

# Investigating the Efficacy of Performance Evaluations from the Perspective of Employees

**Submitted by:**

Aparna Dixit

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Enrollment No. – 202010335

**Submitted to:**

Prof. Namrata Mishra

Galgotias University, Uttar Pradesh



## **Abstract**

There is evidence that the performance appraisal process has a significant impact on organizational effectiveness as well as employee attitudes and behavior in the workplace. The purpose of this study is to see how successful is the performance appraisal process in tourism organizations. According to the findings, most companies use performance assessment as a tool to improve employee performance rather than as an "outcome distributor" tool for determining promotions, merit pay, and dismissal.

Furthermore, procedural justice in the performance rating process is not ensured to a considerable extent. In addition, many organizations perform ineffective feedback sessions with limited employee involvement, according to the findings.

The recommended conclusions and implications can give managers insight into how the assessment process is now practiced and how they can increase the satisfaction level of the employees from these performance appraisal programs and what is the perspective of employees.

**Keywords:** Performance Appraisal, Effectiveness, Employee Satisfaction, Tourism companies.

## **Introduction**

The world is changing at a fast pace and so are the needs of organizations. It is important to know which skills are needed so that the work can be performed in a more efficient way. Performance appraisals are a key to it. Performance appraisals are reviews of an employee's work performance on a regular basis. They are frequently used by businesses to provide feedback on employees' work and to explain choices such as wage raises, incentives, and, in some situations, terminations. Although performance evaluations can be conducted at any time, many businesses do it on a quarterly, semi-annual, or annual basis.

Performance appraisal (PA) is used to improve employees' contributions to company goals and work performance.

The practice of reviewing an employee's job performance and overall contribution to the company on a regular basis is referred to as "performance appraisal." It improves employees' understanding of their own performance, improves the accuracy of their performance, relates current performance to goals, lowers employee turnover, and boosts motivation. Performance appraisal, on the other hand, is often regarded to be plagued with prejudice and inaccuracy, limiting its usefulness.

Employees experience disparity in assessments, unfairness in the process, work unhappiness, and intents to quit as a result of these issues, resulting in the appraisal system's failure. As a result, the purpose of this article is to investigate the effectiveness of the performance appraisal process in the context of tourism businesses.

Employee happiness, sometimes called work satisfaction, relates to how satisfied employees are with their occupations. Employee satisfaction is frequently measured using an employee satisfaction survey. These surveys may cover compensation, workload, management perceptions, flexibility, teamwork, resources, and other elements that influence employee satisfaction.

This study examines the effectiveness of the performance appraisal process and the satisfaction of employees from that process.

## **Research Objectives:**

- To gain knowledge about the performance appraisal programs of the company.
- To focus on the employee satisfaction level towards the performance appraisal process.
- To find out whether the process of performance appraisal can be improved to better according to the needs of the employees.

## **Literature Review**

Performance appraisal is widely utilized as a human resource technique, according to academics. Despite this, it continues to face significant issues in human resource management. Following that, the performance appraisal system should achieve a high level of approval among employees (Saraih, Karim, Ahmad, &

Nordin, 2017). According to Saraih et al. (2017), in order to improve employee satisfaction with the assessment process, employees' worries about the evaluation process must be addressed.

One of the first authors to address the application of performance appraisal in businesses was Dulewicz (1989). According to him, the concept of performance evaluation arose from "the underlying human desire to make judgements about people with whom one works, as well as about oneself." It examines how well employees accomplish their duties and gives managers with information on performance management as an organizational gauging tool. It calculates employees' contributions to an organization's pre-determined goals over time. It is intended to improve employee performance by identifying performance flaws that must be addressed.

Finally, it is used to make administrative decisions such as reward and promotion distribution. Supervisors and their employees have the opportunity to openly debate the organization's expectations against the employees' accomplishments as part of this process. An effective performance appraisal process should direct individuals in the direction of improving their performance, resulting in long-term organizational success.

