

# DOES PERFORMANCE APPRAISAL MOTIVATE EMPLOYEES AT A WORKPLACE

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## **DECLARATION**

I hereby certify that this material, which I now submit for assessment of the programme of study leading to the award of Masters in HR is entirely my own work and has not been taken from the work of others save and to extent that such work has been cited and acknowledged within the text of my work. The research that I conduct was ethical and the report displayed confidentiality as promised to organization.

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# ABSTRACT

This thesis will uncover the question 'if performance appraisal motivate employees at a workplace or not'. It has been found that the company is facing issues that are related to performance appraisal; the company is not able to reach its goals and objectives. Employees and managers are not really interested in doing an appraisal only because it's compulsory they conduct it. I have been with the company for almost 2 years and during this time I have noticed that my colleagues always found a reason to avoid it and felt that its time consuming and they do not have time to do this.

My research will mainly focus on the reason why they do not prefer doing performance appraisal and what is the reason behind this. Is the problem with the appraisal forms or is it with employees or managers. My research will also suggest some ways that the company can adapt to improve these issues. While conducting Interviews and questionnaires, I found that there are issues mostly revolving around communication related to performance appraisal, goals and objectives.

My research survey was conducted among 60 employees including department heads and staffs, a total of 45 employees responded resulting in a 75% response rate. Both qualitative and quantitative research methods through semi-structured interviews and close ended questionnaires were analysed to get an in-depth view about the problem.

The results of the survey signified that the reason why employees are not interested to do performance appraisal is because firstly they are not clear 'what exactly is a performance appraisal and what does it do and secondly they feel that it's ineffective that is, after the performance appraisal reviewing, no action is taken to improve anything.

To change this situation the management needs to first address the issue of communication that is, explain employees what is performance appraisal and why it is important to conduct a performance and how will it help them in future and also explain the company's goals and objectives. Recommendations and implementations are given to the organization on how to change their old performance appraisal to a new one.

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## ABBREVIATIONS

PM – Performance Management

PA – Performance Appraisal

PRP – Performance Related Pay



# CHAPTER 1 INTRODUCTION

## 1. INTRODUCTION

There is an old kaizen (Japanese) saying “*You can improve only what you can measure*”, which explains that it is important to evaluate where you are and where you want to head. Knowing where you are and what you want to do is equally important as working towards to improve performance. A performance appraisal is indeed a way of measuring an employee’s performance. As of now there are no alternatives to measuring an employee’s performance, in whichever new way the employer tries to evaluate the employee’s performance, it will still be called as doing the employee performance appraisal.

Performance appraisal is a very important part in an organization. It helps the company to build a fine group of management which improves the company’s performance year after year. An organization becomes successful when its workforce works hard to achieve the organizations goals and objectives and when the company becomes successful, it helps employees to progress in life, career and earnings. No employee would want to work in a company that’s going through major loss and where the management cannot increase the employee’s salary or cannot progress career wise. To become a successful organization, performance appraisal must be conducted all through the year, wherein the employee’s experience so far, motivation level, growth and development and other factors are reviewed to get a clear picture of his/her performance.

### 1.1. RESEARCH ISSUES

My topic for the research is “do performance appraisal motivates employees at a workplace”. I chose to do my research and survey on AE group where I worked previously. With the continuous change it has become crucial for companies to keep up with the external business environment and flow and adapt with the change and respond to the immediate people’s requirements. The main motive for this research is to find if performance appraisal motivates employees and if not then why it doesn’t motivate?

It has been found that the company is facing issues that are related to performance appraisal; the company is not able to reach its goals and objectives. Employees and managers are not really interested in doing an appraisal only because it's compulsory they conduct it. I have been with the company for almost 2 years and during this time I have noticed that my colleagues always found a reason to avoid it and felt that its time consuming and they do not have time to do this.

My research will mainly focus on the reason why they do not prefer doing performance appraisal and what is the reason behind this. Is the problem with the appraisal forms or is it with employees or managers. My research will also suggest some ways that the company can adapt to improve these issues. While conducting Interviews and questionnaires, I found that there are issues mostly revolving around communication related to performance appraisal, goals and objectives.

## **1.2. AIMS AND OBJECTIVES**

One of the important aims of the performance appraisal is to measure and improve the performance of an employee and also keeping in mind of his future performance.

- Measuring helps the manager to understand the potential of the employee for a future promotion and improvement helps the manager to know in which part does the employee needs training and improvement.
- Analysing the employee's achievement and evaluating his contribution towards achieving organization goals also plays an important role in performance appraisal.

The objectives of this research are:

- Review and evaluate an employee's performance over a certain time period.
- To evaluate the difference between an employee's actual performance against the desired performance.
- Helping the management in executing control over the firm.
- Improves relationships between superiors and subordinates and helps improve communication between the management and its employees.
- Analyse an individual's strengths and weaknesses in order to understand the future needs for training and development.

- Giving feedback to individuals concerning their performances in the past.
- Providing employees with a clear understanding of the company's expectations and the responsibilities to be performed.
- To look into and lessen the complaints of the employee's.

### **1.3. RESEARCH QUESTIONS**

- ❖ Does performance appraisal motivate employees at a workplace? If not what are reasons?

This question can be further broken down into sub questions, which will make the questions to understand better.

- What is the nature of performance appraisal at AE Group?
- What is the employee's perspective on performance appraisal?
- Why do they think that it's ineffective and de-motivating?
- Why do the managers do not provide feedback to their appraisal?
- How can the management improve their appraisal process and change the employee's attitude towards performance appraisal?

### **1.4. OUTCOME OF THE RESEARCH**

The results of the research signified that the reason why employees are not interested to do performance appraisal is because firstly they are not clear 'what exactly is a performance appraisal and what does it do and secondly they feel that it's ineffective that is, after the performance appraisal reviewing, no action is taken to improve anything. To change this situation the management needs to first address the issue of communication that is, explain employees what is performance appraisal and why it is important to conduct a performance and how will it help them in future and also explain the company's goals and objectives.

A detailed Recommendations and implementations have been included in chapter 6 which will help the company to adopt and change their old routine of performance appraisal system to a new appraisal system.

## **1.5. STRUCTURE OF THE THESIS**

Chapter 1 starts with the introduction of performance appraisal and the research issues attached to it. It also explains the aims and objectives of the research and the probable outcome.

Chapter 2 is all about the company, its history and its background and also its branches.

Chapter 3 gives a review of literatures review on performance appraisal, performance a management and the link between performance appraisal and pay and bonus and motivation. It also talks about the critiques of performance appraisal.

Chapter 4 gives brief information on the research methodology used for this thesis and the data collection methods used.

Chapter 5 will show the findings of the data collected through surveys and interviews. This chapter will conclude with the analysis of the findings.

Chapter 6 will show the results gathered from the analysis.

Chapter 7 will give recommendations and implementations on how the AE group can improve their performance appraisal systems.

## **CHAPTER 2 BACKGROUND OF THE COMPANY**

### **2. BACKGROUND OF THE COMPANY**

AE Group is an Indian company. The company has been a part that transformed the education system to a more modernized and international level in Andhra Pradesh and brings this level of education to more than 10,000 students and 600 teachers. The company is divided into three sectors and they are AE Group, AE Group Agro farms and St. Andrews Educational Services. For this dissertation I would be concentrating only on AE Group, which is like the headquarter that controls all of the other branches. All the three divisions are interconnected and organized and are always in touch with each other. The company began in 1975 as a learning school in one room by A.E. Emmanuel, who is the founder of St. Andrews School, and it soon gained its popularity due to fine teaching and initially grew as a fully-fledged school and about 10 years ago entered into the other two sectors. They are one of the main competitors for the international and concept schools. The company has so far worked really hard and they have even achieved their targets. I have worked with AE Group for a year and a half and I had a very nice experience but the only thing that disturbed was their performance appraisal systems. This is the main reason why i thought to explore this section of the company.

## **CHAPTER-3 LITERATURE REVIEW**

### **1. INTRODUCTION**

Before starting the research it is very important to customize the background of the topic. In this research the literature review will give an understanding about the topic and its plans and models between performance management, performance appraisal and motivation. The main purpose of this research is to find ‘do performance appraisal motivate employees or not’. In today’s time performance appraisal has become a very important part that helps in company growth but the question here is whether the process that they take is right or not. Every sector has a different way of conducting the performance appraisal, it is important for the company to understand that need and prepare accordingly. Under this research many themes could arise when taking the company’s point of view for example performance management versus performance appraisal, which one the company is more towards, another theme could be performance management in different sectors, another theme could be performance appraisal and motivation. Therefore it is important that one deals with each themes as they are all inter-related.

Performance appraisals systems exist in a vast majority of organizations, particularly large multinational companies. In the last 15 years, researchers have focussed performance appraisal from the perspective of employee motivation and how they perceive performance appraisal process (Brown, 2010).

Therefore, this section will start by focussing on a review of definitions of performance management, performance appraisal and motivation and how pay and bonus are linked to performance appraisal.

### **3.1. PERFORMANCE DEFINITION**

One of the key responsibilities of a company at both administrative and individual level is evaluating and managing performance of its employees, from initial planning to achieving that plan takes a huge step toward the journey of achieving something large and improving performance (Brudan, 2010). One can even call that performance is one of the most used term, which an employee or the employer uses it regularly and which reveal or reflect the growth of their journey and which also shows the future of where they would be reaching with that growing positive performance. Sometimes it is difficult to define even the simplest term and performance does sure come under that. As performance has various explanations and understanding, which can lead a sentence to a totally different meaning, so it must be included that from which perspective or point of view the performance has been interpreted.

When it comes to performance from management's point of view, it could be about personal performance or individual performance or the performance of the team or it can also be an organizations performance (Brudan, 2010).

According to Lebas (1995) performance is future oriented, which reflects on the presentation of each employee or the whole organization. He further explained that performance is about both ability and future. A performing organization would be one that has successfully achieved the objectives fixed by the managing directors, but it is not necessary that because they have achieved objectives they have also achieved the company goals (Lebas, 1995). Wholey (1996) does not completely agree with Lebas, he believes that performance is not merely an objective, which is used for measuring and assessing, but it is a socially created reality that exists in peoples mind and this socially created reality has various interpretation coming from different directions. But Lebas (1995) and Wholey (1996) do consider performance as being subjective and informative.

In a recent article the term performance is broadly discussed under three priorities (Folan et al, 2007):

- Firstly, it is essential that performance is evaluated by each unit in the same environment where it operates. For example if a cola company's performance is being evaluated then the company must analyse in the same market where other cola companies operate and not in a market where they don't operate.
- Secondly, a company's performance should always be based on the goals and objectives and the targets set and accepted by the company internally.
- Thirdly, the company must set priorities and inter-relate them and align them with the company's performance. In short it should be relevant and understandable (Bruden, 2009).

There are many different aspects that affect an employee's performance separating his own initiatives and driving factors, these driving factors could be anything, like resource availability for the employee to use, external control like financial system and industry, company strategies and etc. There are many reasons that explain why employees do not prefer doing performance appraisal, and they are:

- One of the most important and common reason remains the lack of understanding regarding the purpose of performance appraisal. Employees often fail to understand the reason for conducting a performance appraisal and question how it can improve their performance at work. The majority are still unaware that their appraisal can affect their career prospects.
- Employees often feel that their manager or supervisor do not write their appraisals on the basis of performance but write it on the basis of personal relations with employee's.
- The next reason is that employees consider performance appraisal to be time consuming and interruption to their routine work as the questions in appraisals asked are mostly intricate and competency ones, for which employees have no answer to write to and they say it confuses them.



- Sometimes due to employee's poor language skills and poor knowledge of terminologies, they find it difficult to communicate their performance in correct words and sometimes fail to understand the question.
- The last reason for lack of interest in doing appraisals is because they never get feedback from their managers. Many companies fail to provide the feedback; they just conduct the appraisal and keep it in their records. Once the appraisal is done the employees would want to know how they have performed, if a company does not use this step then the whole performance appraisal would be considered as a waste of time, energy and money.

### **3.2. HISTORY OF PERFORMANCE APPRAISAL**

Though performance appraisal was developed during early 20<sup>th</sup> C, one can trace performance appraisal during the studies of time & motion. If one goes according to the dates then, then performance appraisal started during WW-2. But from the theoretical perspective, performance appraisal is an ancient art. During 1980's Dulewicz (1989) defined performance appraisal as a basic human who self-evaluates the person and who also evaluates the one who is under him.

When the appraisal is absence, individuals are likely to review performance more casually, generally and randomly. A performance appraisal system was first used as a straightforward method that gives a simple explanation about the income statement, which means that this system was used to make a decision whether or not to increase an employee's wage by giving this form as a justification form.

So if the employee's performance was below the company expectations then his salary would be deducted and vice versa. Sometime it worked and sometime it failed. Though pay rates were considered as an important element that improves an employee's performance but it wasn't the only one, according to early researchers' issues like employee morale and self-esteem was also considered as a major driving force for improving employee's performance. Due to this, the traditional financial rewards for improving performance were abandoned.

During 1950's in US, the use of performance appraisal for increasing motivation and self-development was acknowledged. So the performance appraisal system, as we call it today, started from that moment.

### **3.3. PERFORMANCE MANAGEMENT**

Performance Management, basically an American term, is gaining relevance and is being effectively used in the management circles and therefore it is necessary to know its definition. Performance Management is defined as a planned and incorporated method of augmenting the productivity of a company, by enhancing the output of its workforce by improving the abilities of groups and the individual contribution of each worker (Armstrong & Baron, 1998). The model of Performance Management is analysed in the context of regular performance appraisal of an employee. Performance Management has also been analysed in the context of individual's prime capabilities, goal setting and output linked salary.

Establishing the requirement of training and system of remuneration also constitute to Performance Management. It is identical in several aspects to management by objectives. Though, Performance Management is more freely used in comparison to management by objectives, it is not attached to any brand name. Fowler (1990) describes Performance Management as a concept allowing more room for defining the company's mission statements, goals and targets and does not lay stress on quantifying the functioning, but emphasizes more on proprietor through line management, more so by the senior management team.

The following aspects comprise employee performance management:

- Setting expectations and planning work,
- Monitoring performance continually,
- Capacity to perform should be developed,
- Rate performance periodically in a summarized format, and
- Good performance should be rewarded.

When targets are constant and work is planned, employee performance management is most effective. The work expected in the short term and the forthcoming work should be communicated clearly in this model. Finding out the aspirations of the employee is also included in the planning so that their views are also considered in the decision making process.

In performance management planning and fixing targets may lead to a pattern of anticipated recognition of good work, which may conversely result in below average performance. Thus the worker can presuppose the results of his output at work either negative or positive.

In performance management feedback is given to the workers regularly unlike the normal practice of yearly reviews. In fact, the capability of a worker to succeed or fail in meeting the organisational targets is checked regularly, preferably every month. This system enables the worker to have a chance to be recognised for good work and get awarded on a regular basis and at the same time be questioned if his performance is not up to the mark and to afford him a chance to amend his attitude to improve his output.

In the annual review system the workers invariably complain that during the course of the year they were not informed of their shortcomings, whereas in Performance Management concept, the worker is given regular inputs about his performance which enables him to improve where required.

Performance Management model gives ample opportunity to the employee to mend his drawbacks and improve his performance. This results in affording chances to the employees to get assigned tougher projects, opportunity for less-trained worker to be in the same team with a proficient worker and thereby giving an opportunity to the workers to influence decisions. Enhanced accountability and chances to progress in the area of one's responsibility is crucial in sustaining and retaining satisfied and hardworking employees.

Recognitions and rewards are an important element of performance management they are in monetary form like raises or bonuses given to workers when their performance is good. It also enables good workers to get promotion in their respective fields on account of their proficiency with added responsibilities and enhanced pay. The key factor in performance management is that it focuses more on positive performance when compared to negative performance. Awards and

rewards for positive performance lose their relevance if not given immediately and also they should be tangible, otherwise the employees lose faith in the management, on the other hand if the company only focuses on rectification of negative performance of workers it may be branded as a 'negative action' company.

