



A Study on Performance Appraisal Towards Employee Productivity

Ms. Dhanya Lakshmi B¹, Dr. Arun A²

¹B. Com, MBA, IFET College of Engineering, Villupuram, India deepidhanva2002@gmail.com

²MBA, PhD, Assistant Professor, IFET College of Engineering, Villupuram, India aradharun@gmail.com

ABSTRACT

Performance appraisal is a critical human resource management function to evaluate an employee's performance and productivity. This study explores the relationship between performance appraisal systems and employee productivity within various organizational contexts. The research focuses on understanding how different appraisal methods, feedback mechanisms, and follow-up actions influence employee motivation, engagement, and overall performance. Through a comprehensive review of existing literature and empirical data, the study identifies key factors contributing to effective performance appraisals and their direct impact on enhancing productivity. Findings suggest that well-structured performance appraisals, which include clear criteria, regular feedback, and constructive communication, significantly improve employee performance. Additionally, the study highlights the importance of aligning appraisal outcomes with organizational goals and employee development plans to foster a productive work environment. This research contributes to the ongoing discourse on optimizing performance management practices to boost employee productivity and organizational success.

Keywords—Performance appraisal, Employee productivity, Human resource management, Evaluation methods

1. INTRODUCTION

Performance appraisal is a systematic process to evaluate and assess an employee's job performance and productivity over a given period. Conducted by managers or supervisors, it measures effectiveness, identifies areas for improvement, and sets future goals. This tool is vital for employee development and organizational growth, ensuring employees meet job expectations and helping organizations achieve their goals. The process involves setting clear expectations, monitoring progress, and providing feedback, which aids in skill enhancement and goal setting. Benefits include clarity on job expectations, development opportunities, and recognition for employees, while employers gain insights into productivity, training needs, and alignment of individual performance with organizational objectives.

A. Problem statement

The current project performance appraisal system in our organization does not adequately capture the key metrics that influence employee productivity. This has led to several issues:

Inaccurate Performance Metrics: The metrics used are not always aligned with individual contributions and actual productivity.

Subjective Evaluations: There is a high degree of subjectivity in appraisals, leading to potential biases and inconsistencies.

Lack of Real-Time Feedback: Employees receive feedback infrequently, which hampers their ability to make timely improvements.

Motivation and Engagement: The existing system does not sufficiently motivate employees or engage them in continuous improvement.

Skill Development: There is insufficient emphasis on identifying skill gaps and providing relevant training opportunities.

B. Objectives of the project

The primary objective of this project is to develop an improved project performance appraisal system that accurately measures and enhances employee productivity. Specific goals include:

Developing Objective Metrics: Create and implement objective, quantifiable metrics that better reflect individual contributions and productivity.

Reducing Subjectivity: Implement a standardized evaluation process to minimize bias and ensure consistency.

Providing Timely Feedback: Establish mechanisms for real-time feedback to support continuous performance improvement.

Increasing Employee Motivation: Design appraisal elements that recognize and reward high performance, thereby boosting motivation and engagement.

Focusing on Development: Incorporate elements that identify skill gaps and recommend training to foster employee development.

Scope of the project

- Reviewing existing appraisal systems and identifying best practices.
- Consulting with stakeholders (management, HR, employees) to gather insights and requirements.
- Designing and piloting a new appraisal system within a selected department or team.
- Analyzing the pilot results to refine and finalize the system.
- Implementing the new system organization-wide and providing training for all involved parties.

II. LITERATURE SURVEY

Anbazzhagan, S., & Ganesh, L.S. (2020), Impact of performance appraisal on employee productivity: The Study found a positive correlation between performance appraisal and employee productivity, highlighting the importance of effective appraisal systems in enhancing employee performance.

Carneiro, Isabella M. M.; Da Costa, Vera M. S. (2020), The Role of Performance Appraisal Systems in Enhancing Employee Productivity: A Literature Review: This review emphasizes the significance of well-designed performance appraisal systems in motivating employees and improving overall productivity levels.

Mehmood, Yasir; Ramzan, Muhammad; Hussain, Shahid; Haider, Shazia (2020), Performance Appraisal and Employee Productivity: A Review of Empirical Evidence: The study synthesizes empirical findings on the relationship between performance appraisal practices and employee productivity, highlighting the diverse factors influencing this association.