Prior study has found a correlation between successful human resource management strategies like performance appraisal and improved financial performance in businesses.

Organizations that used a performance appraisal procedure enhanced their output by about 43 percent, according to Zemke and Schaaf (2003). On the other hand, various researchers have looked into this topic and found that the performance appraisal experience has a good impact on the workplace.

For example, it fosters a positive work environment, fosters a sense of fairness, drives performance improvement, and boosts employee happiness. Employees that are happy and motivated have been found to improve organizational performance and, as a result, consumer satisfaction, particularly in service industries like tourism.

Subjective feelings like partiality, trust, and pity can skew the validity of a performance evaluation by inflating or deflating employee rates. Given the complexities of the tourism industry, most employees' performance goals should be to execute a good job in a team setting in addition to obtaining client pleasure.

In this regard, scholars of human resource management studies have been focused on issues such as effective management, support, and advancement of the performance appraisal process.

As a result, the purpose of this research is to investigate the characteristics of effective performance appraisal process management in the context of tourism organizations.

### **Measuring the performance appraisal's efficacy**

The efficacy of the performance appraisal process is based mostly on its good administration. The need of good planning, constant feedback, and supervisory performance monitoring was underlined by the researchers. Employees also found that appraisals are more effective when they have greater involvement and influence over the process.

The adoption of precise and measurable criteria to evaluate employee performance is another crucial component of a good performance review. Performance appraisal targets, on the other hand, should be specific, targeted, and obvious to the personnel.

Following on from the previously identified efficacy criteria, the perception of procedural justice by employees was discovered to be a critical component in the success of the performance appraisal process.

In general, performance appraisal objectives should be explicit and understandable. The next five sub-sections group and describe the aforementioned factors: "objective setting," "criteria," "procedural justice," "feedback," and "employee participation."

### **Criteria of performance appraisal**

Several recent studies have highlighted the necessity to provide concrete criteria for measuring employee performance. End objectives, competencies, abilities, qualities, behaviors, or any other aspect of the profession might be used as criterion.

Whatever criteria were used, they needed to be precise and objective. Employees experience role ambiguity, uncertainty, and dissatisfaction as a result of the criteria's lack of clarity and objectivity. Employees must also be aware of the performance appraisal standards early on in their careers and understand how to meet them. They will be well prepared for their performance evaluation as a result of this. Employees, on the other hand, believe that the performance appraisal process is ineffective since the criteria for evaluation are obscure and unclear. Employees who express such unpleasant feelings are more prone to develop bad attitudes in the workplace. Employee unhappiness, a lack of organizational commitment, and a desire to leave. These unfavorable attitudes have a negative impact on people's productivity by causing them to change their behavior.

### **Procedural justice**

The fairness of an organizational process' procedures in terms of the structure, strategies, or mechanisms employed to accomplish the desired outcomes is referred to as procedural justice.

To ensure procedural justice in the performance rating process, some organizational management experts proposed control variables:

- (1) appropriate consideration of workers' perspectives
- (2) bias control
- (3) steadiness of criteria across employees
- (4) timely feedback about the resulted decisions
- (5) managers sincerity when communicating with employees
- (6) treating employees with gentleness
- (7) providing employees with rational explanation for a resulted decision.

All of the preceding criteria were discovered to play a vital role in ensuring the procedural justice of the performance appraisal and, as a result, the perception of fairness among the employees.

## **Feedback**

The message of the performance appraisal feedback includes, first and foremost, the employee's overall performance grade. Employees will be able to see how well they are performing and where they need to improve based on these numbers. As a result, the word of feedback should be sent as soon as feasible. The earlier input was supplied, the more quickly the poor performance might be addressed.

As a result, feedback is thought to have a significant impact on future organizational and personnel performance.

Managers should be trained on how to conduct feedback sessions and how to guide employees toward the most effective approaches to improve their performance. This form of training should be used to encourage managers and supervisors to provide more accurate and positive feedback sessions.

