



## IMPACT OF PERFORMANCE APPRAISAL ON EMPLOYEE'S PERFORMANCES IN IT COMPANIES WITH SPECIAL REFERENCE TO CHENNAI CITY

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### Abstract

The purpose of the study is to examine how performance evaluations affect employee productivity. In order for a company to succeed in any industry, it is necessary to regularly monitor and evaluate the performance of all of its personnel. Efficiency and effectiveness are both implied by the concept of productivity. The amount a worker in a company contributes to achieving the goals of the company is known as employee productivity. Performance evaluations assist in identifying those who are successfully completing their given responsibilities and those who are not, as well as the causes of such performance. Employees who put in more effort will be financially rewarded when there is a good appraisal system in place, and they will probably be transferred to positions of greater importance. Both primary sources and secondary sources are used to gather the data. Through convenience sampling, data from the population were gathered using a questionnaire. The survey had questions that were open-ended as well as closed-ended. A total of 200 individuals made up the study's sample size.. From the results it is found that employee's performance can be increased to greater extent, if the organization adopt proper performance appraisal strategy. With the help of reliability analysis, percentage analysis, chi square analysis and factor analysis, the result were obtained.

**Keyword:** performance appraisal, employee's performances, efficiency, promotions, motivation

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## 1. Introduction

The method used to assess a performance of the employee is known as a performance appraisal. It involves comparing the employee's current performance to predetermined standards which have already been made known to the employees. After this, the employees are given feedback on their performance levels with the goal of helping them improve it to the level that the organization requires. An organization's primary goal in conducting performance reviews is to boost workers' output. Therefore, performance reviews give employees adequate feedback on the results of their work, as well as providing them with opportunities to participate in task and goal-setting and a clear understanding of what the organization's goals are (Mullins, 1999). A good system of evaluation is crucial to the organization's performance. Employees who put in more effort will be successfully recognized, and they are more likely to be promoted to jobs with more responsibility, when there is a good appraisal system in place. (Stonner, Freeman & Gilbert, 2005). Effective performance evaluations produce important outcomes like excellent work, employee efficiency, dedication, and trust among employees. In order to identify, measure, and manage employees' output within businesses, performance appraisal is necessary. Effective performance reviews assist management in identifying strategies for employee development and motivation, assisting in the retention of the best personnel available and enhancing organizational performance. Without it, the most qualified workers may choose to quit a company whose incentive levels are low, resulting in significant labor turnover that frequently has a negative impact on productivity. Thus, an evaluation helps to identify the employee with talent and is utilized to help them create a suitable strategy and reach their own goals.

### Review of Literature

The process of recording and evaluating an employee's performance in order to make judgements regarding them can be referred to as performance evaluation. (Cook & Crossman, 2004). The meaning of "performance appraisal" describes a systematic assessment of an employee's performance at work. This assessment takes into account traits like initiative, job knowledge, supervision, leadership abilities, both the quantity and quality of results, decision-making, collaboration flexibility, wellness, and various other traits (De Waal, 2004). The company as well as the employee would both benefit from a lengthy procedure for reviewing a staff work. In his study on individual performance, Yang (2008) found that each person's performance must be verified. If a performance of the employee is apparent, a business may apply direct payments and bonuses based on their performance. One essential element of job happiness is the system for evaluating performance.

Therefore, it is crucial to be satisfied with the Performance Evaluation System. Employee satisfaction with the system will depend on how fair the appraisal system is, as this will determine whether or not employees receive the appropriate output in accordance with their work. (Mahajan, S. & Raheja, S. 2014). ineffective appraisal system places tasks in diverse positions, which reduces the likelihood of success and organizational growth. Effective performance systems increase productivity (Muhammad Arslan, 2014). Mackenzie (2008) examined into the effectiveness of the firm's assessment system.. Investigating the issues with performance evaluations and identifying effective, tried-and-true methods that would result in a palatable, equitable, and credible procedure that would support the intended organisational orientations were the articles objectives. Deborah F. Boice and Brian H. Kleiner (1997) claim that efficient performance evaluation systems contribute to the development of a motivated and dedicated staff. For them to be effective, they need the senior management's efforts to demonstrate their dedication and transform transforming corporate objectives into customised, personnel-specific goals. focuses on the necessity of sufficient instruction for executives, reviewers, and staff, an approach for the routine review of efficiency, precise documentation, an easily understood evaluation system, and an extensive assessor group for carrying out the appraisal. It also outlines a structure for the conduct of performance appraisal.

