

IMPACT OF PERFORMANCE APPRAISALS ON EMPLOYEES' PRODUCTIVITY AND DEDICATION IN TECHNOPARK, KERALA

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Abstract

Technopark, the IT park in Kerala is the pillar for the growth of software and hardware industry in Kerala. They are the largest source of employment in Kerala. Employee appraisals are a norm as the companies want to weed out the bottom performers. These parks have witnessed significant employee layoffs in the past years as a part of appraisals. Performance assessments' influence on employee outcomes is seen differently. Employees at all levels may be held responsible for the results of various performance assessment strategies, including increased productivity and greater loyalty to the company. Data was collected to know the influence of appraisals on employees' productivity and dedication. The findings revealed a great influence of appraisal methods on employee productivity and dedication.

Key words: - performance appraisal, employee productivity. employee dedication

Introduction

IT firms rely on their employees' abilities and performance; hence they must assess employee performance. Performance evaluation provides defined standards for employee performance. Performance appraisals or assessments evaluate an individual's strengths and shortcomings and how to utilize strengths to overcome flaws. Companies regularly evaluate employees to cut out underachievers. In recent years, several parks have seen major layoffs due to performance appraisals (Chandran, C.,2014).

Rationale of the Study

Due to the fact that the information technology business is a service sector, personnel should be prioritized above all other aspects of production. The information technology industry is now experiencing difficulty in keeping its workforce. Maintaining top talent is essential in today's increasingly diverse workforce and more interconnected world. Therefore, it is essential to analyze if the techniques used for performance assessment impact the result of the employee.

Statement of the Problem

Kerala's software exports earned Rs 15,000 crores in 2021. Technopark, the software park in Kerala is a major employment campus. This software park contributes to Kerala's exports, jobs, and government income. Employees in these parks must constantly enhance their abilities to meet corporate expectations.

In recent years, huge layoffs took place at Technopark. Mistaken performance reviews were blamed for indiscriminate firings and unpaid salary. These evaluations were designed to assist workers learn about their skills and shortcomings, how their work fits into the firm's plan, and what is expected of them, but they were used to cull out poor performers.

Performance assessments' influence on employee outcomes is seen differently. (Bayo-Moriones 2021; Craig A. Haigh. 2021; Canet-Giner 2020;). So, it becomes crucial to evaluate the impact of employee appraisals on employee productivity and dedication.

Review of Literature

Aliyu R (2022) stated that performance appraisals help companies maximize employee potential. This research examined how performance appraisals and awards affect employee productivity. Raveendran (2020) emphasized that a high-quality performance evaluation system may improve employees' productivity on the job. R. Prasad (2019) demonstrated a significant and considerable association between employee views of job happiness, organizational environment, and overall quality management, and a negative correlation with workers' desire to quit. The company's performance review method doesn't build its brand, but it does create employee trust.

Only scant research has been done in Kerala's Technopark on the influence of performance appraisals on workers' productivity and dedication.

Objectives

- To examine and compare the influence of performance appraisals methods on the employee productivity.
- To examine and compare the influence of performance appraisals methods on the employee dedication.

Hypotheses

- There is no significant difference on the influence of performance appraisals methods on employee productivity.
- There is no significant difference on the influence of performance appraisals methods on employee dedication.

Research methodology

The current descriptive and analytical research uses a structured questionnaire to assess the perceptions of employees on the influence of performance appraisal methods on employee productivity and employee dedication at Technopark in Kerala. Ten Technopark multinationals were chosen and five employees from these companies were selected for the study. The researcher used judgmental sampling to get data on performance assessments. Additionally, books, journals, and appropriate websites were used to ensure a comprehensive understanding of all important variables. Multiple regression analysis is used for this purpose. Employee productivity, and employee dedication are the outcomes to which employees alike can be held accountable after being subjected to a variety of performance appraisal methods (in this case, Forced Ranking Appraisal, 360-degree Appraisal, Assessment Centres, Management by Objectives, and Behaviorally Anchored Rating Scales).

