range of purposes, including salary recommendations, promotion and layoff decisions, and training recommendations. In general, "performance elements tell employees what they have to do, and standards tell them how well they have to do it." This broad definition, however, can allow for appraisals to be ineffective, even detrimental, to employee performance. "Second only to firing an employee, managers cite performance appraisal as the task they dislike the most," and employees generally have a similar feeling.

### **NEED OF THE STUDY**

Performance appraisal is needed in order to:

1. Provide information about the performance ranks basing on which decision regarding salary fixation, confirmation, promotion, transfer and demotion are taken.
2. Provide feedback information about the level of achievement and behaviour of the subordinate. This information helps to review the performance of the subordinate. Rectifying performance deficiencies and setting new standards of work, if necessary.
3. Provide information that may help to counsel the subordinate
4. Provide information to diagnose deficiency in employee regarding skills, knowledge, to determine training and developmental needs and to prescribe the means for employee growth and provide information for correct placement.

### **SCOPE OF THE STUDY**

- The topic chosen Performance appraisal was aimed for the betterment of the organization in terms of quality as well as quantity. The scope of the study under mentioned points depicts the same.
- To increase the productivity by increasing the level of performance.
- The programme would help the organization in meeting it future personal need.
- The programme will help the employee in their personal group by improving their knowledge as well as skill.
- To help employees internalize the culture, norms and values of the organization, thus
- developing an identity and commitment throughout the organization.
- To help prepare employees for higher responsibilities in the future by continuously
- Reinforcing the development of the behavior and qualities required for higher-level positions in the organization.

### **OBJECTIVES OF THE STUDY**

This study contains the following objectives,

- To study the efficient performance appraisal system of Harsha Toyota Motors limited.
- To evaluate the satisfaction level of the employees and also to examine the employees perception towards the appraisal system and management of the company.
- To analyse the strengths and weakness of individual so as to identify the training and development needs in the future.
- To provide feedback to the employee regarding their past performance and also suggestions to improve it in the future.

## **II. RESEARCH METHODOLOGY**

### **PRIMARY DATA:**

Primary data is collected through discussions with officials, and staff of the company. This enables

to evaluate the company's effectiveness towards HR practices.

#### **SECONDARY DATA:**

Much stress was given to secondary data. The secondary data was extensively collected from various sources viz., company annual reports, circulars, financial statements and some other important documents. Main method used for collection of data is the "Questionnaire Method".

#### **TYPE OF RESEARCH**

The research design comprise of the plan and structure of investigation conceived so as to arrive at the responses to the research queries. It there by addresses the aims and objectives of the study, both descriptively and analytically.

#### **SAMPLING TECHNIQUE**

The sampling technique adopted for the study is non-probability Random sampling technique according to the convenience of the researcher.

A questionnaire was administered to HR managers / executives of different software companies to obtain data for the purpose of analysis.

#### **Sample Size**

Data is collected using a sample of 100 software employees.

#### **LIMITATIONS OF THE STUDY**

- Any work carries some sort of limitations due to certain available and unavailable reasons. The following are the limitations of the study:
- Limited time period- the project work has been done during the period of 45 days. This short time may lead to some conclusions, which in long run may not be valued.
- Small sample size- more than 300 people are working in HARSHA TOYOTA MOTORS LTD PVT LTD as executive level officers, so we cannot consider all employees within given time, because of this reason we taken limited sample 100.
- Executive level only- we collected the responses from the executives only.
- Some employees are not given the response because of their busy work schedule.
- The some members are not given accurate responses.
- The limited information we considered for whole executives in the organization.

### **III. REVIEW OF LITERATURE**

#### **Performance Appraisal: Testing a Process Model**

Luis R. Gomez-Mejia

Journal of Managerial Psychology

Publication date: 1 March 1989

Abstract

The objectives of performance appraisal are outlined, and the problems with performance evaluation are examined. Race, age and sex discrimination are discussed in relation to Equal Employment Opportunity Commission guidelines. A performance appraisal model is laid down with step by step guidelines. The model is assessed against the key objectives of performance appraisal.

#### **Appraising the appraisals: computerized performance appraisal systems**

Nelda Spinks, Barron Wells, Melanie Meche

Career Development International

Publication date: 1 April 1999

Abstract

Examines the role of appraisals as a way of improving productivity and effectiveness within successful organizations. Identifies ways in which appraisals help both employers and employees. Suggests that there is room for improvement in most performance appraisals and discusses various

ideas. Computer software is one of the ways in which performance appraisals can be dealt with more proficiently. This article evaluates the three leading software programs available currently and provides a comparison of the features. Concludes that the products do not solve all the problems encountered in performance appraisals, but do give structure to the process and make this sort of appraisal easier to conduct.

