



Role Of Performance Evaluation In Securing Higher Performance Of Employees

Dr. Shital Thakare & Mr. Ankush Mahajan

Sinhgad Institute of Management.

Abstract

The objective of this investigation is to gather empirical data by investigating the connection between employee work performance and performance reviews. A survey that relied on a poll was used for this study. Via an identity survey, 150 participants from government-owned businesses provided the data. Staff of government-owned businesses were given a total of 300 questionnaires; 150 of those were returned, yielding a response rate of 50%. The findings of this study demonstrated a strong and favourable association between employee job performance and performance reviews in public sector businesses. In other terms, it indicates that if a company's system for evaluating employee performance is fair and accurate, then staff members will be satisfied and driven to improve both individual and organisational performance. To the best of the researcher's knowledge, no other large sample size research has been conducted. The policy makers of public sector organisations should take note of this work, and future scholars may find it useful.

Keywords: Performance appraisal, Employee performance, higher performance, public companies.

Introduction

The term "performance" refers to an employee's job behaviours that can be examined and scored. In order to evaluate personnel, improve their competence, and improve performance, organisations are increasingly combining human resource activities and business policies. This process is known as a more strategic approach. Success of performance reviews depends on how well-received and fair they are by employees. Only when the performance appraisal system is supported by reliable and accurate employee performance ratings can it be more operational and effective. Regrettably, there are few firms with efficient performance appraisal systems. Performance evaluation is said to be a tool for evaluating how people behave at work. It aids in identifying and resolving the problems that the staff members are having. Based on study, performance appraisal is a procedure whereby a responsibility of the job accomplishments is assessed, typically with the help of a rater/supervisor, in term of their attitudes and behaviors.

It has been proven that job performance helps organisations, sectors, and countries achieve long-term competitive advantage. Another study claims that performance evaluation is a continual approach used to identify, assess, and enhance employee performance inside the firm. This process includes several procedures like acknowledging an employee's talents and limitations, career advancement, and job happiness. In keeping with this, it is noted that a company without an accurate and acceptable performance evaluation would fail, and its employees will be expected to give subpar work. According to study, employee performance reviews will greatly help the university achieve its goals.

As a result, the goals of the university will be matched with the performance measurements of university employees. It was discovered that there is relatively little research on the connection between employee job performance and performance reviews in public sector businesses. Inaccurate performance evaluations lead to discrimination and employee unhappiness across performance levels, which reduces the use of evaluations in choices about incentives and promotions (Blume et al., 2009). The current method of performance evaluation paints a picture of how Annual Confidential Reports (ACR), which are utilised in public sector organisations, are generated based on the rater's subjective judgement of the employee performance. This report has biases, inaccuracies, and harmful effects, thus objectivity, validity, and reliability should be stressed more. In order to confirm the conclusions of the earlier researchers, this study will ultimately examine the impact of performance reviews and fairness on employee work performance in public sector organisations.

Review of literature

Performance Appraisal

The most significant methods for managing human resources are performance evaluations. Several businesses and industries use performance appraisal. Yet, according to study by Prowse & Prowse, (2019), 90% of the United States and the United Kingdom are using performance reviews as a technique to affect employee behaviour and performance. Without a reliable and appropriate method for performance evaluation, any organisation will experience failure and subpar employee performance, according to a researcher's study. Performance reviews are used to assess employee performance and help organisations achieve their goals and objectives. In order to ensure excellence and progress in employee performance, performance appraisals are conducted. But, if the assessment has not been used properly or the employees feel that it is prejudiced and subjective, then employee performance and organisational performance would undoubtedly suffer. A method for evaluating employee performance and bringing about improvements in both job performance and organisational performance is performance assessment. A study was conducted that addresses several criticisms of rating errors, subjectivity, and favouritism as they relate to performance appraisals. Another study in this regard found that the lack of motivation of raters and the lack of attention to

employee work performance were some of the obstacles to performance evaluation in Indian companies.