Companies which are unable to sustain the performance levels of their employees and who have a record of continued dissatisfaction among their workers should embrace the performance management techniques to bring about a turnaround. Experts in performance management may be hired by companies to introduce the concepts of the model to the management and the employees and to accord proper training.

Performance management is an all-encompassing technique which combines factors involving various aspects of managing people successfully to include training, feedback, learning and development. At the same time, these very reasons make it appear complicated and may lead to the concept being misunderstood as a tool in the hands of the management to identify the under performers for weeding them out.

Performance management is defined as a system that contributes to the management of employees effectively in order to enhance their performance levels in key result areas keeping in view the objectives of the company and to adopt a system that will guide and train workers to enable the company to gauge the payoff from the extra effort put in by the employees (Armstrong & Baron, 2004).

Performance management is a concept that includes both the supervisor and the employee, who recognise common goals with relation to the objectives of the company. In this system performance expectations are listed and used for facilitating performance evaluation and feedback (Rogers, 1995).

Performance management involves empowering the employees to harness their capabilities and creativity. Companies should establish systems and practices which interpret and correlate organisation objectives into terms of individual performance with a view to derive maximum benefit from performance management (Storey & Sisson, 1993).

Performance management is described as a self-renewing cycle involving aspects like: defining the role, contract or agreement of performance, personal development plan, performance review and monitoring performance management throughout the year (Armstrong, 2004).

It is averred that in companies there has been an increase in plans relating to pay for performance, practices of flexible employment, training, performance appraisals and wider job structures. These procedures lay stress on improving performance of the employees and also to enhance the flexibility of labour (Kitay & Lasbury, 1997).

It has been established that in performance management there is no single best practice which can be aspired for by all companies. Literature reveals that each company has its own characteristic performance management system that reflects its core competencies essential for its sustainability and existence without laying emphasis on any one single aspect (Capelli & Crocker-Hefter, 1996).

In other words there are no set practices or theories for best performance management. Best practice on performance management for one organisation may not be the best for another organisation; also what is best today may not have been the best last month. The perception of “best” is non-specific and highly subjective.

Performance management is also defined as ‘a system in which to achieve high levels of performance in an organisation, emphasis is placed on effective management of teams and individuals. It is stressed that performance management in an organisation is identified by its approach in relation to its human resource strategies, traditions, and approach and communications systems. The strategy can vary from company to company and it depends on the individual organisation’s context (Armstrong & Baron, 2004).

In view of the above, we can describe performance management as under the below parameters (Armstrong & Baron, 2004):

- **Strategic** - It deals with long term goals and broader perspectives.
- **Integrated** - It involves linking of aspects like people management, individuals, teams and business processes.

The following aspects should be incorporated in performance management for its successful implementation (Becom & Inslar, 2011):

- **Performance improvement** - in respect of individual, team and organizational effectiveness throughout the organization.
- **Development** - Performance will not improve unless there is on-going improvement of employee and the team.
- **Supervise conduct** – employees must be encouraged to conduct themselves appropriately at work, to have better working relationship with co-workers.

Ideally, performance management is a strategy to enable managers to manage the people or teams effectively, with the following aspects:

- to be aware of what is desired from the employees
- Possess the expertise and capability to perform on the desired lines.
- in developing the capacity to meet these expectations they are supported by the organization
- feedback on their performance is given to them
- the prospect to converse and contribute to aims and objectives of individual and team must be there

It is also expected that managers are able to identify and bring out good qualities and also to ensure that they themselves are knowledgeable regarding the influence of their behavioural traits on the employees they control.

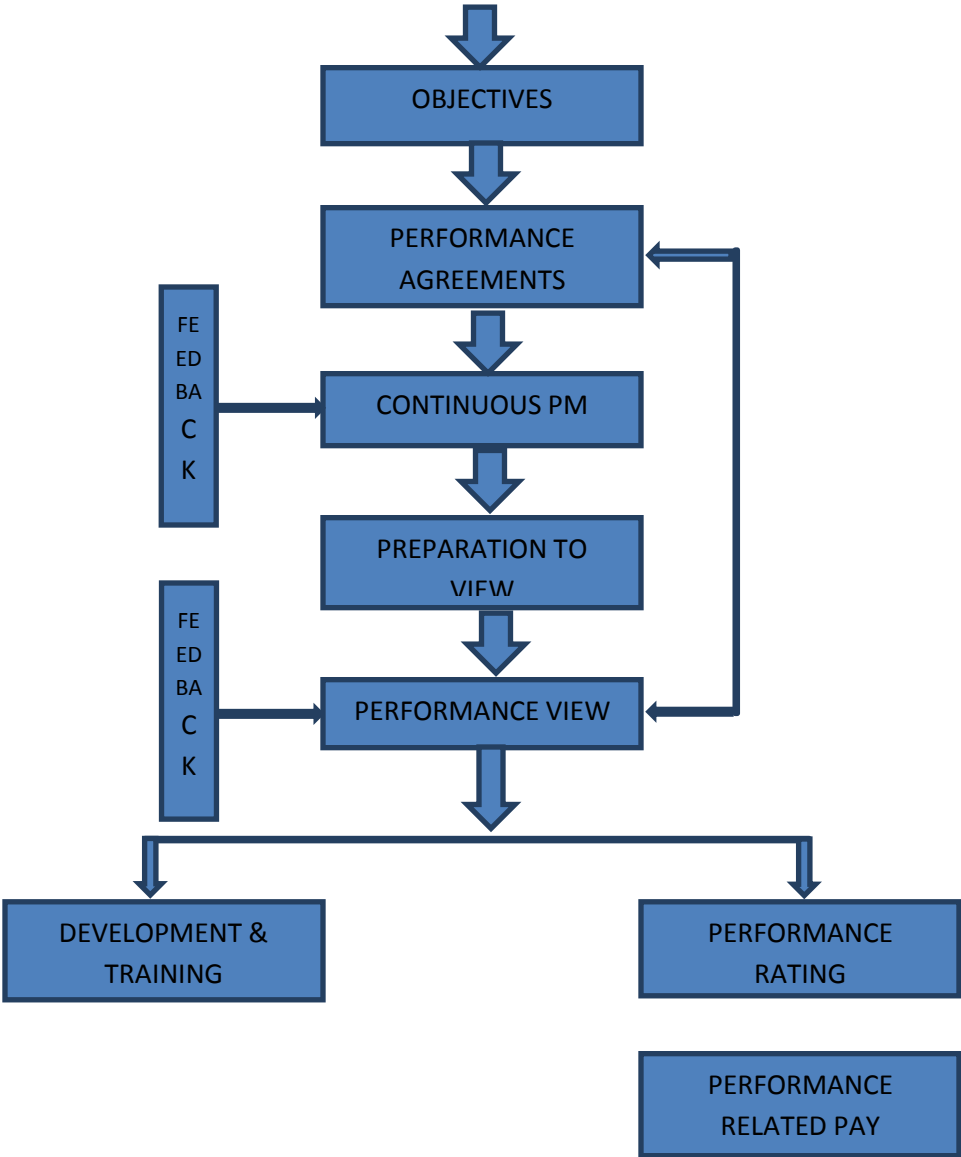
Performance management is concerned with establishing a system which enables individual employees and groups of employees to assume responsibility for constant improvement in business transactions and at the same time to improve their skills, behaviour and contributions.

In organisations performance management is used at the individual level. Individual performance management has been in use in organisations for ages and it reflects the level of organisational maturity (Banner & Cooke, 1984; Coens & Jenkins, 2000).

Performance management is described as a strategic management technique which allows the organization to directly link business objectives and individual goals, targets and actions in a distinct process. (Sparrow & Hiltrop, 1994)

It is suggested by some definitions that PM is essentially a management process of linking the main strategic mission and values of the organisation to the performance of individual and the group. It is also suggested that PM cycle presents a conceptual framework and is considered as a flexible process (Armstrong, 1995).

**A CONCEPTUAL FRAMEWORK FOR PERFORMANCE MANAGEMENT**



Source: Armstrong (1995)



### **3.4. PERFORMANCE MANAGEMENT LINKED TO PAY OR BONUS**

The research conducted in the past show that the appraisal process is more accepted by appraisals when the appraisal process is related directly to rewards. But these findings are greatly challenged by people who feel that the results and rewards of these appraisals should be isolated and kept away from each other's access (Bannister & Balkin, 1990).

Very often performance management has been linked to pay or bonus, in most performance management schemes performance related pay is an important element; it is a method of remuneration that links employee performance to merit pay. It has many advantages.

- People are motivated in their work.
- Message is conveyed that performance is important.
- Fairness in rewarding depending on output of the employee.

The management has evolved useful methods of extracting optimum output from the employees through interlinking of awards for good work with the production targets of the company this has increased the relevance of PRP (Performance Related Pay) particularly, from 1980 onwards. The advent of the 1990s brought new thinking wherein the efficacy of PRP was being questioned and this resulted in a number of questions being asked about the system, as PRP proved in some circumstances to be a rather crude instrument. Therefore various novel or modified systems were introduced by different companies, like 'pay based on skills' or altered PRP, due to the fact that the original PRP model was not giving the desired output.

The idea of differentiating work of an employee performed as a duty and the work performed as a responsibility towards contributing to the company's targets caught the attention of the management of late and this led to introduction of associating salary to the employees' efforts. It implies that the efforts of an employee are recognised and his contribution is rewarded based on his output towards achievement of company targets.

Cunneen (2006) divided performance related pay into three categories:

- The first category includes supporting high performance levels by linking it to pay.
- Set in an entrepreneurial or high-performance culture across an organization.
- Bringing forth equity and fairness.

A company who adapts a performance based pay provide its employees a chance to improve organizational efficiency and effectiveness. It has evolved as a tool, which gradually improves and builds an employee's and a company's productivity by interlinking company goals, objectives, performance, pay and promotion (Garavan, 2001). Since the inception of Strategic HRM during the 1980's, both performance appraisal and performance management has been linked to employee's financial reward.

Literature in the early times on appraisal was related to employee control and spoke about rewards in relation to performance in the appraisal process (Randell, 1994; Grint, 1993; Townley, 1993, 1999).

### **3.5. PERFORMANCE APPRAISAL**

Performance appraisal is defined as 'a mechanism developed to enhance the functioning of an employee, a group of employees working together and the company as a whole to meet the organisation's objectives and targets'. Organisations use appraisal systems to decide promotions, training and wage adjustments. It is felt that a good performance management system will motivate employees and enhance performance, will help to build a strong performance culture and will discourage poor work performance and behaviour. Even though researchers and managers have for many years sought better ways to improve performance in organizations, managing and evaluating performance still represents a challenge for most managers today (Armstrong, 1994).

Performance appraisal can have a major positive impact on the corporate culture of an organisation if implemented seriously (Grote, 1996). It is difficult to assess as to what are the ingredients of a perfect performance management system, however managers do believe that PM is an important tool to high light the efficiency of the company in linking productivity to the employees' work in the overall strategic plan of the company (Lawler, 2003).

In the current performance management systems performance is not measured objectively or those responsible for measuring performance are unable to do so or there is no system to measure good performance (Forger et al, 1992). Performance management system is effective when it is thought to be equitable and balanced by all the people involved in the process (Cook & Crossman, 2004).

Research on performance management has moved towards a focus on the fairness of the performance appraisal process itself. Fairness in organizations refers to whether the processes and procedures used are fair and objective and how the people are treated during the processes (Erdogan et al, 2001). Performance appraisal helps a manager to 'evaluate past and improve future performance' (Taylor, 2008).

Performance appraisal assists the management to take decisions on the options to be adopted with regard to recognising and awarding the employee for good work, or consider taking punitive action in case of his bad work, or to decide if employee requires further counselling and training to improve his performance (Taylor, 2008).

Appraisal system affords an opportunity to the manager to talk to the employee on job related matters that may not get discussed in normal course, thereby giving a chance to the employee to debate and to put forward his opinion, leading to participative management. This practice has been termed as advantageous by both the managers and the employees as it helps to increase productivity and enables the employee to give his best.

PA enables the employees to concentrate on the production targets and the company objectives with a view to recognise and rectify the faulty procedures to enhance/sustain the output. This enables the whole organisation to uplift its performance to higher levels by involving the employees and managers in a self motivated exercise with the sole aim of achieving targets and increasing output. PA affords chances to the employees to come face to face with the supervisor during appraisal wherein they can express themselves regarding problems, which gives an opportunity to the manager to know ground facts and initiate remedial measures.

Over the years PA has become a routine feature in organizations. PA is a system to evaluate employee performance to assist in decision making in areas like promotion, pay, motivation and

training. Some appraisal of performance occurs daily through informal discussions between supervisor and staff to discuss a range of factors that affect work performance (Grote, 1996).

PA involves many aspects some of which are complimentary to each other like, work assessment, goal setting, institution of quality standards, recognition of disparity in training, facilitation of communications and motivation (Hunt, 1992; Evenden & Anderson, 1992).

### **3.6. CRITIQUES OF PERFORMANCE APPRAISAL**

With the large scale adoption of PA in diverse types of companies and for different types of employees, critiques of appraisal system have also continued to increase. The dominant critique is that management should not use appraisal as a technique to rectify the weaknesses but should use the model to improve performance of individual as well as the organisation (Bach, 2005).

The various motives for successful implementation of PA can be contradictory among themselves in nature (Strebler et al, 2001). Illustrating the goals and establishing comprehensive future goals can lead to encouragement and motivation of the staff when PA is adopted, however assessment of earlier work of employees and to confer recognition and awards to employees based on that assessment can be conflicting (Bach, 2005).

Workers are apprehensive to disclose details regarding their inadequacies and worries in regard to their present functioning as this could have an adverse result and also influence the awards due to the employee as also their promotion (Newton & Findley, 1996).

Another conflict is that the managers carrying out the appraisals have to take on the multi- role of being monitors, judges of performance and counsellors, for whom the managers are not trained (Randell, 1994).

Managers generally do not censure the employees when they notice a mistake done by the employees, this is due to the apprehension that making a negative ruling about an employee's output may result in adverse impact on the employee which will further reduce his output, leading to the employee accusing the management of not assisting him leading to his poor performance (McGregor, 1957).

Managers in order to avoid conflict rate all criterion in the middle rating point, known as the “central tendency”. In a study of senior managers it was found that organisational politics influenced the ratings of 60 senior executives (Longenecker et al. 1987).

Politics has resulted in calculated efforts by employees to protect or propagate selfish motives in situations where contradicting avenues are available and biased assessments are made in appraisal ratings (Longenecker & Ludwig, 1990).

Judgements influenced by politics were distorted by either over-rating some under-performers and under-rating performers. When a manager over rates the employee when he is required to be critical of an employee’s performance, it is known as the “halo effect” and on the other hand if the manager under-rates the performance of the employee when he is actually to rate him higher, it is known as “horns effect” (Advisory, Conciliation and Arbitration Service, 1996).

When managers collect data throughout the appraisal period, but only use assessment of recent period, it is known as “Recency effect” Gender bias, ethnicity and the appraisers’ ratings are a matter of concern which need to be addressed as also the consistency and equity of appraisal ratings. Analyses have shown that objectivity in terms of gender (Alimo-Metcalf, 1991; White, 1999) and ethnicity of the person being appraised and appraiser (Geddes and Konrad, 2003).

“Radical critique” is the second analysis of appraisal, which contends that performance appraisal management is a covert form of management control (Newton & Findley, 1996; Townley, 1993). It also concludes that proper management control over employee behaviour can be achieved by the extension of appraisal to all workers of the organisation.

In management, few issues have stirred up more controversy than, performance appraisal. Misgivings and suspicion have persisted and many have questioned the validity and reliability of the performance appraisal system and went to the extent of saying, it cannot be perfected (Derven, 1990). At the same time there are proponents of the theory that performance appraisal system is predominantly an effective and a powerful tool in the hands of the management "most crucial aspect of organizational life" (Lawrie, 1990).