Abbas, Waheed, et al (2020), The Impact of Performance Appraisal on Employees' Productivity in the Banking Sector of Pakistan: The research concluded that performance appraisal has a positive and significant impact on employees' productivity in the banking sector of Pakistan.

Aguinis, Herman; Villamor, Ignacio; Ramani, Ranjan S (2021), Reconceptualizing Organizational Change, Innovation, and Adaptation Capability Development: A Bibliometric Review of the Field: The review examines the latest trends in organizational change and innovation, shedding light on the importance of performance appraisal in enhancing employee productivity.

Bukhari, Syed Nisar Hussain, et al. (2021), Impact of Performance Appraisal on Employee Productivity: Moderating Role of Organizational Learning Culture: The study found that performance appraisal has a significant positive impact on employee productivity, and this effect is strengthened in organizations with a strong learning culture.

Khatri, N., & Gupta, R. (2021), Role of performance appraisal in enhancing employee productivity: This review emphasis the multifaceted impact of performance appraisal on employee productivity, stressing the need for continuous feedback and development-oriented appraisal.

III. RESEARCH METHODOLOGY

A. Instrumental Design: Utilizing Likert's five-point rating system, five questions were formulated for each component of the structured questionnaire.

B. Method of Data Collection: Questionnaires were used to collect primary and secondary data on the factors influencing the information provided by employers and employees of the organization.

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D. Data Analysis: To examine the data, descriptive analysis methods were used. A contingency table based on the frequency distribution was created using percentage analysis, which allowed for a more understandable depiction of the gathered data.

Bar charts are used in chart analysis to help visualize percentage data and make distributions and trends easier to interpret.

E. Statical tool used

Percentage analysis:

One of the simplest methods of analysis of the percentage method. It is the traditional statistical tools. Through the use of percentage data are reduced in the standard from with the base equal to 100 which facilities relative comparison. In the study the percentage analysis is been used for interpretation. It was used to analyze and interpret the data by representing them through tables and charts.

The formula used:

$$\text{Total number of respondents} = \frac{\text{Number of respondents}}{\text{Percentage of the respondents}} \times 100$$

F. SAMPLE SIZE

This sample taken for the study is 150.

DATA COLLECTION APPROACH

While deciding about the method of data collection for the researcher should keep in mind there are two types of data collection.

PRIMARY DATA:

- The primary data are those which are collected fresh and for the first time and thus happen to be original in character.
- With help of the structural questionnaire, personally administered interview technique has been used for the collection of primary data from the respondents.

SECONDARY DATA:

The secondary data are those which have already been collected by someone else and which already have been passed through the statistical process. The secondary data have been collected from the company records, journals and various websites.

IV. RESULTS

PERCENTAGE ANALYSIS

Table 4.1: Committed to goals

Particulars	Frequency	Percent
Strongly agree	51	34.0
Agree	47	31.3
Neutral	42	28.0
Disagree	3	2.0
Highly disagree	7	4.7
Total	150	100.0

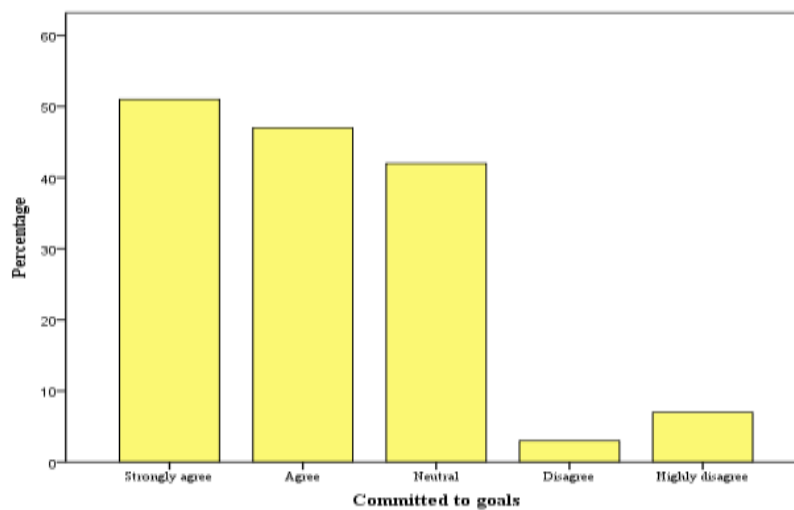


Chart 4.1: Committed to goals

Inference

From the above table, it is inferred that 34% of the respondents strongly agree that the organization committed to goals, 31.3% are agree, 28% are at the neutral stage, 2% are disagree and 4.7% Highly disagree.

