

A Study of Performance Appraisal System and Its Impact on Employee Satisfaction and Employee Motivation in Higher

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Abstract: The general objective of the study is to determine the role of performance appraisal and its impact on employee satisfaction and motivation in higher education. The study is guided by the following specific objectives: to establish the extent to which performance appraisal process affects employee motivation, to determine the extent to which appraisers affect employee motivation and to determine the challenges in appraising employee performance. The study adopted descriptive research design. The population of interest consists of employees of higher education in Prayagraj. Data is collected using structured questionnaires and additional qualitative data is collected using the reference from the questionnaire and the objectives of the study. The data is analysed using statistical tools such as frequency distribution, percentages and Pearson correlations. The research findings suggest that regular assessment of performance leads to employee motivation. Performance appraisal rating can be considered as a technique that has a positive effect on work performance and employee motivation. Employees may be motivated if the appraisal process is based on accurate and current job descriptions.

Keywords: Performance appraisal; motivation; performance; employee satisfaction.

Introduction

This research paper explores the intricate relationship between the performance appraisal system and its influence on employee satisfaction and motivation within the context of higher education institutions. With the dynamic nature of academia and the evolving expectations placed on educators and staff, understanding the effectiveness of performance appraisal systems becomes crucial for organizational success.

With the rapid development and growth of organization, both in terms of its operations as well as the growing needs of the employees, it is quite normal for an organization to want to appraise its employee's performance. Traditionally, performance appraisals are conducted in a timely manner in order to assess growth and progress of the employees in their work and job roles. Due to this, it is often linked to employee benefits as well as growth and promotion schemes by the organizations. While many organizations provide benefits or promotions based on the result of these appraisals, most of them unconsciously ignore the crucial connection of these appraisals with employee motivation and satisfaction.

Performance Appraisal System

Performance appraisals are comprised of preset standards which are used to measure employees' work behavior and the results are provided as feedback for the employee. An appraisal system helps institutions with the decision-making process involved in employee promotion and compensation, or perhaps in an unfortunate situation, termination. A performance appraisal system falls under the umbrella of performance management software and these platforms are typically used in conjunction with each other.

In short, A performance appraisal system is a structured process used by organizations to assess and evaluate the job performance of their employees. The primary goal of this system is to provide feedback, recognize achievements, identify areas for improvement, and make decisions related to promotions, rewards, or training needs. Here are key components and considerations in designing a performance appraisal system:

Clear Objectives: Define the purpose and objectives of the performance appraisal system. It could include employee development, goal alignment, and determining compensation or promotions.

Performance Criteria: Establish clear and measurable performance criteria relevant to each job role. These criteria should align with the organization's goals and values.

Goal Setting: Encourage employees and managers to set specific, measurable, achievable, relevant, and time-bound (SMART) goals that align with organizational objectives.

Regular Feedback: Implement a system of regular feedback throughout the year, not just during formal appraisal periods. This fosters continuous improvement and communication between employees and managers.

360-Degree Feedback: Consider incorporating feedback from multiple sources, including peers, subordinates, and customers, to provide a comprehensive view of an employee's performance.

Self-Assessment: Allow employees to self-assess their performance. This can provide insights into their own perspectives and areas they feel require improvement.

Training and Development Plans: Identify training and development needs based on the appraisal results to help employees enhance their skills and competencies.

Fair and Objective Evaluation: Ensure that the appraisal process is fair, unbiased, and based on objective criteria. This may involve training managers on conducting evaluations and minimizing personal biases.

Documentation: Maintain accurate and detailed records of employee performance, achievements, and areas for improvement. This documentation serves as a basis for decision-making and can be valuable during performance discussions.

Performance Ratings or Rankings: Develop a clear rating or ranking system to quantify and communicate performance levels. This helps in making consistent decisions regarding promotions, salary adjustments, or other rewards.

Employee Involvement: Involve employees in the appraisal process by encouraging them to provide input, share their perspectives, and discuss their career aspirations.

Continuous Improvement: Regularly review and update the performance appraisal system to ensure its effectiveness in meeting organizational goals and adapting to changing business environments.

A well-designed performance appraisal system contributes to employee satisfaction, professional growth, and organizational success by aligning individual efforts with the overall objectives of the company.

Stages of Performance appraisal system:

1. Defining the objectives: Firstly, the objectives of the appraisal has to be defined clearly, this is because an appraisal can be done to motivate an employee or to control their behaviour. In each case the emphasis of appraisal differs. For example, salary and promotion are reward providing appraisal and this differs from appraisal of training and development.