### Statement of the Problem

To keep control over workers and to replace, retrain, motivate, and take any other required action, every firm must regularly evaluate employee performance. This is necessary to maintain the continuous efficacy and efficiency of the organization's personnel. The primary difficulty that many firms face is how to maximise employee performance, thus performance reviews seem essential.. Managers must identify issues for effective appraisal, but they must also give constructive criticism and implement the necessary remedial measures to increase worker productivity. It aids in bringing about progressive feedback and suitable advice in order to increase staff productivity.

### Objectives

- 1.To identify and analyze the various performance evaluation techniques applied by organizations
2. To determine whether a successful performance appraisal system increases an employee's productivity, contentment with their work, and morale.
3. To examine how performance of employees is influenced by performance evaluation techniques,

### Hypothesis of the Study

1 Ho: There is no statistically significant relationship between age and the factors that affect performance evaluation.

H1: There is a significant relationship between age and the factors that affect performance evaluation.

2. Ho: There is no Significant association between employees performance and employee morale.

H1: There is Significant association between employees performance and employee morale.

### Finding of the Study

Table 1: Demographic Information of Respondents

Demographic Variables		Frequency	Valid Percent (%)
Gender	Male	145	73.0
	Female	55	27.0
Marital status	Married	121	60.0
	Single	79	40.0
Age	18 to 25 years	45	22.0
	26 to 35 years	118	59.0
	36 to 45 years	24	12.0
	46 years and above	13	7.0

	10000 to 30000	22	11.0
	30001 to 60000	141	71.0
Income	60001 to 90000	25	12.0
	Above 90001	12	6.0
Working Experience	1 to 3 years	32	16.0
	4 to 6 years	89	45.0
	7 to 9 years	72	36.0
	More than 10 years	7	3.0
Education Level	Diploma	2	1.0
	Bachelor's Degree	80	40.0
	Master	118	59.0
Awareness of Performance Appraisal System	Yes	200	100
	No	0	0.0

From the table 1 it is found that majority of the respondent belong to the male with 43% and 60% of the respondent are married. 59% of the respondent belong to the age category of 26 to 35 years. 71% of respondent income is 30001 to 60000. 45% of the

respondent belong to work experience of 4 to 6 years. 59% of the respondent completed master degree. 100% of the respondents aware about the performance appraisal system in the organization

TABLE 2 THE RELIABILITY ANALYSIS  
**Reliability Statistics**

Cronbach's Alpha	N
.9212	41

**Interpretation**

The factor's Cronbach's alpha value is 0.9212, which is better than 0.8, and this indicates that the

reliability is satisfactory and trustworthy for the purpose of collecting data.

Table No: 3 Chi-Square Analyses

1 Ho: There is no statistically significant relationship between age and the factors that affect performance evaluation. H1: There is a significant relationship between age and the factors that affect performance evaluation.

Factors	Pearson Chi-Square value	Asymp. Sig.
Accountability	0.001	Association
Employee Engagement.	0.002	Association
Work Incentive	0.005	Association
Leadership	0.009	Association
Compensation/pay.	0.003	association

From the table 3 it is found that there is association between the age and factors contributing influencing employee's performance in the organisation.

Table No 4 The various factors which affects performance appraisal in the workplace with the help of descriptive statistics

S.NO	Particulars	Mean value
1	Work environment	10.69
2	Role ambiguity	7.19
3		
4	Job clarity	8.73
5	Organisation culture	11.842
6	Heavy work load	12.82

From descriptive statistics it is found that heavy work load with the mean value of 12.82 affects the performance of the employees in the organization.

Table no 5 shows Significant association between employee's performance and employee morale with Pearson chi square test

Variable	Pearson chi square
Employees morale	0.042

Since the p value is less than 0.05, it is concluded that there is significant association between employee's performance and employee's morale

### Suggestions

The report suggests that management and the human resources division train personnel in how to provide and receive feedback as well as clearly articulating the need for the assessment. Employees will feel that the process is open and honest if the HR department guarantees that feedback is kept confidential. Managers, supervisors, and employee ought to all participate in the planning process, and all staff members should have ready accessibility to their performance assessment criteria.

## 2. Conclusion

The investigation came to the conclusion that practical implementation of an efficient performance appraisal system is required. Employees would be forced to fill up their gaps as a result, helping the company achieve its objectives. The most crucial tool utilized by the company is the performance evaluation, which is also highly helpful for employees to raise their performance and self-confidence levels. According to the findings, Performance reviews and feedback are crucial because they give employers a great chance to assess how well each employee performs in comparison to standards and expectations that have already been set.

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