Impact Of Performance Appraisal On Employee Motivation

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Abstract

The purpose of this research is to investigate the impact of performance appraisal in motivation of employee to work efficiently in organization and also to analyze whether motivation affects the relationship of performance appraisal & employee's performance. The research reveals a positive relationship between performance appraisal & employee's performance.

Key words: Performance appraisal, Motivation, Employee's performance.

1. Introduction

In today's competitive era, it is important to maximize the productivity of an organization. Performance appraisal is considered to be an important tool for improving productivity as it makes worker effective & active in their work. Performance appraisal leads to form a management group which improves the performance of company gradually. It is a procedure that evaluates the performance of individual personnel & the measures to improve it so that it can contribute to overall organizational performance.

Motivation plays crucial role in performance appraisal. Likert says, "Motivation as a willingness to expand energy to achieve a goal or a reward." Motivation is the primary energizer that drives employee's effort towards predetermined goals of an organization. The output of every organization depends on how well the performance of employee is evaluated & appraised.

In South Africa, performance appraisal is used to know what is expected from employee, increase their motivation, determine their performance & improve them. Performance appraisal must be

conducted at regular intervals where the employee's experience, motivation level, growth & other factor are analyzed to get a clear view of his/her performance.

2. <u>Literature survey</u>

The literature review of this research emphasizes on the topic its plan and models between performance appraisal and motivation. The major objective of this research is to find whether performance appraisal motivates employees or not. Performance appraisals systems exist in a vast majority of organizations, particularly large multinational companies.

In the last 15 years, researchers have focused performance appraisal from the perspective ofemployee motivation and how they perceive performance appraisal process (Brown, 2010). Performance appraisal sounds simple but researches tell us that it is commonly used in performance feedback and identify individual employee's strengths and weaknesses (Ruddin, 2005). Performance appraisal systems are used for different purposes in which include Human resource decisions, evaluation and feedback (Cleveland, Murphy & Williams, 1989). Psychologist focused on employee's reaction to appraisal and shared view in which performance appraisal take place (Levy, 2000; Levy & Williams, 2004). (McMaster, 1994; Williams, 2002) argued that performance management involve determining the strategic objective, establish team goals, plan of performance developed, Analyze the performance (by using appraisal system) identified need of development and Assign rewards.

Performance management system is the process that strongly involves assurance and participation of employees within the organization and that determine the organizational results. The evaluation system identifies the gap of performance (if any). This gap is the problem that occurs when performance does not meet the standards that are set by the organization. The feedback system tells the employee about the quality of his or her work performance (NCN report HR Department'2010). From the last few years the non-traditional form of appraisal is common in practices (Coens and Jenkins, 2000; Lawler, 2000).

3. <u>Research method:</u>

➢ <u>Objective</u>

- To study about the techniques of performance appraisal accepted by the organization.

- To know satisfaction level of employee in relation appraisal tools.

- The key objective of the research is to measure and determine the ways to improve the performance of an employee.

- To help manager analyze records and improve current performance.

- To provide employee with required information related recognition of their work.

➢ **Target population**:

Target population of the study was the employee working in the *Crest Steel & Power Pvt. Ltd*.

➢ **Sample**:

The company *Crest Steel & Power Pvt. Ltd*. is being selected for the research & survey. It is an Indian based medium sized company. A structured questionnaire with detailed guiding instruction was prepared on "**IMPACT OF PERFORMANCE APPRAISAL IN MOTIVATING EMPLOYEES AT WORKPLACE**". It was distributed among employees of various departments on random basis.

The sample size of the study is **50.** It was distributed among employees of various departments on random basis.

➢ **Hypothesis:**

H_0=There is no significance impact of performance appraisal on motivation.

H1= There is significance impact of performance appraisal on motivation.

4. **Result analysis:**

I. **Reliability**

Scale: ALL VARIABLES

Table 1   *Table2*

Reliability Statistics   **Reliability Statistics**

Cronbach's Alpha	N of Items
.771	6

Cronbach's Alpha	N of Items
.753	14

Interpretation:

Reliability refers to the degree to which one can rely upon the data. Reliability test in SPSS determines the validity of data collected. A data to be reliable it should be equal or greater than 60%.

As per the Cronbach's alpha test, considering all the variables we found that our data is 77.1% for Motivation and75.3% for Performance Appraisal reliable which is greater than 60% (i.e., ideal reliability of data required). So, we can say that our data is highly reliable.

II.   .**Regression**

Setting up of hypothesis

H_0 = There is no significance impact of performance appraisal on motivation.

H_1 = There is significance impact of performance appraisal on motivation.

Table 3

Model Summary				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.856[a]	.732	.727	.52285446

a. Predictors: (Constant), REGR factor score   1 for analysis 1

Table 4

ANOVA[a]						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	35.878	1	35.878	131.240	.000[b]
	Residual	13.122	48	.273		

	Total	49.000	49			

a. Dependent Variable: REGR factor score   1 for analysis 1
b. Predictors: (Constant), REGR factor score   1 for analysis 1

Table 5

Coefficientsᵃ					
Model		Unstandardized Coefficients		Standardized Coefficients	T
		B	Std. Error	Beta	
	(Constant)	6.017E-017	.074		.000

Model					
1	REGR factor score 1 for analysis 1	.856	.075	.856	11.456
1					
1					

a. Dependent Variable: REGR factor score   1 for analysis 1

Interpretation:

From the model summary table, we come to know that value of R^2 is 0.732 which is greater than 0.6 (minimum value for model fit is 0.6).

Therefore, it can be concluded that our model is fit for study.

The value significance (p) should always be less than 0.05 for favorable outcome. Here, ANOVA table shows the value of significance i.e., p is equals to 0.000

$$(Sig.) \ 0.000 < 0.05$$

Since, the value of significance is less than 0.05 the model is best fit to predict the associated variable.

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IF THE P VALUE IS LOW, NULL MUST GO

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Therefore, H_0 would be rejected.

Hence, there is significance impact of performance appraisal on motivation.

5. <u>Conclusions</u>

Our research survey was conducted among 50 employee including department heads & staffs. Both qualitative & quantitative methods through interviews & closed ended questionnaire were examined to get the in-depth view about the performance appraisal methods adopted by organization & its affect on motivation level among the employees.

The outcome of interview & questionnaire shows that managers & employees takes performance appraisal seriously. They consider it as an important factor to get motivated & work efficiently.

In nutshell, we conclude that performance appraisal andmotivation are highly correlated, that means employees of an organization needs appropriate performance appraisal system. It was alsothat performance appraisal have dominant affect motivational factors.

6. <u>Suggestions</u>

 ➢ Company should conduct motivational programs more frequently.

 ➢ Organization must follow both positive & negative motivational technique.

 ➢ Company should offer attractive rewards for better performance.

 ➢ Company must provide regular training & development programs in order to improve productivity.

 ➢ Employees of the organizations must be informed about the parameters regarding performance appraisal.

➤ Promotion should be entirely based on efficiency of employees.

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