### **3.7. PERFORMANCE APPRAISAL AND MOTIVATION**

To a certain extent an employee's motivation and satisfaction can be caused due to performance appraisal - for better as well as for worse. Recognition for the work efforts of employees is provided by performance appraisal. It has been noted for long that social recognition is an effective incentive for employees. It has been proved, that individuals would be ready to even accept the negative feedback or recognition rather than having no recognition.

A performance appraisal signifies to an employee that the company he works for is really interested in their personal development and work related performance. This will make them feel belonging and sense of worth and will be more committed towards their department and the company. The human desire for individual recognition should not be overlooked; it may help in reducing absenteeism and attrition rates in some organizations. Organisations must make a good start by introducing regular performance appraisal.

Research conducted on motivation by many researchers as well as Maslow, Elton Mayo and Fredrick Taylor has realized the influence of recognition as an encouragement on employees. A performance appraisal offers an employee with appreciation for his hard work. The supervisor is provided with an opportunity by the appraisal system to show that the company and the management are genuinely interested in their performance and personal development. And this in turn will have a positive influence on employees and it will boost their morale, self-esteem and they will be more committed towards their department and the company.

Many researchers have developed theories on motivation. According to Krietner (1995) explained motivation from the psychological point of view, he said motivation provides behaviour a function and direction. Motivation plays a significant role in all organisations as it is an indicator to show how well the organisation is performing and this in turn has an effect on the organisation's objectives. An individual's performance can have far reaching effects like, reaching the higher market share or maximising the profits.

Motivation of employees can reduce attrition rate and make the employees committed to the company. Appraisals are a source of motivation for employees. Motivation is defined as a

driving force which helps and encourages a person to achieve his goals and objectives. Motivation can also be defined as a set of forces that energize, direct and sustain behaviour (Hitt et al 2009; Lyman W. 2005). An organization becomes successful when its leadership is strong and engaged and promotes motivation. It is very important for the Human Resource managers to always be in touch with what is important and what is good for employees.

### **3.8. THEORIES OF MOTIVATION**

Motivation researchers mostly focus on the "whys" of human behaviour (Weiner, 1992). Recognised researchers of motivation have brought out a clear relation between aspects like beliefs, attitudes and values as mediators of task engagement, which directly influence motivation of an individual. There are many researchers who developed theories on motivation but the ones that were mostly related and adaptable are Maslow, Alderfer and Fredrick Herzberg, McGregor, McClelland and many more. But for this research I will concentrate only on Maslow, Alderfer, and Fredrick Herzberg.

#### **3.8.1. Abraham Maslow (Hierarchy of needs)**

Maslow's motivation theory (1954) *“is that human beings are motivated by unsatisfied needs, and that certain lower factors need to be satisfied before higher needs can be satisfied”*. According to Maslow (1954), *“there are common types of needs like physiological, survival, safety, love, and esteem that must be satisfied before a person can act unselfishly. As long as a person is motivated to satisfy these needs, he is moving towards growth, toward self-actualization”*. It is very important for the management to identify both pull and push factors when analysing motivational causes of behaviour. For further information on Maslow's hierarchy of needs go to Appendix 'A'

#### **3.8.2. Clay Alderfer (Hierarchy of needs)**

Alderfer's theory can be called as a simplified version of Maslow's hierarchy of needs. Instead of five levels, Alderfer has 3 levels and it's called as ERG theory, which is Existence-Relatedness-Growth. This theory's main objective is that there is no such hierarchy of any needs and all needs are considered to be equal. All needs are equal motivators.

Needs do not have any order in which they are satisfied. If higher needs are not satisfied then lower needs may be looked to be fulfilled.

### **Similarity and dissimilarity between the two theories**

Similarity- needs are a part of every individual's life and there are of different level either higher or lower levels of needs.

Dissimilarity- according to Maslow every individual has to satisfy the lower level of needs and then move to a higher level of needs. But according to Alderfer individuals normally move from one level to another level of need which could be either lower to higher or vice versa.

### **3.8.3. Fredrick Herzberg (Two Factor Theory)**

The two factor theory was developed by Fredrick Herzberg during 1960's. His theory mainly focussed on two factors; motivation and hygiene factors. The motivators are more towards intrinsic rewards like respect, recognition, self-esteem and hygiene factors are more towards extrinsic rewards like performance of the job, financial rewards and etc. This theories focal point is on the external factors of motivation.

## **3.9. MOTIVATOR FACTORS**

Every individual has an urge to grow personally and this need is manifested in the form of motivator factors. The prevalence of active motivator factors in a person's mind result in creation of contentment of the employee at his work. The vigorous existence of motivator factors in an employee enable him to like the work he is doing and make him result oriented.

Its presence encourages a worker to give his best and to show exemplary progress in his assigned tasks. Motivator factors embrace aspects like the standing of a person, chances for personal progression, openings for higher assignments, achieving prominence, accountability, demanding inspiring jobs, realisation of self accomplishment and professional advancement of the employee.



The models advocated by Herzberg's and Maslow have many shared characteristics, their basic premise is that, for a worker to be inspired, his requirements have to be met and he should be contented. At the same time, Herzberg contends that in Maslow's Hierarchy only the needs at the upper level, like self-actualization and esteem needs work as motivators while the balance needs contribute to discontent when ignored or not dealt with.

### **3.10. TRAINING AND DEVELOPMENT**

A performance appraisal gives the supervisor and subordinates a good chance to understand the importance of individual training and development. The presence or lack of work skills of an employee can be apparent when discussing his or her work performance.

The need for training can be made more pressing and relevant in the performance appraisal system by directly connecting it to the performance of an individual and future job aspiration.

The combined appraisal data can provide an overall picture for the organization in relation to the entire demand for training required. Analysis of variables such as sex, department, etc. is carried out with this data. Hence a regular audit of the whole organization is possible in relation to performance appraisal which even takes care of the training needs.

## CHAPTER 4 RESEARCH METHODOLOGY

### 4. INTRODUCTION

This section will only concentrate on the different kinds of research methods, and out of them which ones I used to conduct my research. I will give the justification of the chosen research methods and why is research important for this subject. It would also be important to differentiate the types of data and their advantages and disadvantages.

A research is a process that collects and investigates if the information is right or wrong, it helps to increase our understanding on certain information. A research is a study, an examination from different point of view. We use the term research on a daily basis and these results of research are all around us (Saunders, 2009). Walliman (2005) does not agree and he argues that even though the term 'research' is used on a daily basis but its true meaning is only 'fact' and not 'research'. Research can be defined as an efficient analysis that explains different truths and evidence on a particular subject or an issue (Hanks, 1991).

According to Saunders (2009) research has different features, in research the data are collected and interpreted systematically and the research has a clear purpose to find the results out about certain issue. There are two key phrases that must be used when defining research, 'Systematic way' and 'to find things out'. Systematic helps us understand that research is based purely on analytical and reasonable relationships and not just beliefs or views (Ghauri & Gronhaug, 2005). Research methodology targets to build a structure consisting of predefined actions that help to collect evidence to find the answers to a research question.

#### **4.1. THE PURPOSE AND SCOPE OF RESEARCH**

The purpose and scope of research is to understand a very important aspect of this study and that is, if performance appraisal motivates employees at a workplace or not. The research objectives were:

- Review and evaluate an employee's performance over a certain time period.
- To evaluate the difference between an employee's actual performance against the desired performance.
- Helping the management in executing control over the firm.
- Improves employee-employer relationships and the communication involving management and employees.
- Analyse an individual's strengths and weaknesses in order to understand the future needs for training and development.
- Giving feedback to individuals concerning their performances in the past.
- Providing employees with a clear understanding of the company's expectations and the responsibilities to be performed.
- To look into and lessen the complaints of the employee's.

#### **4.2. RESEARCH DESIGN**

Research design is like a structure used for conducting the research. This helps in following the right steps. An upright research design facilitates a researcher to process the research in the right way and helps attain the set aims and objectives. This gives an idea to the reader, why you have used a particular research design and you have followed the right steps (Saunders, 2009). It is very important that the selected research design is appropriate for the specific research, because if it is not appropriate then it will not show the right results and will be considered as an improper design (Saunders, 2009). There are three different kinds of research designs:

### **4.2.1. EXPLORATORY STUDIES**

According to Robson (2002), exploratory studies assist in finding out new ideas and understanding in a research subject. It is usually unstructured by nature. Exploratory research design is usually used for such topics where information is very little about it and needs more research and information on it. By interviewing experts and conducting focus groups and a thorough searching of the literature are the three main ways of conducting exploratory research (Saunders, 2009). Qualitative research and expert surveys and secondary data are usually some of the methods that are used in this research design. Exploratory research is flexible and adaptable in nature (Adams & Schvaneveldt, 1991). It means that initially the focus is broad but as the research progresses, the focus becomes narrower.

### **4.2.2. DESCRIPTIVE STUDIES**

Descriptive research are considered to be more systematic and structured as the data collection process here is more organized. According to Robson (2002) it interprets a precise profile of individuals, events or situations. Descriptive studies are mostly based on quantitative methods and use numerical tools to evaluate the results. Secondary data, surveys are all used under descriptive methods.

### **4.2.3. EXPLANATORY STUDIES**

The explanatory researches give emphasis in understanding and studying a condition that shows a detailed relationship between two concepts (Saunders, 2009). Here the most collective methods used are experiments.

### **4.3.RESEARCH APPROACH**

There are three different research methods and those are qualitative research method, quantitative research method and mixed methods.

#### **4.3.1. QUALITATIVE RESEARCH METHOD**

The term qualitative data can be defined as a method that can be read and can be surveyed but cannot be measured. This method helps in collecting in-depth understanding of individuals and their suggestions. According to Ackroyad & Hughes (1992) interviews are the only way wherein a researcher can get in-depth information about the topic, which is equivalent to impossible for other techniques to get access to. Qualitative research method helps in developing themes and patterns through open-ended questionnaires (Creswell, 2003). Qualitative is linked to exploratory design because even in exploratory design the researcher chooses the open end questionnaires.

#### **4.3.2. QUANTITATIVE RESEARCH METHOD**

Quantitative is the research method wherein the data can be measured and interpreted (Anderson, 2009). Quantitative data helps the reader to understand better as it provides a numerical data which can be viewed and compared. Quantitative research method uses surveys and experiments and also collects the data that have been previously measured and interpreted (Creswell, 2003).

#### **4.3.3. MIXED METHODS**

This research approach is used when both qualitative and quantitative research methods are used for this process. Though it uses both the methods but it is mostly explained separately and analyzed separately. Tashakkori and Teddlie (2003) explain that mixed methods are useful when they provide better opportunities that frame the research answer in a better way and finds solution to all the questions.

For my research I have used for qualitative and quantitative research methods to gain more in-depth information and facts about the research topic.

## **4.4.TYPES OF DATA COLLECTION**

There are two types of data collection and they are primary data and secondary data.

### **4.4.1. PRIMARY DATA**

When a new data is collected specifically for the particular research purpose then it can be called as a primary data. There are four main types of primary data's:

#### **Observation**

Observation can be defined as a way of watching and listening to the communication or a discussion that's taking place on a certain topic. This kind of method is suitable for studying human behavior, group discussions and discovering the performance of employees. This data is useful when asking questions which do not provide the complete information or if the individuals are not cooperative.

#### **Questionnaire**

A questionnaire consists of structured questions on a particular theme. A questionnaire is used to complete a list of questions that's been asked by the interviewer for a research, these questions must be answered by respondents, and for this the involvement of interviewer is not necessary. This method is easy to use and covers a larger audience in a small period of time.

#### **Unstructured Interview**

Unstructured interviews are usually informal. Here the interviewer does not have a format or structure for their questionnaire; they only have a clear idea about their topic that they want to explore. The interview flows with the questions as there are no predetermined lists of questions. The unstructured interviews can be focus groups, narratives and in-depth interviews (Saunders, 2009).

## **Structured Interview**

A structured interview has a set number of questions for the respondents that needs to be answered. Here the respondents have uniformity as they all get the same interview questions and their answers can be analyzed on the basis of 'strong to weak'. In a structured interview, the interviewer asks the set questions person to person from each interviewee.

### **4.4.2. SECONDARY DATA**

A secondary data can be defined as a data that has been collected by some other person already and this data could be a published data or an unpublished data. Unpublished data are those that have been conducted only for the academic purpose by different educational institutions. Whereas, published data's are those data that has been published either in journals, newspapers, websites or forums. Using secondary data addresses the research objectives. It builds an advanced and reliable stage for the research.

## **4.5. SAMPLE**

The company selected for the research and survey was an Indian based medium sized company. A structured questionnaire was prepared on 'if performance appraisal motivates employees in a workplace', and it was sent to all employees of AE Group from IT, Accounts, Research & Development, Media & Communication, Human Resource, Construction and Procurement departments to avoid any differentiation. The questionnaire was equally distributed among all employees and no special preference was given to any particular department. The total sample size was 60 employees including the managers. Out of 60, only 45 employees responded and filled all the questions. This resulted in a 75% participation rate among employees.

The HR department sent an email to all employees informing them about the questionnaire and encouraging them to take part. To answer them properly, a page with detailed guiding instruction was attached to the questionnaire so that the employees understand them better. The questionnaire started with the former details of employees and then followed the objective questions.

#### **4.6. TRUST, BIAS & ETHICS**

It was made clear to the respondents about the purpose of the research and why it's been conducted and for what purpose. It was also made sure that the interviewer followed the ethical way of conducting a survey and interviews by following the same tone and body language to avoid any partiality or unfairness.

#### **4.7. TOPIC JUSTIFICATION**

For the research I have chosen a mixed method approach by choosing semi-structured interviews as a qualitative method, only for the department heads of the company, and a form of questionnaires for all the staff as a quantitative method. The survey was circulated to all employees from different departments throughout the organization.

According to Driscoll et al (2007) mixed methods research helps in getting a complete review of both the survey responses and statistical analysis provides a complete review, segregated in patterns of responses. This research technique will help the researcher to analyse and evaluate the results in a better way and provide a detailed assessment.

#### **4.8. QUESTIONNAIRE**

For the quantitative research method, a structured questionnaire with 15 questions, most of them being objective were prepared for the employees of AE Group. To answer them properly a page with detailed guiding information was attached to the questionnaire so that the employees understand them better. The questionnaire started with the former details of employees and then followed the objective questions. Though it was mentioned in the guidance list, the employees were again explained that the questionnaire did not have any right or wrong answer; they have to only tick the option which suits them best. The questionnaire can found in Appendix 'B'.

Though the questionnaire was mostly an objective one, it still gave some options for respondents to pen down their opinions. To increase the sample size the questionnaire was worded in simple English to get true responses. The questionnaire was then collected by my colleague and sent it to the researcher. The result of the questionnaires is in the following chapter.



The total sample size for the research survey was 60; all the employees of the AE Group were given the questionnaires. But out 60 only 45 responded correctly to the questionnaires and further out of which 7 were head of the departments and the rest 38 were employees. The questionnaire was equally distributed among all employees and no special preference was given to any particular department. All the respondents were from different age groups, and departments, that helped in getting diverse opinions and responses. When conducting a survey it is important that the researcher has respondents from different sections, and who have different opinions and responses about the survey, because usually the results are based on estimations.

#### **4.9. SEMI-STRUCTURED INTERVIEWS**

The second part of research methodology was semi-structured interviews, only the head of the departments were given this and there were a total of 7 managers, it was a convenient sample. The managers were interviewed with a list of 11 questions based on performance appraisal. All the 11 questions were open ended questions. It was an important task to interview the managers as their feedback was significant for the research and they held key information of the company's system.

The reason why this method was chosen because it was important to have an open discussion with the managers to understand what they have to say about performance appraisal and how do they conduct it and what do they really feel about performance appraisal. This method provided me with more clear-cut and honest information and they were comfortable to share this information with me. Interviewing the managers helped me to evaluate and analyse my research better. The semi-structured interviews with transcripts are in Appendix 'C'.