According to Oshode, A.A. et al. (2019), performance appraisal is a formal technique that typically occurs once or twice a year and consists of performance dimensions and criteria that are utilised for the evaluation of personnel with the organization's consent. According to Mollel, E.R. (2017) and other researchers, employees who are happy with their performance reviews and overall performance evaluations are more likely to support one another, perform better, and work more to meet organisational objectives. While unhappy workers are observed to be less cooperative, ineffective, and underperformers Mollel, E. R. (2017).

The idea of performance evaluation has changed throughout the years; in the past, it was thought that performance evaluation was a way to assess an employee's success and behaviour. Rasheed (2020). The use of performance reviews for employee motivation and consequent performance, however, is now dynamically established Rasheed (2020). Fairness is seen as the key factor in determining how effective a performance review is. Every performance review system can only be considered successful if employees believe it to be accurate, fair, and in line with their expectations. If the fairness of the performance evaluation system is not in accordance with the satisfaction, development, and rewards, it has a negative effect on employees' attitudes and behaviour. To analyse the subjective biases in the current performance rating system and identify steps for reform, fairness, and effectiveness, a comprehensive empirical study is required. A significant factor in evaluating professionals, especially in academic institutions, is effective performance appraisal; this factor determines the success or failure of the institution as a whole.

Performance of the Workplace

It is possible to define performance as those actions that can be evaluated and investigated. In keeping with this, Iqbal, N. (2014) characterises performance as including judgement and assessment processes in addition to being related to actions. In addition to suggesting that a planned and systematic strategy will be used to accurately evaluate employee performance, Khan (2020) maintained that performance criteria have been updated as a way to monitor and assess employee performance.

Subjectivity in assessments lowers employee satisfaction and recognition of performance appraisals, and knowledge and skills relevant to job performance are also overlooked. These are just a few of the concerns and issues that are connected to job performance. Workers who accomplish their jobs well will be happier than those who don't perform at all well. Every firm must consider employee performance in order to support underachievers and increase productivity and efficiency. According to Hettiararchchi (2014), every organisation depends on employee production and performance in order to succeed and survive. According to Tosi (2014), fair evaluations and employee attitudes

towards their jobs are the primary concerns on which raters and managers should concentrate.

Performance Evaluation and Employee Work Performance: A Connection

Elnaga (2018) conducted research on training and development and employee job performance. Research have been conducted so far on the relationship between employee job performance and other variables. In a similar vein, Matolo (2015) investigated the link between employee job performance and job happiness. Minimal research has been done to date to determine the connection between employee job performance and performance reviews in the Asian environment, particularly in Pakistan. Furthermore, research into this topic in the past literature has shown that efforts have been made to identify its observational aspects, but that effectiveness of performance appraisal and its influence on employee performance have received very little attention. Numerous firms have conducted in-depth study on performance reviews and their impact on staff productivity. Although there is a relationship between performance appraisal techniques and employee performance, university lecturers need to be investigated in this regard.

(2018) Pulakos advocated for the use of performance appraisal systems by many enterprises to improve employee work performance. The performance appraisal system, according to Grubb (2017), investigates performance gaps and identifies potential fixes. It is clear that a fair and accurate performance evaluation places more emphasis on an employee's performance than his or her character attributes. Performance evaluation is prone to a variety of difficulties, and issues are frequently brought about by subjective rather than objective measurements of an employee's performance. There is a positive correlation between employee work performance and performance reviews, according to numerous academics. According to Bowra (2014), there is a link between employee job performance and performance reviews. According to a number of academics, performance evaluation and organisational performance are positively correlated.

Objectives of the study

- To identify the relationship between employee job performance with performance reviews.
- To examine the impact how well employees, perform at work.

Research methodology and Research design

The purpose of this study is to examine participant views and opinions using a survey-based questionnaire. The research design for surveys was used and formed based on the fact that it is simple to conduct and can be created with little effort and expense.

Sampling Technique

Among a total of 376 employees, one forty respondents (faculty members) were chosen using a simple random sample procedure. Employees in the public sector were sent a

total of 300 questionnaires; 150 of those were filled out and returned, yielding a response rate of 50%.

