

# **THE USE OF PERFORMANCE APPRAISAL AND REWARD SYSTEM IN ENHANCEING EMPLOYEE PERFORMANCE IN AN ORGANISATION**

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## **Abstract**

Employee performance has been awarded prime focus by human resource managers. As a result, a number of performance appraisal techniques have over time been worked up to help establish employee's performance. In the contemporary times, the use of performance appraisals has been extended beyond the rating of the employee's performance to aspects such as motivation. Accordingly, this study looks for further to investigate effectiveness of performance appraisal systems and its effect on employee motivation. The study's main objectives concern to establishing the moderating role of performance appraisal as a motivation tool as well as potential challenges. The study findings show the presence of significant positive outcomes when the organization uses performance appraisal as a motivation tool. Further, the study finds that the use of more than one appraisal techniques helps for greater satisfaction and consequently greater motivational levels. The specific aspects of performance appraisal systems (PAS) that help improve motivation include the linking of performance to rewards; using the PAS to help set objectives and benchmarks; as well as the use of PA to help identify employee's strength and weaknesses.

**Keywords:** Appreciation, Reward, Employee performance, empowerment, environment, Motivation.

## **I. INTRODUCTION**

The human resource department is one of the most important departments in every company and firm. Every company adopt the different departmental demarcations to suit their mission but in all of them, this department is always found almost as important, if not more important, than the public relation department. This is so as the background and welfare of the employees is as important as any other mission the company or establishment is poised towards.

The management of employees and the maintenance of their working spirit goes beyond the payment of salaries and the assignment of duties. The establishments rely on the employees for the attainment of whatever goal or target they have set for themselves which means that the maintaining of high performance and the spirit to meet the targets is also part of what is to be looked after by the employers; creating a conducive working environment and the incentive to go the extra mile beyond one's job description. This refers to the systems adopted by an organization to reward good work input and diligence of its employee.

## **II. LITERATURE REVIEW**

According to Maley these are the very qualities that are created by an effective performance appraisal system. While focusing on performance appraisal as a motivational tool, studies in this field strongly suggest that performance appraisal systems can be used to enhance motivation (Chen & Eldridge,; Appelbaum et al., However, the link between performance appraisal and employee motivation has often been studied in a

traditional or general manner and hence the relationship tends to be blurred in nature. The traditional use of performance appraisal has for instance been criticised for the reward of —win-lose results as opposed to —win-win results in which the system promotes supportive and cooperative behaviour (Rowland & Hall,).

Despite the above shortcomings in approaches to performance appraisal, extant literature on performance management still indicates that performance appraisal when undertaken in the right manner can contribute significantly to employee motivation (Tuytens & Devos, ). When undertaken in the absence of clear goals, performance appraisal can however have serious ramifications in terms of employee dissatisfaction and consequently a reduction in productivity and organisational commitment (Maley, ). On the positive side, it has been argued that performance appraisal provides an important avenue to recognise employees' work efforts. Recognition in this case has for long been considered as a key employee incentive. Its importance is underscored by Samarakone) who indicates that human beings in a number of instances prefer negative recognition as opposed to no recognition at all. Performance appraisal is a widely discussed concept in the field of performance management. The importance accorded to performance appraisal systems in part arises from the nature of the current business environment, which is marked by the need to achieve organisational goals as well as remain relevant in intensely competitive markets through superior employee performance (Chen and Eldridge,). Within this context, various studies suggest that organisations can hardly control the behaviour of their employees (Attorney,). The organisations can however control how employees perform their jobs. In addition, performance management research shows that a significant number of employees tend to have the desire to perform their jobs well as part of their individual goals as well as a demonstration of loyalty towards the organisation (Wright & Cheung,). Arguably, the key to ensuring that employees perform well lies in the ability to provide them with the right working environment. Such an environment generally includes fair treatment, offering of support, effective communication and collaboration.

### III. RESEARCH OBJECTIVES

The study seeks to establish the link that exists between performance appraisal and employee Motivation. In order to meet this general aim, the following specific objectives will be pursued:

- To analyse the types of performance appraisal and motivation and their effectiveness at Shine Communications
- To examine and explore the link between performance appraisal and motivation at Shine Communications
- Which are the main types of performance appraisal and motivation and how effective at they from an organizational perspective?
- How does performance appraisal influence employee motivation?

