

Relationship between Performance Appraisal and Employee Performance: A Study

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Abstract

In today's competitive and ever changing environment, greater challenges what the organisation are facing is attracting and retaining the talented employees. One of the major concern of any organisation is to achieve maximum performance but it can be achieved only when people put in the best effort. How to ascertain whether an employee has given or shown his or her best performance on a given job? The answer is Performance Appraisal. The present research paper throws light on the various aspects of performance appraisal. The study focuses on to explore the effect of performance appraisal on employee performance. And also attempts to find out that whether appraisal process contributes to employee motivation. The study was conducted on Employees of Bharti Airtel, Raipur Office, and C.G. (India) .The findings of the research shows that there is noticeable effect of performance appraisal process and there are positive and significant relationship between the variables.

Keywords: Employee, Performance Appraisal, Motivation, Performance.

Date of Submission: 13-12-2020

Date of Acceptance: 28-12-2020

I. Introduction:

We all need people who will give us feedback that's how we improve- Bill Gates


The most significant resources of any organisation is often said to be its people. They are considered to be the most important assets of any organisation. Employees are the primary pillars of corporate success. One of the major concern of any organisation is to achieve maximum performance but it can be achieved only when people put in the best effort. How to ascertain whether an employee has given or shown his or her best performance on a given job? The answer is performance appraisal .But nowadays employees and companies have discarded performance appraisal methods as futile exercise. But studies have shown that nearly 72% of employees believe that their performance can be enhanced through periodic appraisal. Such contradiction throws light on the fact that many organisations are making use of irrelevant and obsolete performance appraisal methods. Performance Appraisal Management when implemented correctly it can boost the employee performance while addressing productivity bottlenecks. Performance Appraisal bridges the communication gap between the employee and the employers and improve their relationship.


Work performed by the employees for the same time of job differs because there is a difference in the quantity and quality of work done by each employee due to their level of capabilities, skill and talent. So it is a part of the management to identify the employees with potential. Rewarding performance of equitably and determining employees need for development .And the employees on the other hand are always eager to know as to how they are performing and the level of their performance in comparison to fellow employees so they need proper and accurate feedback


There is a great need for organisations to have suitable performance appraisal system to measure the relative merit of each employee. The present research paper is an attempt to study the performance appraisal system of Bharti Airtel and to identify the relationship between Performance appraisal Employee outcome (Performance and Motivation)

Performance Management System: Performance management system is the process of assessing progress towards achieving predetermined goals. The main purpose of performance management is to link individual objective and organisational objective. It includes activities to ensure that goals are consistently being met in effective and efficient manner. In organisational development, performance can be thought of as Actual Vs Desired Results. Any discrepancy, where actual is less than desired could constitute the performance improvement zone.

Performance Management and Improvement can be thought as a cycle

Performance Planning  where goals and objectives are established

Performance Coaching:  here manager intervenes to give feedback and adjust performance

Performance Appraisal:  where individual performance is formally documented and feedback arrived

Performance Appraisal

Performance appraisal is an annual occurrence where in an employee's productivity and performance is measured. These metrics are calculated against a benchmark of a set of predetermined objectives projected for that year. It helps organisation to analyse and document the employee's skill, strength and areas of improvement. Performance Appraisal process also evaluates the employees attitude towards work, personality, behaviour and stability in the position assigned to them. It also helps in ascertaining the employees Promotion, raises or other career prospects and opportunities. And also helps the organisation to establish way to enhance output, efficiency and quality of work. 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 appraisal establishes a feedback loop as individual can be assessed on the basis of task carried out and any shortcomings can also be worked upon to improve the individual performance. Performance Appraisal helps or aids the company to decide who deserves climbing up the hierarchy. Annual personal appraisal not only help in assessing a candidate's suitability but it also acts as a historic record of their performance throughout year. And thus companies decide who is more suited for the lucrative position. The Process helps in clearly communicating the goals and achievements expected from the employees. Give employee a chance to set goals, plan and review their entire year. Motivates the employees by rewarding their quantifiable efforts through an appropriate compensation. Acts as bridge between employee and manager to discuss performance output and an opportunity to communicate honest feedback which leads to betterment of employees. Identify the under performers and perform diagnostic to make them more efficient.