Scale for the Performance Evaluation System

The performance evaluation process was measured using this scale. They created and used this scale. The Likert scale has five possible outcomes, from "strongly agree" (five) to "strongly disagree" (1). The dependability alpha coefficient for the five items on the performance appraisal scale is 0.93.

Scale of Worker Performance

The perceived performance levels of the employees were assessed using this measure. By, this scale was created and approved. The Likert scale has five possible outcomes, from "strongly agree" (five) to "strongly disagree" (1). It had five items, and the authors attested that its reliability according to Cronbach's alpha was 0.83.

Results and Findings

The major goal of this study was to determine how fairness and the impact of performance reviews on employee job performance in public sector organisations. Both correlation analysis and regression analysis were used to analyse the data.

Table 1 shows the relationship between employee work performance, fairness, and performance reviews.

| | | Performance appraisal | Fairness | Employee job Performance |
|--|---------------------|-----------------------|----------|--------------------------|
| Performance appraisal | Pearson Correlation | 1 | .816** | .643** |
| | Sig. (2-tailed) | | .000 | .000 |
| | N | 306 | 306 | 306 |
| fairness | Pearson Correlation | .816** | 1 | .605** |
| | Sig. (2-tailed) | .000 | | .000 |
| | N | 306 | 306 | 306 |
| Employee job performance | Pearson Correlation | .643** | .605** | 1 |
| | Sig. (2-tailed) | .000 | .000 | |
| | N | 306 | 306 | 306 |
| **. Correlation is significant at the 0.01 level (2-tailed). | | | | |

To operationalize the goal, correlation analysis was carried out. Employee work performance and performance reviews have a 0.643 correlation coefficient, which indicates a significant positive link between the two variables (Refer Table 1). Also, there is a high positive correlation between fairness and employee job success, as seen by the correlation coefficient between fairness and employee job performance, which is 0.816.

Table 2: Sample summary of employee job performance and performance reviews

| Model | R | R Square | Adjusted R Square | Std. Error of the Estimate |
|--|-------------------|----------|-------------------|----------------------------|
| 1 | .658 ^a | .433 | .429 | .63482 |
| Predictors: (Constant), performance appraisal, fairness of performance appraisal | | | | |

The dependent variable is up to 43% demonstrated by the independent variables, according to the R² value. Employee job performance changed by 43% as a result of independent factors, according to the R² value of (0.433). (performance appraisal and fairness). In addition, there are several additional factors that influence how well employees perform at their jobs, but the model is important overall (Refer Table 2).

Table 3: Model summary of performance appraisal and employee job performance

| Model | | Sum of Squares | df | Mean Square | F | Sig. |
|---|------------|----------------|-----|-------------|---------|-------------------|
| 1 | Regression | 93.208 | 2 | 46.604 | 115.644 | .000 ^b |
| | Residual | 122.107 | 303 | .403 | | |
| | Total | 215.315 | 305 | | | |
| a. Dependent Variable: employee job performance | | | | | | |
| b. Predictors: (Constant), performance appraisal, fairness of performance appraisal | | | | | | |

Although the significance level is at its best with a value of 0.000 (See Table 3), the F statistic of 115.644 demonstrates a strong association between the variables, supporting the claim that performance appraisals have a favourable effect on employees' job performance.

Table 4 shows the correlations between employee work performance and performance ratings.

| Model | | Unstandardized Coefficients | | Standardized Coefficients | T | Sig. |
|---|-----------------------|-----------------------------|------------|---------------------------|-------|------|
| | | B | Std. Error | Beta | | |
| 1 | (Constant) | .490 | .238 | | 2.061 | .040 |
| | Fairness | .523 | .087 | .449 | 5.995 | .000 |
| | Performance appraisal | .275 | .086 | .238 | 3.181 | .002 |
| a. Dependent Variable: employee job performance | | | | | | |

According to Table 4, the dependent variable (employee job performance) will improve by up to 0.5 units for every unit rise in the independent variable (fairness of performance appraisal). This is known as the beta value for fairness of performance variables. According to Table 4, the other independent variable (performance appraisal) has a beta value of .238 which indicates that an increase in performance appraisal will result in an increase in the dependent variable (employee job performance) of up to 0.3 units. The study's findings demonstrate that if performance reviews are fair and accurate enough to correspond with performance ratings and employees believe they are fair and accurate,

then employees will be motivated and satisfied, which will improve both their performance specifically and organisational performance generally.