2. Defining appraisal norms: performance appraisal is one of long term objectives of the organization. Therefore, performance norms have to be specified at the beginning of the year and the standards of performance should be jointly determined by the appraiser and appraisee. While defining the norms, there should be provision for revision of performance norms mid-way, as there may be many uncontrollable factors which may affect the performance of the employee. For example: Pepsi co. evaluates performance norms for its managers two or three times in a year to make it more meaningful.

3. Designing the appraisal program: while designing the appraisal program, issues such as the type of personnel to be appraised, the appraisal methodology to be used and the timing of appraisal have to be considered. These issues differ from one organization to another, but ideally it is suggested that all the personnel in the organization have to be appraised irrespective of their levels and the appraisal has to be carried out through self-appraisal or out sourcing methods. The methodology to be followed again differ according to the nature of the business but the combination of both structured forms and questionnaire or personal interview are considered good. Finally, the time period of the appraisal should be decided on the basis of the needs of the organization.

4. Implementing appraisal program: the next step is implementing the appraisal program according to the appraisal design and results of the appraisal have to be communicated to the HR department, so that they can do the follow-up according to the appraisal objectives.

5. Appraisal feedback: this is one of the important step in the process of appraisal, often many managers feel that employees generally experience a face-saving issue they hear that their actual performance is not as good as they had perceived it to be.

6. Post appraisal actions: the main objective of performance appraisal is to improve the long term performance of an employee based on the appraisal. The post appraisal actions may be to reward the outperformers and to guide and train the underperformers. It also aims to eliminate those organizational factors which are obstacles for effective performance.

Benefits of Performance appraisal in Higher Education System:

1. Promotion: promotion may be the result of a teacher's proactive pursuit of a higher ranking or as a reward by Institution for good performance. The purpose of performance appraisal system of promotion is that it helps management to see which Teacher would be more beneficial for the Institution. Promotion helps the management to increase the work load and to assign the work in order to get fruitful results from that Teacher.

2. Enhancement of Employee's progress: The valid performance appraisal process helps the management in preparing policies and programs of the Institution in a better way. It helps the management to assign the jobs to capable Faculty members. Such appraisals at work also help in casing future expansion line ups. The progress of every Faculty has to be equally viewed in order to enhance a chance for progression in their career.

3. Assortment validation of employee's stability: Performance appraisal systems help the management to understand the validity and significance of the actual staff evaluation course of action. Superiors come to know about their Faculty strengths and in this way, they also come to know about the potency and weak point of staff appraisal procedure. Any changes in the appraisal system could be modified in such methods. It reflects to keep up the effectual stability part of the employees as well. When an employee gets very good appreciation and job appraisal after working for the year, the chance of their stability involuntarily increases and it decreases the attrition rate in the company.

4. Tool of Motivation: Performance appraisal also serves as a motivational tool. This motivates the faculty for performing better in job and helps him to perk up their presentation for the future as well. Performance appraisals increase their strength level and motivate them to the utmost and they can carry out even much

improved performance in future. The Management must motivate their faculty members, so that it could boost up their strength level and they can perform wisely and productively.

Impact of performance appraisal system on employee satisfaction

The impact of a performance appraisal system on employee satisfaction is significant and multifaceted. When executed effectively, a performance appraisal system can positively influence various aspects of an employee's satisfaction within an organization. Here are key points outlining the impact:

Recognition and Appreciation:

- **Positive Impact:** Regular performance appraisals provide a platform for recognizing and appreciating employees' contributions and achievements.
- **Effect on Satisfaction:** Feeling valued and acknowledged enhances employee satisfaction, fostering a positive perception of their role within the organization.

Feedback and Improvement Opportunities:

- **Positive Impact:** Constructive feedback during performance appraisals helps employees understand their strengths and areas for improvement.
- **Effect on Satisfaction:** Employees who receive guidance on improvement feel supported and are more likely to be satisfied, knowing the organization is invested in their professional growth.

Clarity in Expectations:

- **Positive Impact:** Performance appraisals often clarify expectations regarding job roles, responsibilities, and performance standards.
- **Effect on Satisfaction:** Clear expectations reduce ambiguity, leading to higher satisfaction as employees have a better understanding of what is required of them.

Career Development and Growth:

- **Positive Impact:** Performance appraisals identify opportunities for career development, training, and skill enhancement.
- **Effect on Satisfaction:** Knowing that there are avenues for personal and professional growth within the organization contributes to higher job satisfaction.

Fair Recognition and Rewards:

- **Positive Impact:** Performance appraisals serve as a basis for recognizing and rewarding employees based on their performance.
- **Effect on Satisfaction:** Fair and transparent reward systems increase satisfaction by ensuring that employees feel their efforts are fairly compensated.

