

A Study On the Performance Management Systems and Their Impact On Employee Performance

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ABSTRACT

Performance appraisal and promotion management are crucial elements in human resource management aimed at increasing productivity and creating a competitive work culture. Performance appraisal enables objective evaluation of employee contributions, identifying training needs, and building transparent career development paths. Meritocratic-based promotion not only encourages employee motivation and loyalty, but also minimizes the potential for internal conflict and the risk of bias. The results of the study indicate that an effective performance appraisal system contributes to talent retention, job satisfaction, and innovation in the organization. With a structured and development-oriented approach, companies can ensure sustainable productivity and strong leadership.

Keywords: Performance Appraisal, Promotion, Productivity

1. INTRODUCTION

Performance appraisal, also known as employee appraisal, is a method by which the [job performance](#) of an [employee](#) is evaluated. Performance appraisal is a part of [career development](#). Performance evaluation is a necessary and beneficial process, which provides annual feedback to staff members about job effectiveness and career guidance. The performance review is intended to be a fair and balanced assessment of an employee's performance.

The human inclination to judge can create serious motivational, ethical and legal problems in the workplace. Without a structured appraisal system, there is little chance of ensuring that the judgements made will be lawful, fair, defensible and accurate.

According to modern Appraisal, the Performance appraisal may be defined as a structured formal interaction between a subordinate and supervisor, that usually takes the form of a periodic interview, in which the work performance of the subordinate is examined and discussed, with a view to identifying weaknesses and strengths as well as opportunities for improvement and skills development.

Performance appraisals are regular reviews of employee performance within [organizations](#). Generally, the aims of a performance appraisal are to Give feedback on performance to employees, identify employee [training](#) needs, [Document](#) criteria used to allocate organizational [rewards](#), it also form a basis for personnel decisions such as [salary](#) increases, [promotions](#), [disciplinary actions](#), etc. Performance evaluation provides the opportunity for organizational diagnosis and development, facilitates communication between

employee and administrator, validate selection techniques and human resource policies to meet federal [equal employment opportunity](#) requirements. Thus it is necessary to have the performance appraisal system in every organisation.

2. OBJECTIVES OF THE STUDY

- To evaluate the effectiveness of performance evaluation system in the organisation.
- To identify attributes which is to be further considered for the measurement of performance evaluation.
- To get the opinion of the respondents to improve the present performance evaluation system.

3. SCOPE OF THE STUDY

To identify the effectiveness performance evaluation system in the organisation. The study will provide the effectiveness of performance evaluation used in the organisation and help in improving the system accordingly. The suggestions of the employees are also analysed.

4. RESEARCH METHODOLOGY

Research design

The research design adopted for this study is Descriptive Research. The descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or of a group. The studies concerned with specific predictions, with narration of facts & characteristics concerning individual, group or situation are all examples of descriptive research studies.

Sampling design

Probability sampling

Sample design is the framework within which the sampling has to be carried out. Sampling is the method of selecting a group from population to represent the population. Sample is the part of the population, which acts as a representative of the population through its character and nature.

Method of data collection

Both primary data and secondary data are collected.

Primary data was collected through questionnaire and personal interview method. Secondary data was collected by referring company handbook, other article about the company, websites and magazines.

Sample size and area of data collection

From the population size of 1100, among that 700 are working in the middle cadre, a sample of 100 has been selected for the study by using the simple random sampling. This sample size is taken from the middle cadre.

Tools of analysis

Data is tabulated by means of simple Percentages, cross tabulation analysis.

Statistical tools used:

The collected data were analyzed with reference to each of the specific objectives of the study and the following statistical tools were used in the study.

- a. Chi- Square test.
- b. Cross tabulation
- c. Simple percentage analysis.

5. Review of Literature

Prabha Chandran (2023)- in their article titled "An Exploratory Analysis Salesperson Perceptions of the Criteria Used in Performance Appraisals: Job Satisfaction and Organizational Commitment" state that in some sales organizations the performance appraisal is treated as a bureaucratic exercise required by some "higher-up" executive. As such, sales managers may essentially conduct appraisals in an arbitrary and perfunctory manner. This behavior could be the result of the manager's perception that conducting performance appraisals requires considerable amounts of time and effort, which provides few rewards, but adds considerably to the manager's level of conflict and stress. The purpose of this research is to examine the relationships existing between one aspect of performance appraisals, salesperson perceptions of the appropriateness of the criteria used, and two other variables, organizational commitment and job satisfaction. A survey of retail salespeople