Organizations must also emphasize the importance of feedback in order to create an effective evaluation, optimize its benefits, and avoid the organization's dysfunctional practices.

## **Employee participation**

Participation of employees in the performance rating process is critical to the system's long-term efficacy. Employees who participate in the performance appraisal process feel as if they have a say and control over the process. This fosters employee involvement and motivation, resulting in increased productivity and contributions to many elements of the workplace.

Furthermore, involvement allows individuals to share their knowledge with coworkers and management, fostering a sense of collaboration in the workplace. Employee participation in performance appraisal takes various forms, according to previous research: Employees' ability to express their side of the issue, the level of impact employees believe they can have when speaking their viewpoint, self-appraisal, and contributing to the process are all factors to consider during the appraisal interview. If any of the previous forms are missing, the lines of communication between managers and staff are likely to be closed. Furthermore, poor employee participation raises the chances of a flawed performance review procedure. It also makes employees think the procedure is pointless.

## **Employee satisfaction and performance appraisal:**

The relationship between employee satisfaction and performance appraisal has been extensively researched (Keeping & Levy, 2000), and the most common methods used to conceptualize this relationship are (a) satisfaction with the performance appraisal interview, (b) satisfaction with the appraisal system, and (c) satisfaction with performance ratings (Pettijohn, Pettijohn, & Taylor, 2000). However, employee satisfaction is the most important factor. In short, empirical research suggests that one of the most important reactions to a performance review is employee satisfaction (Sudin, 2011). Previous research (Karimi et al., 2011; Malik, Ahmad, et al., 2010) has found that if employees are satisfied with their work and performance appraisal, their contribution to corporate goals increases.

**Hypothesis:****Preposition 1, H1:**

There is a positive relationship between performance appraisal and employee satisfaction.



Figure 1: Conceptual Framework of the study.

**Research questions and Objectives**

This study aims to investigate the efficacy of performance appraisal programs conducted within the organizations with the employee satisfaction. It is intended to find out whether the employees are satisfied with their performance appraisals. Some of the research questions are:

1. Were the performance evaluation techniques based on accurate data?
2. Has there been any bias in the performance appraisal procedures?
3. Have the performance appraisal procedures been applied consistently?
4. Were you satisfied with your last review discussion?
5. Are you satisfied with the performance appraisal program conducted by the company?
6. Do you feel there is a role of your organization's performance appraisal program in your professional growth?

**Research Methodology****Sample and Data Collection**

This study is based on the primary data. Questionnaires are the standardized form which is created and submitted to the respondents to get an idea about their satisfaction level towards the performance appraisal program conducted in the company.

The performance appraisal scale and the employee satisfaction scale are adapted one. Options are provided for each question from which the respondents are required to select the suitable options to express their point of view. Respondents will be the employees of tourism Industry.

Further the results that are gathered from these questionnaires are used to evaluate the employee satisfaction level and the efficacy of the performance appraisal program.

### **Sample**

Our population of the study consists of all the employees of tourism companies. From the population, we have chosen the sample of employees of tourism companies in the Delhi region.

The sample was free to give their honest responses and the response rate was satisfactory. The data of 80 people was collected for the research purpose.

### **Method**

In this study there are two factors that are to be measured: Employee satisfaction and performance appraisal.

The measures which are used to measure performance appraisal are procedural justice, feedback and employee participation. There are total 13 questions in the questionnaire including the demographic details, performance appraisal questions and the employee satisfaction questions.

This is both a causal research and exploratory research because there is a cause-and-effect relationship between performance appraisal and employee satisfaction and we are exploring this relationship through this research.