Table 4.2: Assessment is measured

Particulars	Frequency	Percent
Strongly agree	44	29.3
Agree	63	42.0
Neutral	38	25.3
Disagree	3	2.0
Highly disagree	2	1.3
Total	150	100.0

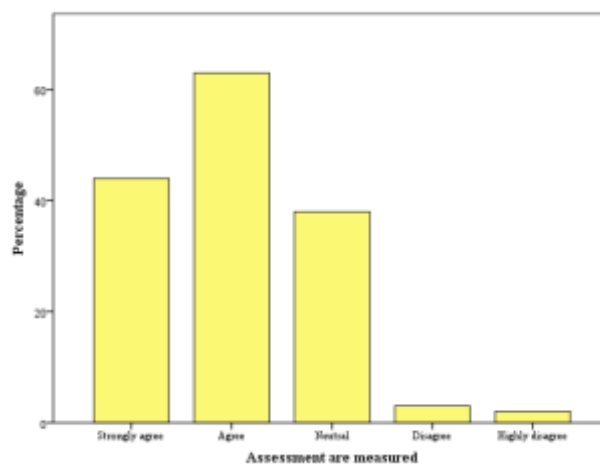


Chart 4.2: Assessment is measured

Inference

From the above table, it is inferred that 42% of the respondents agree that the assessment is measured, 29.3% are strongly agree, 25.3% are at the neutral stage, 2% are disagree and 1.3% Highly disagree.

Table 4.3: Good understanding

Particulars	Frequency	Percent
Strongly agree	45	30.0
Agree	66	44.0
Neutral	37	24.7
Disagree	1	0.7
Highly disagree	1	0.7
Total	150	100.0

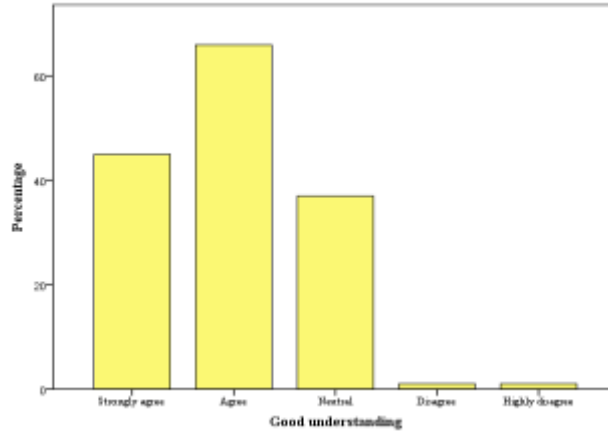


Chart 4.3: Good understanding

Inference

From the above table, it is inferred that 44% of the respondents agree that the employee have good understanding of company’s vision and mission, 30% are strongly agree, 24.7% are at the neutral stage, 0.7% are disagree and 0.7% Highly disagree.

Table 4.4: Overall goals and objectives

Particulars	Frequency	Percent
Strongly agree	52	34.7
Agree	56	37.3
Neutral	38	25.3
Disagree	3	2.0
Highly disagree	1	0.7
Total	150	100.0