#### **IV. RESEARCH METHODOLOGY**

While a number of organisations continue to use informal and subjective performance evaluation practices to make reward decisions, there is evidence that objective performance evaluation practices are increasingly prevalent in the current times.

##### ***A. 360 Degree/Multi-Rater Performance Appraisal***

The 360 degree performance appraisal as evident from existing literature is one of the appraisal system that has in the recent years gained significant popularity in both small and large-sized firms (Deb, Lepsinger & Lucia.). By description the 360 degree appraisal system involves an appraisal system that encompasses the views of different groups of reviewers who socialise with the organisation's employees. Such reviewers include the employee's superiors (managers and supervisors), co-workers/peers and customers. The process also includes the employee's opinion about him/herself and hence its recognition as a multi-source, multi-rater and full-circle appraisal system (Grund & Przemeck.). While on this context, Horng Hsu, Liu, Lin, & Tsai, through a study on employee competencies identifies four key assessments that should constitute a 360 degree appraisal system. They include self-assessment; immediate supervisor assessment; subordinate assessment and peer assessment. The underlying premise behind the use of 360 degree performance appraisal is that a significant amount of performance data about a given employee can be gathered when multi-sources are used (Sahoo & Mishra.). In other words, the 360 degree appraisal systems allows for gathering of information about an individual from different degree and angles. While supporting such views, Deb underscores that the use of multiple assessment sources helps ensure that an employee's performance is double checked. Moreover, the 360 degree performance appraisal system is considered as one that helps in overcoming disadvantages such as prejudice, subjectivity and halo errors, which characterise traditional evaluation systems (Hsu et al.).

##### ***B. Graphical Rating Scales***

Graphical rating scales constitute the most used method during performance appraisal in most organizations (Woods, Irtz.). A graphic rating scale in this context entails a performance appraisal rating checklist. Using the checklist the manager simply rates the employee on a continuum that may range from poor to excellent depending on the aspect being evaluated. Woods) attributes the popularity of graphical rating scales to the ability to use such scales for a variety of jobs. Such scales are also considered as requiring minimal cost, training effort and time. Panari, Guglielmi, Simbula, and Depolo., identifies a number of performance factors that can be effectively measured using the help of graphical rating scales. First, such scales can be used to evaluate the employee's quality of work. In this scale the employee's ability to consistently meet the work requirements, expectations and desired outcomes are assessed. Second, rating scales can be used in assessing productivity in terms of whether the employee makes good use of available plans, work time and completes assignments on schedule. In addition, the employee's knowledge of the job can be assessed. These include job relevant skills that are gained through education, experience and on-job training (Panari et al.).

### ***C. Management by Objectives (MBO)***

Management by objectives as one of the key appraisal methods is defined as a result-based evaluative program (Choon & Embi, ). In greater detail, the goals of the performance appraisal system from an MBO perspective are mutually defined by a number of key stakeholders who include the subordinates, supervisors and employees as well. A typical MBO appraisal system consists of several steps. The process begins by the establishment of clear objectives for the employee. An action plan detailing the way in which the objectives are to be achieved is developed. The employee is then allowed to implement the developed action plan. This allows for appraisal of performance in an objective manner. Corrective actions are taken in situations deemed necessary as well as new objectives for the future established (Sillup & Klimberg,).

### ***D. The Concept of Employee Motivation***

Employee motivation has on the other hand been approached from a number of different perspectives. Wolff and Gunkel for instance define employee motivation as —the willingness to exert high levels of effort toward organisational goals, conditioned by the effort's ability to satisfy some individual needs. From a quite a simplistic way, Chiang and Jan defines employee motivation as —the process of an employee being moved to work, While further expounding on employee motivation, Wolff and Gunkel argue that motivation often results from the psychological need associated with the need to gratify desires that remain unsatisfied.

