



Impact Of Effective Performance Appraisal System On Employee Productivity

Dr. Akanksha Taunk^{1*}, Dr. Laxmidhar Biswal²

^{1*}Associate Professor, International Institute of Management Studies, Pune

²Assistant Professor, International Institute of Management Studies, Pune

***Corresponding Author:** Dr. Akanksha Taunk

*Associate Professor, International Institute of Management Studies, Pune

Abstract

Performance reviews help to reinforce good performance, notify managers of the need for specific training and development or the need to support a member of staff who is underperforming, and build up reward and promotion systems designed to boost performance. This study focuses on a Tata company that has a reputation for having a performance-oriented culture. The organization's fulfillment and the impact of performance reviews are the research's primary areas of interest. The researcher has a higher chance of gathering the additional data needed to satisfy the study's research objectives by enlarging the survey's scope.

Managing human resources is more difficult and essential in today's dynamic climate. As a result of the company's recent shift in perspective, trends in staff retention, job security, etc., have improved. For this paper, I looked into and evaluated how the organization evaluates employee performance. An extensive company profile is provided in the introduction to the report. It details the organizational structure, timeline, ongoing activities, etc. of the company. The goal of this part is to give detailed information about the company and how it runs. Performance research and evaluation are covered in the second section. In this part, I have succinctly explained how performance evaluation works conceptually. Performance evaluation's definition, approach, and significance are all covered. In the third section of my investigation, I evaluated the Tata performance management system (EW AC). This section also contains my views, conclusions, suggestions, and criticism.

Keywords: Performance, appraisal, year, training, development, senior, Superior, Subordinate.

Introduction:

An organization's success and continued expansion depend on its workforce. They do this in a variety of ways to represent the organization's image. The reason why employees are the most crucial resource is because they are the rarest, expensive, and unpredictably used by a firm to complete its tasks. The concepts of intrinsic and extrinsic motivation are frequently seen as distinct in the motivational literature. Extrinsic motivation originates from meeting basic human requirements at a lower level, such as money rewards, comfortable working environment, and job security. Intuitive motivation comes about as a result of meeting more basic human needs.

Increasing organizational productivity is the aim of performance reviews. It will be helpful in assessing organizational members' production, which is important and delicate when managing human resources because employee output affects the performance of the business. It's important to highlight that some managers take advantage of this to downplay or undervalue the efforts of staff members who aren't their favorites. By showing the workforce what is expected of them and how they may contribute effectively to the business, a tried-and-true performance appraisal approach connects the workplace and the workforce. A worker's potential for promotion, progress, and ranking into other high ranks of offices is determined using this factor in conjunction with employee productivity.

The person's performance is assessed after selection, training, and motivation. Management might evaluate a person's performance to determine how successful the hiring and placement process was. If any problems are discovered, steps are taken to discuss them with the personnel and come up with fixes. A "performance appraisal" is a process for evaluating an employee's performance in relation to their duties and expectations.

Performance Management:

Managers use performance management to ensure that workers' actions and results complement the goals of the company. To make sure that managers and employees are upholding standards, this process must include identifying desirable behaviors, verifying that they occur, and providing feedback. Giving feedback can help managers and employees identify performance problems and decide how to address them.

One important aspect of performance management is performance appraisal. It is a tool that can be used in various performance management scenarios, despite the fact that it is not performance management in and of itself since line Instead of HR, managers usually finish it.

Professionals should be aware of their duties in performance management and how performance evaluations complement the overarching goals of the organization. A structured feedback system, on the other hand, enables the management to distinguish between good and poor performance. Performance reviews are another method of motivation

employed in the context of an organization. Work performance is influenced in part by the desire to work hard. Performance is equal to aptitude + aptitude, in accordance with Vroom's motivational beliefs.

Performance Appraisal

Performance appraisal is the procedure of acquiring, examining, and recording information about the relative worth of an individual. The purpose of the performance review is to evaluate and improve the employee's past performance as well as their potential moving forward. Its objective is to evaluate a worker's productivity.

The purpose of performance reviews is to boost workplace efficiency. It will help in figuring out how productive an organization's members are, and it is crucial and delicate when managing human resources because an organization's success depends on the output of its employees. At this point, it must be made clear that certain authorities take advantage of this to downplay or undervalue the efforts of workers who are not their favorites. Thus, a tried-and-true performance appraisal process that also displays to the workforce what is expected of them and where they can contribute effectively to the business unites the workplace and the workers. When combined with productivity, it helps identify a worker's potential for progression, progress, and rating into other top ranks of offices. The majority of employees want to infer what their superiors think of their job, which puts performance evaluation in a problematic position. Small business employees that interact often with their managers are typically aware of what is expected of them under the law.