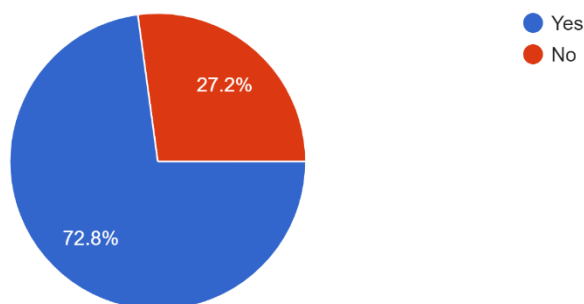
### **Data Analysis and Interpretation:**

Coming to the results of this research, we have found the answers of various questions related to many factors that we wished to measure to know the relationship between performance appraisal and employee satisfaction. The elaborate results are shown below:

**The outcomes of the Procedural Justice variable:** It revealed the extent to which respondents believe that the methods of performance rating are fair in and of themselves. The vast majority of respondents ranked “Have the performance appraisal procedures been based on accurate information?” as yes with 72.8%.

Have the performance appraisal procedures been based on accurate information?

81 responses



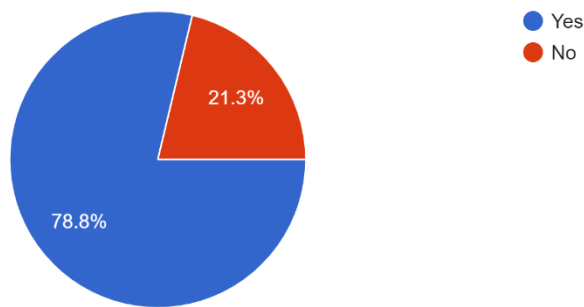


| Responses | Frequency | Percentage |
|-----------|-----------|------------|
| Yes       | 50        | 62.5       |
| No        | 30        | 37.5       |
| Cant say  | /         | /          |
| Total     | 80        | 100%       |

Also, the responses on the question, “Have the performance appraisal procedures been applied consistently” has got a huge positive response with 78.8% employees accepting it as “yes”.

6. Have the performance appraisal procedures been applied consistently?

80 responses



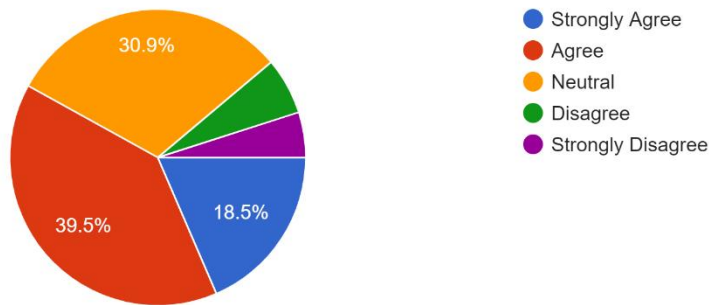
**The results of Feedback variable:** The first thing to notice from the results is that there was a mixed response of the employees when they were asked whether they were satisfied with their last review discussion or not. The results are shown below.

| Responses         | Frequency | Percentage |
|-------------------|-----------|------------|
| Strongly Agree    | 10        | 12.5       |
| Agree             | 40        | 50         |
| Neutral           | 25        | 31.25      |
| Disagree          | 3         | 3.75       |
| Strongly disagree | 2         | 2.5        |
| Total             | 80        | 100%       |



I felt quite satisfied with my last review discussion.

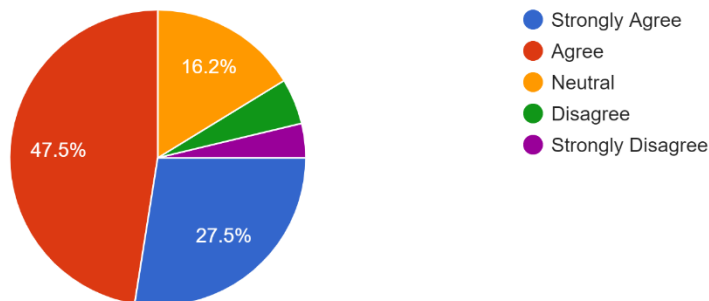
81 responses



Also, when the employees were asked about whether their last appraisal feedback gave them any idea about how well they are doing the job or how they can do their job better, then also we got a mixed response, which shows that the feedback system in organizations is not followed effectively.