### ***E. Intrinsic and Extrinsic Motivation***

From the review of literature on motivation individuals are motivated by an array of factors which can be broadly classified under intrinsic and extrinsic motivational factors (Miao, Evans and Shaoming,). As Miao et al., further explains intrinsic motivation entails an internal state that is responsible for activating behaviour as well as the influences that initiate change. From a human resource perspective, intrinsic motivation is considered as a form of motivation that captures the aspects of doing work for its own sake (Osterloh & Frey,). Further, intrinsic motivation is explained as one that provides the employees with psychological benefits of wellbeing, self-actualisation, increasing responsibility and self-sustenance (Lee & Whitford,).

Among financial, financial and human resources, the modern are extra crucial and have the functionality to endow a business enterprise with aggressive aspect compared to others (Rizwan et al.). Employee overall performance basically rely on many elements like overall performance appraisals, worker motivation, worker satisfaction, compensation, education and development, process security, organizational shape and others, however the vicinity of observe is targeted simplest on worker motivation as this component distinctly affect the overall performance of personnel. Employee motivation is one of the guidelines of managers to boom powerful task control among personnel in corporations (Shadare et al.). A motivational worker is responsive of the specific dreams and targets he/she ought to achieve, therefore he/she directs its attempt in that direction. Rutherford (1990) said that motivation formulates an organisation extra a hit due to the fact provoked personnel are constantly seeking out progressed practices to do a paintings. Getting personnel to do their excellent paintings

even instrenuous circumstances, is one of the personnel maximum solid and greasy demanding situations and this may be made viable via motivating them.

### ***F.Organisational Effectiveness***

Composition of human beings which formulate unbiased enterprise identification for a few specific reason is typically referred to as organisation and getting preferred final results inside described aid is handled as effectiveness. Organisational effectiveness is the perception of how powerful an organisation is in engaging in the consequences the organisation objectives to generate (Muhammad, et al.). It performs an crucial function in accelerating organizational development (Bulent et al.). It is the internet pride of all parts within the manner of accumulating and remodeling inputs into output in an green manner (Matthew et al.).

Organizational effectiveness is described because the volume to which an organization, with the aid of using the use of positive assets, fulfils its targets without depleting its assets and without placing undue stress on its participants and/ or society.

### ***G: Factors affecting Employees` Appraisal***

Employees need to earn affordable income and charge, and choice their employees to feel that's what they may be getting (Houran,). Money is the essential inducement; no different incentive or motivational approach comes even near it with recognize to its influential value (Sara et al). It has the supremacy to magnetize, keep and encourage individuals in the direction of better overall performance. Frederick Taylor and his clinical control associated defined money because the maximum essential aspect in motivating the commercial employees to attain more productivity (Adeyinka et al,. Research has advised that praise now cause pride of the worker which immediately impacts overall performance of the worker (Kalimullah et al). Rewards are a control device that with any luck contributes to firms` overall performance with the aid of using influencing man or woman or organization behavior. All companies use pay, promotion, bonuses or different varieties of rewards to encourage and inspire excessive stage performances of personnel (Reena et al,). To use salaries as a motivator effectively, managers ought to don't forget income systems which have to consist of significance organisation connect to every task, charge in keeping with overall performance, non-public or unique allowances, fringe advantages, pensions and so on (Adeyinka et al. Leadership is all approximately getting matters accomplished the proper way, to do which you want human beings to comply with you, you want to have them agree with you. And in case you need them to agree with you and do matters for you and the organisation, they want to be motivated (Baldoni).

Theories suggest that chief and fans boost each other to better tiers of morality and motivation (Rukhmani,). Motivation is only and truly a management behavior. It stems from looking to do what's proper for human beings in addition to for the organization. Leadership and motivation is energetic processes (Baldoni,). Empowerment presents advantages to corporations and makes feel of belonging and pleasure within side the workforce. In fact, it builds a win-win connection amongst corporations and personnel; that's taken into consideration ideal surroundings in severa corporations and their personnel. Empowering can flourish digital human capacities. Empowered personnel awareness their task and paintings-lifestyles with additional

significance and this ends in steady development in coordination and paintings procedures. Employees execute their best novelties and concept with the feel of belonging, enthusiasm, and delight, in empowered corporations. Adding up, they paintings with a feel of obligation and like advantages of the organization to theirs (Yazdani,)

## V. APPRAISAL METHODS

There are many approaches to inspire personnel in nowadays's running environment. Companies globally had been the use of distinctive techniques and technique which will enhance personnel motivation. However, it appears that evidently the exceptional motivator for personnel is some thing that is certainly essential of their lives. Furthermore, distinctive People may have distinctive values and tactics and, consequently, being capable of recognize personnel wishes and the use appropriate motivating strategies can assist boom the extent of motivation (Gleeson).

