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# FEEDBACK MECHANISM IN THE PERFORMANCE APPRAISAL SYSTEM AND ITS ROLE TOWARDS EMPLOYEE DEVELOPMENT

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## Abstract

Human resource as a factor has gained enormous importance in the organisation and so the organizations always strive to achieve peak performances of their employees through various techniques. Performance Appraisal is one among such technique which helps to improve the capabilities among the employees. Performance appraisal is useful for guiding the employees for self-improvement and employee development with the help of feedback mechanism. Employee development focuses on learning new skills, overcome weaknesses and to develop the abilities over a period of time. Employee development helps to enhance the potential of employees which result in individual growth as well as organizational growth in the long run.

The present study has made an attempt to study the role of feedback mechanism in the performance appraisal system to influence employee development from employee's perspective. Employee development is fragmented into four variables namely overcome weaknesses, employee productivity, motivation, and overall development. The feedback system in the performance appraisal system has the potential to bring overall development of the employees which in turn facilitate the organization to broaden their horizon.

**Keywords:** Performance Appraisal, Feedback Mechanism, Employee Development, Self-Improvement, Productivity, Motivation.

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## Introduction:

Performance Appraisal means evaluation of employee performance which is a comparison between two and more employees on a horizontal level. Such comparison would disclose the additional level of efforts put by one employee in comparison to others. The one who has devoted extra efforts get the rewards in terms of incentives, salary hike or promotion as a motivation. Similarly, when such incentives are offered as a motivation for raised performance, others do get motivated with its positive multiplier effect.

Though performance appraisal has its own advantages but few employees perceive the existence of Performance Appraisal System (PAS) as a threat. They correlate punishment with Performance Appraisal mechanism because performance below the expected level, bound to receive negative ratings. This gives rise to the fear in the minds of the employees. The fear further results in negative attitude towards the PAS and such negative attitude is harmful for the successful implementation of it. Thus, resulting with the barrier of non-acceptance of PAS by the employees. Management can take specific actions where they can include direct or indirect employee input in the Performance Appraisal System design in order to overcome the barrier of non-acceptance of PAS. By management's activity, employees will learn more about the performance appraisal system, which will assist to allay some of their fears.

Another most important step to be taken is to fragment the long-term objectives of PAS into short term objectives. The long-term goal of PAS is to achieve organizational growth and development whereas short term goal of PAS strives for employee's self-improvement and development. Basically, If the management expect that the employees must give their acceptance for PAS based on long term objectives, then, employees won't be able to identify themselves with the PAS. They will give their performance out of

compulsion. So, instead of concentrating more on long term goals of performance appraisal system, it is essential to start with short term goals by giving clarity on the role of PAS to bring self-improvement and employee development. Once performance appraisal system is linked to employees' individual interest, then, they will identify themselves with it. This will lead to improvement in their performance resulting in incentives and career advancements. Obviously in the long run these efforts will achieve long term goals such as organizational growth and development. Therefore, it is essential that management takes deliberate steps to bring forth positive side of Performance Appraisal System to the employees. They need to create awareness about PAS as a tool that brings improvement in their performance which would lead to their successful career.

Self-improvement helps to enhance one's knowledge in a particular subject or area with their own efforts. It brings self-awareness about the goals and focus is developed to achieve such goals. Employee development on the other hand focuses on learning new skills, overcome weaknesses and to develop the abilities over a period of time. Thus, helps to enhance the potential of employees which result in individual growth as well as organizational growth in the long run.

Employee development as a process must be supplemented by self-improvement initiatives by the employees. Both self-improvement and employee development can be put to practice through efficient performance appraisal system. Thus, performance appraisal is useful for guiding the employees for self-improvement and employee development with feedback mechanism.

## Review of Literature

To function efficiently and produce the desired results, performance appraisal systems must have a feedback mechanism. (Ilgen, Fisher, & Susan, 1979); (Murphy & Cleveland, 1995). Performance appraisal