Results and Discussions

Effects of different performance appraisal methods on employee productivity in the workplace

The goal of this research is to get a thorough understanding of how several performance evaluation strategies—including Forced Ranking Appraisal, 360-degree Appraisal, Assessment Centers, Management by Objectives, and Behaviorally Anchored Rating Scales—impact employee productivity.

Table 1.1

Model Summary- Influence of performance appraisal methods on employee productivity

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.798	.636	.631	.39753	2.349

a. Predictors: (Constant), Assessment Centres, Management by Objectives (MBO), Forced Ranking Appraisal, 360 Degree Appraisal, Behaviorally Anchored Rating Scales (BARS)

Source: Compiled from Primary data

Table 1.1 displays the impact of several performance assessment approaches on employee output. These approaches include Forced Ranking Appraisal, 360-degree Appraisal, Assessment Center, Management by Objectives, and Behaviorally Anchored Rating Scales. The coefficient of determination, adjusted r^2 value, is 0.636, which is moderately high and explains the variations in employee productivity accounted to the independent variables- Forced Ranking Appraisal, 360 Degree Appraisal, Assessment Centres, Management by Objectives, and Behaviorally Anchored Rating Scales- with a high positive correlation ($r = 0.798$). Furthermore, the current model's adjusted r^2 of 64.1% is likewise considered high. Since 2.349 is less than 2.5 on the Durbin-Watson scale, it may be concluded that the data is not auto linked. The proposed regression model is not spurious since the Durbin-Watson value is larger than the r^2 value (0.636).

Table 1.2*ANOVA- Influence of performance appraisal methods on employee productivity*

Model		Sum of Squares	df	Mean Square	F	p value
1	Regression	88.776	5	17.755	112.352	0.00
	Residual	50.728	321	0.158		
	Total	139.503	326			

a. Dependent Variable: Employee productivity

b. Predictors: (Constant), Assessment Centers, Management by Objectives (MBO), Forced Ranking Appraisal, 360 Degree Appraisal, Behaviorally Anchored Rating Scales (BARS)

Source: Compiled from Primary data

The model fits the data, as shown by the F value of 112.352 and the p value of 0.00 in Table 1.2. It's a situation where the independent variables may affect the dependent one. This results suggest that the alternative hypothesis that the model is appropriate should be accepted.

Table 1.3*Coefficients- Influence of performance appraisal methods on employee productivity*

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error				Tolerance	VIF
1	(Constant)	1.151	0.322		3.573	0		
	Forced Ranking Appraisal	0.051	0.059	0.03	0.874	0.383	0.96	1.042
	360 Degree Appraisal	-0.067	0.04	-0.058	-1.692	0.092	0.966	1.035
	Behaviorally Anchored Rating Scales (BARS)	-0.285	0.045	-0.304	-6.332	0	0.49	2.04
	Management by Objectives (MBO)	0.963	0.047	0.982	20.571	0	0.497	2.011

Assessment Centers	-0.03	0.043	-0.024	-0.693	0.489	0.971	1.03
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a. Dependent Variable: Employee productivity

Source: Compiled from Primary data

Here is the Unstandardized Coefficient OLS equation for explaining performance evaluation-based job outcomes:

Performance at work = 1.151 + 0.051 * Forced Ranking Appraisal - 0.067 * 360 Degree Appraisal - 0.285 * Behaviorally Anchored Rating Scales + 0.963 * Management by Objectives - 0.03 * Assessment Centers.

Using t test, we can understand how each job performance technique contributes to overall success. So, in Technopark and Infopark, both Behaviorally Anchored Rating Scales and Management by Objectives play a part in workers' productivity.

As a result, the formula for the Standardized Coefficient of Employee productivity is as follows: Standardized Coefficient of Employee productivity = -20.571 + 20.304 * Behaviorally Anchored Rating Scales. Tolerance and VIF-based measures of collinearity are all below the critical value.