Examining the research's findings reveals that they are consistent with earlier findings from other researchers, proving that performance reviews have a favourable and significant impact on employees' ability to execute their jobs. Also, these findings supported earlier findings that demonstrated a favourable and significant relationship between employee work performance and the fairness of performance reviews. This study is based on the procedural justice theory, which claims that if employees believe their performance reviews are accurate and fair in decision-making regarding the distribution of ratings and results and the avoidance of subjective biases, they will be highly motivated and satisfied with the system. In turn, they will work to improve their own performance and the performance of the organisation as a whole. This procedural fairness in determining performance evaluations based on real performance also generates some motivating force that keeps employees satisfied and in turn motivates them to positively respond in improving both their own and the organization's performance. According to this theory, if performance appraisal decisions and ratings are based on fairness and accuracy, then employees will perceive it favourably and become motivated to perform to the best of their abilities on an individual level as well as increase organisational performance and productivity.

Conclusion

Enhancing employee performance should be the main goal of the performance appraisal system because it will contribute to organisational success. First, the system needs to recognise that workers are the most crucial human resource. This idea will require constant work in the areas of coaching, counselling, and even just consistent interactions between the workers and the supervisors/raters. This study's primary objective was to determine how employee job performance in Public Sector organisations related to fairness and performance reviews. The lack of an appropriate performance evaluation process in the majority of public sector organisations is the cause of these outcomes. The Annual Confidential Report performance rating system, which is employed in several organisations, is devoid of a strategy for employee development. It is based on the traditional ACR system of performance, which is conducted once a year in public sector organisations. Even in the private sector, the performance appraisal system that is in place has little bearing on how well employees perform. These findings showing performance evaluation and fairness have a strong, meaningful, and favourable impact on employee work performance were also supported by other studies.

References

[1] Matolo, A.P., Job satisfaction: Its determinants and relationship with employee performance in the Tanzanian banking sector, 2015, The Open University Of Tanzania.

- [2] Wanjala, M.W. and G. Kimutai, Influence of Performance Appraisal on Employee Performance in Commercial Banks in Trans Nzoia County–Kenya. *International Journal of Academic Research in Business and Social Sciences*. Vol, 2015. 5(8): p. 332- 343.
- [3] Prather, T., *The Perception of Fairness of Performance Appraisals*, 2010, Cleveland State University.
- [4] Sabeen, Z., S. Mehboob, and A. Muhammad, Perceived fairness of and satisfaction with employee performance appraisal and its impact on overall job satisfaction. *The Business Review*, Cambridge, 2008. 10(2): p. 185-192.
- [5] Briscoe, D.R. and L.M. Claus, Employee performance management: policies and practices in multinational enterprises. *Performance management systems: A global perspective*, 2008: p. 15-39.
- [6] Kuvaas, B., Performance appraisal satisfaction and employee outcomes: mediating and moderating roles of work motivation. *The International Journal of Human Resource Management*, 2006. 17(3): p. 504-522.
- [7] Anso, H.S., *The Impact of Performance Appraisal on Employee Performance. A case study of first bank of Nigeria plc*, 2014, University of East London.
- [8] Aguinis, H., *Performance management*. 2007, London: Prentice Hall.
- [9] Sajuyigbe, A.S., Impact of Performance Appraisal on Employee Performance in Nigerian Telecommunication Industry (A study of MTN, Nigeria). *International Journal of Economics and Business Management*, 2017. 3(1): p. 80-90.
- [10] Grote, R.C., *How to be good at performance appraisals: Simple, effective, done right*. 2011: Harvard Business Press.
- [11] Nyaoga, R., S. Kipchumba, and P. Magutu, The effectiveness of performance appraisal systems in private universities in Kenya: An assessment of Kabarak University. *African Journal of Business and Management*, 2010. 1: p. 123-134.
- [12] Rehman, S., A study of public sector organizations with respect to recruitment, job satisfaction and retention. *Global Business and Management Research*, 2012. 4(1): p. 76-88.
- [13] Haque, M.A., Performance Appraisal System of Bangladesh Civil Service: An Analysis of Its Efficacy. *International Public Management Review*, 2012. 13(1): p. 38-60.
- [14] Iqbal, N., et al., Impact of performance appraisal on employee's performance involving the Moderating Role of Motivation. *Oman Chapter of Arabian Journal of Business and Management Review*, 2013. 34(981): p. 1-20.
- [15] Abbas, S.S., Women of Islamic faith in trade and commerce: An economic sociological study. *VSRD-IJBMR*, 2012. 2(3): p. 102- 113.
- [16] Dusterhoff, C., J.B. Cunningham, and J.N. MacGregor, The effects of performance rating, leader–member exchange, perceived utility, and organizational justice on performance appraisal satisfaction: Applying a moral judgment perspective. *Journal of business ethics*, 2014. 119(2): p. 265-273.
- [17] Shrestha, S. and J. Chalidabhongse. Improving employee satisfaction on performance appraisal: a case study on Thai companies. in *Management of Innovation and Technology*, 2006 IEEE International Conference on. 2006. IEEE.

