

A STUDY ON RELATIONSHIP BETWEEN PERFORMANCE APPRAISAL PROCESS AND EMPLOYEE MOTIVATION

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ABSTRACT

Purpose: Performance appraisal and employee motivation are important for organizational productivity and success. Understanding the relationship between these two factors can help organizations enhance their performance appraisal processes to effectively motivate employees. Organizational benefits include improved job performance, increased job satisfaction, and reduced turnover. Practical implications for performance management include understanding how different aspects of the appraisal process influence employee motivation. Overall, studying the relationship between performance appraisal processes and employee motivation is important for both theoretical advancements and practical implications for enhancing employee motivation and organizational performance.

Methodology/Approach: For the study 155 responds are taken from employees of Klaus IT Solutions. For taken of responses structured questionnaire of five-point Likert scale is implied with simple random technique. And also used some of the statical tools are implemented for the analysis that is chi square and correlation.

Findings: The result of the study was demonstrated using performance appraisal process dimensions (employee motivation, employee appraisal process). It was found in our study that most influence factors were employee motivation level, employee appraisal process, effects of appraiser.

Practical implication: The findings of the study have various managerial implications for the organisation that want to have a significant performance appraisal process, this finding will help the employees to design the effective performance appraisal process in a successful manner which will help both the employer and employee.

Social implications: Somehow the study is also useful for social impact in terms of effective work place practices like performance appraisal process which will also enhance the employee motivation to work with dedication and involvement in an organisation.

Key words: Performance Management, Employee Satisfaction, Incentives, Employee Motivation

INTRODUCTION:

Performance appraisals are essential for both an employee's and an organization's growth. They help identify whether an employee is a benefit or a liability, and provide incentives to motivate employees. Organizational performance indicators should include worker morale, profitability, productivity, marketing effectiveness, and customer satisfaction. Employees are a company's most significant resource and asset. A successful company must conduct performance evaluations throughout the year to have a complete picture of each employee's performance

These appraisals should include information about the employee's previous experience, motivation level, growth and development, and other factors. This is an indication of a more strategic approach to HRM procedures, which seeks to improve the effectiveness of HRM processes. Performance feedback, also known as "360-degree assessment," has been shifted from traditional supervisor and employee feedback systems to teamwork, talent management, and customer service.

ABOUT COMPANY PROFILE:

Klaus is a recognized worldwide supplier of HR, IT & Engineering Services and Product Implementations under ISO 9001:2015 and ISO 27001:2013. They have over 1300+ specialists on staff and offer a variety of recruiting solutions in temporary and permanent staffing. They have a paid-up capital of INR 50.00 lakh and an authorized share capital of INR 50.00 lac. Their operational revenue range is INR 1 crore to 100 crore for the fiscal year ending on March 31, 2020.

OBJECTIVES OF THE STUDY:

- To analyze the acceptance level of the performance appraisal process among employees of Klaus IT Solutions.
- To explore the different factors which influence motivation level of employees at Klaus IT Solutions.
- To find impact of performance appraisal process on employee motivation level at Klaus IT Solutions.

LITERATURE REVIEW:

The Influence of Performance Appraisal System towards Job Satisfaction, Motivation, As well as Employee Performance	Agus Subekti	2021	This study analysed the influence of the performance appraisal system on job satisfaction, motivation, and employee performance. The sample size was 140 employees and the data was analysed using Smart Partial Least Square (SmartPLS). The results showed that the performance appraisal system had an effect on job satisfaction, motivation, and employee performance.
Performance Appraisal – A Source of Employee’s Motivation	B Jauhar,	2021	The current study aims to investigate the impact of performance appraisal on employee motivation in an educational institute of Karachi. A survey of 56 employees was conducted with the help of a questionnaire based on close ended items on a 5-point Likert scale. SPSS was used to check the reliability test, descriptive statistics and regression analysis. The research findings provided insights regarding the impact of performance appraisal on employees’ motivation and showed a positive significant impact. The more satisfied employees are by their appraisals, the more motivated and committed they would be. The study also shed light for future direction by keeping in view the respondents concern regarding biasness free rating, feedback and appeal process.
Role of Performance Appraisal System and Its Impact on Employees Motivation	Dangol, Pooja	2021	The study aims to determine the role of performance appraisal and its impact on employee motivation. It is guided by the following objectives: to establish the extent to which performance appraisal process affects employee motivation, to determine the extent to which appraisers affect staff motivation and to determine the challenges in appraising employee performance. The population of interest consists of 120 employees of Service Industry in Nepal. Data is collected using structured questionnaires and additional qualitative data is collected using the reference from the questionnaire and the objectives of the study. The data is analyzed using statistical tools such as frequency distribution, percentages and