**Training as a performance appraisal improvement strategy**

Laurence S. Fink, Clinton Oliver Longenecker  
Career Development International

Publication date: 1 November 1998

Abstract

This paper reviews research findings from 149 managers who work in 22 different US manufacturing and service organizations concerning the top ten rater skills identified as necessary to effectively conduct formal performance appraisals, and why organizations fail to conduct effective rater training with their managers. Four basic integrated stages in the performance appraisal process are identified. The key management skills required in each stage are discussed in terms of how they help organizations improve the operation and quality of their appraisals systems.

**Appraising the state of performance appraisal**

John Edmonstone  
Health Manpower Management

Publication date: 1 December 1996

Abstract

Relates performance appraisal in the National Health Service to performance management and emphasizes the need for integration of diverse management initiatives. Identifies the multiple purposes of appraisal and a number of perennial issues. Outlines rules of thumb for enabling appraisal systems and states that these form the basis for specifying success (and failure) criteria for the design of appraisal systems. Stresses the importance of the context within which appraisal exists.

**EFFECTIVE PERFORMANCE APPRAISAL**

Gregory D. Rankin, Brian H. Kleiner  
Industrial Management & Data Systems

Publication date: 1 January 1988

Abstract

There appears to be no one best method of performance appraisal but there are certain common elements in all effective methods — clear performance goals, quantified levels of performance must be clear, personal rewards should be tied to organisational performance, supervisor and employee should identify ways to improve the latter's performance and implement a plan together, feedback should be provided to the appraiser, and the system must comply with all legal requirements.

**TITLE: PERFORMANCE APPRAISAL AND TRUE PERFORMANCE**

**AUTHOR: MARK COOK**

Published by MCB UP Ltd 1995

Journal Mark Cook, (1995) "Performance appraisal and true performance", Journal of Managerial Psychology, Vol. 10 Issue: 7

**ABSTRACT:**

Argues that the conventional validation paradigm, which uses subjective performance or appraisal ratings as criteria, may be of doubtful validity. Discusses research into performance appraisal which documents four sets of problems which may reduce the usefulness of

performance ratings as criteria. These problems include biases, politicking, impression management and undeserved reputation. Describes the inaccuracies to which these problems give rise and concludes that instead of selecting the right people for management, selection methods validated against appraisal will simply perpetuate an unsatisfactory status quo.

**IV. DATA ANALYSIS & INTERPRETATION**

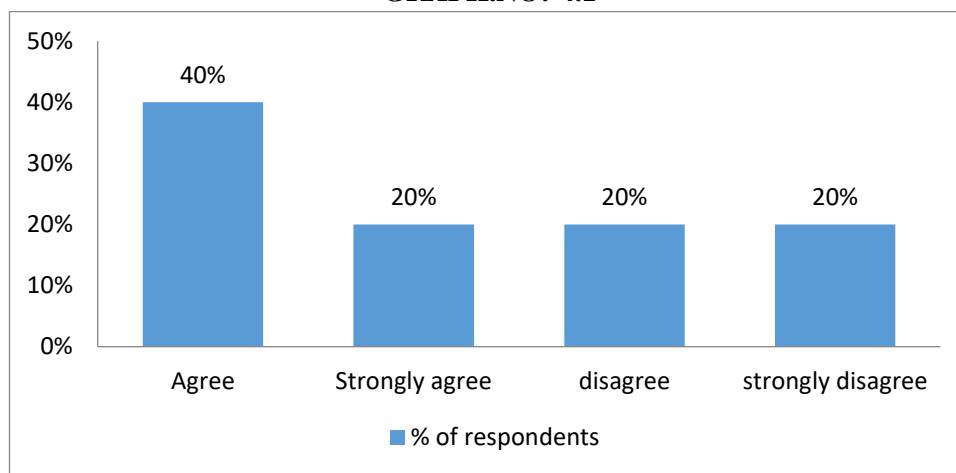
**PLANNING PERFORMANCE:**

**Table.NO –4.1**

**1. Superiors & subordinate work together to plan employees’ Performance expectations.**

sl.no	particulars	no of respondents	%of respondents
1	agree	40	40%
2	strongly agree	20	20%
3	disagree	20	20%
4	strongly disagree	20	20%
	total	100	100%

**GRAPH.NO:-4.1**



**INTERPRETATION:**

20% of the employees disagree as there is no coordination, 40% of the employees agree as there is coordination and 20% of the employees are strongly agreed. Majority of the respondents shared that there is a healthy relation between superiors and subordinates.