Problem statement

The impact of performance reviews on an employee's capacity to succeed at work is viewed differently by various people. According to expert studies, it improves how the organization as a whole operates.

Poor performance reviews have been found to lower productivity and have a negative impact on staff morale. According to the current data, many big companies are fundamentally altering how they handle crucial performance evaluation components. Numerous studies have revealed that many workers have conflicting feelings after their performance review at work.

This has raised issues with how performance reviews are managed and conducted. So the fundamental issue is still how to conduct performance reviews in a way that motivates staff and increases productivity. This difficulty and the debate in the relevant literature provided the impetus for this inquiry.

Literature Review

Performance evaluation is a method for assessing and conveying how people carry out their tasks and for creating a strategy to improve how work responsibilities are carried out. Mughtar (2016) asserts that the process of evaluating employee performance is sometimes referred to as a method for doing so.

A sound performance evaluation and management system is essential to an organization's human resource management effectiveness. It is often acknowledged as one of the most significant responsibilities in human resource management, according to Siddiqui and Rida (2019).

This shows that using performance reviews to motivate employees is a bad strategy. To promote a happy workplace and boost customer satisfaction, performance reviews are nevertheless widely regarded to be crucial. Inadequate design, contempt for corporate culture, and a reluctance to address inadequate performance are only a few of the problems with the performance review process (Nabi et al., 2021).

Objectives of the Research

1. To research the current appraisal system with respect to Tata Company.
2. To determine what the appraiser and appraisee expect to determine effective performance appraisal system.
3. To gauge the appraiser's level of satisfaction and employee productivity.

Scope of the Study

- To increase each employee's understanding of their obligations and place within the organization.
- To play a significant part in helping staff members better understand their assets and liabilities in respect to their responsibilities and jobs within the organization.
- To aid in identifying the employees' developmental requirements in light of their role and responsibility.
- To encourage more collaboration between employees and their managers so that everyone appreciates working with them and contributes as much as they can to the organization.
- To act as a tool for enhancing interaction between employees and their bosses. In this way, each employee learns what their superior expects of them, and each superior becomes aware of the difficulties faced by their team and can take action to resolve them. Working together, they can so better perform their tasks.
- To provide each employee with the opportunity to consider their own actions and formulate personal goals, enabling individually planned and monitored advancement fostering a sense of self and commitment among employees and assisting them in internalizing the company's culture, traditions, and values
- By encouraging the development of the behaviors and characteristics required for higher-level roles in the organization, people will be more prepared for their upcoming responsibilities.
- Take the lead in creating a workplace atmosphere that inspires employees to work hard while having fun.

- To regularly offer data on each employee to support various personnel choices.

Research Methodology

The study concentrated on using quantitative methods to gather information and assess how performance reviews affected workers' productivity.

In order to paint a thorough picture of the relationship between 360-degree performance assessments and employee motivation, data from primary and secondary sources will be gathered and combined.

Sampling Technique

The sampling technique used to choose the study participants was a combination of random and purposeful sampling. Only Tata Corporation employees were deliberately chosen as the sample size for the questionnaire's administration, and then five hundred (100) individuals were randomly selected from each department and unit in proportion to the number of workers in each department.

Data Collection Method

Both primary and secondary data are used in the data collection process. The authors mostly rely on a single source or a small group of sources for their knowledge. In order to gather information that may be used to explain, discuss, and support the study's objectives, specific and narrowly focused questions are used. The most popular methods for gathering primary data in the conventional sense include surveys, questionnaires, in-person interviews, and focus groups. Primary data collection is an expensive and time-consuming operation. Over 100 respondents have received surveys, which were dispersed for data gathering.

Data analysis and Interpretation

Gender Wise Classification of Respondent

Category	Sub Category	Frequency	Percentage (%)
Gender	Male	50	50
	Female	50	50
Total		100	100

Age wise Classification of Respondent

Age		
18 to 25	43	42.71
26 to 35	27	26.37
36 to 45	21	20.66
Above 46	9	10.26

Educational level		
Bachelors and above	58	58.26
Diploma	32	33.46
Secondary education	10	00.00

Table Measures of Cronbach's α

Constructs	Mean	Standard Deviation	Cronbach's α
Performance Appraisal	3.53	1.12	0.7
Employee productivity	4.31	1.41	0.8
Feedback	3.21	1.42	0.8
Training Assessment	5.35	1.74	0.8
Employee compensation	5.78	0.79	0.7
Employee Productivity	4.42	1.37	0.7
Reward System	5.74	1.43	0.8
Actual Usage	4.21	1.52	0.7