analyzes the activities of an employee over a fixed time period. It brings out strength and weaknesses of an employee. It helps to locate the areas where employee performance needs to be sharpened which is a cause of low performance. Feedback mechanism is a communication shared with the employees so that they are aware of their low performance and causes for it. But all this needs to be executed very cautiously as employees do not accept negative comments very easily (Fedor, R.W, & Buckley, 1989). Feedback system in performance appraisal provides information on performance deficiencies which can be rectified and based on it new performance goals can be set for employees. (Rao, 2019) There is huge discontentment among the employees about the way feedback is shared with them (Tommy Uduak Ime, 2015). Therefore, feedback mechanism should be designed in a way where employee should find themselves comfortable while receiving it. Basically, human beings do not like the criticism in public. Therefore, the HR dept. should take due care to inform the weaknesses of employees which has resulted in low performance. Therefore, such discussions and meetings should be held in private. During the feedback process, there should exist communication between appraiser and appraisee to bring clarity on opinions of both the parties. Such discussion helps to give fair ratings (Rao, 2019). The most crucial component of the performance appraisal system is the feedback mechanism, which serves as a motivator for staff members to raise their performance standards (Usgaonkar & Sakhalkar, 2020). 360-degree feedback system helps an organization to develop learning culture (Rao & Rao, 2014). Performance interview as one of the methods for feedback, describes to the employees an opinion of superior about their performance. Secondly, it helps to bring improvement in the performance if it is inadequate (Aswathappa, 2019). Technological developments such as

artificial intelligence will play major role in assisting 360-degree feedback for accuracy in future (Ward, 2006). Problem-solving interviews support the employees for self-development. The interviewer act as a companion to the employee and motivate him to bring solutions for his self-development (Kale, Latif, & Ahmed, 1998). It is essential to inculcate among employees the values to bring self-improvement and to be open for development initiatives at the workplace. They should be made aware that performance evaluations are a process for rediscovering the most effective ways to carry out tasks and accomplish objectives.

### **Statement of the problem**

Performance appraisal system (PAS) evaluates the employee performance where high performance receives recognition while low performance gets the assistance needed. The PAS system employed offers the benefits to the concerned stakeholders. The PAS's primary component is the feedback system. As a result, the success of the feedback system determines how well the performance appraisal system works. The present study on "Feedback Mechanism in the Performance Appraisal System and its Role towards Employee Development" is an attempt to gauge the importance of the various factors of feedback mechanism to bring more accuracy in the outcomes. Such accurate outcomes of feedback mechanism will further help the employees to bring significant change in their expertise.

### **OBJECTIVE OF THE STUDY**

To review the role of feedback mechanism in the Performance Appraisal system towards employee development.

H1: Feedback mechanism in the Performance Appraisal System plays significant role towards employee development.

Ho: Feedback mechanism in the Performance Appraisal System plays

insignificant role towards employee development.

### Research Methodology

**Sample size:** 100 employees who were randomly chosen from South Goa manufacturing facilities are the study's sample. The study has given attention to blue-collar workers.

### Method of Data Collection:

The basic data from the manufacturing facilities in Goa state were gathered using a standardised questionnaire. Officials from Human Resource were contacted via personal interviews as well as telephone discussion methods to gather information.

Books, journals and websites were useful in bringing the clarity about the concepts pertaining to this research study.

### Analysis of Data:

A total of 107 questionnaires were distributed to the respondents from South Goa's manufacturing facilities. The remaining four surveys were rejected, leaving 100 that had been duly completed to be taken into consideration. The results of this survey are based on the opinions expressed by 100 respondents who were chosen from businesses in south Goa using a convenience sampling technique. Employee development is the dependent variable in the current study, whereas the feedback method is regarded as an independent variable. Four factors make up employee development: overcoming weaknesses, employee productivity, employee motivation, and overall development. The analysis is based on the respondents' comments, which were gathered in relation to these four employee development criteria. The 5-point Likert scale, which ranges from "Strongly Agree" to "Strongly Disagree," is the measurement tool employed.

### Demographic profile of the respondents

Characteristics		N=100	Percentage
<b>Age:</b>	<b>20 to 30</b>	<b>27</b>	<b>27</b>
	<b>30 to 40</b>	<b>58</b>	<b>58</b>
	<b>40 and above</b>	<b>15</b>	<b>15</b>
<b>Gender:</b>	<b>Male</b>	<b>92</b>	<b>92</b>
	<b>Female</b>	<b>08</b>	<b>08</b>
<b>Educational Qualification:</b>	<b>Below SSC</b>	<b>11</b>	<b>11</b>
	<b>SSC</b>	<b>52</b>	<b>52</b>
	<b>HSSC</b>	<b>23</b>	<b>23</b>
	<b>Graduate</b>	<b>14</b>	<b>14</b>

Source: Primary Source

Table-1

The demographic profile of the respondents, which includes the age, gender, and level of education of the employees, is shown in Table No. 1. The age range of 20 to 30 accounts for 27% of respondents, while the age range of 30 to 40 accounts for 58% of all respondents. 15% of the remaining respondents are above 40,

making up the remaining respondents. The organization's ratio of female to male employees was found to be extremely low. Just 8% of respondents were female workers, with 92% of respondents being men. 75% of employees have completed their SSC or HSSC, which makes up the majority, while 14% are graduates.