Employee Involvement and Communication:

- **Positive Impact:** Involving employees in the appraisal process and maintaining open communication fosters a positive workplace culture.
- **Effect on Satisfaction:** Feeling heard and involved in decision-making contributes to overall job satisfaction and a sense of belonging.

Motivation and Engagement:

- **Positive Impact:** A well-designed performance appraisal system can motivate employees by setting clear goals and expectations.
- **Effect on Satisfaction:** Motivated employees are more likely to be satisfied with their work, as they see a direct connection between their efforts and organizational success.

Job Security and Stability:

- **Positive Impact:** Performance appraisals may provide employees with a sense of job security and stability, especially when their contributions are recognized.
- **Effect on Satisfaction:** Job satisfaction is often higher when employees feel secure in their positions and confident in their future within the organization.

In conclusion, a positive and effective performance appraisal system can contribute significantly to employee satisfaction by fostering a culture of recognition, providing opportunities for growth, and establishing clear communication channels. When employees perceive the process as fair, transparent, and supportive, it enhances their overall satisfaction with their roles and the organization.

Impact of performance appraisal system on employee satisfaction

The impact of a performance appraisal system on employee motivation is profound, influencing various aspects of an individual's commitment, engagement, and enthusiasm at work. Here are key points outlining the impact of a performance appraisal system on employee motivation:

Recognition of Achievements:

- **Positive Impact:** Performance appraisals provide a formal opportunity to recognize and celebrate employees' achievements and successes.
- **Effect on Motivation:** Feeling acknowledged and rewarded for their efforts boosts employee motivation, encouraging them to maintain or improve their performance.

Feedback and Improvement Opportunities:

- **Positive Impact:** Constructive feedback during performance appraisals guides employees on areas for improvement and development.
- **Effect on Motivation:** Employees who receive feedback and support for improvement are motivated to enhance their skills and performance, leading to increased job satisfaction and motivation.

Goal Setting and Clarity:

- **Positive Impact:** Performance appraisals often involve setting clear goals and expectations for the future.
- **Effect on Motivation:** Clearly defined goals provide employees with direction, purpose, and a sense of achievement when they successfully meet or exceed expectations.

Career Development Opportunities:

- **Positive Impact:** Performance appraisals identify opportunities for career development, training, and skill enhancement.
- **Effect on Motivation:** Knowing that there are avenues for personal and professional growth within the organization motivates employees to invest effort in their roles.

Fair Recognition and Rewards:

- **Positive Impact:** Performance appraisals serve as a basis for recognizing and rewarding employees based on their performance.
- **Effect on Motivation:** Fair and transparent reward systems, such as salary increases or bonuses, act as strong motivators for employees to excel in their work.

Employee Involvement and Participation:

- **Positive Impact:** Involving employees in the appraisal process fosters a sense of ownership and participation.

- **Effect on Motivation:** Employees who feel their opinions are valued and considered in the appraisal process are more likely to be motivated and engaged in their work.

Job Satisfaction and Engagement:

- **Positive Impact:** A well-executed performance appraisal system contributes to job satisfaction.
- **Effect on Motivation:** Job satisfaction is closely tied to motivation; satisfied employees are more likely to be motivated, committed, and engaged in their roles.

Clarity in Performance Expectations:

- **Positive Impact:** Performance appraisals help clarify performance expectations and standards.
- **Effect on Motivation:** Clear expectations provide employees with a roadmap for success, boosting motivation by reducing ambiguity and uncertainty.

Alignment with Organizational Goals:

- **Positive Impact:** Performance appraisals align individual goals with organizational objectives.
- **Effect on Motivation:** Knowing that their efforts contribute to the overall success of the organization motivates employees to actively pursue and achieve organizational goals.

In summary, a well-designed and effectively implemented performance appraisal system positively impacts employee motivation by recognizing achievements, providing feedback and improvement opportunities, setting clear goals, and aligning individual efforts with organizational objectives. When employees feel valued and supported, their motivation to excel and contribute to the organization's success is enhanced.

Conclusion:

Performance appraisal is not only beneficial in corporate world but it also proved its efficiency in Higher education system where there is huge human force. Through effective performance appraisal system job performance of an employee is determined and evaluated. Proper performance feedback can improve the employee's future performance. Effective method of Performance appraisal has resulted in increase of job stability of the Faculty members and

also proved to be an effective tool of motivation to the employees. In order to attract and retain the best talent in higher education, the Institutions can give bonus or additional allowance to the better performers. The management can also provide financial assistance to the faculty members who take up professional growth courses or research activities.

In summary, an effective performance appraisal system plays a crucial role in shaping employee satisfaction and motivation by providing feedback, recognition, career development opportunities, and fair rewards. When implemented thoughtfully, it creates a positive workplace environment that fosters employee engagement and commitment.

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