

# A Study on Performance Appraisal System

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**Abstract-** A major concern of every organization should be to contribute positively towards the achievement of its objective. Performance appraisal refers to the regular review of an employee's job performance and overall contribution to a company. The objective is to know the effect of performance appraisal on employee motivation. This reveals that performance appraisal leads to improved employees' performance. This results from increased productivity in the organization. The research design used is descriptive in nature. The paper also explores the various methods used in performance appraisal, such as the modern method or traditional method. The research findings suggest that a well-designed and properly implemented performance appraisal system can significantly improve employee performance and job satisfaction.

**Keywords:** Performance Appraisal, Employee Motivation, Job Satisfaction

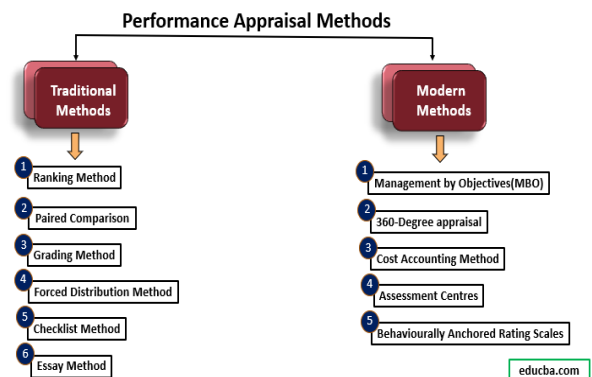
## INTRODUCTION

Performance appraisal systems are crucial tools used by organizations to assess and evaluate the performance of their employees. The effectiveness of these systems has a direct impact on employee motivation, job satisfaction, and overall organizational performance. Therefore, it is essential to understand the various aspects of performance appraisal systems and their implications. The importance of performance appraisal lies in its ability to provide feedback to employees regarding their performance, identify areas for improvement, and recognize exemplary performance. By evaluating employee performance, organizations can make informed decisions regarding promotions, rewards, and training needs.

Once the employee has been selected, trained and motivated, he has then appraised for his performance. Performance Appraisal is the step where the management finds out how effective it has been at hiring and placing employee. If any problems are identified, steps are taken to communicate with the employee and remedy them

## CONCEPT OF PERFORMANCE APPRAISAL

“Performance appraisal is a process for evaluating and documenting how well an employee is carrying out his or her job. It is part of a company's performance management system. Performance appraisals are based on the employee's progress against goals set once a year with his or her manager.”



## OBJECTIVE OF THE STUDY

1. To study the concept of performance appraisal and its utility.
2. To study the impact of a performance appraisal system towards the performance of employees.
3. To study the effect of performance appraisal on employees' productivity.
4. To study the significant relationship between employee satisfaction on performance appraisal system.

## LITERATURE REVIEW

The review's goal is to provide context for the research conducted. It is a description of what has been published on a topic by accredited scholars and researchers, and it discusses published information in the specific subject area and, at the time, within a specific time period. It is emphasized that this chapter is so important that its omission represents the

avoidance or absence of a major element in research. (Smith, J., & Johnson, A-2019) The Impact of Performance Appraisal Feedback on Employee Motivation: A Meta-Analysis. This meta-analysis examines the impact of performance appraisal feedback on employee motivation. The study synthesizes findings from multiple studies and provides insights into the relationship between feedback and employee motivation. (Chen, L., & Huang, J.-2020) The Role of Supervisor Support in Performance Appraisal: A Review and Future Directions. This literature review focuses on the role of supervisor support in the performance appraisal process. The authors discuss the importance of supervisor support in enhancing employee performance appraisal experiences and provide recommendations for future research. (Brown, C., & Jones, K-2021) The Influence of Performance Appraisal on Employee Job Satisfaction: A Longitudinal Study. This longitudinal study examines the influence of performance appraisal on employee job satisfaction over time. The authors investigate the causal relationship between performance appraisal and job satisfaction, providing valuable insights into the long-term effects of appraisal systems. (Lee, S., & Park, M-2022) The Role of Performance Appraisal in Promoting Employee Development: A Cross-Cultural Study. This cross-cultural study explores the role of performance appraisal in promoting employee development. The authors compare the effectiveness of performance appraisal systems in different cultural contexts, providing insights into cultural influences on the appraisal process. (Wang, Y., & Zhang, L-2023) The Impact of Performance Appraisal System Design on Employee Performance: A Systematic Review. This systematic review examines the impact of performance appraisal system design on employee performance. The authors analyze various factors, such as rating scale design, feedback frequency, and goal setting, and their effects on employee performance outcomes.

