

## PERFORMANCE APPRAISAL OF EMPLOYEES

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### **Abstract:**

Performance appraisal helps to measure the strengths and weaknesses of employees. The perception of employees towards performance appraisal systems had been described in this paper. It is observed from this study that performance motivates employees and it provides feedback on their capabilities. The employees are viewing that performance appraisal is a process to give promotion for employees.

### **Keywords:**

Employee performance, employee appraisal, motivation, recognition, job satisfaction.

### **1. Introduction**

Performance management defines a collection of management instruments consisting of performance evaluation, task design, preparation, leadership and incentive programs to ensure the achievement of organizational performance goals. Performance evaluation is a structured and analytical method in which employees' job-related attitudes and outcomes are determined and their capacity for possible leadership positions in the company is evaluated. In the global pharmaceutical market, India has an important role. There is also a wide pool of scientists and engineers in the country who have the ability to take the industry to an even greater level.

A performance assessment is a routine analysis of the job performance of an employee and the overall contribution to a company. Often known as an "annual review," "performance review or evaluation," or "employee appraisal," a performance assessment assesses the strengths, accomplishments and progress of an employee, or lack thereof. Companies use performance reviews to offer big-picture input on their jobs to workers and to explain salary raises and promotions, as well as decisions on termination.

They may be supported at any time, but they perform to be annual, semi-annual or quarterly (Investopedia,n.d.). In this research study Aurobindo Pharmaceutical Company in pharmaceuticals sector have been selected to study the performance appraisal of employees.

### **2. Objectives of the study**

1. To know the perception of employees towards performance appraisal systems.
2. To study the impact of performance appraisal on employees in the selected company.
3. To provide some suggestions for human resources for conducting effective performance appraisals.

### 3. Review of Literature

Kuvaas (2006) had conducted a survey on employees in banking sector and stated that performance assessment satisfaction and job performance were both mediated and moderated by the intrinsic motivation of workers to work. The type of moderation showed that workers with low intrinsic motivation had a negative relationship and those with high intrinsic motivation had a positive relationship. The factors considered during the employee appraisal are organization size, intrinsic motivation, work performance, affective commitment and turnover intention. The higher the intrinsic motivation leads to the higher the work performance in organizations. Traditional organization has conducted performance appraisal for evaluation purpose but modern organization are give attain job satisfaction and gain employee retention.

Obisi (2011) had argued that organizations should avoid paying little attention to the assessment of their workers and understand that it is only possible to determine organizational training requirements through performance assessment results. The factors which influence job performance environmental forces of an individual are individual job performance, individual direction, individual ability and individual effort. The most commonly adopted employee appraisal methods are ranking method, graphic method, and essay appraisal, check list method, tell and sell method and problem solving method. Organizations should face the fact that performance evaluation is incomplete until the assessment is told what its strengths and limitations are the performance in the future will not change, which clearly defeats the very aim of periodic evaluations.

Daoanis (2012) had mentioned in his research that any organization's reputation depends on the efficiency and characteristics of its workers. Employees are a vital element in every company because they are the backbone of the enterprise.

From his research it is found that the company's performance assessment framework is in place, consistent with the institution's vision and mission, and is accurate in terms of content and intent. On the other hand, the study results have showed that the company's performance evaluation framework has had both a positive and a negative effect on the performance of employees.

Palaiologos et al (2011) had conducted regarding performance appraisal (PA) and stated that procedural, distributive and interactional justice are correlated with various performance evaluation components. Both facets of corporate justice are closely linked to elements of satisfaction. The PA standards are connected to procedural justice.

Gupta and Kumar (2013) had surveyed among Indian professionals stated that a big positive relationship between the dimensions of distributive and information justice and employee engagement. The aspects of distributive justice and information justice have been found to have a greater effect on employee engagement, conceptualized as an antipode of burnout.

Kirkpatrick (2006) had explained that employee performance can be enhanced by coaching from senior employees in organizations like mentor and mentee process. Gruman and Saks (2011) had argued that as a means of achieving higher levels of work efficiency, many modern companies put greater importance on their performance management systems. In order to promote employee engagement, we believe that achieving performance gains can be better accomplished by orienting the performance management system.