According to Jan Ketil Arnulf's article "Money as a Motivator" on Fudan University School of Management (2014), cash is deemed to be the exceptional motivator to any individual. Looking returned to the ancient time, it's miles cash that prompted large variations between personnel running in inhuman situations withinside the early business revolution and the ones running in slave-situations withinside the countryside. For individuals who participate withinside the "paid employee" system, the cash manner greater than simply itself; it additionally manner freedom and prosperity. That is why many human beings looking to circulate to business areas with the desire to enhancing their lives and running situations. With that prospect of revenue, nowadays many younger human beings are nevertheless striving from poorer to higher residing situations, from low to high schooling considering they assume it's miles the most effective manner to make certain a rich future .

But is cash the exceptional and most effective motivator? Or are there any of motivators which have handed the cash motivator? Considering from any other perspective, we, as human beings, paintings for cash, however additionally for plenty different matters too, along with fulfillment, recognition, development, increase, duty, and the paintings itself.

Employee empowerment has been promoted as a manner to boom motivation (Kaplan & Norton). Empowerment offers personnel a sense of control, performance and effect. It creates a experience of freedom in making picks and the approaches the way to paintings, and paintings involvement; the sensation of duty and the capability to perform paintings in a satisfactory manner; and the sensation of fulfillment while the project is performed inside expectations and with preferred outcomes.

Achievement motivation is known as the want for fulfillment (Elliot & McGregor). It is the want for fulfillment and shows the wish of reaching excellence. Achievement may also range relying on distinctive human beings. For example, it's miles the want for amusement and success to have a paintings-lifestyles balance, to sense engaged and glad with the paintings however nevertheless capable of revel in significant lifestyles to the fullest. Or it's miles simply approximately the effect their paintings has had on e.g. society and, environment.



Feeling which you are creating a difference, converting the arena in a advantageous manner, and making it a higher area to stay is sincerely an effective advancement as a motivator shows the possibilities of being promoted to better position, having better revenue and greater blessings within the company. Not all personnel proportion the equal development motivation, consequently know-how every employee's wishes and supporting them to attain the goals is likewise a manner to motivating personnel.

Growth motivation is pretty just like development motivation considering it's miles one in all the motivators that enables hold the personnel. However, the definition is broader and it's miles not most effective pretty much profession merchandising or higher revenue and blessings. Good personnel are enthusiastic, eager, determined, and above all, ambitious. They are continually searching out higher possibilities to grow, to accumulate greater knowledge, to examine new skills, to widen their network, and to undertaking themselves with distinctive positions. Providing and stimulating personnel's increase motivation is critical approach of growing the extent of motivation.

The work itself is likewise a contributor to worker motivation. There is a reality that a worker may sincerely love his or her task, is happy with the pay, and has good relationships with his/her colleagues, however nevertheless unearths the paintings itself absolutely uninteresting and uninspiring. A satisfied worker may also stay, however in case you actually need to inspire the personnel, create exciting paintings and allow them to have interaction with it. This way forming robust paintings cultures, encouraging innovative questioning and innovation, and especially, heading off unhealthy, unequal and impotent running environments.

Finally, regardless of the task is and regardless of what your role is, it's miles very critical to a worker that his/her efforts are identified. If a worker has been spending a variety of time running on a task, or is even simply inclined to assist out the alternative co-people, provide them applause and display them your gratitude. It may be understood that it isn't simply approximately giving praise. If the efforts of a worker are identified, he/she can be able to sense fulfillment and retain to excel within the paintings. However, it's miles important to keep in mind that the popularity as a motivator may also range amongst personnel as one may grow the paintings productiveness after being identified at the same time as one is the opposite.