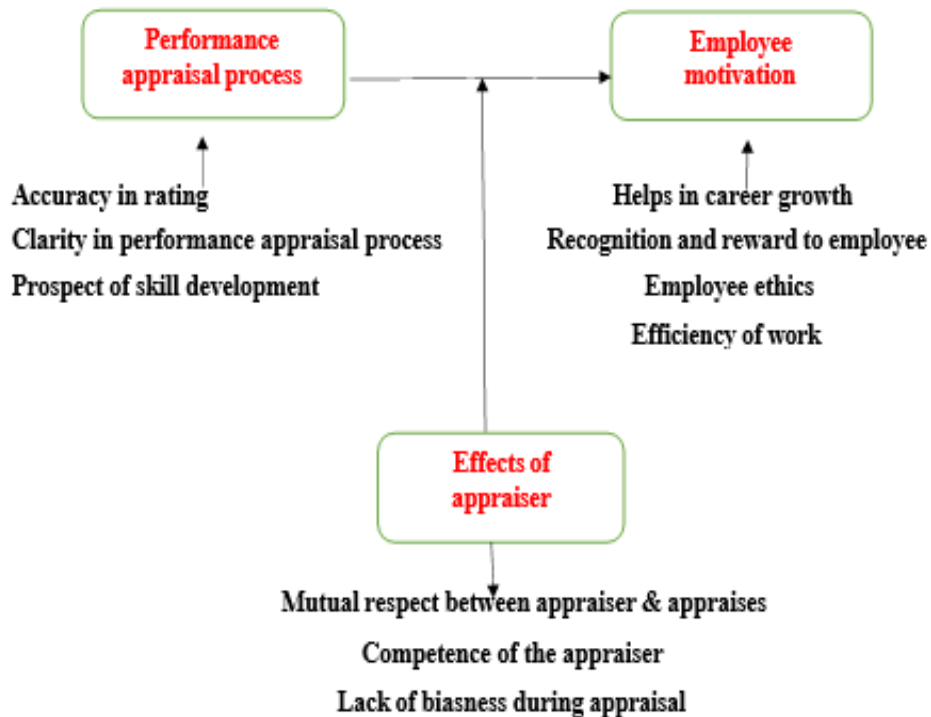
			<p>Pearson correlations.</p> <p>The research findings suggest that regular assessment of performance leads to employee motivation. Performance appraisal rating can be considered as a technique that has a positive effect on work performance and employee motivation.</p>
Management Factors to Performance Management Effectiveness	Cunha.F, Dinis-Carvalho.J & Sousa.R.M	2023	<p>Organizational effectiveness is a new way to measure and guide organizations to achieve their goals. This study aims to investigate the impact of management factors on performance management effectiveness among managers of IT SMEs in Wuhan-China. Using data gathered from 151 employees in IT SMEs in Wuhan-China, the results indicate that there is a significant positive relationship linking management factors and the performance management effectiveness.</p>
Performance Measurement Systems in Continuous Improvement Environments: Obstacles to Their Effectiveness	Laba.M.S & Asrifan.A	2023	<p>The implementation of an effective performance measurement system (PMS) is essential in organizations seeking continuous improvement and sustainability, especially in the context of Industry 4.0. However, there are a number of barriers/obstacles that hamper this effectiveness, such as the inclusion of performance indicators without practical use or presenting absurd results. This study aims to identify and categorize the main obstacles to effective performance measurement systems in organizations, and explore the conditions required to eliminate/mitigate them. A systematic literature review was carried out, according to the PRISMA methodology, to identify the most frequent factors referred to as obstacles to PMS effectiveness. This review resulted in the identification of 175 obstacles that were then classified into 19 types of obstacles divided into 6 categories.</p>
Evaluation of Teachers' Job Performance, Appraisal and Motivation in some selected Secondary Schools in Kampala, Uganda	Mbabazi Asiati	2023	<p>This study found that performance appraisal and motivation can be used to predict teachers' job performance in selected secondary schools in Kampala, Uganda. The population consisted of 1022 teachers from 21 schools and 393 teachers were sampled. Two hypotheses were formulated and tested using linear regression statistics. Results showed that performance appraisal and motivation significantly predicted job performance. Motivation of teachers should be taken seriously to spur them towards optimal performance.</p>

THEORETICAL FRAMEWORK

The company should create strong bonds with their staff, help them complete their tasks, and make sure they are happy in their jobs. To succeed, businesses must create strategies to compete in competitive marketplaces and improve their performance. Motivation is the mechanism that explains a person's level of dedication, focus, and perseverance. Other factors that affect employee performance include motivation, work satisfaction, appraisals, training, and development. Herzberg's motivation-hygiene theory of motivation states that some elements (motivator factors) promote job satisfaction, while others (hygiene factors) only mitigate unhappiness.

Managers must address job-content issues to encourage employees toward productivity improvements, but it is important to ensure that the hygiene components are correct. Motivation has been the topic of extensive research, but it is often poorly understood and utilized. To fully understand how motivation affects an employee's performance, one must relate to human nature and implement the right motivational tools with efficient management and leadership.

Working model



RESEARCH METHODOLOGY:

Sampling type: Descriptive research is the type of research used for the study.