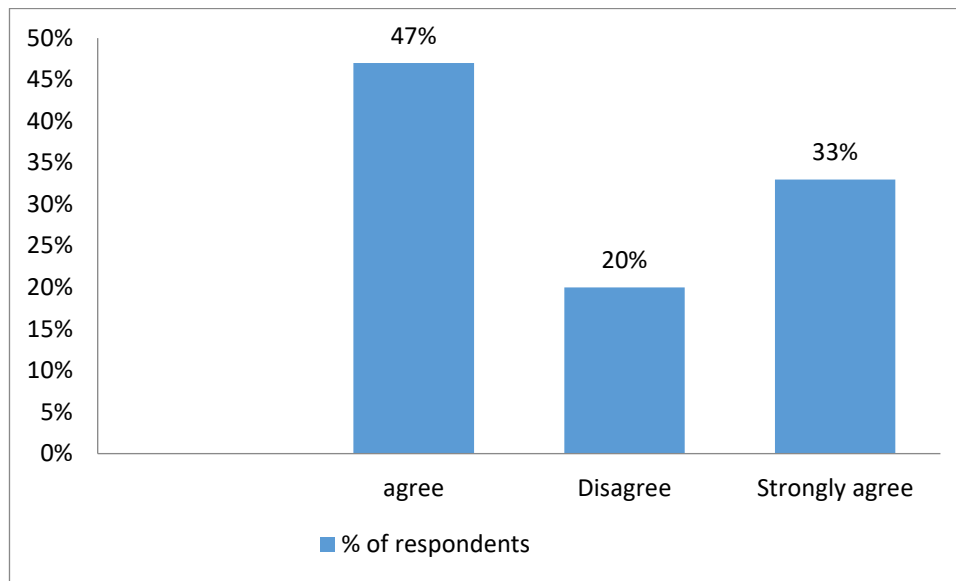
**2. Employees are clear about the behavior that is expected of them in the job**

**Responses:**

**TABLE.NO – 4.2**

sl.no	particulars	no.of respondents	% of respondents
1	agree	35%	35%
2	disagree	17%	17%
3	strongly agree	32%	32%
	total	100	100

**GRAPHICAL REPRESENTATION:  
 GRAPH.NO:-4.2**



**INTERPRETATION:** 17% of the employees disagree as they are not clear of the job, 35% of the employees agree as they are trained well and 32% of the employees are strongly agreed. All most all employees know what is expected by the organization

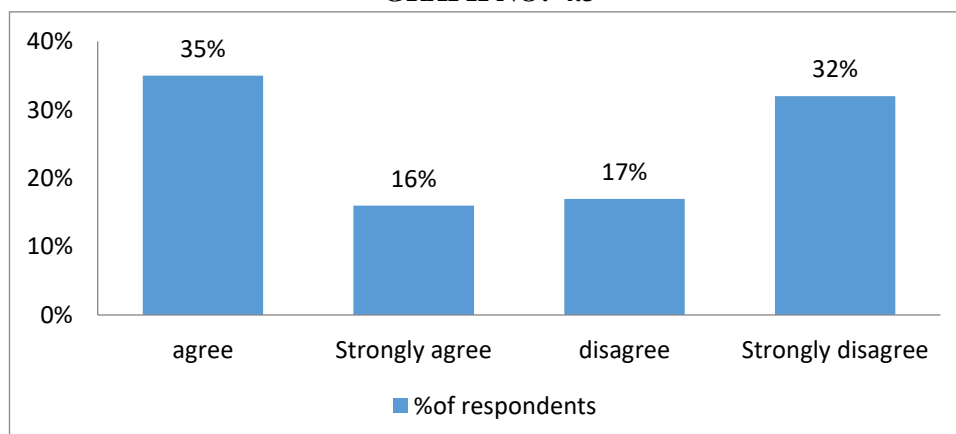
**3. The results to be achieved from employees are specific, Measurable achievable and time bound.**

**Responses:**

**TABLE NO – 4.3**

sl.no	particulars	no.of respondents	% of respondents
1	agree	35%	35%
2	strongly agree	16%	16%
3	disagree	17%	17%
4	strongly disagree	32%	32%
	total	100%	100%

**GRAPHICAL REPRESENTATION:  
 GRAPH NO:-4.3**



**INTERPRETATION:**

32 % of the employees strongly disagree as they are not trained enough and not communicated well, 13% of the employees disagree due to lack of communication and 26% of the employees agree as they are well qualified and trained employees and 12% of the employees strongly agreed. More than half of the employees are not happy with the type of rewarding their work.