There were seven respondents (managers) from each department. They are:

1. Mr Louie Varghese, Head of the Department (Research and Development)
2. Mr Sri Ram, Head of the Department (Accounts Department)
3. Ms Miriam John, Head of the Department (Media and Communication)
4. Mr Ralph Joseph, Head of the Department (Procurement Department)
5. Ms Sean Benton, Head of the Department (Human Resource Department)
6. Ms Radha Chandra, Head of the Department (IT Department)
7. Mr Tony Mathew, Head of the Department (Construction Engineer Department)

The managers had separate 10 questions that were for semi-structured interviews. There were no restrictions made on the managers and they were asked to write what they feel about the question in their own writing style. In today's time interviews have become one of the common ways of gathering information for the research. (Anderson, 2009)

Because my research included both qualitative and quantitative methods, it was important for me to analyse them separately. On the qualitative side, the interviews were divided based on patterns and were analysed by the strong point of the statement and in quantitative approach the results were divided and analysed in excel sheet. The different kinds of charts in percentage were used as graphics, so that it's easier to read and understand and guarantee consistency.

#### **4.10. PILOT STUDY**

To minimize the possibility of having any issues with the questionnaire, a pilot study was conducted to see if the respondents can understand and answer the questions easily (Saunders, 2009).

## **CHAPTER 5 FINDING AND ANALYSIS**

### **5. INTRODUCTION**

This chapter will explain the finding and analysis of the research methodology. Both qualitative and quantitative method has been used for the analysis. A set of 16 questions were used for the quantitative research in the form of questionnaires, concentrating mainly on the employees of AE Group. A set of 10 questions were used for the qualitative research in the form of structured questionnaires, concentrating mainly on managers of the AE Group.

The company's performance appraisal procedures are simple and it does not help employees from any way. Their performance appraisal forms have got the entire options about the job, training and requirements but it's only a tick box appraisal, they are no options apart from yes or no. A good performance appraisal asks for a reason of chosen box. This is the main reason why employees in AE group do not feel performance appraisal as an important part for their

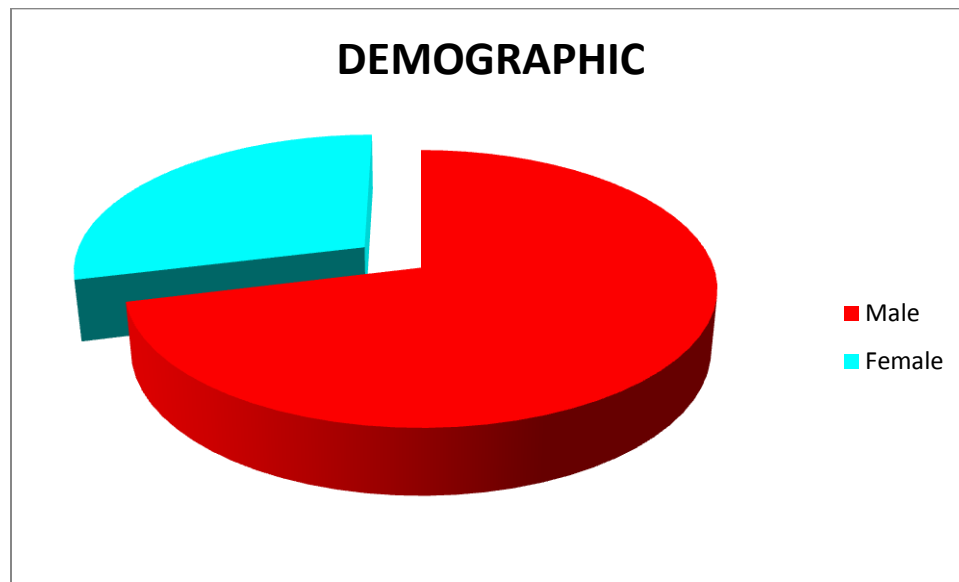
#### **5.1. QUANTITATIVE QUESTIONNAIRE FINDING**

My primary aim was to find what employees feel when their performance appraisal is conducted and do they get motivated through that and do they know why a performance appraisal is conducted. The sample size that was used for the research project was 60 i.e. 60 respondents were placed under study. Out of the 60 a total of 45 responded, out of which 7 were managers and 38 were employees.

The questionnaire was equally distributed among all employees and no special preference was given to any particular department. They belonged to different age groups, genders and departments which gave me a varied opinion and a balanced response. It is indeed a very important requirement to have a practical and sensible group of respondents as the results are drawn based on their estimations and judgments. I got a varied response from the employees.

## 1. Demographics

S.NO	SEX	FREQUENCY	PERCENTAGE
1	Male	32	71.9%
2	Female	13	28.9%
		45	

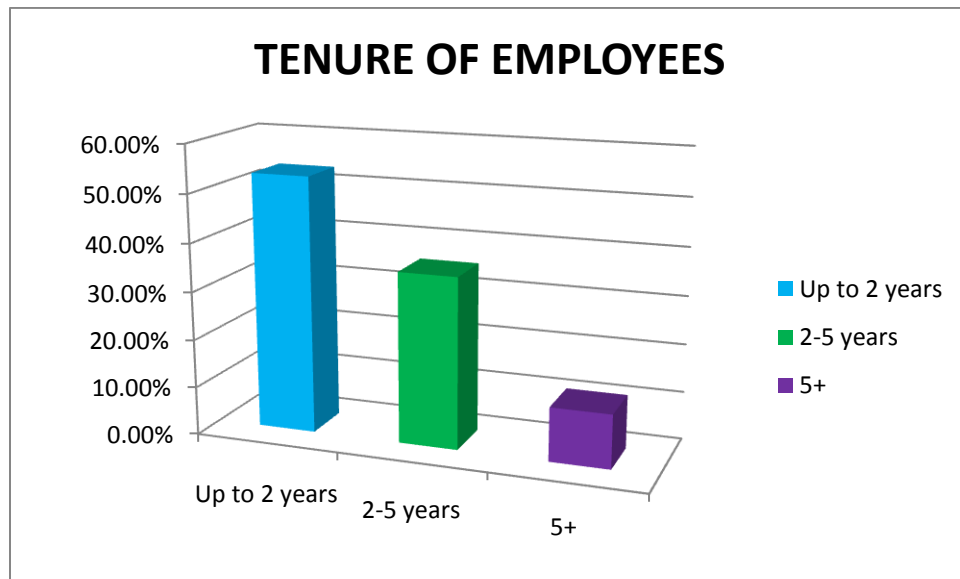


All the employees and managers were first divided gender wise. This gave us an idea of how many employees are male and how many are females. More than 70% of employees in AE Group are males and females are only around 28%. This shows us that the company is a male dominated group. Even the female managers are only 3.

The company does say that it's an equal opportunity employer, but the male's employees are more in number especially in construction department, marketing accounts and procurement department.

## 2. Tenure of employees

S.NO	YEARS	FREQUENCY	PERCENTAGE
1	Up to 2 years	24	53.5%
2	2-5 years	16	35.5%
3	5+	5	11.2%
		45	

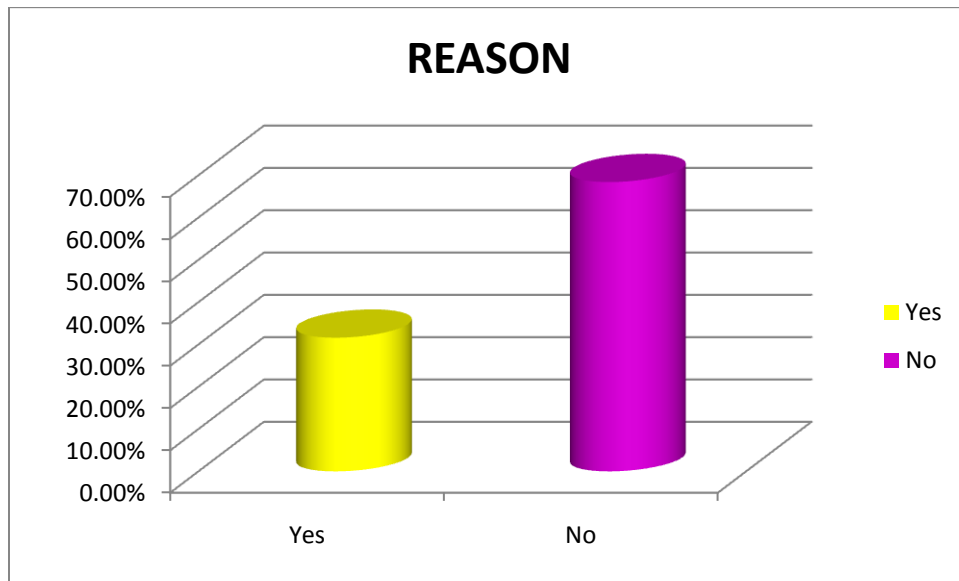


Most of the employees in the company are new; around 53% of employees have joined in the last two years making it the highest. As the company is constantly expanding its business and bringing in new sectors, so recruitment has increased in the last two years. Another reason for hiring new employees is that, change is taking place at a faster rate and employees need to be parallel with the change and new hires are trained with technology, so hiring them would be proven beneficial for the company.

Around 35% of the employees have been there with the company for almost 5 years. And there are only 5% of employees who are with the company for more than 5 years and there are two employees who have been with the company since the time they started with a small school.

**3. Were you notified about the performance appraisal when you joined the company?**

S.NO	REASON	FREQUENCY	PERCENTAGE
1	Yes	12	31.6%
2	No	26	68.4%

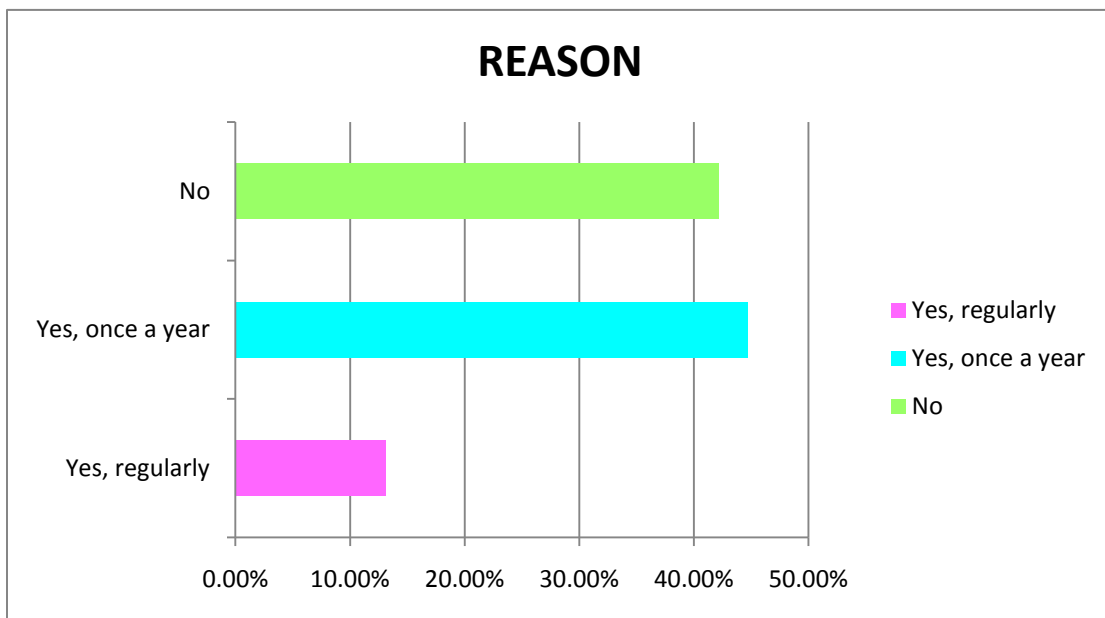


Performance appraisals are still confined to the large multinational companies and AE Group is a middle scaled company. AE Group is more towards IT and Research, so they have no information about the performance appraisal systems. Most of the employees do not know anything about performance appraisal. About 68% of employees said that they were not informed about the performance appraisal system during their induction.

Only 31% had said that they were informed, because either the manager told them or they had asked them about the system.

**4. Do you think Performance Appraisal should be conducted in an organization?**

S.NO	REASON	FREQUENCY	PERCENTAGE
1	Yes regularly	5	13.1%
2	Yes, once a year	17	44.7%
3	No	16	42.2%

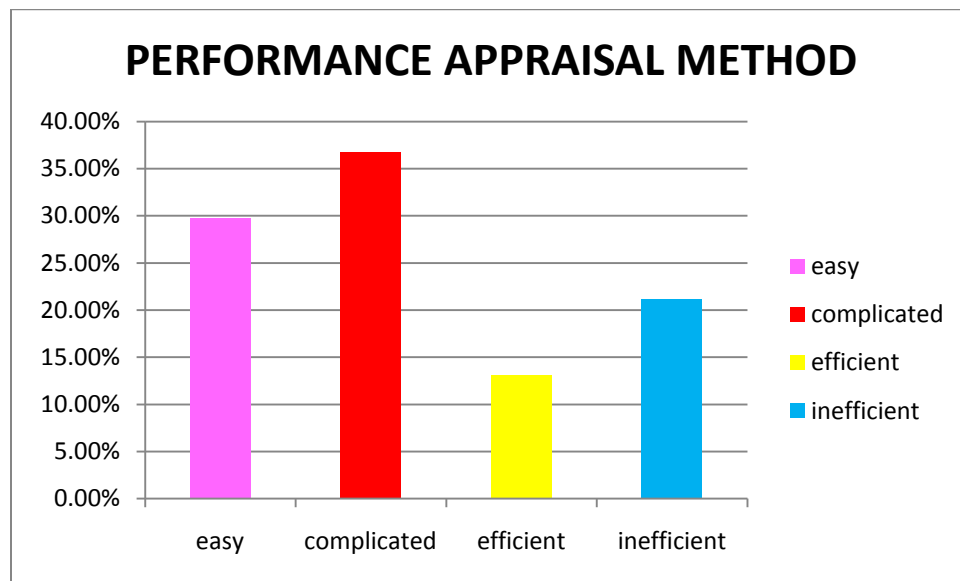


The reason I had put this straight question was because I wanted to find out what exactly do they think about performance appraisal and do they think it from an career perspective or not. The result was unexpected though the highest of them said they like to do performance appraisal once in a year, but around 40% of them said they don't like to do performance appraisal and feel that it's unnecessary and consumes lot of time. The reason could be either employee doesn't know what exactly a performance appraisal does and why is it important to take regularly.

Only 12% of respondents felt that conducting a performance appraisal is good for them and it helps them to improve their work. The managers must work on this more. Conducting performance appraisal on a regular basis improves the relationship between manager and employee and it gives them a chance to improve their work.

**5. How will you rate the Performance Appraisal method in your organization?**

S.NO	REASON	FREQUENCY	PERCENTAGE
1	Easy	11	28.9%
2	Complicated	14	36.8%
3	Efficient	5	13.1%
4	Inefficient	8	21.2%



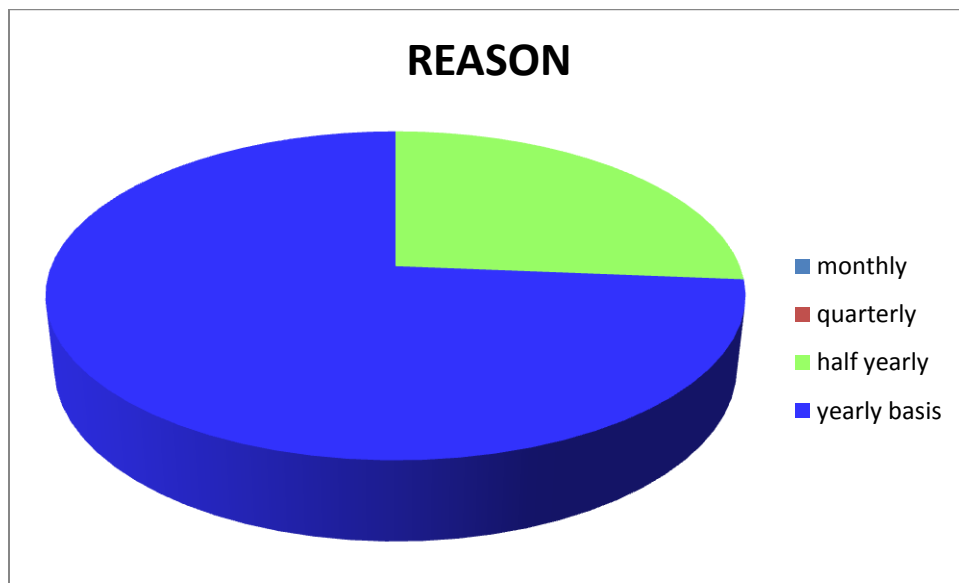
From the above graph it can be said that respondents do feel that performance appraisal is easy but inefficient at the same time. There are many reasons for this, I did see the company's standard performance appraisal form and it's only a tick box system and that's the reason why most of them have mentioned that it's easy and the reason why they have selected inefficient is because as performance appraisal is only a tick box option and every year they give the same paper, employees do not know why they take it as there are so changes that is made after filling the form.