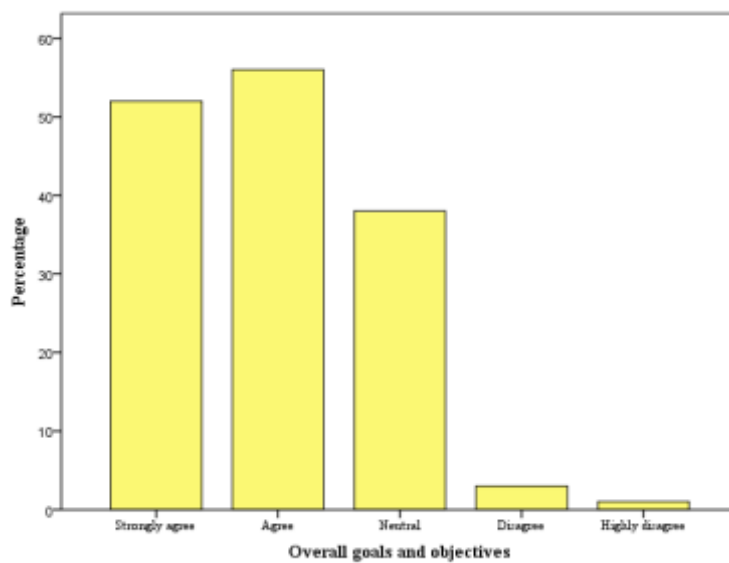


Chart 4.4: Overall goals and objectives

Particulars	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	133.552 ^a	16	0.000
Likelihood Ratio	151.836	16	0.000
Linear-by-Linear Association	.013	1	0.909
N of Valid Cases	150		

Particulars	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	133.552 ^a	16	0.000
Likelihood Ratio	151.836	16	0.000
Linear-by-Linear Association	.013	1	0.909
N of Valid Cases	150		

Inference

From the above table, it is inferred that 37.3% of the respondents agree that the organization performance aligns with the overall goals and objectives, 34.7% are strongly agree, 25.3% are at the neutral stage, 2% are disagree and 0.7% Highly disagree.

CHI-SQARE TEST

Null hypothesis

H0: There is no significant association between clarity of Job responsibilities and expectations & feel motivated and engaged in their day-to-day work.

Alternative hypothesis

H1: There is a significant association between clarity of Job responsibilities and expectations & feel motivated and engaged in their day-to-day work.

Table 4.5: Summary of the Chi-Square

Particulars	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Job responsibilities & feel motivated and engaged	150	100.0%	0	0.0%	150	100.0%

Table 4.6: Chi-Square Test

Particulars	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	133.552 ^a	16	0.000
Likelihood Ratio	151.836	16	0.000
Linear-by-Linear Association	.013	1	0.909
N of Valid Cases	150		

Inference

From the above table 4.38, the significant value is $p=.000$ which is less than 0.05. So, null hypothesis is accepted, it reveals that there is significant association between job responsibilities and feel motivated and engaged. Therefore, there is enough evidence to reject the null hypothesis.

CORRELATION**Null hypothesis**

H0: There is no relationship between feedback beneficial and existing performance appraisal.

Alternative hypothesis

H1: There is a relationship between feedback beneficial and existing performance appraisal.

Table 4.7: Correlation

Particulars	Value	Asymp. Std. Error ^a	Approx. T ^b	Approx. Sig.
Interval by Interval Pearson's R	-.010	.067	-.125	.900 ^c
Ordinal by Ordinal Spearman Correlation	.013	.074	.160	.873 ^c
N of Valid Cases	150			

Inference

From the above table, it is inferred that, $r = .900$ (r value lies between -1 to +1), hence it is clear that there is a possible correlation relationship between feedback beneficial and existing performance appraisal. So, H1 is accepted. There is a significant association between feedback beneficial and existing performance appraisal.

V SUGGESTIONS AND CONCLUSION:**Suggestions**

- Some of the way HR practices that can be improved in the organization.
- Employees had motivated with rewards and recognition.
- Should provide systematic judgments to backup salary increases, transfers, promotion and demotions.

Conclusion

The development of performance appraisal systems is costly, difficult, and has modest returns. Many applied psychologists and management experts believe that such precision is not economically viable in most settings and has little to gain from it. Therefore, the goal of a performance appraisal system should be to support and encourage informed managerial judgment, rather than a degree of standardization, precision, and empirical support required of selection tests. Informed judgment means there are demonstrable and credible links between the performance of individuals being rated and the supervisor's evaluation of that performance. Therefore, federal policy makers should not commit significant resources to job analyses and performance appraisal instruments.

VI. REFERENCE

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"The Effect of Performance Appraisal System Towards Employee Performance, Motivation, and Satisfaction" by Chahar, B. (2020)