Guhan (2023)- in his article titled, "Performance appraisal and management: The developing research agenda" expresses that performance appraisal has widened as a concept and as a set of practices and in the form of performance management has become part of a more strategic approach to integrating HR activities and business policies. As a result of this, the research on the subject has moved beyond the limited confines of measurement issues and accuracy of performance ratings and has begun to focus more of social and motivational aspects of appraisal. This article identifies and discusses a number of themes and trends that together make up the developing research agenda for this field. It breaks these down in terms of the nature of appraisal and the context in which it operates. The former is considered in terms of contemporary thinking on the content of appraisal (contextual performance, goal orientation and self awareness) and the process of appraisal (appraiser appraise interaction, and multi-source feedback). The discussion of the context of appraisal concentrates on cultural differences and the impact of new technology. In reviewing these emerging areas of research, the article seeks to explore some of the implications for appraisal practice at both organizational and individual levels.

Amba-Rao(2022)- in their article entitled "Comparative performance appraisal practices and management values among foreign and domestic firms in India" state that countering culture based analyses indicating homogeneity in Indian management practices, this empirical study compares performance appraisal practices and management values in India by firm ownership. Differences in Indian private investor corporations, public sector enterprises, foreign/joint ventures and private family businesses are examined to assist managers to adapt selectively to firms in the changing Indian economy Theoretical and managerial implications, as well as future directions for research are discussed.

Quality of Work

The table.1 indicates the respondents on the effectiveness of quality of work and percentage of the respondents is analysed.

Table1. Distribution of respondents on the basis of effectiveness of quality of work.

S No	Particulars	No of respondents	Percentage of respondents
1	Strongly Agree	23	23
2	Agree	63	63
3	Neutral	14	14
	Total	100	100

From the table.1, we can infer that 63% of the respondents are agreeing with effectiveness of the quality of work, 23% have strongly agreed and 14% are neutral with its effectiveness. Thus we infer that the quality of work considered for the measurement of performance among the employees are very high because the effectiveness of work quality is considered important in the organisation.

DEMOGRAPIC VARIABLE VS EFFECTIVENESS OF PERFORMANCE EVALUATION

DEMOGRAPIC VARIABLE (AGE) VS EFFECTIVENESS OF PERFORMANCE EVALUATION:

To analyze the influence of age factors on leading to performance evaluation, the chi-square test is performed at 5% significant level and the following hypothesis is formulated. Hypothesis: Age does not influence on effectiveness of performance evaluation with respect to respondents.

The above hypothesis is tested using chi-square analysis and the result is summarized below.

INFLUENCE OF AGE ON FACTORS LEADING TO EFFECTIVENESS OF PERFORMANCE EVALUATION

AGE VS EFFECTIVENESS OF PERFORMANCE EVALUATION OF RESPONDENTS

Factors	Chi-square value	P Value	Result
Communication	17.998	0.035	Disagree
Teamwork	12.389	0.192	Agree
Reliability	17.984	0.116	Agree
Responsibility	12.725	0.175	Agree

Interpersonal relationship	12.657	0.179	Agree
Interpersonal skills	19.667	0.020	Disagree
Flexibility	22.387	0.033	Disagree
Strategic thinking	17.773	0.123	Agree
Fiscal responsibility	15.554	0.077	Agree
Ability	25.679	0.002	Disagree
Challenging formalities	19.198	0.084	Agree
Goal oriented	16.362	0.012	Disagree
Ethical value	15.275	0.084	Agree
Judgement	30.882	0.002	Disagree
Standardisation	7.477	0.825	Agree

As P value is less than the table H0 is rejected at 0.05 level of significance. So it is inferred that people of all ages desire the same type of quality of work life.

From the above table it is inferred that the demographic variable age has no significant inference on the factors like teamwork, Reliability, Responsibility, Interpersonal relationship, Strategic thinking, Fiscal responsibility, Challenging formalities, Ethical value, Standardisation. The demographic variable age has significant inference on the factors like Communication, Interpersonal skills, Flexibility, Ability, Goal oriented, Judgement.

DEMOGRAPIC VARIABLE VS EFFECTIVENESS OF PERFORMANCE EVALUATION

DEMOGRAPIC VARIABLE (EXPERIENCE) VS EFFECTIVENESS OF PERFORMANCE EVALUATION:

To analyze the influence of experience factors on leading to performance evaluation, the chi-square test is performed at 5% significant level and the following hypothesis is formulated.