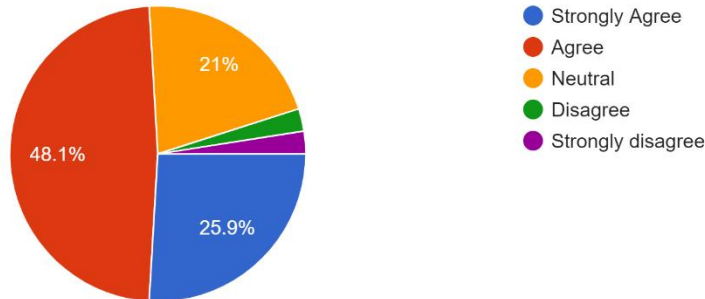
My last appraisal feedback interview gave me a good idea of how well I am doing my job.

80 responses



The appraisal feedback helped me learn how I can do my job better.

81 responses



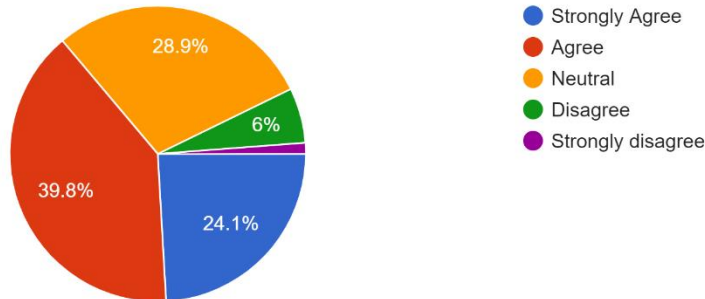
| Responses         | Frequency | Percentage |
|-------------------|-----------|------------|
| Strongly agree    | 20        | 25         |
| Agree             | 40        | 50         |
| Neutral           | 10        | 12.5       |
| Disagree          | 5         | 6.25       |
| Strongly disagree | 5         | 6.25       |
| Total             | 80        | 100%       |

**The following are the results of the Employee Participation variable:** This series of questions was designed to assess how satisfied employees were with their participation in the feedback session and if their participation was ensured in the appraisal process. When the employees were asked whether their manager asked them to share their point of view on their performance, very few of them (24.1%) marked it as strongly agree and 39.8% marked it as agree while 6% employees also disagree with this fact. The result is shown in the pie chart below:

| Responses         | Frequency | Percentage |
|-------------------|-----------|------------|
| Strongly agree    | 10        | 12.5       |
| Agree             | 40        | 50         |
| Neutral           | 20        | 25         |
| Disagree          | 7         | 8.75       |
| Strongly disagree | 3         | 3.75       |
| Total             | 80        | 100%       |

My manager asked me to share my views about my performance.

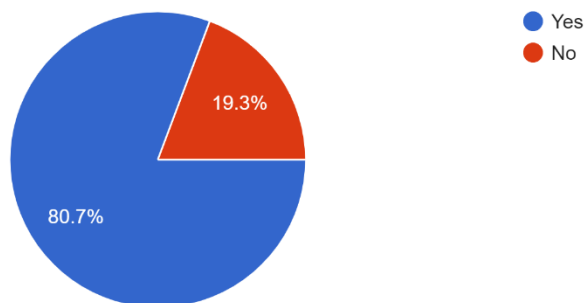
83 responses



**The results of Employee Satisfaction variable:** This section aims at finding the efficacy of performance appraisal programs on employee satisfaction. 80.7% employees feel that there is a role of performance appraisal program in their professional growth.

Do you feel there is a role of your organization's performance appraisal program in your professional growth?