Table measurement and structural model fit index

Fit index	Recommended value ^a	Measurement model	Structural model
Minimum it Function χ^2	NS at p is less than 0.05	100	100
Degrees of Freedom	n/a	99	99
The ratio of the χ^2 static to its degree of freedom (χ^2/df)	less than 5 preferable less than 3	3.254	2.5362
Goodness-of-Fit	Is greater than .9	0.798	0.798
Adjusted Goodness-of-Fit	Is greater than .8	0.754	0.687
Comparative Fit Index	Is greater than .9	0.894	0.981
Root Mean Square Residuals	Is greater than .10	0.069	0.057

Summary of Regression Result

Variables	Coefficients	Std. error	Sig. value
Constant	3.25	1.063	0.06
PFA	0.57	0.125	0.01
EFB	0.35	0.124	0.21
TRA	0.52	0.241	0.52
EMC	0.74	0.541	0.21
R-squared	0.41		
Adjusted R-squared	0.63		
F-change	23.7584		
DW Statistic	1.52		

Interpretation

All of the study's variable coefficients had a positive sign and were in line with its intended theoretical results. Therefore, this conclusion implied that as PFA, EFB, TRA, and EMC improve by 1%, employee productivity will increase by 0.57, 0.35, 0.52, and 0.74 %, respectively. The probability value of 0.000, which corresponds to the F-change of 23.7584, which examined the joint significance of the parameter estimations, determined this to be the case. This suggests that the productivity of employees at the Tata Corporation was affected by all the model's variables in a jointly and statistically significant manner. The Tata Corporation PFA, EFB TRA, and EMC were said to account for 68 percent of the variation in staff productivity, according to the R2 value of 0.687 percent. Unsurprisingly, as shown by the corrected R2 (R2 = 0.63 or 63%), the regression's goodness of fit remained high after accounting for the degree of freedom. The model is nonspurious (meaningful), as indicated by the Durbin-Watson statistic 1.52 being greater than R2 0.632. There may not be a positive serial association, according to the Durbin-Watson statistic 1.52.

Discussions

The findings showed that respondents' opinions on how much objective-based evaluation contributed to organizational success differed greatly; the mean response ranged between three and five in magnitude. When the variables were measured using the scale, everyone generally agreed on them. Employees generally believed that the goals set in order to achieve the organization's objectives are clearly known and that they are also closely related to those goals.

The findings demonstrated that the purpose of a 360-degree evaluation is clearly understood, and half of the respondents concurred that there is a technique for gathering and storing information for later use. Analysis. According to a regression analysis, variations in 360-degree appraisals were responsible for 89.4% of the difference in performance. With areas for development identified during an evaluation being used purely for self-improvement rather than determining scores, 360-degree feedback is objective.

The majority of respondents said that team members are motivated to work well by numerical evaluations and that a staff member's performance would increase if they received a poor grade. The majority of respondents also concurred that using the performance rating can help determine an employee's strengths and limitations. According to the findings of a regression analysis, variations in numerical ratings were responsible for 79% of the performance variance. The success of the team as a whole was unaffected by whether or not numerical ratings encourage a culture of high achievement among team members.

Conclusion: -

A thorough strategy to ensure that managers and employees regularly meet to discuss past and present performance issues and to choose a shared vision for the future is through performance assessments. Tata implemented the new robust system performance approach. It is clear from the survey results that both appraisees and appraisers expect the same things from the performance appraisal system, namely "Determination of Promotion or Transfer" and "Salary Administration and Benefits." As a result, both the appraiser and the appraisee can be satisfied by a single performance appraisal system. Therefore, the performance assessment programme would be created so that the appraiser could periodically assess each employee's contribution to the organisation, and all of the employees who had been performing well would receive appropriate rewards, such as a pay raise or a promotion. This fulfils the goal of employee development and can also serve to inspire individuals who believed their career had stagnated within the company. As a result, performance reviews are an important tool.

It is conclude that performance reviews increase worker productivity. The firm will be in a position to recognize the deserving staff once an objective appraisal has been completed. Employee productivity was found to be increased using performance appraisal indexes. As a result, the chance to identify worker performance issues will be even better. Therefore, proper training and development plans would be created to address such shortcomings. The placement of personnel in jobs for which they are most qualified can also increase productivity with the use of performance appraisal. A rise in the organization's profits results from higher productivity.

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