Hypothesis: Experience does not influence on effectiveness of performance evaluation with respect to respondents.

The above hypothesis is tested using chi-square analysis and the result is summarized below.

INFLUENCE OF EXPERIENCE ON FACTORS LEADING TO EFFECTIVENESS OF PERFORMANCE EVALUATION

EXPERIENCE VS EFFECTIVENESS OF PERFORMANCE EVALUATION OF RESPONDENTS

Factors	Chi-square value	P Value	Result
Quality of work	21.215	0.007	Disagree

Communication	19.268	0.082	Agree
Teamwork	14.896	0.247	Agree
Reliability	14.235	0.581	Agree
Responsibility	16.219	0.181	Agree
Interpersonal relationship	11.300	0.503	Agree
Interpersonal skills	8.643	0.733	Agree
Technical skills	9.612	0.293	Agree
Flexibility	18.752	0.282	Agree
Strategic thinking	18.567	0.292	Agree
Fiscal responsibility	17.033	0.148	Agree
Ability	23.960	0.021	Disagree
Initiatives	24.311	0.018	Disagree
Challenging formalities	21.364	0.165	Agree
Goal oriented	15.236	0.055	Agree
Ethical value	25.228	0.014	Disagree
Judgement	28.886	0.025	Disagree
Standardisation	11.516	0.777	Agree

As P value is less than the table H0 is rejected at 0.05 level of significance. So it is inferred that people of all experience desire the same type of quality of work life.

From the table 21 it is inferred that the demographic variable experience has no significant inference on the factors like communication, teamwork, reliability, responsibility, interpersonal relationship, interpersonal skills, flexibility, strategic thinking, fiscal responsibility, challenging formalities, goal oriented and standardisation. The demographic variable experience has significant inference on the factors like quality of work, technical skills, ethical value, initiatives, ability and judgement.

**DEMOGRAPIC VARIABLE VS EFFECTIVENESS OF PERFORMANCE EVALUATION
DEMOGRAPIC VARIABLE (DEPARTMENT) VS EFFECTIVENESS OF PERFORMANCE EVALUATION:**

To analyze the influence of department factors on leading to performance evaluation, the chi-square test is performed at 5% significant level and the following hypothesis is formulated.

Hypothesis: Department does not influence on effectiveness of performance evaluation with respect to respondents.

The above hypothesis is tested using chi-square analysis and the result is summarized below.

INFLUENCE OF DEPARTMENT ON FACTORS LEADING TO EFFECTIVENESS OF PERFORMANCE EVALUATION

Factors	Chi-square value	P Value	Result
Quality of work	5.984	0.817	Agree

Communication	25.397	0.045	Disagree
Teamwork	10.431	0.792	Agree
Reliability	20.352	0.436	Agree
Responsibility	24.681	0.054	Agree
Interpersonal relationship	25.168	0.58	Agree
Interpersonal skills	16.846	0.328	Agree
Technical skills	7.792	0.649	Agree
Flexibility	15.524	0.746	Agree
Strategic thinking	16.462	0.688	Agree
Fiscal responsibility	14.685	0.474	Agree
Ability	15.496	0.416	Agree
Initiatives	18.458	0.239	Agree
Challenging formalities	15.237	0.763	Agree
Goal oriented	15.620	0.111	Agree
Ethical value	21.231	0.130	Agree
Judgement	31.014	0.055	Agree
Standardisation	20.364	0.435	Agree

As P value is less than the table H0 is rejected at 0.05 level of significance. So it is inferred that people of all department desire the same type of quality of work life. From the table 22 it is inferred that the demographic variable department has no significant inference on the factors like teamwork, reliability, responsibility, interpersonal relationship, interpersonal skills, flexibility, strategic thinking, fiscal responsibility, challenging formalities, goal oriented, standardisation, quality of work, technical skills, ethical value, initiatives, ability and judgement. The demographic variable department has significant inference on the factors like communication.

6. CONCLUSION

The study is on the effectiveness of performance evaluation in the organisation shows that some improvisation have to be done with the present system. The present system used to measure the performance of the employees is still have to be improved by adding some more attributes. The identified attributes to be added with the present system is the individual leadership. The organisation is practicing many HR polices effectively. Since there are some area which is to be given more importance to be more effective. The management introduced the suggestion box system, which suggestion given by employees can be taken by the management effectively for implementation. The employees are the backbone of any organisation so effective analyse of the employees should be done.

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