The company must have more of an subjective performance appraisal system wherein the employees gives a reason as to why he chose certain option.



**6. How often Performance Appraisal is conducted in your department?**

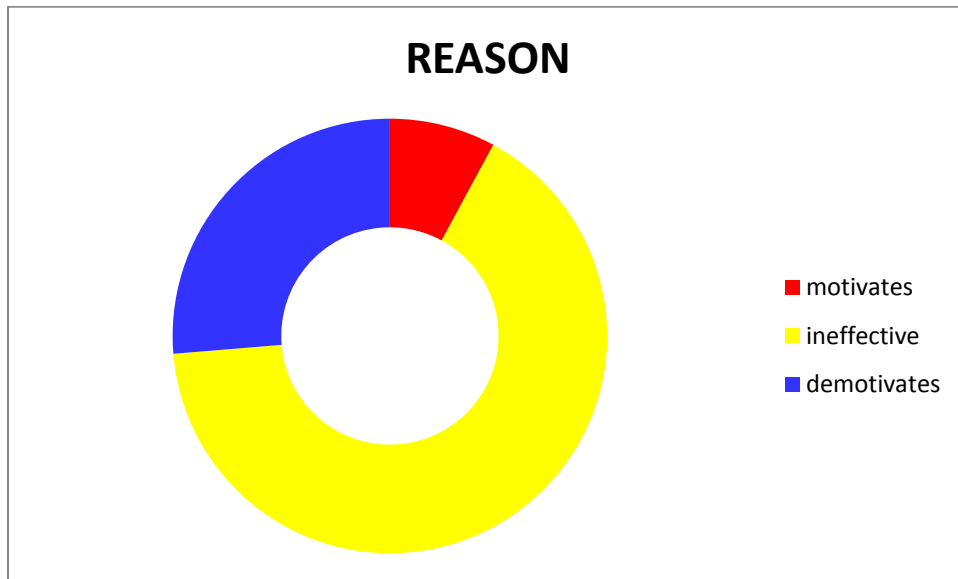
S.NO	REASON	FREQUENCY	PERCENTAGE
1	Monthly	0	0%
2	Quarterly	0	0%
3	Half yearly	10	26.3%
4	Yearly basis	28	73.7%



73% of respondents said their performance appraisal is conducted on a yearly basis. And only 23% of them replied saying their performance appraisal is conducted half yearly by their department head. The company's overall performance appraisal is conducted on a yearly basis but it depends on the department head how regularly he wants to conduct the appraisal. Conducting appraisal on a regular basis forms a good relationships between manager and employee and it also helps the manager to know if the employee needs any additional training.

**7. Does Performance Appraisal motivates you or de-motivates you?**

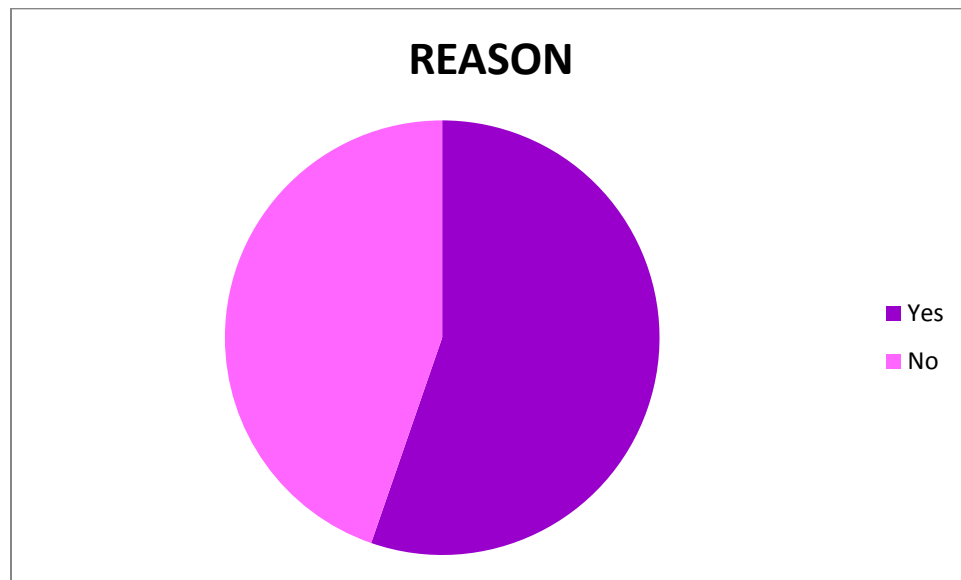
S.NO	REASON	FREQUENCY	PERCENTAGE
1	Motivates	3	7.9%
2	Ineffective	25	65.8%
3	De-motivates	10	26.3%



There are many perspectives to performance appraisal and an employee can take performance appraisal in many ways, it can motivate and de-motivate an employee and therefore it is very important that department head explain them for what purpose its been taken. This chart shows that highest number of respondents feel that performance appraisal is ineffective, that is it is neither positive nor negative. There's only a small percent of respondents that feel that personal appraisal does motivate them. The main reason mention for de-motivation is that they feel they will lose the job.

**8. Do you have one on one session with your department head to discuss the performance appraisal?**

S.NO	REASON	FREQUENCY	PERCENTAGE
1	Yes	21	55.3%
2	No	17	44.7%

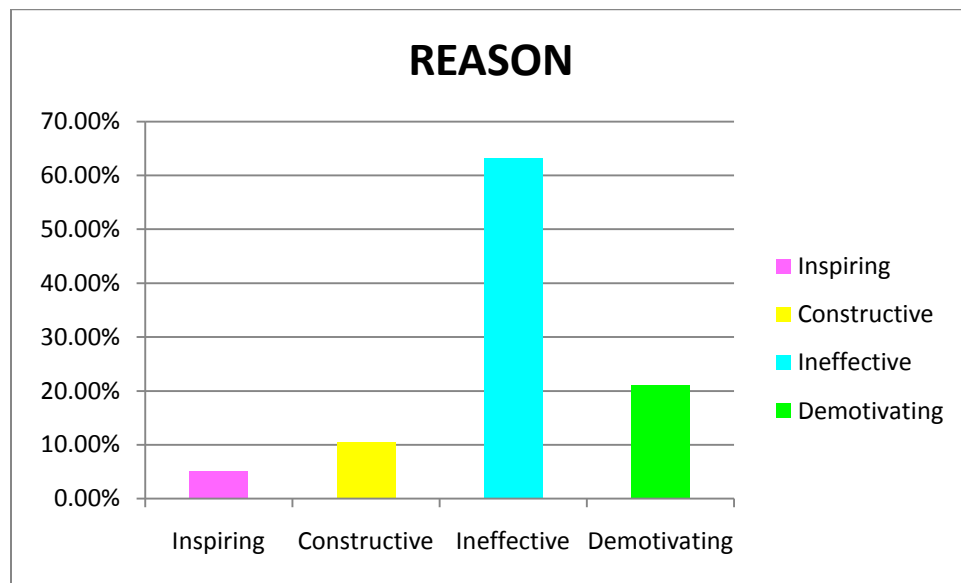


One to one session with department heads is very important while conducting a performance appraisal but not all department heads follow this rule. Almost 55% of respondents did mention that their managers do conduct one to one session and they just go through the performance appraisal filled by the employee. Though they conduct one on session, it's only a 15mins session and they only discuss what the employee has selected in a particular question, they do not give feedback about the employee's performance.

When I was working with AE Group, I had to fill the appraisal and after a week I had the one on one session with the manager and it lasted for only 15mins and the session did not include any feedback on improvements or about my performance. But other departments like construction and IT, did not have any one on one session with their managers and the reason was that they were very busy to have one on one session.

**9. According to you, was your last performance review**

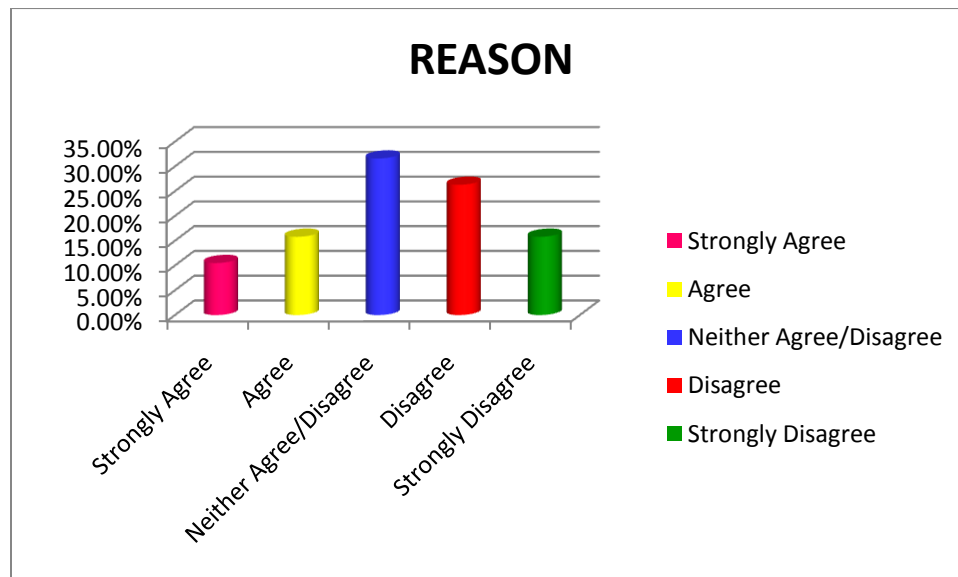
S.NO	REASON	FREQUENCY	PERCENTAGE
1	Inspiring	2	5.2%
2	Constructive	4	10.5%
3	Ineffective	24	63.2%
4	De-motivating	8	21.1%



The above chart shows that the highest number of respondents said their last performance review was ineffective as they are still doing the work they did previously and no training was provided for the required field. Only 5% of the respondents feel that their performance review was inspiring and it gave them the required confident to work harder. And 21% of respondents feel that their last performance review was not p to the mark and they felt de-motivated, they are many reasons or that like we discussed in the previous chart.

**10. According to you, do you think performance appraisal should be there in a company or not?**

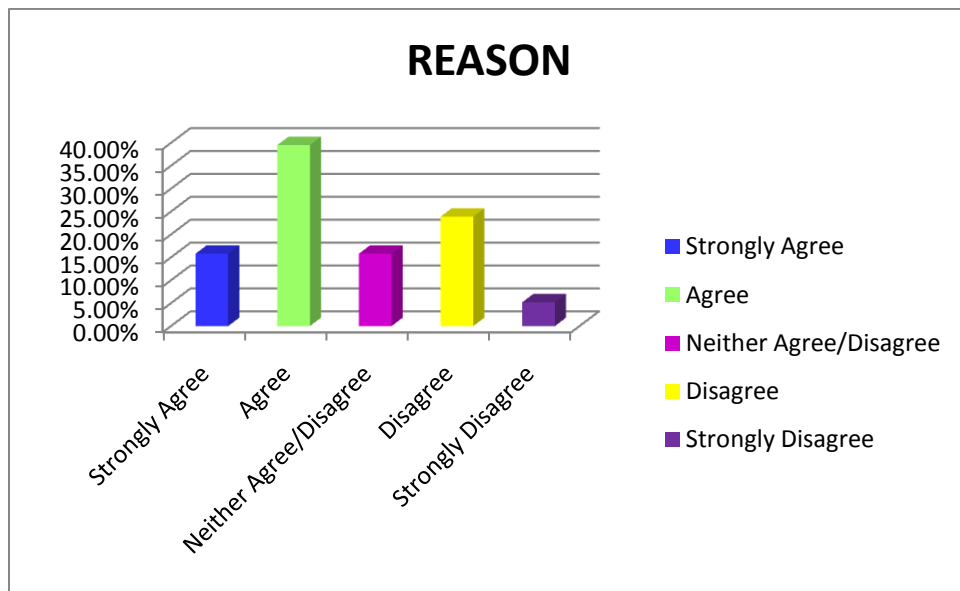
S.NO	REASON	FREQUENCY	PERCENTAGE
1	Strongly agree	4	10.5%
2	Agree	6	15.8%
3	Neither agree/disagree	12	31.6%
4	Disagree	10	26.3%
5	Strongly disagree	6	15.8%



This chart showed us that about 26% of respondents do not want performance appraisal in their company, they totally disagree to it. And 15% of them said they want performance appraisal to be the part of the company polices.

**11. Does Performance Appraisal motivate you to perform well in the company?**

S.NO	REASON	FREQUENCY	PERCENTAGE
1	Strongly agree	6	15.8%
2	Agree	15	39.5%
3	Neither agree/disagree	6	15.8%
4	Disagree	9	23.9%
5	Strongly disagree	2	5.2%

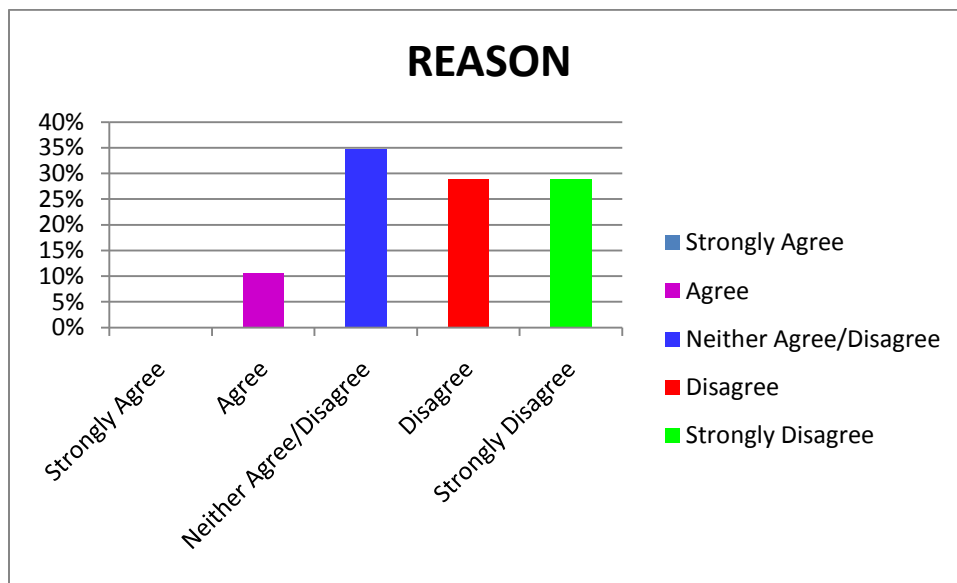


The answer to if performance appraisal motivate employees to perform well in the company got a mixed replies with about 40% mentioning that it does motivate them to perform better in the company and it gives them the needed encouragement for better performance work wise. But 23% said that they don't get motivated with performance appraisal and it does not make any difference because it ineffective for them.

15% of respondents are not sure and for them it neither motivates nor de-motivates.