83 responses

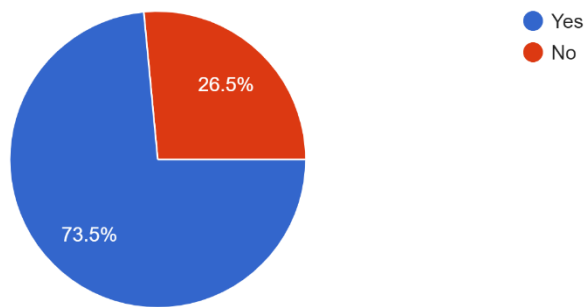


| Responses | Frequency | Percentage |
|-----------|-----------|------------|
| Yes       | 60        | 75         |
| No        | 20        | 25         |
| Total     | 80        | 100%       |

Also, when the employees were asked if they are satisfied with the performance appraisal program conducted by their company, majority of them (73.5%) agreed to it while a small portion of employees (26.5%) were not satisfied with it. The results are shown below in the pie-chart.

Are you satisfied with the performance appraisal program conducted by the company?

83 responses



## **Discussions and Recommendations**

Employees at tourism companies are able to fully comprehend the aims of the performance appraisal process, according to the findings of this study. Employees appear to be aware of their goals. Employees can use performance appraisal to learn their strengths and weaknesses in their work, and then take steps to improve it. The data which we have collected has given us complete information about what employees feel about the performance appraisal programs conducted by their organizations. The results clearly shows that the employees are satisfied with the performance appraisal programs but there are certain shortcomings which need to be tackled.

The findings reveal that employees consider assessment feedback to be less productive than it should be. They consider that essential features are missing from the feedback session. For example, detailed information regarding the actual appraisal of employees' performance as well as suggestions for how to improve it. This contributes to a negative impression of the session.

Furthermore, the majority of participants admitted that they had never addressed their boss's appraisal feedback with them. Others have noted that the feedback session does not occur on a regular basis.

This suggests that, despite its crucial relevance to the organisation and its employees, many managers pay little attention to conducting a feedback session. A fruitful feedback session has been demonstrated to positively influence employee attitudes in businesses, such as performance management, career growth, job satisfaction, and motivation, according to previous studies. These findings highlight the need of tourist organisations positively adopting and applying feedback in order to maximise the benefits obtained from the appraisal process.

Hence these results should be able to help the organizations to work on their performance appraisal programs and make it more better for the employees.

## **Conclusion and Implications:**

The purpose of this study is to see how successful is the performance appraisal process in tourism organizations. Because performance appraisal is one of the important human resource management processes, managers and employees must ensure that it is implemented correctly.

The findings led to the following suggestions which are presented below:

First and first, tourism businesses must comprehend why they need to execute a performance appraisal process in the first place. According to the findings, most tourism organizations undertake appraisals without benefiting from the results when making evaluation-related decisions such as payroll, promotions, or dismissal. They also miss out on the full developmental benefits of the assessment process, such as correcting, leading, and improving employee performance. As a result, businesses should properly comprehend the objectives and benefits of such a procedure. Top managers should set assessment goals and criteria that are linked to the organization's overall strategy, according to the report. This will aid in the cost-effective planning, design, and implementation of the performance appraisal.

Ensuring procedural justice can result in a more transparent procedure and, as a result, a happier employee. More specifically, the implementation of the performance appraisal process should be based on appraisal criteria that assure information disclosure, transparency, and accuracy. Employees' organizational loyalty, work happiness, and confidence can all be harmed by procedural unfairness. As a result, tourism companies should hire executives who are likely to be seen as procedurally fair. Finally, holding ineffective feedback sessions with little employee involvement has a significant impact on staff morale. Managers' role in managing the feedback session appears to be critical, since they appear to be the ones in charge of introducing high- or low-quality feedback. The findings emphasize the necessity that managers should be prepared for feedback sessions and encouraged to speak positive to their employees. It's also important to organize such a feedback session on a regular basis, with all relevant data on employees' present and desired performance.

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