Research Objectives

1. To study the Present Performance Appraisal System at Bharti Airtel.
2. To determine the relationship between Performance Appraisal and Employee Performance.
3. To determine the relationship between Performance Appraisal and Employee Motivation.
4. To find out the outcomes of effective Performance Appraisal System.

Hypothesis of the study:

H 1: There exists a significant relationship between Performance Appraisal and Employee Performance.

H 2: There exists a significant relationship between Performance Appraisal and Employee Motivation.

Relationship between Performance Appraisal and Employee Performance and Motivation

To meet the competitive advantage organisation needs employees who performs high. Success of any organisation is totally dependent on how well their employees perform. Performance is the key word and hence the evaluation should be done on the basis of performance. An important goal for organisations is the improvement of employee's job performance. It is generally accepted that performance appraisal is a necessary part of a successful performance improvement method. (Creamer & Winston, 1999 Shah & Murphy, 1995)

Performance Appraisal can be used as motivational tool and an effective performance appraisal system can be directly linked to employee motivation. Because performance appraisal helps employees to improve their performance by giving feedback about the need for development and help employees to continue to excel by giving positive re-enforcement that can motivate them. Appraisal process when undertaken in the right manner can contribute significantly to employee motivation. Motivated employees are highly involved and engaged in their job and try to make their performance best.

II. Research Methodology

Convenience sampling method was used for the purpose of data collection. The sample consists of 90 employees of Bharti Airtel Raipur office, Chhattisgarh (India). The sample were collected from customer service , sales and marketing department .A structured questionnaire consisting of 25 closed ended questions based on performance management, appraisal and rewards, career planning and growth, training and development, job satisfaction and overall satisfaction with the performance appraisal system was designed for data collection. The collected data was analysed with the help of quantitative method .Five point likert scale

was used to collect the responses. Correlation analysis was used to find out the relationship between performance appraisal and employee performance and motivation. Cronbach'S Alpha was used to test the reliability of questionnaire

Performance Appraisal System at Bharti Airtel:

Bharti Airtel Limited is a leading global telecommunications company with operations in 18 countries across Asia and Africa. The Company ranks amongst the top 3 mobile service providers globally in terms of subscribers. The company treats its employees as the biggest assets and want to retain the top talent in the organization .The company believes that people here work hard to perform better and better .Employees performance need to be regularly communicated so they can know the areas of strength and developments needs and all this require a proper and efficient performance appraisal system. The company uses The Balance Score Card Method as the base for their performance appraisal system

Balance Score Method: The balance score card method was developed by Robert .S, Kaplan and David P. Norton in early nineties .It is a conceptual framework for translating an organization's strategic objectives into a set of performance indicator distributed amongst four perspectives. 1. Financial 2.Customer 3. Internal Business Processes 4.Learning & Growth

Some indicators are maintained to measure an organizations progress towards achieving its vision, other indicators are maintained to measure the long term drivers for success.



Fig.1 Balance Score Card Method

In Bharti Airtel Appraisal is done to evaluate the major four Criteria (a) Clarity of Role (b) Training and Development (c) Compensation and Reward (d) Career Planning

Appraisal Policies of the company – The evaluation of employee's performance is done on the basis of following two parameters: **Achievements & Leadership Competencies.**

Achievements is based entirely on the performance against Key Result Areas (KRAs) and Key Performance Indicators (KPI) Performance rating is based on the achievement and quality of work. This assessment is done for all the employees, Leadership competencies is used to determine leadership potential of Band-1 employees (Managerial Level)