**12. Do you think Performance Appraisal is an integral part of the company's success?**

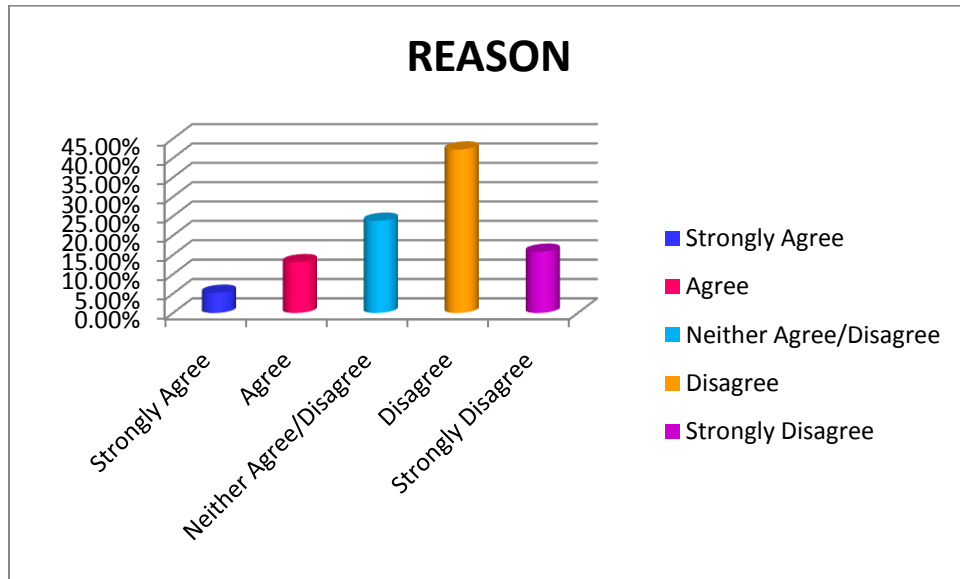
S.NO	REASON	FREQUENCY	PERCENTAGE
1	Strongly agree	0	0%
2	Agree	4	10.5%
3	Neither agree/disagree	13	34.7%
4	Disagree	11	28.9%
5	Strongly disagree	11	28.9%



Only about 10% of employees feel that performance appraisal is an integral part of an organization but around 38% of respondents feel that performance appraisal does not play any important role as it does not explain and improve anything. Because employees think that finance procurement and marketing is the most important part of an organization. And 34% of respondents chose to neither agree nor disagree with this question.

**13. Does your performance appraisal provide you a fair reflection of your performance?**

S.NO	REASON	FREQUENCY	PERCENTAGE
1	Strongly agree	2	5.2%
2	Agree	5	13.1%
3	Neither agree/disagree	9	23.8%
4	Disagree	16	42.2%
5	Strongly disagree	6	15.8%



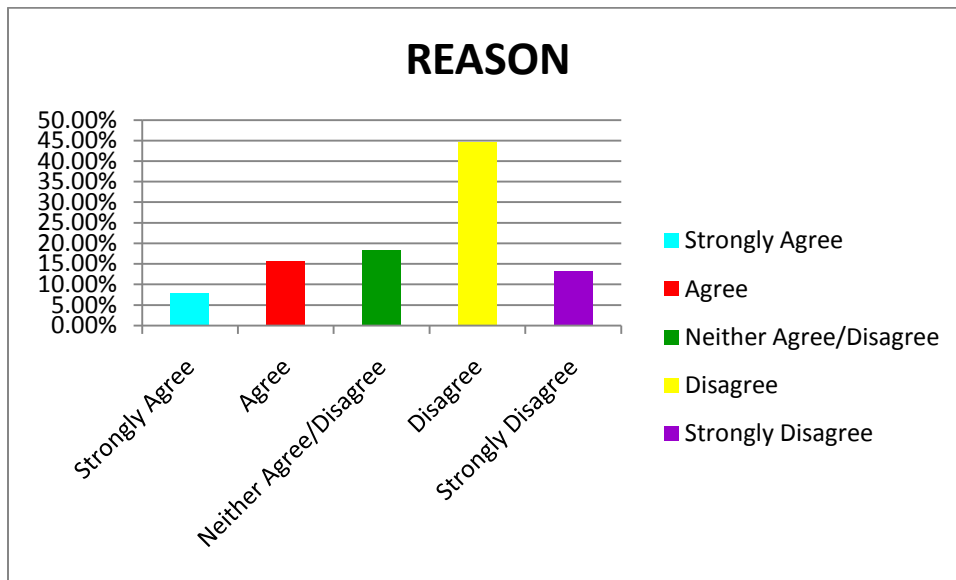
About 42% of respondents feel that performance appraisal is not the fair reflection of their performance, the appraisal is just a tick box and it does not explain anything about the employee's performance.

Only 13% of respondents agree that whatever they fill in appraisal form reflects how they perform their job.



**14. Does your department head provide you with adequate training that enables you to do your job well?**

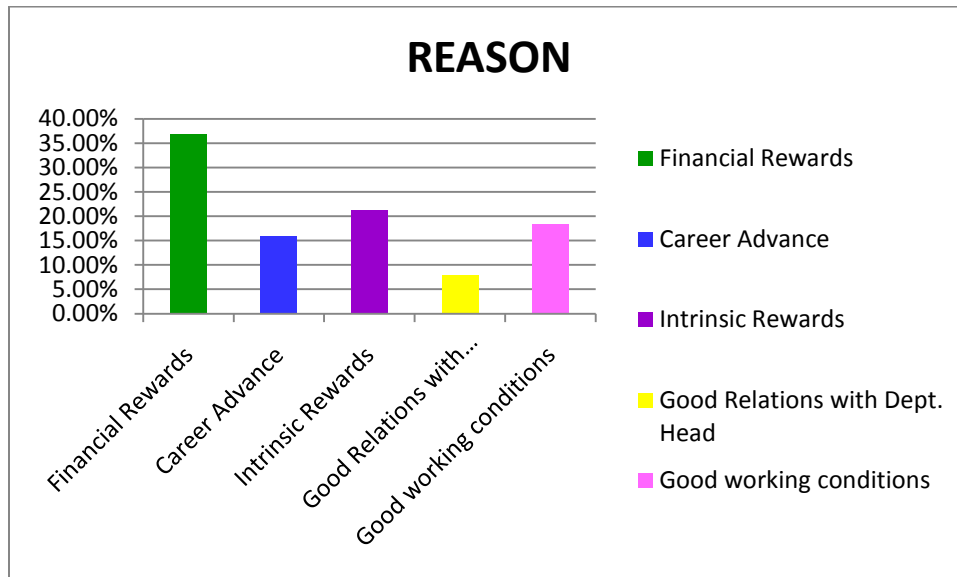
S.NO	REASON	FREQUENCY	PERCENTAGE
1	Strongly agree	3	7.9%
2	Agree	6	15.8%
3	Neither agree/disagree	7	18.4%
4	Disagree	17	44.7%
5	Strongly disagree	5	13.1%



Close to half of respondents are not that happy with their department heads and feel that their manager does not provide them the required training that will help them to perform better. This is the main reason why they feel performance appraisal is ineffective because even if they do mention about the needed training, no action is taken to provide it. Around 15% of respondents feel that their manager does provide them the needed training for their job.

**15. What do you think motivates you the most in improving your performance towards your job?**

S.NO	REASON	FREQUENCY	PERCENTAGE
1	Financial rewards	14	36.8%
2	career advances	6	15.8%
3	Intrinsic rewards	8	21.1%
4	Good relationship with dept. head	3	7.9%
5	Good working conditions	7	18.4%

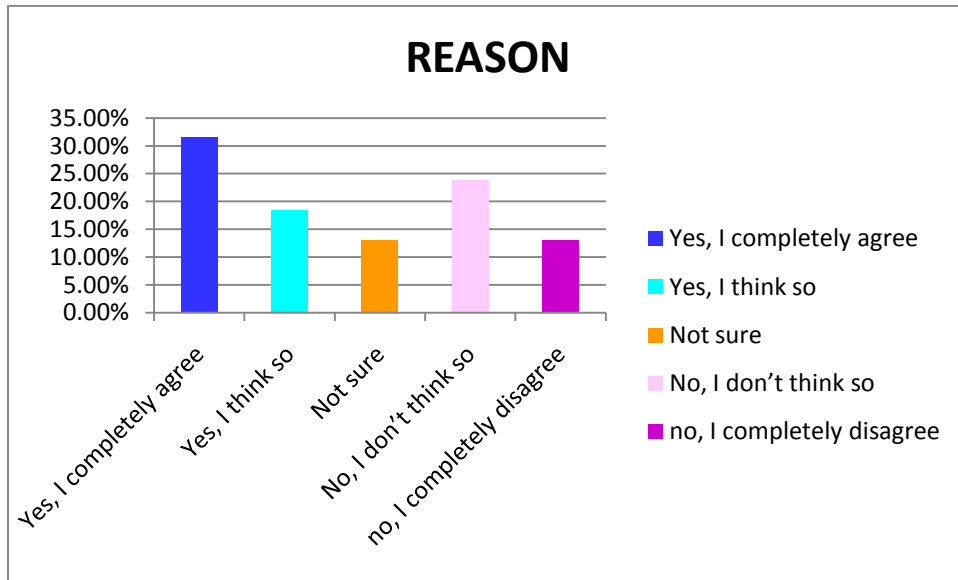


Most of the respondents feel that it's the financial rewards that motivate them to work harder like bonus for crossing the targets and Christmas bonus and leave pay, all these rewards do make them work harder but 21% of them feel that it's the intrinsic rewards that motivate them to work harder like respect, recognition for work, having employee of the week or month.

Good working conditions also motivates an employee to work harder, if there is peace and the employee has got a manager who is encouraging then the employee will definitely feel motivated and work harder to improve his performance.

**16. Do you think you have been rewarded for your hard work?**

S.NO	REASON	FREQUENCY	PERCENTAGE
1	Yes, I completely agree	12	31.6%
2	Yes, I think so	7	18.4%
3	Not sure	5	13.1%
4	No, I don't think so	9	23.8%
5	No, I completely disagree	5	13.1%



This is an important topic in every organization, at AE group 31% of respondents said they do get rewarded for their hard work which is a good thing for both employees and company. But the other half that is around 23% of respondents does not quite agree that their company reward them for their hard work.

The 23% of respondents feel that all their hard work has never been appreciated by the company, the credit is always given to the managers and this is the main reason why they have stopped working hard and do just what they have been asked to do.

## 5.2. ANALYSIS OF QUESTIONNAIRES

The questionnaire that was given to the employees of AE Group gave varied replies and had different opinions for the questions. The questionnaire was based on the topic if performance appraisal motivates employees at workplace or not and there was many contradicting points to that. One of the questions that asked if performance appraisal should be conducted in an organization or not and around 40% of respondents said it's should not be conducted at all because they felt it is just a waste of time and is ineffective as nothing improves even after the appraisal. But 44% still feels that once a year is fine, the company can conduct performance appraisal once a year. The majority of employees who preferred not to do the appraisal were from construction, IT, procurement department.

Very few that is around 12% of respondents felt that conducting a performance appraisal is good for them and it helps them to improve their work and they also replied saying performance appraisal must be conducted by the managers and department heads on a regular basis to keep a check on employees and help them to work better for the company. Conducting performance appraisal on a regular basis improves the relationship between manager and employee and it gives them a chance to improve their work.

Employees do feel that their performance appraisal system is inefficient and it's also easy to fill as it's only a tick box exercise. Whatever the question is asked they only have to tick beside the option and give it to the manager. It's very important that beside the tick option there should be a compulsion that employees must write as to why they have chosen this option, this will help managers to understand better.

One good thing about the company is that most of the department heads conduct one to one sessions about the performance appraisal with their employees. Almost 55% of respondents did mention that their managers conduct one on one session and they just go through the performance appraisal filled by the employee but there were quite lot of respondents who said their managers does not conduct one to one session with them. Here as well the majority who did not have one on one session were from construction and IT department.

Some of the employees did mention that they do not prefer one on session with their managers because they feel that it will de-motivate them and they also mentioned that there are some of the

managers who give good reviews to their employees because they like those employees and negative remarks to those they do not even if they do their work properly.

This is the reason for the following question which asked if performance appraisal motivates them or de-motivates them and most of them either selected de-motivate or it's ineffective. The reason why they get de-motivated is because their experience in one on one session was not good and the reason for choosing ineffective is because after filling it no action is taken to improve the employees working style. Here the manager should be blamed for not doing his job of evaluating and motivating. When a manager takes charge of all the responsibilities, he must make sure that to progress continuously, he must motivate and encourage, appreciate and give them regular feedback, which will help them to perform better and have a trust in their managers.

Once the performance appraisal review is done, it is the duty of the managers to understand in which section the employee needs to work on and provide training accordingly but close to half of respondents are not that happy with their department heads and feel that their manager does not provide them the required training that will help them to perform better. This is the main reason why they feel performance appraisal is ineffective because even if they do mention about the needed training, no action is taken to provide it. But the other 15% of respondents feel that their manager does provide them the needed training for their job.

There was a question that was asked about what motivates you to work harder and there were four options but most of them selected financial rewards as their main motivator. Rewards like bonus for crossing the targets and Christmas bonus and leave pay, all these rewards do make them work harder but 21% of them feel that it's the intrinsic rewards that motivate them to work harder like respect, recognition for work, having employee of the week or month. Good working conditions also motivates an employee to work harder, if there is peace and the employee has got a manager who is encouraging then the employee will definitely feel motivated and work harder to improve his performance.

This is an important topic in every organization, at AE group 31% of respondents said they do get rewarded for their hard work which is a good thing for both employees and company. But the other half that is around 23% of respondents does not quite agree that their company reward

them for their hard work. The employees from accounts and research and development department felt that they do get rewarded for their hard-work.

Therefore looking at the questionnaire finding and analysis we got to learn many things, a lot was expressed about the company and department heads working styles a lot of changes need to be done specially in the performance appraisal section. The researcher will recommend new process in the next chapter of conclusion and recommendation.

### **5.3. ANALYSIS OF SEMI-STRUCTURED INTERVIEWS**

The semi-structured interview that was conducted by the researcher was only for the department heads of the company. This interview revealed many things about the company's working styles, some are good and some are bad. Every company faces with these problems as they are the common but this interview revealed more than a general problem which is not good for the company in long term basis. All the interviews were different from each other and I got see their different perspectives on the topic. As it's mandatory to conduct performance appraisal in the company, hence all managers were aware of performance appraisal but most of them do not know to conduct it in a right manner.

The first question was about how they conduct performance appraisal and on what basis? There were three department heads who mentioned that they have their performance appraisal 2 times a year and they also follow one on one session with their employees and also give the correct review purely based on work and how fast they learn and improve their work and these department are Research and development department, Media and Communication department and Human Resource Department. They have also put in their hard work to those employees who needs training.

The other four departments also conduct performance appraisal and they mentioned that their team do not require any training and they do because they have been asked to conduct the appraisal. This is the main reason why employees from these departments selected that, they feel performance appraisal is ineffective and de-motivating. The managers do not know the right way

to conduct the appraisal and provide a good feedback so that the employees would be motivated for their next appraisal and will surely improve their working style.

There were different answers for the question what do you have to say about the company's appraisal and are you happy with it? The majority of the managers said they are fine with the appraisal but it does not make any difference because year after year the same form is given to fill and then the employee and the employer have a one to one session and they just go through the form and get back to their work as usual. The rest of them said it does not take much time to fill it as it's only a tick box experience but it is time consuming for reviewing it.

Only 3 managers from HR, Media & Communication and Research & Development Department heads could respond about the 360 Degree Feedback, the others did not know and they only made a one word answer and that's no. They have not heard anything about the 360 Degree Feedback. Only the HR manager could explain correctly what a 360 Degree Feedback is all about. This shows that even the managers needs training for the performance appraisal, a manager must know the importance of performance appraisal and how it can be a good motivator for employees and how it can bring improvements work wise.

If the managers are interested in conducting the appraisals only then employees would be interested to fill it, in AE Group most of the managers are not really interested in conducting performance appraisal and feel that it does not do any good for employees, they also mentioned that the work is so much there is no time to fill these kinds of forms. And they totally agree that it is a waste of time because it is ineffective and de-motivating. Armstrong & Baron (2004) explained that a performance appraisal signifies to an employee that the company he works for is really interested in their personal development and work related performance. This will make them feel belonging and sense of worth and will be more committed towards their department and the company. But the managers are not making their employees feel the same way.