**4. Employees tasks are clearly described to help them in achieving their performance expectations**

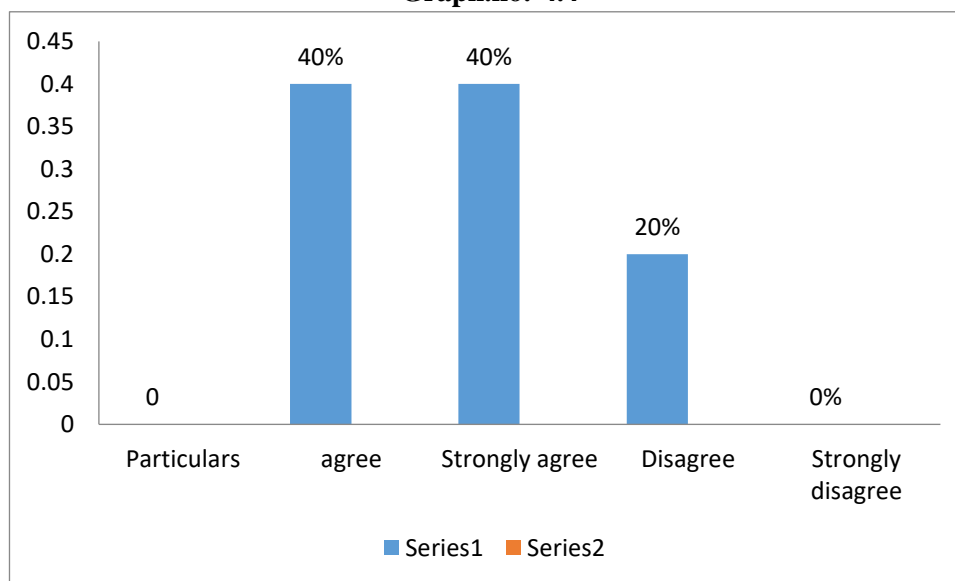
**Responses:**

**TABLE NO –4.4**

sl.no	particulars	no.of respondents	% of respondents
1	agree	40	40%
2	strongly agree	40	40%
3	disagree	20	20%
4	strongly disagree	0	0%
	total	100	100

**Graphical Representation:**

**Graph.no:-4.4**



**INTERPRETATION:**

20% of the employees disagree as they are not aware of their tasks, 40% of the employees are agree and 40% of the employees are strongly agreed. There is a concern that few employees are not clear about their job description.

**5. Performance standards are fixed based on systematic methods of evaluation**

**Responses:**

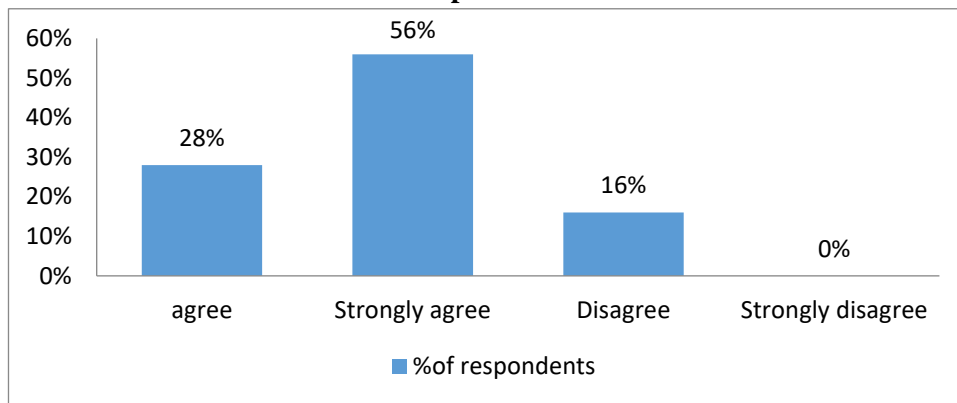
**TABLE NO –4.5**

sl.no	particulars	no of respondents	%of respondents
1	agree	28	28%
2	strongly agree	56	56%
3	disagree	16	16%

4	strongly disagree	0	0%
	total	100	100%

**GRAPHICAL REPRESENTATION:**

**Graph.no:-4.5**



**INTERPRETATION:**

16% of the employees disagree, 28% of the employees agree and 56% of the employees strongly agreed. Almost all employees are happy about the techniques of evaluation based on their performance only 16% of the employees are negative about this and the gap need to filled and the issues should be addressed.