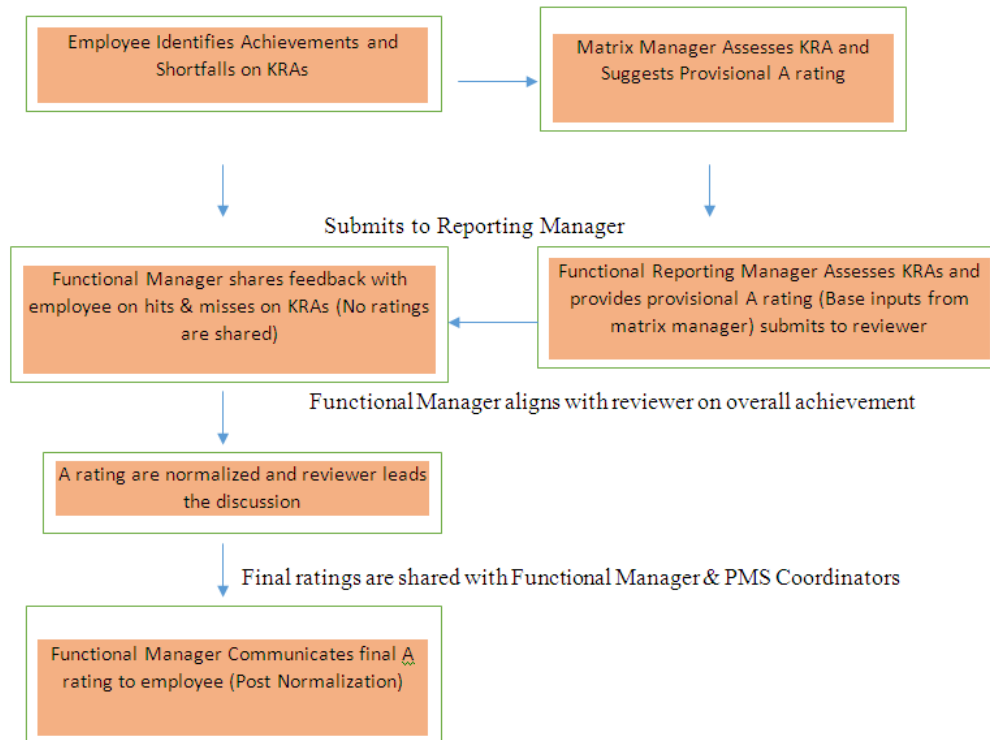


Fig.2 The Appraisal Process at Bharti Airtel.

Data Analysis and Interpretation.

Cronbach’S Alpha was used to test the reliability of questionnaire showing the value as 0.735. Indicating the internal consistency and reliability of the scale with our sample.

Correlation Analysis: Correlation analysis was done to find out the relationship of Performance Appraisal satisfaction and Employee Outcomes in the form of employee performance and employee motivation. Pearson product movement correlation with 2 tailed test of significance was computed to assess the relationship between the variables.

Table: 1 Showing Correlation between Variables

	Performance Appraisal System	Employee Motivation	Employee Performance
Performance Appraisal System	1	0.610**	0.516**
Employee Motivation	0.610 **	1	0.603**
Employee Performance	0.516**	0.603**	1

Correlation is significant at the level 0.001

The coefficient correlation between performance appraisal (satisfaction) and employee Performance is at 0.516.this implies a significant positive relationship between the two variables. From the above table (1) it can be interpreted that there exists a strong relationship between performance appraisal and employee performance. Also the coefficient correlation between performance appraisal and employee motivation is at 0.610 indicating a positive relationship between both the variables.

III. Results & Discussion

On the basis interpretation drawn from the questionnaire and hypothesis testing it can be said that majority of the employees are satisfied with present appraisal process adopted by the organisation .Employees are sponsored for training programmes on the basis of genuine training needs. Timely internal growth is given to deserving candidates. On spot recognition is one of the motivational tools which is given for better performance. Career growth opportunities is pointed out to juniors by senior’s officers in the company. Satisfactory working environment and people are helpful to each other resulting in high order of team spirit in the company .Satisfaction with performance appraisal leaves the employee motivated and they try to perform the work to the best of their capabilities .This finding confirms that effective Performance Appraisal have a positive influence on employees job performance .

IV. Conclusion

For the performance appraisal system to achieve its objectives and reach its potential and getting beneficial for all, there is need to involve a higher level of employees. one of the key factors of performance appraisal was to have the manager and employee jointly identifying ways to improve the employee's performance and establish a development plan to support the employee in achieving their goals .when employees are involved they take much interest as they are given more voice.(Rankin & Kleiner). Greater employee participation creates an atmosphere of co-operation reduces tension and conflicts between rater-ratee which could be caused by appraisal. As the ultimate purpose of performance appraisal is to allow employees to improve continuously, the organisation needs to ensure that the system spends more time helping to develop employees, from identifying training needs, providing coaching and giving more accurate and constructive feedback. The organisation should seriously look to performance appraisal system and should introduce a system that sets out a number of objectives such as fairness, employee development, confidentiality, appraiser-appraise relationship, mutual involvement ,compensation and rewards.

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