#### 4. Research Methodology

Primary data had been collected through structured questionnaire from a sample of 60 with convenient sampling method. All the employees are working in pharmaceutical company and the primary data had been analysed by using SPSS version 20.0 software. The statistical tools like descriptive statistics, frequency and correlation have been used. Secondary data is procured from interne, journals and books.

#### 5. Data Analysis

Among the respondents 63 percent are male and 27 percent are female respondents. The average age of the respondents is 36.5 years. The average experience of employees participated in the research is 7.5 years in pharmaceutical industry. All the respondents have undergone at least two times performance appraisal in their career. From Table 1 it is observed that 50 percent of the employees have fully agreed that they believe performance appraisal is necessary in their organization.

30 percent of the employees have partially agreed that performance appraisal is necessary and only 12 percent mentioned that they don't think performance appraisal is necessary.

**Table 1: Do you agree that it is necessary to conduct performance appraisal in your organization**

	Frequency	Percent	Valid Percent	Cumulative Percent
I fully agree	30	50.0	50.0	50.0
I partially agree	18	30.0	30.0	80.0
I don't agree	12	20.0	20.0	100.0
Total	60	100.0	100.0	

(Source: Output from SPSS)

From Table 2 it observed that 47 percent of the respondents have opine that performance appraisal method is easy, 33 percent had opined that it is complicated and remaining 20 percent are neutral towards the performance appraisal method in their organization.

**Table 2: How would you rate performance appraisal method in your organization**

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid Easy	28	47.0	47.0	47.0
Complicated	20	33.0	33.0	80.0
Can't Say	12	20.0	20.0	100.0
Total	60	100.0	100.0	

(Source: Output from SPSS)

From Table 3 it is observed that majority of the respondents have stated that they understand the reasons behind the performance appraisal system. The mean value for promotion is high with its value 4.250 with standard deviation of 0.724. The means value for improvement is 4.220 shows that respondents have opined that performance appraisal helps them to improve their work performance. The respondent also opined that motivation is gained through performance appraisal system.

**Table 3: Descriptive Statistics**

	N	Mean	Std. Deviation
Perception	60	3.900	0.543
Feedback	60	3.800	0.988
Motivation	60	3.910	0.837
Improvement	60	4.220	0.688
Promotion	60	4.250	0.724
Valid N (listwise)	60		

(Source: Output from SPSS)

H0: There is no correlation between perception and improvement with regard to performance appraisal.

H1: There is correlation between perception and improvement with regard to performance appraisal

H0 is accepted because there is no significant correlation and from Table 4 the p-value between the variables is more than 0.05.

**Table 4: Correlations**

		Understand	Improvement	Promotion
Perception	Pearson Correlation	1		
	Sig. (2-tailed)			
	N	60		
Improvement	Pearson Correlation	0.227	1	
	Sig. (2-tailed)	0.081		
	N	60	60	
Promotion	Pearson Correlation	0.050	0.764**	1
	Sig. (2-tailed)	0.706	0.000	
	N	60	60	60

\*\*, Correlation is significant at the 0.01 level (2-tailed).

(Source: Output from SPSS)

H0: There is no correlation between promotion and improvement with regard to performance appraisal.

H1: There is correlation between perception and improvement with regard to performance appraisal.

H1 is accepted because the p-value is less than 0.05 and the 'r' value is 0.764. Hence there is positive correlation between promotion and improvement.

## 6. Discussion and Conclusion

The employees in pharmaceutical company are having good opinion towards performance appraisal systems. The employees believe that performance appraisal helps them career development. It helps them that better outcome gives promotion and other benefits to the employees. It is suggested that feedback after performance appraisal should be in the form of counseling and not threatening. Employees get motivated if organization recognizes their skills, knowledge and talent from time to time with performance appraisal.

The performance evaluation is the ideal opportunity to discuss long-term priorities that might not be on the to-do list every day. This not only offers an incentive for the employee to be of greater benefit to a company, the employee feels happy and respected. With frequent performance assessment evaluation in organisations, workers may understand their strengths and weaknesses.

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