The Media and Communication department said a good performance appraisal helps and builds an employee's confidence and it makes them work hard by the next appraisal and when every manager and every employee does it correctly and works hard to give their best then it will help the organization in a positive way and the company will grow externally and as well as internally to the right direction. Krietner (1995) explained motivation plays a significant role in all

organisations as it is an indicator to show how well the organisation is performing and this in turn has an effect on the organisation's objectives.

This was an important question that helped me to reach to certain conclusion; the question asked were you motivated when your performance review was conducted? Most of them were confused and they said they usually have a meeting with HR manager, wherein the questions that are asked are about the team and how they have been performing and they also said that they don't get motivated with their performance appraisal. But Media & Communication and Research & Development managers did explain that they do get motivated with their performance appraisal and it helps them understand what they lack and what are they good at. It also helps them and gives them an idea on what basis they must conduct the appraisal for their employees. The managers who don't prefer performance appraisal said the get de-motivated and also feel it's ineffective. Because they get motivated with their performance appraisal, their team had also had the same beliefs.

The last question was about if performance appraisal must be linked to pay and bonus. According to the majority performance appraisal must be linked to pay and bonus but the rest feel that it should not be linked to pay and bonus. They strongly believe that performance appraisal is different from pay and bonus and it should not be linked.

Here the blame cannot be put completely on HR department, the company head gives importance to all departments except HR, and they feel that HR department is only here for pay structure, recruitment and selection and other administration work, but they forgot that it is not possible for HR alone to do everything. The whole company must join together and improve their workforce and it will only be improved if the workforce is motivated to do their best by the managers.

A final question was asked to the HR manager about the performance appraisal form. I asked why does the appraisal form has only tick box option instead of a form wherein employees have to give reasons for choosing an option and her reply was that because a majority of employees come from IT sector and plus their English really bad and it would be time consuming to fill these forms and then have meeting with their respective managers so it was decided by the management to keep a tick box option, it was me who asked to keep the performance appraisal system in the company.



Lot of things is needed to change the manager's behaviour towards performance appraisal, they must understand if the performance appraisal is conducted properly then both employer and employee will be happy and will have good relationship. There are few strategies that the company needs to adopt which will help them to improve the motivation level of their workforce and it will be discussed in the next chapter of conclusion and recommendation.

## CHAPTER 6 RECOMMENDATION AND CONCLUSION

### 6. CONCLUSION

My research survey was conducted among 60 employees including department heads and staffs, a total of 45 employees responded resulting in a 75% response rate. Both qualitative and quantitative research methods through semi-structured interviews and close ended questionnaires were analyzed to get an in-depth view about the problem.

The conclusion from my interviews and questionnaires showed that most of the managers and employees do not take performance appraisal seriously, they merely consider it as a waste of time and ineffective and some of them also feel de-motivated. It was clear that in AE group the managers are looking for reasons to avoid reviewing their employees and employees are feeling de-motivated with the fact that their performance will not be ranked well. And because of this performance appraisal are not conducted regularly, it's conducted once a year and if its conducted its not done in the way it's supposed to be.

The results of the survey signified that the reason why majority of employees are not interested to do performance appraisal is because firstly they are not clear 'what exactly is a performance appraisal and what does it do and secondly they feel that it's ineffective that is, after the performance appraisal reviewing, no action is taken to improve anything. The managers itself do not take it seriously and completes it on compulsion.

Employees feel that its time consuming and it does not do any good to the employees and managers are not interested because they feel that it's only a tick box option and there are more important things to do than conducting a performance appraisal and reviewing it. Most of them always give good feedback about the employee's performance and very rarely do they give negative reviews to the employees. The managers must understand that the key to their departments or company's success is by understanding them and making employees understand the goals and objectives of the company and this can be only achieved through a proper performance appraisal.

A probable reason for these problems is that the performance appraisal has not been conducted in the right way or right method, managers from Media & Communications, Research & Development Departments knew the standard procedure to conduct appraisal to a certain extent and this was the main reason why employees from these departments wanted performance appraisal to be conducted on a regular basis, the managers from these departments encouraged them and explained all about the appraisal and they also did give the genuine feedback. The department which had the highest number of employees going against the appraisal and saying its de-motivating and ineffective were from Construction and Procurement Department, they felt that their managers do not give them any feedback which will help them improve their performance and that is the reason why they feel that performance appraisal does not motivate employee and its ineffective as no training is provided to improve their performance.

Therefore the conclusion of this research explains that in AE Group, majority of employees do not get motivated with performance appraisal and the main reason is because the managers do not know the right way to conduct an appraisal and no feedback is given to the employees to know if they have performed well or not and no action is taken if they require any further work related training.

This shows that that there are lots of things that need to be changed and improved from the appraisals perspective. The management must understand that performance appraisal plays a very important role in getting the workforce reach the company's goals and objectives and to know and understand the company's goals and objectives, they need to make performance appraisal more effective and subjective and not just a tick box option form.

There is a remaining section that believes that performance appraisal does motivate employees to perform better and work harder and that's because their managers get motivated when their performance appraisal is conducted and this makes managers support their employees and give them feedback which helps them to improve their performance for the future appraisal.

Perhaps if all the department heads would have conducted their performance appraisal sincerely and honestly and gave an honest feedback about the performance and provided training in the areas the employees needs the most, then employees surely would have got motivated with regular appraisals and worked hard to achieve the company goals and objectives. By adapting

few steps the company can surely improve their performance appraisal systems and bring in a more confident and self-development workforce.

## **6.1. RECOMMENDATIONS**

At AE Group, the management must bring in a new way of conducting the performance appraisal and the managers must be given enough training in how to conduct a performance appraisal and how to review them and how to improve the relationship with the employees and a separate training for employees explaining them the importance of performance appraisal and how its connected to company's goals and objectives and how the company connects it to pay and bonus. If done effectively, performance appraisals are a great way to improve employee performance, growth and communication between employer and employee. A good performance appraisal ensures that all employees identify and recognize what is anticipated from them and how their performance at work is noticed.

It is important that managers consider the appraisal as a continuous process rather than thinking as a one-time work. Because employees do need more than an annual appraisal feedback, they need regular feedback to know where they stand and how are they performing on a weekly basis or on a monthly basis or on a quarterly basis. Though it would not be possible to conduct the full annual appraisal sessions regularly, managers can conduct mini-appraisals and feedback sessions which will ensure employees are under continuous and permanent supervision, support and encouragement.

This can be little difficult to adapt in the beginning but if the manager makes this a regular session, and then it can be a very good experience for both employee and employer. Once the employer can see the process of self-development and being satisfied when reaching the targets and getting motivated to perform better in an employee it means that the mini appraisal and feedback sessions have worked. This supervision and support will help them to perform better and make them always motivated and it also increases the commitment levels of the employee's towards the company and especially towards the manager.

There are many things that a manager must avoid while conducting a performance appraisal and one of the most common mistake that they make is following ‘halo effect’; it is where an employer always rates an employee higher than his fellow counterparts, which is unfair. This effect could be on any basis like social status, appearance, dressing style, communication and etc.

The next thing to avoid is ‘being biased’ to employees whom the employer likes and as a result giving them higher points and giving lower points to employees the manager doesn’t not like. Performance appraisal must not be reviewed or conducted or judged on the basis of recent behavior of the employee, as it will not be the right thing to do.

A performance appraisal must be designed by keeping the job description in mind as no two jobs can be same. A well written job description is the first step to a successful performance appraisal. If the performance appraisal is according to the employee’s job description then it will be easier for the employee to know what duties and responsibilities he has and what is expected from him/her. When employees have a clear idea about his duties and responsibilities and what is expected from him, it helps them do their jobs well and would also be ready to accept positive and helpful review by their managers if they lack in something.

It is the duty of the manager to keep a track of his employees on a regular basis, observe and supervise and then give proper feedback about their performance including positive and negative. To be true, this is where most of the manager lacks the confidence to tell employees about their negative feedback. These feedbacks should be a continuous process and managers must also help them by providing them the right kind of training which will improve the employee work wise.

Whilst evaluating the manager must keep in mind that along with work it is important to know how employees behave in certain situations, so with the questions based on job description they must also include the general questions like their willingness to cooperate, ability to lead, taking responsibilities, attendance and coordination with colleagues are all the aspects that employers must evaluate and document it. All these appraisal forms must be kept in the employee’s personal file. Therefore it’s not only how the employee performs work wise but the manager must also evaluate how does the employee behaves in certain situation and how is he with the

other colleagues and things like that. If the manager truly respects his employees and praises or criticizes them purely on work and conducts the performance appraisal sincerely and correctly, then the manager will not only achieve the result he desired but he will also motivate his entire team to work better and perform better.

A special training for all the managers must be conducted which will give them a good idea on how to conduct a performance appraisal like what should be taken into consideration and what should be avoided while evaluating. The training could start with why performance appraisal is so important for the company and how the company's goals and objectives are related to it. The performance appraisal steps are:

- The first step would be to plan and prepare the appraisal and giving it to all the employees and making them understand the importance of this appraisal and explaining how it will be beneficial for them.
- The step two would be to try and make them feel comfortable as they would be apprehensive about it. Make them understand the importance of this appraisal and explain how it will be beneficial for them.
- The step three would be to discuss about the questions and what they have written about it and why, at this time it is important that the manager takes it slowly and casually. Managers must know that not everyone can write the way it is expected, as some of them could have a bad written language so at this stage managers must train employees on writing appraisals effectively by giving tips on writing skills, if they find that employees have bad written communication.
- The fourth step would be to understand the employee's strong and weak points and appreciate for strong points but at the same time, plan for improvement training for the weak points. When employees know that their work is appreciated and the manager does notice their work then it gives them a sense of achievement and helps them to open up more.

- The fifth and last step would be to ask if they are facing any problems work wise and if they need any training or wants to improve anything personally. At this time the manager must also clear the fact that in future their appraisal will indirectly affect their pay or bonus. It will also be good to make them feel that it was a very good experience to get to know them properly through this appraisal and give the copy of appraisal to the employee for their future reference and a copy for the company personal data.

These simple steps can go a long way in improving a company's workforce. Though these performance evaluations are time consuming but if it's done properly and correctly, it improves work related communication between the employer and the employee and ensures that they work towards company's goals and objectives and meets the company prospects and ready to accept responsibilities.

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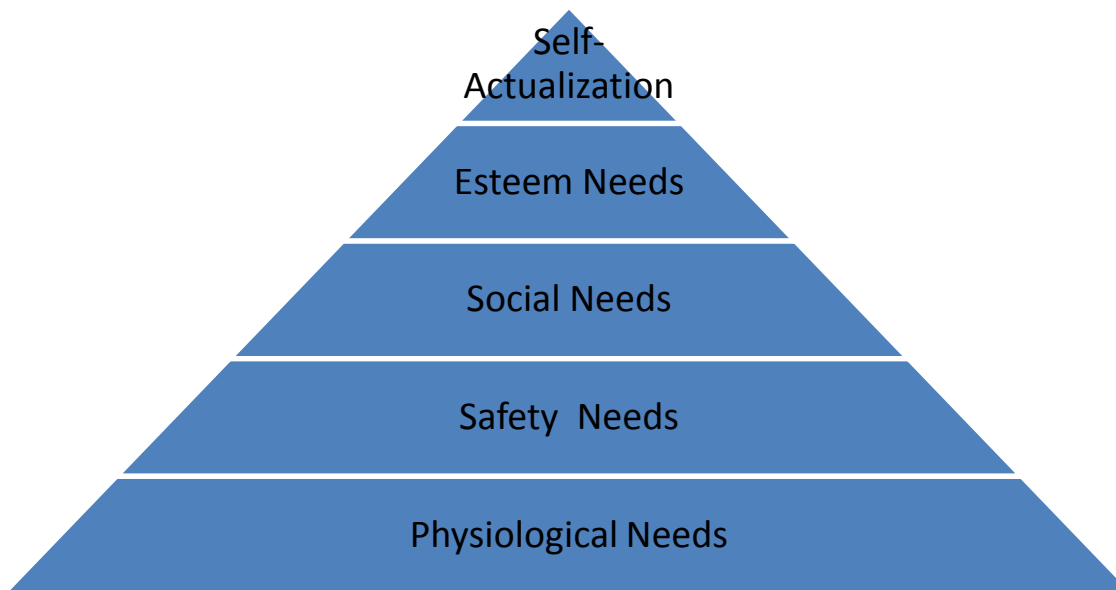
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## CHAPTER 8 APPENDIX

### APPENDIX 'A'

#### Introduction to Maslow's Hierarchy of Needs Maslow's Hierarchy Needs



It was Abraham Maslow's who officially introduced the Hierarchy of needs from his book known as *Motivation and Personality* (1954).

#### **Physiological Needs**

These are the most basic needs that are necessary for survival, like water, air, food and sleep. Maslow believed that all these needs are the most basic but the strongest in the hierarchical order.

#### **Safety Needs**

These include needs are also necessary for survival. Security needs could be like steady employment, safe neighbourhood, health insurance and etc.



**Social Needs**

This need avoids loneliness and isolation, as this is surrounded by families, friends and partners. It gives a sense of belongingness.

**Esteem Needs**

Once the first three needs have been satisfied this needs becomes extremely important as this need reflects on self-esteem, social recognition and accomplishment.

**Self-Actualization**

This is the highest level of Maslow's hierarchy of needs. Once all the other needs are achieved then this need takes place. It gives an opportunity to the person so achieve what he really wants to achieve.

## APPENDIX 'B'

### SURVEY QUESTIONNAIRE

#### Does Performance Appraisal Motivate Employees at a Workplace?

Name:

Sex:

Department:

Age:

Joining Year:

Please tick (√) the option which you feel is right.

1. Were you notified about the performance appraisal when you joined the company?
  - a) Yes
  - b) No
  
2. a) Do you think Performance Appraisal should be conducted in an organization?
  - i. Yes regularly
  - ii. Yes, once a year
  - iii. No

If yes, regularly

b) Why do you think performance appraisal is conducted in a company?

3. How will you rate the Performance Appraisal method in your organization?
  - a) Easy
  - b) Complicated
  - c) Efficient
  - d) Inefficient

4. How often Performance Appraisal is conducted in your department?
  - a) Monthly
  - b) Quarterly (every 3 months)
  - c) Half-yearly (every 6 months)
  - d) Yearly basis (once in a year)
  
5. Does Performance Appraisal motivates you or de-motivates you?
  - a) Motivates
  - b) Ineffective
  - c) De-motivates
  
6. Do you have one on one session with your department head to discuss the performance appraisal?
  - a) Yes
  - b) No
  
7. According to you, was your last performance review
  - a) Inspiring
  - b) Constructive
  - c) Ineffective
  - d) De-motivating
  
8. According to you, do you think performance appraisal should be there in a company or not?
  - a) Strongly agree
  - b) Agree
  - c) Neither agree or disagree
  - d) Disagree
  - e) Strongly disagree

9. Does Performance Appraisal motivate you to perform well in the company?
- a) Strongly agree
  - b) Agree
  - c) Neither agree nor disagree
  - d) Disagree
  - e) Strongly disagree
10. Do you think Performance Appraisal is an integral part of the company's success?
- a) Strongly agree
  - b) Agree
  - c) Neither agree or disagree
  - d) Disagree
  - e) Strongly disagree
11. Does your performance appraisal provide you a fair reflection of your performance?
- a) Strongly agree
  - b) Agree
  - c) Neither agree nor disagree
  - d) Disagree
  - e) Strongly disagree
12. Does your department head provide you with adequate training that enables you to do your job well?
- a) Strongly agree
  - b) Agree
  - c) Neither agree or disagree
  - d) Disagree
  - e) Strongly disagree

13. What do you think motivates you the most in improving your performance towards your job?

- a) Financial rewards (increase pay or bonuses)
- b) Career advances (job progression, challenging work)
- c) Intrinsic rewards (responsibility, recognition, personal satisfaction, feeling of well-being)
- d) Good relationship with department manager
- e) Good working conditions

14. Do you think you have been rewarded for your hard work?

- a) Yes, I completely agree
- b) Yes, I think so
- c) Not sure
- d) No, I don't think so
- e) No, I completely disagree

15. Any Suggestions?

## APPENDIX 'C'

### SURVEY QUESTIONNAIRE

#### Does Performance Appraisal Motivate Employees at a Workplace?

#### **Semi-Structured Interviews of Managers (H.O.D's) of AE Group**

Name:

Sex:

Department:

Joining Year:

1. As the head of the department how do you conduct performance appraisal and on what basis?
2. What makes a successful Performance Appraisal?
3. What do you have to say about the performance appraisal procedures of AE Group? Are you happy with it?
4. Do you think the performance appraisal process plays an important part in a company?
5. What do you have to say about 360 degrees Feedback?