Source of Data: Both primary and secondary data are collected for the research. Primary data was collected through surveys through questionnaires among the employees. Secondary data was collected from the company through various sources like journals and the company website.

Sample size: The sample size for analysing the study is 155 employees from Klaus IT Solutions Pvt. Ltd.

The sampling technique used for the research: The sampling technique used for the research is convenience sampling.

The statistical tool used for the research: Correlation, and Chi-square are the tools used for the research.

DATA ANALYSIS AND INTERPRETATION:

The table showing the descriptive statistics

	Gender	Age	Qualification	Monthly income	Marital status
Mean	1.3	1.35	2.1	2.05	1.25
Standard Error	0.1051315	0.13128915	0.160591014	0.223312384	0.099339927
Median	1	1	2	2	1
Mode	1	1	2	1	1
Standard Deviation	0.47016235	0.58714295	0.718184846	0.998683344	0.444261658
Sample Variance	0.22105263	0.34473684	0.515789474	0.997368421	0.197368421
Kurtosis	-1.2418301	1.63642824	4	0.584652014	6
Skewness	0.94529995	1.52114536	4	0.596211567	1.250514297
Range	1	2	2	3	1
Minimum	1	1	1	1	1
Maximum	2	3	3	4	2
Sum	26	27	42	41	25
Count	20	20	20	20	20
Confidence Level (95.0%)	0.22004275	0.27479136	0.336120855	0.467398192	0.207920856

Interpretation

From above table we can interpret that the mean score for the gender is 1.3, for the respondent’s age the mean score is 1.35, mean score of the qualification of the respondents is 2.1, mean score of the monthly income is 2.05 and the marital status mean score is 1.25.

1. Utilized statistical tool: Chi-square

Variable 1: Qualification (Nominal scale)

Variable 2: Department (Nominal scale)

H0: There is no significant association between qualification and department of employee.

H1: There is a significant association between qualification and department of employee.

Chi square test for the association between qualification and department of employee.

QUALIFICATION	DEPARTMENT OF EMPLOYEE				CHI SQUARE VALUE	P VALUE
	Administr ation	Human resource	Accounts & Finance	Recruitmen t		
Diploma	8	2	4	16	15.845	0.015
Under graduation	22	13	10	24		
Post-graduation	19	9	18	10		
Others	0	0	0	0		

Interpretation:

In this analysis the p value is 0.015 which is greater than the significance level i.e. 0.05 here the null hypothesis is acceptable and the alternative hypothesis is rejected so we can say that there is a significant association between the qualification and the department of employee.

2. Utilized statistical tool: Correlation Variable 1: Appraiser (Nominal scale)

Variable 2: Motivation of employee (Nominal scale)

H0: There is no relationship between appraisers in motivation of employee.

H1: There is a relationship between appraisers in motivation of employee.

Correlation test for the impact between appraiser and motivation of employee.

Correlations

	Do you really Satisfied with the Current Appraisers?	How to Motivate your Employees after Performance?
Do you really Satisfied with the Current Appraisers?	Pearson Correlation Sig. (2-tailed) N	1 .064 .431 155
How to Motivate your Employees after Performance?	Pearson Correlation Sig. (2-tailed) N	.064 1 .431 155

Interpretation

In this test we can see that the correlation test result is 0.064 by which we can say that the appraisal and the motivation of employee are positively correlated as the value is 0.064 we can further conclude that these variables are less correlated and the motivation of the employee has the minimal dependence level on the appraisal. So it considered to be that H0 is accept.

SUGGESTION:

- It is proposed that because the majority of respondents always prioritize their workplace, we should make the rest of the employees prioritize their work.
- It is recommended that in addition to merit performance appraisal, talent and skill performance appraisal be introduced in the organization.
- The majority of them are content with the current performance appraisal process. I believe that rewording and recognition should be done for the remaining staff.

CONCLUSIONS:

The study found that a well-designed and effectively implemented performance appraisal process has a positive impact on employee motivation. Employees who receive regular and constructive feedback, clear performance goals, and recognition for their achievements are more motivated to perform. A transparent and fair appraisal process enhances employees' perception of equity and fosters trust and commitment towards the organization. Organizations should prioritize improving their performance appraisal systems to maximize employee motivation, productivity, and organizational success.

FUTURE SCOPE OF THE STUDY:

Future scope of the study can include longitudinal research and comparative analysis. Research into the relationship between performance appraisal processes and employee motivation should focus on traditional methods, contextual factors, technology, mediating and moderating variables, cross-cultural perspectives, innovative approaches to performance appraisal, and practical implications. These areas can provide actionable recommendations for organizations to improve their performance appraisal processes and enhance employee motivation, contributing to the development of effective performance management strategies and practices in organizations. Future research could explore traditional methods, contextual factors, technology, mediating and moderating variables, cross-cultural perspectives, innovative approaches to performance appraisal, and practical implications.

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