By running intently with personnel, you may also realize how they react to recognition, hence being capable of off a becoming manner of appreciation.

## **VI. FINDINGS AND RECOMMENDATIONS**

They have a look at consequences display that during general, the respondents are stimulated of their paintings. Money, private growth, and a paintings-lifestyles stability are what inspire them the most. They revel in the ability of paintings, the hard and exciting developments it brings, and a good courting with their supervisors and colleagues. They have clean dreams, priorities, and targets at paintings plus enough running facilities. They are stimulated to provide the great attempt and meet the set dreams each day. Above all, they

may be satisfied with what they may be presently doing and satisfied to advocate their enterprise as a great location to paintings to others.

However, there nevertheless exist a few elements that want to be advanced as a way to growth personnel motivation. For examples, in step with the consequences, the respondents skilled a low charge for empowerment. It is probably the effect of poor paintings involvement, low obligation level, or a loss of freedom in making alternatives and the manner to enforce tasks. Furthermore, the supply of promoting possibilities must be better and a clean, united, and a completely unique enterprise subculture wishes to be described and practices well. In addition, offering task rotation, enhancing control style, and having powerful verbal exchange in the enterprise also are approaches to a better worker motivation level. They must offer an ecosystem for the attainment of excessive productiveness, with a view to in flip provide personnel a sense of satisfaction. Employees must receive the possibility to make a contribution their thoughts to the affairs of the enterprise as this could increase their morale and therefore cause better productiveness.

Management must make wonderful attempt closer to enhancing and keeping powerful verbal exchange machine among the 3 stages of control (top, center and low) and subordinates, in order that people could be acquitted of what's anticipated of them through the control. Management need to make efforts to enhance salaries, running conditions, process security, process dissatisfaction and negative supervision to positive trendy so one can make personnel experience happy approximately their process. Management need to additionally attempt to make certain that each one personnel interact in schooling packages to collect new abilities and still have identical possibility to make use of their abilities and competencies.

Management need to ensure that profession improvement possibilities are clearly communicated to personnel. An set up profession route and an good enough improvement plan need to be installed region for personnel, improvement packages need to be connected to every personnel profession desires and not simply the organization's desires. Employees need to be decided on for backed schooling packages pretty and justly. Organizations need to make certain that overall performance control offers good enough information approximately electricity and weaknesses of personnel in shape of comments from worker reviews. Managers need to preserve out the promise of praise as soon as the goal is achieved, because behaviour, that is seemed to be rewarded, will have a tendency to be repeated.

## VII. CONCLUSION

The first aim of the study concerns the analysis of the types of performance appraisal techniques and Motivation and their effectiveness. From the interview conducted with the organization's HR manager, several performance analysis systems are used. These include the multi-rater/360 degree system, behavioural anchored rating scale and graphical rating scale. In terms of effectiveness, the study finds that the 360 degree performance appraisal system is quite effective in offering a comprehensive analysis of the employees' performance at Shine Communications. This is consistent with the reviewed literature, which underscores that 360-degree appraisal helps assess an employee's performance from different angles and is therefore



reflective of the employee's actual performance. In the case of graphical rating scale, the literature reviewed suggests that this traditional appraisal system tends to overlook a number of employee traits due to its standardized nature.

The study findings however indicate that such as a scale still performs a useful role especially in work tasks that are based on explicit goals and quantifiable in nature. In regards to types of motivation, it is evident that the Shine Communication makes use of both extrinsic and intrinsic motivation. The resultant high satisfaction with these types of motivation as evident from the survey helps validate the wisdom of the Herzberg's hygiene theory of motivation, which suggests that combining intrinsic and extrinsic motivation factors can have a positive impact on employee performance. In terms of the factors affecting the level of motivation, the study findings indicate that the study respondents had mixed attitudes on the effect of rewards and recognition. The mixed responses in this case can in part be explained through the help of Maslow's hierarchy theory, which suggests that employees experience different classes of needs with varying degrees of strength at any given time.

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