6. According to you what can a good Performance Appraisal do for the organization?
  
  
  
  
  
  
  
  
  
  
7. According to you why do you think that employees are not interested in performance appraisal?
  
  
  
  
  
  
  
  
  
  
8. Do you think conducting a performance appraisal is a waste of time?
  
  
  
  
  
  
  
  
  
  
9. Are you motivated when your performance appraisal is conducted?
  
  
  
  
  
  
  
  
  
  
10. Do you think performance appraisal should be linked to pay and bonus?

## **SURVEY QUESTIONNAIRE**

### **Does Performance Appraisal Motivate Employees at a Workplace?**

#### **Semi-Structured Interviews of Managers (H.O.D's) of AE Group**

Name: Louie Varghese

Sex: Male

Department: Research & Development

Joining Year: 2007

**1. As the head of the department how do you conduct performance appraisal and on what basis?**

I usually follow the guidelines given by the HR department, i first inform them about the appraisal, and then give it to them and i ask them to take their time and then fill it and i do take one on one feedback session to tell them about their performance. I purely conduct performance based appraisal, I do not believe in partiality.

**2. What do you have to say about the performance appraisal procedures of AE Group? Are you happy with it?**

I think AE group's performance appraisal needs to be more in-depth.

**3. Do you think the performance appraisal process plays an important part in a company?**

It does play an important role, because performance appraisal defines an employee's performance

**4. What do you have to say about 360 degrees Feedback?**

360 degree feedback is good but its time consuming and costly for a company like ours.



**5. According to you what can a good Performance Appraisal do for the organization?**

A good performance appraisal will make sure that their workforces are aware of the company goals and objectives and it makes them work hard to achieve it. This increases the employee's self-development level.

**6. According to you why do you think that employees are not interested in performance appraisal?**

One of the main reasons could be that they must have filled but they never got the required feedback that they expected and it happened on a continuous basis and also the training that was mentioned for employees for their improvement in work also never took place, this resulted them in thinking that performance appraisal is ineffective and de-motivating

**7. Do you think conducting a performance appraisal is a waste of time?**

No definitely I do not agree to that. Performance appraisal cannot be a waste of time instead this system if properly used and utilized will help the employees to become more hard working and will make them realize their career advances.

**8. Are you motivated when your performance appraisal is conducted?**

Yes I do get motivated plus I also learn from them the right way of conducting an appraisal, for my department it is very important that all the employees are always motivated and bring out their best when working.

**9. Do you think performance appraisal should be linked to pay and bonus?**

I think appraisal should be linked to pay or bonus which will help employees to work harder to achieve their goals and objectives.

## **SURVEY QUESTIONNAIRE**

### **Does Performance Appraisal Motivate Employees at a Workplace?**

#### **Semi-Structured Interviews of Managers (H.O.D's) of AE Group**

Name: Sri Ram

Sex: Male

Department: Accounts Department

Joining Year: 2002

- 1. As the head of the department how do you conduct performance appraisal and on what basis?**

I conduct my department's performance appraisal by giving the forms and explaining them the right procedure to fill it. I evaluate them on the basis on performance.

- 2. What do you have to say about the performance appraisal procedures of AE Group? Are you happy with it?**

I'm fine with it and I feel that AG Groups appraisal system is absolutely all right.

- 3. Do you think the performance appraisal process plays an important part in a company?**

These appraisal processes does not really play an important part as it's only a tick box option. Here employees can tick anything and mostly how they want it to be rather that what they are at present.

- 4. What do you have to say about 360 degrees Feedback?**

To be frank I do not know anything about it.

**5. According to you what can a good Performance Appraisal do for the organization?**

A good performance appraisal understands the company goals and objective and tries to achieve that.

**6. According to you why do you think that employees are not interested in performance appraisal?**

They find it a long process and its time consuming.

**7. Do you think conducting a performance appraisal is a waste of time?**

Not in every company but at AE group I think performance appraisal is just waste of time, money and energy.

**8. Are you motivated when your performance appraisal is conducted?**

I have not got motivated during my performance appraisal as I did not understand how it was portraying my abilities.

**9. Do you think performance appraisal should be linked to pay and bonus?**

No it should not be linked to pay or bonus because it will be unfair to increase and decrease the pay just because of the appraisal.

## **SURVEY QUESTIONNAIRE**

### **Does Performance Appraisal Motivate Employees at a Workplace?**

#### **Semi-Structured Interviews of Managers (H.O.D's) of AE Group**

Name: Miriam John

Sex: Female

Department: Media & Communication

Joining Year: 2010

**1. As the head of the department how do you conduct performance appraisal and on what basis?**

I usually follow the instructions given by the HR department, I first inform them about the appraisal, and then give it to them and i ask them to take their time and then fill it and i do take one on one feedback session to tell them about their performance. I conduct the appraisal on the basis of performance, attendance, attitude and respect towards fellow employee's and time management skills.

**2. What do you have to say about the performance appraisal procedures of AE Group? Are you happy with it?**

I'm not that happy with the procedures because they only have the tick box options, I think with the options it is important that employees give reasons as to why they have chosen this option and not others. I think they must adapt a new appraisal system as year after year the same form is given for the appraisal.

**3. Do you think the performance appraisal process plays an important part in a company?**

Performance appraisal does play an important role in an organization. Because performance appraisal not just reveal about the employees performance but also tell about the sections wherein the employee needs special training.

**4. What do you have to say about 360 degrees Feedback?**

360 degree feedback when used correctly is highly effective; in this type of feedback, the employee gets feedback from different sections of people anonymous. If this feedback is used in our company, then it will be really beneficial for the whole organization. But its time consuming and a lot of planning is required to get it started.

**5. According to you what can a good Performance Appraisal do for the organization?**

A good performance appraisal will make sure that their workforces are aware of the company goals and objectives and it makes them work hard to achieve it. This increases the employee's self-development level.

**6. According to you why do you think that employees are not interested in performance appraisal?**

One of the main reasons could be that they must have filled but they never got the required feedback that they expected and it happened on a continuous basis and also the training that was mentioned for employees for their improvement in work also never took place, this resulted them in thinking that performance appraisal is ineffective and demotivating

**7. Do you think conducting a performance appraisal is a waste of time?**

No definitely I do not agree to that. Performance appraisal cannot be a waste of time instead this system if properly used and utilized will help the employees to become more hard working and will make them realize their career advances.

**8. Are you motivated when your performance appraisal is conducted?**

Yes I do get motivated plus I also learn from them the right way of conducting an appraisal, for my department it is very important that all the employees are always motivated and bring out their best when working.

**9. Do you think performance appraisal should be linked to pay and bonus?**

I think appraisal should be linked to pay or bonus which will help employees to work harder to achieve their goals and objectives. Making sure that performance appraisal is directly connected to their future pay and bonus will make them realize to do it well.

## SURVEY QUESTIONNAIRE

### Does Performance Appraisal Motivate Employees at a Workplace?

#### **Semi-Structured Interviews of Managers (H.O.D's) of AE Group**

Name: Ralph Joseph

Sex: Male

Department: Procurement Department

Joining Year: 2001

- 1. As the head of the department how do you conduct performance appraisal and on what basis?**

I just follow the instructions given by the HR department. I do not spend much time on performance appraisals as I'm always very busy with meetings and travelling.

- 2. What do you have to say about the performance appraisal procedures of AE Group? Are you happy with it?**

I'm fine with it as it's not my departments work to prepare the appraisal.

- 3. Do you think the performance appraisal process plays an important part in a company?**

It depends on business, but a company like AE Group, wherein IT and procurement plays an important role in the company.

- 4. What do you have to say about 360 degrees Feedback?**

No I do not know it.

- 5. According to you what can a good Performance Appraisal do for the organization?**

A good performance can increase an employee's satisfaction levels and also bring forth a self development.

**6. According to you why do you think that employees are not interested in performance appraisal?**

One of the main reasons could be that they must have filled but they never got the required feedback that they expected and it happened on a continuous basis and also the training that was mentioned for employees for their improvement in work also never took place, this resulted them in thinking that performance appraisal is ineffective and demotivating

**7. Do you think conducting a performance appraisal is a waste of time?**

Because of the long evaluation processes I think that it can be a waste of time.

**8. Are you motivated when your performance appraisal is conducted?**

From the time I have joined the company, the work has been so much that I have only attended around 3 performance appraisals with my senior boss. The appraisal to be frank did not affect me neither in a good way or bad way. I have still been working the way I was working from the beginning.

**9. Do you think performance appraisal should be linked to pay and bonus?**

No I feel it should not be linked to pay or bonus and especially in our company, performance appraisal should be linked to pay or bonus n large multinational companies.



## **SURVEY QUESTIONNAIRE**

### **Does Performance Appraisal Motivate Employees at a Workplace?**

#### **Semi-Structured Interviews of Managers (H.O.D's) of AE Group**

Name: Radha Ghanta

Sex: Female

Department: IT Department

Joining Year: 2005

- 1. As the head of the department how do you conduct performance appraisal and on what basis?**

I usually conduct it by giving all employees the appraisal and explaining them about the usage. After they finish I do have one on one session with them, where we discuss about the appraisal.

- 2. What do you have to say about the performance appraisal procedures of AE Group? Are you happy with it?**

I'm fine with all the procedure. I'm happy with the current appraisal system.

- 3. Do you think the performance appraisal process plays an important part in a company?**

No it does not play an important role because there are many other important things that goes around in the company on a day to day basis.

- 4. What do you have to say about 360 degrees Feedback?**

No

**5. According to you what can a good Performance Appraisal do for the organization?**

I think AE Groups performance appraisal is good and it pretty much does what it's doing right now in the company, taking employee's appraisal systems and then having one on one session

**6. According to you why do you think that employees are not interested in performance appraisal?**

Its time consuming and ineffective and some of the employees feel that it de-motivates them.

**7. Do you think conducting a performance appraisal is a waste of time?**

Sometimes I do feel it's a waste of time, when I have lot of work to but I have to do the one on one session with employees and finish it during the required period.

**8. Are you motivated when your performance appraisal is conducted?**

Because it is compulsory I attend. Otherwise it's really difficult to manage work and these appraisal systems.

**9. Do you think performance appraisal should be linked to pay and bonus?**

No it should not be linked to pay and bonus as performance appraisal does not show completely about the employee's performance.

## **SURVEY QUESTIONNAIRE**

### **Does Performance Appraisal Motivate Employees at a Workplace?**

#### **Semi-Structured Interviews of Managers (H.O.D's) of AE Group**

Name: Tony Mathew

Sex: Male

Department: Construction Engineering Department

Joining Year: 1982

- 1. As the head of the department how do you conduct performance appraisal and on what basis?**

I conduct performance appraisal with the help of HR department.

- 2. What do you have to say about the performance appraisal procedures of AE Group? Are you happy with it?**

I'm not that happy because, work has become so much more that there is no time to do things like that, its time consuming.

- 3. Do you think the performance appraisal process plays an important part in a company?**

No, there are other important things that play an important role.

- 4. What do you have to say about 360 degrees Feedback?**

I have not heard of it.

- 5. According to you what can a good Performance Appraisal do for the organization?**

I'm not sure because I think it does not play an important role.

**6. According to you why do you think that employees are not interested in performance appraisal?**

Because they feel that its time consuming and ineffective

**7. Do you think conducting a performance appraisal is a waste of time?**

Yes I do think that, as even after filling the appraisal forms year after year i have not found any change in employee's performance.

**8. Are you motivated when your performance appraisal is conducted?**

Not really, as i said year after year they have the same appraisal forms and we only discuss about what we did and achieved in the pat year.

**9. Do you think performance appraisal should be linked to pay and bonus?**

No it should not be linked to pay and bonus. Because I think a performance appraisal cannot determine about the extra pay or bonus to be given it to employees.

## SURVEY QUESTIONNAIRE

### Does Performance Appraisal Motivate Employees at a Workplace?

#### **Semi-Structured Interviews of Managers (H.O.D's) of AE Group**

Name: Sean Benton

Sex: Female

Department: Human Resource Department

Joining Year: 2004

**1. As the head of the department how do you conduct performance appraisal and on what basis?**

I usually start by conducting a meeting with all the managers, wherein guidelines for conducting an appraisal is explained and shown. For my department, even though they know about performance appraisal, I still explain them about the procedures to get it right. After they finish I have one on one session with each of the employees to know more about the appraisal and ask why did they chose certain option. Once I get all the appraisals back I keep all them in employee's personal file for any future reference.

**2. What makes a successful Performance Appraisal?**

An appraisal can be called as successful when he/she understands what the appraisal questions all about and how are they related to his/her daily work and answer them accordingly. Once the employees work is done comes the next step of the manager, here the manager must ask questions based on the appraisal forms and further break the points and ask why did they chose certain option and also explain that they have noticed his work and they must encourage them and finally they must find out if the employee lacks in any area, if yes then politely explain them about it and say that necessary training will be provided to cover that area. This way, even the employees will happy and will know that the company does cares about his achievements.

**3. What do you have to say about the performance appraisal procedures of AE Group? Are you happy with it?**

It is true that the performance appraisal systems are not up to the mark and needs lot of changing. because a majority of employees come from IT sector and plus their English is not up to the mark and it would be time consuming to fill these forms and then have meeting with their respective managers so it was decided by the management to keep a tick box option, it was me who asked to keep the performance appraisal system in the company. But we are coming up with a new appraisal system which will not by just objective and will be broken down in sub heads so that employees understand the question.

**4. Do you think the performance appraisal process plays an important part in a company?**

Performance appraisal does play an important role in an organization. Because performance appraisal not just reveal about the employees performance but also tell about the sections wherein the employee needs special training.

**5. What do you have to say about 360 degrees Feedback?**

360 degree feedback when used correctly is highly effective; in this type of feedback, the employee gets feedback from different sections of people anonymous. If this feedback is used in our company, then it will be really beneficial for the whole organization. But its time consuming and a lot of planning are required getting it started.

**6. According to you what can a good Performance Appraisal do for the organization?**

A good performance appraisal will make sure that their workforces are aware of the company goals and objectives and it makes them work hard to achieve it. This increases the employee's self-development level.

**7. According to you why do you think that employees are not interested in performance appraisal?**

One of the main reasons could be that they must have filled but they never got the required feedback that they expected and it happened on a continuous basis and also the training that was mentioned for employees for their improvement in work also never took place, this resulted them in thinking that performance appraisal is ineffective and demotivating

**8. Do you think conducting a performance appraisal is a waste of time?**

No definitely I do not agree to that. Performance appraisal cannot be a waste of time instead this system if properly used and utilized will help the employees to become more hard working and will make them realize their career advances.

**9. Are you motivated when your performance appraisal is conducted?**

Yes I do get motivated plus I also learn from them the right way of conducting an appraisal, for my department it is very important that all the employees are always motivated and bring out their best when working.

**10. Do you think performance appraisal should be linked to pay and bonus?**

I think appraisal should be linked to pay or bonus which will help employees to work harder to achieve their goals and objectives. Making sure that performance appraisal is directly connected to their future pay and bonus will make them realize to do it well.