**MANAGING PERFORMANCE:**

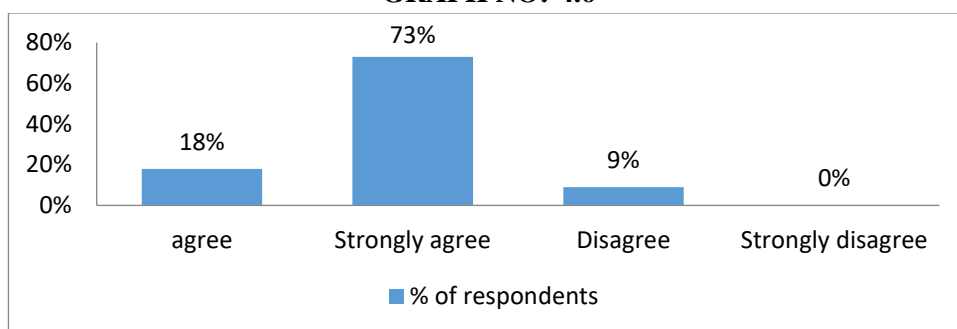
**6. Discussions on performance are effective in improving the performance of employee**

**TABLE.NO-4.6**

sl.no	particulars	no of respondents	% of respondents
1	agree	1	18%
2	strongly agree	7	73%
3	disagree	9	9%
4	strongly disagree	0	0%
	total	100%	100%

**GRAPHICAL REPRESENTATION:**

**GRAPH NO:-4.6**



### **INTERPRETATION:**

Only 9% of the employees disagree as they are not given feedback of their performance, 18% of the employees agree and 73% of the employees strongly agreed that discussions on performance are effective in improving the performance of employee

## **V. FINDINGS, SUGGESTIONS , CONCLUSION**

### **FINDINGS**

- The performance management system of HARSHA TOYOTA MOTORS LTD PVT LTD is designed in such a way that it can identify the track high potential and high critical performers as well as low performers.
- The performance management system of HARSHA TOYOTA MOTORS LTD PVT LTD encourages employees innovations and creativity, skills of employees are recognized and given chance to improve the work. Their ideas are taken to implement in the goal setting for coming financial year.
- From the study of HARSHA TOYOTA MOTORS LTD PVT LTD performance management system we found that there is very good team effort and collaboration between HOD's and immediate supervisor to achieve the goal. The team members and supervisor are supportive and encourages the new employees to learn.
- The periodic review and feedback of the performance of the employees are done through formal and informal feedback system that helps in improving the performance of the employee. Special care is taken for the DME rated employees and given special training through formal one-year performance improvement program.
- There are various rewards and recognition system based on performance appraisal report like service award, project bonus, individual awards, team awards, spot awards which motivate employees and encourages employees to retain in the company.

### **SUGGESTIONS**

- Performance review of support cadre is done every half yearly and where as managerial cadre is done every quarterly. So in my understanding I suggest that the performance review of the support cadre must be done every quarterly so that they can be much aware of their performance and hence they can improve their skills and perform the better job.
- Performance management system is done manually which is time consuming and long process so I suggest for on-line performance management system to be implemented which can quickly resolve performance issue before they start becoming serious business problem.
- There are two cycles regarding performance i.e., July to June for performance appraisal and April to march is performing period cycle of employee. So in my suggestion there must be only one cycle regarding performance so that we can allocate the rest time in business improvement.

### **CONCLUSION**

The overall performance management system is good even through some minor problems it also showing good results but also has some defects in its process. The employees are very much capable in utilizing resources maximum and they also balancing short-term and long-term priorities & procedures from their leaders to achieving objectives.

The majority of the employees are not satisfied with grievance committee decisions and also not appreciable by the grievance committee for time consuming in delivering it decisions on performance management issues. Skills of employees is recognized and given chance to prove their work. Their ideas are taken to implement in their goals. And this motivates them to work for company to achieve the target set before them.

## **BIBLIOGRAPHY**

### **TEXT BOOKS:**

- Managing Human Resource --- Wayne F. Casico- MC GRAW –HILL- (Fifth edition)
- Human Resource Management --- Raj Kumar-I. K.-International pvt ltd-2010
- Personnel Management --- C. B Mamoria- Himalaya Publishing House-21-st edition
- HR and Personnel Management --- Aswathappa -Tata McGraw-Hill Education- (Third edition)
- Appraising and Developing --- T. V. Rao Managerial performance- Excel Books- (Second edition)
- The HRD Missionary --- T. V. Rao-OXFORD AND IBH PUBLISING COMPANY LMD- 1991(Sec edition)
- HRM --- Gary Dessler- Pearson/Prentice Hall, 2005

### **WEBSITES**

- [www.mbaknol.com](http://www.mbaknol.com)
- [www.harshatoyota.com](http://www.harshatoyota.com)
- <http://www.citehr.com>
- <https://harsatoyota.com/>
- <https://autoportal.com/>