Table 1.4

Source: Compiled from Primary data

Model Summary - Influence of performance appraisal methods on Employee dedication

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin-Watson
1	.452	0.204	0.192	0.71902	2.11

a. Predictors: (Constant), Assessment Centres, Management by Objectives (MBO), Forced Ranking Appraisal (Bell Curve Rating), 360 Degree Appraisal, Behaviorally Anchored Rating Scales (BARS)

b. Dependent Variable: Employee dedication

Table 1.4 summarises findings on how several types of performance evaluations Forced Ranking Appraisal, 360-degree Appraisal, Assessment Centers, Management by Objectives, and Behaviorally Anchored Rating Scales—affect employees' commitment to the organization. The coefficient of determination, adjusted r² value, is moderate at 0.204, explaining the variations in employee productivity accounted to the independent variables of forced ranking appraisal, 360-degree appraisal, assessment centres, management by objectives, and behaviorally anchored rating scales. We also find the modified r² of the current model, 20.4%, to be rather satisfactory. The Durbin-Watson statistic of 2.11 suggests that the data are not auto-correlated since it is less than 2.5. Because the Durbin-Watson statistic is larger than the r² statistic (0.452), we may conclude that the provided regression model is not erroneous.

Table 1.5

ANOVA- Employee dedication

Model		Sum of Squares	df	Mean Square	F	p value
1	Regression	42.659	5	8.532	16.503	0.00
	Residual	165.953	321	0.517		
	Total	208.613	326			

a. Dependent Variable: Employee dedication

Source: Compiled from Primary data

Table 1.5 demonstrates that the model fits the data, with an F-value of 16.503 and a p-value of 0.00. It's a situation where the independent variables may affect the dependent one. Therefore, the No-Fit-Model (Null) hypothesis is rejected.

Table 1.6

Coefficients- Influence of performance appraisal methods on Employee dedication

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta			Tolerance	VIF
1	(Constant)	3.576	0.583		6.136	0		
	Forced Ranking Appraisal	0.122	0.106	0.058	1.146	0.253	0.96	1.042
	360 Degree Appraisal	0.087	0.071	0.062	1.223	0.222	0.966	1.035
	Behaviorally Anchored Rating Scales (BARS)	0.217	0.081	0.189	2.66	0.008	0.49	2.04
	Management by Objectives (MBO)	-0.652	0.085	-0.543	-7.696	0	0.497	2.011
	Assessment Centres	0.18	0.078	0.117	2.318	0.021	0.971	1.03

a. Dependent Variable: Employee dedication

Source: Compiled from Primary data

Employee dedication may be explained by the following Unstandardized Coefficient OLS equation, which is based on performance evaluation strategies.

Staff Dedication = 3.5762+0.122*Forced Ranking Appraisal+0.088*360 Degree Appraisal+0.217*Behaviorally Anchored Rating Scales+-0.652%*Management by Objectives+0.18%*Assessment Centers.

With the use of t test, we can see how each of the evaluation techniques contributes on its own. Employees at Technopark and Infopark benefit from the use of Behaviorally Anchored Rating Scales, Management by Objectives, and Assessment Centers.

This means that the Standardized Coefficient of Employee dedication is 2.66*Behaviorally Anchored Rating Scales minus 7.696*Management by Objectives plus 2.318*Assessment Centers. Tolerance and VIF-based measures of collinearity are all below the critical value.

Findings and Conclusion

Among the five methods chosen for study, Forced Ranking Appraisal, 360 Degree Appraisal, Behaviourally Anchored Rating Scales and Management by Objectives were significant predictors of employee productivity. Employer commitment was strongly linked to the use of assessment centres, behaviorally anchored rating scales, and management by objectives. Behaviourally Anchored Rating Scales and Management by Objectives were significant predictors of employee productivity. The method that boosted employee productivity was Management by Objectives and 360 Degree Appraisal.

Only moderate variations in Employee dedication attributable to the independent variables — Forced Ranking Appraisal, 360 Degree Appraisal, Assessment Centers, Management by Objectives, and Behaviorally Anchored Rating Scales — can be explained by the moderately positive correlation between Employee dedication. Behaviourally Anchored Rating Scales and Assessment Centres positively and individually contributed to Employee dedication whereas Management by Objectives has inverse contribution to Employee Commitment. Behaviourally Anchored Rating Scales influenced Employee dedication highly followed by Assessment Centres.

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