## Analysis and Findings

### Reliability:

#### Reliability Statistics

Cronbach's Alpha	N of Items
.726	5

Source: Primary data Table-2

Table no.2 shows the alpha co-efficient is .726 for five items. It means that all five

items do have acceptable internal consistency.

### Correlation Analysis:

Correlation analysis has been executed to know the association between Feedback Mechanism (FM) and Employee Development variables.

### Correlation Analysis showing relationship between Feedback Mechanism and Employee Development

Sr. No.	Variable correlation	Pearson correlation	P. Value	Type of correlation
1	FM <> Overcome weakness	0.338	0.001	Positive correlation
2	FM<> Improves productivity	0.500	0.000	Positive correlation
3	FM<> Motivation to perform	0.398	0.000	Positive correlation
4	FM<> Overall development	0.442	0.000	Positive correlation

Source: Primary Data

Table-3

Table no.3 shows the correlation values ranges between 0.3 to 0.7 which suggest moderate association between employee development variables and feedback mechanism. The P-values for the variables "overcome weakness," "improves productivity," "desire to perform," and "overall development" are, respectively, 0.001, 0.000, 0.000, and 0.000. The p-values in the table show a strong correlation between the dependent variable employee

development and the independent variable feedback mechanism. The data shows that the variables are positively correlated overall.

### Regression Analysis:

Single variable regression analysis is performed to know whether feedback mechanism in the Performance appraisal system (PAS) influences the employee development



### Single Variable Regression to depict the influence of Feedback Mechanism (FM) in the PAS on Employee Development

Sr. No.	Regression Analysis	Beta Coefficient	F Value	P value	R square	Decision on null hypothesis
1	FM<> Overcome weakness	0.446	12.640	0.001	0.114	Reject Ho
2	FM<> Improves productivity	0.579	32.605	0.000	0.250	Reject Ho
3	FM<> Motivation to perform	0.371	18.450	0.000	0.158	Reject Ho
4	FM<> Overall development	0.454	23.759	0.000	0.195	Reject Ho

Source: Primary Data

Table-4

The hypothesis to be tested using simple regression is:

**Ho: Feedback Mechanism in the Performance Appraisal System plays insignificant role towards employee development.**

In the above Table no.4, a simple linear regression is used since feedback mechanism is one independent variable that predicts the outcomes of dependent variable employee development. Employee development is fragmented into four variables namely overcome weaknesses, improves productivity, motivation to perform and overall development. These four variables shows that there is an influence of feedback mechanism on them to the extent of 44%, 57%, 37% & 45% respectively.

The R square values, which account for 11%, 25%, 15%, and 19% of the total variance, quantify the volatility in the dependent variable.

The dependent variables' P-values, which are smaller than alpha 0.005, are 0.001, 0.00, 0.000, and 0.000, respectively. As a result, it has been found that the feedback mechanism has a considerable impact on the factors that affect employee growth. As a result, the null hypothesis (Ho) is disproved by accepting the alternate

hypothesis based on the analyses shown above (H1).

#### Significance of the study

The personnel is crucial to the operation of the business and its success. The employees' skills and calibre should be continuously improved. The performance rating system's feedback mechanism serves as the study's key organising principle. The feedback system is actively involved in communicating the employees' strengths and weaknesses, in professional or managerial counselling, and in direct superior mentorship. The feedback mechanism aids in the successful design of the post-appraisal steps. As a result, the Performance Appraisal System's feedback system is essential to improving employee competence.

#### Conclusion

Nowadays, the majority of businesses use performance appraisal systems to communicate employee productivity levels based on their recent behaviour at work. According to the research of the current study, if a performance appraisal system is correctly implemented with an effective feedback mechanism, an employee's competency level may alter. A feedback process is essential for informing staff

members of their areas for improvement through appropriate training. Employees' efforts to lessen their areas of weakness will increase each person's productivity. Since feedback mechanisms reveal the employees' strengths and deficiencies, the latter of which might lead to excellent incentives for the workers, they do serve as a drive to perform. So, the performance appraisal system's feedback mechanism has the potential to promote employee growth.

### Limitation

1. The analysis is based on the respondents' responses, which were provided.
2. The study's emphasis is on blue-collar workers.

### Scope of future research

The goal of the current study is to examine how performance appraisal systems' feedback mechanisms affect employees' professional development. The research can be expanded to examine the management perspective and the actions done by the management to improve the effectiveness of the feedback mechanism.

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