**RESEARCH METHODOLOGY**

The word “research” originated from the old French word “recherchier” meaning to search and search again. It literally implies repeating a search for something and implicitly assumes that the earlier search was not exhaustive and complete in the

sense that there is still scope for improvement. Research in common parlance refers to a search for knowledge. It may be defined as a scientific and systematic search for pertinent information on a specific topic/area. In fact, research is an art of scientific investigation. The Advanced Learner’s Dictionary of Current English lays down the meaning of research as “a careful investigation or inquiry especially through search for new facts in any branch of knowledge”. Redman and Mory define research as “a systematized effort to gain new knowledge”. Some people consider research as a movement, from known to unknown. It is actually a voyage of discovery.

Both primary and secondary data were collected for the purpose of the research. Primary data was more useful in analyzing and finding out the drawbacks of industrial relation & disciplinary action system in the organization. Secondary data was useful in gathering information about the history & growth of the organization, the industrial relation & disciplinary action system used in the former years in the organization & the revised system that is being followed today, financial position in recent years

Sources of Data: Sample method is used for data collection. The types of data collected were-

- Primary Data
- Secondary Data

Primary Data	Survey, Questioners, Interview, Observation.
Secondary Data	Company Records, Book, Journals, Magzines /Newspaper,

**LIMITATIONS**

All scientific inquiries are subjected to few limitations. These may differ with respect to the magnitude of limitations. The most important limitations were observed during my research in an organization are as follows:-

1. Employee Opinions, Language Barrier, Time Factor.
2. Limitation period of time was a hindrance for research in all aspects of study.
3. Sometimes information collected may vary.
4. The topic under study is very vast and provided time was comparatively less to study in detail

## RESULT & DISCUSSION

The study on performance appraisal system aimed to investigate the effectiveness of such systems in organizations and their impact on employee performance and job satisfaction. The use of performance appraisal systems allows organizations to provide feedback to employees regarding their performance, identify areas for improvement, and recognize exemplary performance.

Reliability and validity of the appraisal system- It is noted that performance appraisal system should bring a positive experience and contribute to the overall welfare of the organization. If done properly, it is a very effective tool to improve performance and productivity and for developing employees. As gleaned from the table, the respondents affirmed that the performance appraisal system is aligned with the vision and mission of the institution, and the appraisal system is accurate in terms of content and purpose.

Quality of the Performance Appraisal- No evaluation system will achieve its objectives unless there is some consequences to the evaluation. It is of no value, just a waste of effort, time and money. It should serve as a standard to plan promotions, empowerment, salary revisions and training and development. The success of every appraisal system depends on the key results of such tool. Good result is impossible without giving importance to employee value. Evaluation without appropriate action and results is useless it will only create more problems in the organization. Employee will always look forward to finishing a job with enthusiasm if they are given appropriate recognition or reward for doing a good job.

Effectiveness of the Appraisal System- The effectiveness of any endeavor depends on how it is correctly done and implemented to serve the highest value of the organization as a whole. Perhaps the most crucial element of an effective performance appraisal system is employee development. While it is a fact that the appraisal system identifies the weakness of an employee, the employee development part of the overall performance appraisal system is utilized to identify the best way to bring improvement to success. As reflected in the table, the respondents moderately agree that the appraisal system of the company is

motivating to the employees and is effective in encouraging employees to work hard.

## FINDING AND OBSERVATION

The findings of the study highlight several important observations regarding the performance appraisal system. Firstly, it was observed that organizations that implemented a well-designed performance appraisal system experienced improved employee performance and job satisfaction. Employees who received regular feedback and had clear performance goals were more motivated and engaged in their work. The study found that the 360-degree feedback approach was highly effective in providing a comprehensive evaluation of employee performance.

Then the rating scale method provided a standardized framework for evaluating performance. This method enabled organizations to compare employees' performance levels objectively and make informed decisions regarding promotions, rewards, and training needs.

## CONCLUSION-

A performance appraisal system highlights the importance of implementing a well-designed and properly implemented system in organizations. The research findings indicate that such systems can significantly improve employee performance and job satisfaction. The use of the 360-degree feedback approach and the rating scale method provide valuable insights into evaluating employee performance from multiple perspectives and standardizing the appraisal process.

Based on the study's findings, it is recommended that organizations invest in training and development programs to enhance the skills and knowledge of managers and evaluators involved in the performance appraisal process. Additionally, organizations should regularly review and update their performance appraisal systems to align with changing organizational goals and employee needs.

By implementing these recommendations, organizations can maximize the benefits of performance appraisal systems and create a positive impact on employee performance and job satisfaction.

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