- [18] Grubb, T., Performance appraisal reappraised: It's not all positive. *Journal of Human Resources Education*, 2007. 1(1): p. 1-22.
- [19] Agyen-Gyasi, K. and M.S. Boateng, Performance appraisal systems in academic and research libraries in Ghana: a survey. *Library Review*, 2015. 64(1/2): p. 58-81.
- [20] Ahmed, I., et al., Employee performance evaluation: a fuzzy approach. *International Journal of Productivity and Performance Management*, 2013. 62(7): p. 718-734.
- [21] Oshode, A.A., S.O. Alade, and O.V. Ogunro, The Open and Closed Performance Appraisal System: Employees' Perception of its Implication for Productivity in the Nigerian Banking Sector. *Asian Journal of Management Sciences & Education Vol*, 2014. 3(2): p. 125-135.
- [22] Mollel, E.R., L.S. Mulongo, and M. Razia, The influence of performance appraisal practices on employee productivity: A case of Muheza District, Tanzania. *Issues in Business Management and Economics*, 2017. 5(4): p. 45-59.
- [23] Rasheed, M.I., H.D.A.S. Yousaf, and A. Noor, A critical analysis of performance appraisal system for teachers in public sector universities of Pakistan: A case study of the Islamia University of Bahawalpur (IUB). *African Journal of Business Management*, 2011. 5(9): p. 3735-3744.
- [24] Palaiologos, A., P. Papazekos, and L. Panayotopoulou, Organizational justice and employee satisfaction in performance appraisal. *Journal of European Industrial Training*, 2011. 35(8): p. 826-840.
- [25] Kavanagh, P., J. Benson, and M. Brown, Understanding performance appraisal fairness. *Asia Pacific Journal of Human Resources*, 2007. 45(2): p. 132-150.
- [26] Anjum, A., K. Yasmeen, and B. Khan, Performance appraisal systems in public sector Universities of Pakistan. *International journal of human resource studies*, 2011. 1(1): p. 41-51.
- [27] Campbell, J.P., et al., A Theory of Performance, in *Personnel Selection in Organizations* N. Schmitt and W.C. Borman, Editors. 1993, Jossey-Bass: San Francisco. p. 35-70.
- [28] Khan, M.F.U., Role of performance appraisal system on employees motivation. *IOSR Journal of Business and Management*, 2013. 8(4): p. 66-83.
- [29] Landy, F.J., *Psychology of Work Behavior*. 1985: Brooks/Cole.
- [30] Elnaga, A. and A. Imran, The effect of training on employee performance. *European Journal of Business and Management*, 2013. 5(4): p. 137-147.