

**VARIOUS FACTORS AND THEIR EFFECTS ON PERFORMANCE APPRAISAL IN THE ORGANIZATION****S. Kaveri**

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**Abstract**

*Organizational performance is a ubiquitous term which is nevertheless loosely defined. Though the construct depends on a number of unique factors associated with each organization, yet the lack of a universal definition makes it challenging for professionals to concur about what exactly they mean by organizational performance. This CQ Dossier summarizes the existing evidence about the financial, social, psychological, and operational aspects of organizational performance to arrive at a comprehensive definition and introduce interventions how to improve it. The economic performance looks at financial and market outcomes which assess the profits, sales, return on investment for shareholders, and other financial metrics. The operational performance, on the other hand, focuses on the observable indices like customer satisfaction and loyalty, the firm's social capital, and competitive edge derived from capabilities and resources.*

**Keywords:** *Employee Appraisal, Performance Appraisal System, Organisational effectiveness.*

**Introduction**

In a long history of HR research, execution examination is referenced in alternate points of view and approaches. Chiang and Birtch (2010) characterizes a Dad is "a goal, normal, and orderly way" containing an informative cycle and responsibility among associations and the representatives, for example, criticism, reward, value to oversee and improve the labor force execution. Tziner, Joanis, and Murphy (2000), then again, assume a Dad framework as a formative instrument, which centers around rating scale designs, to arrive at two purposes: (1) Helping representatives to perceive their assets and shortcomings for individual improvement; (2) Alluding to a prize, internal exchange or downgrade choices. Through this cycle, representatives could know the prizes assuming they accomplish the objective setting, and the results on the off chance that they perform inadequately in their tasks and how they can work on their functioning efficiency. Subsequently, Dad framework as one of the HR rehearses has been presented and become one of the feasible upper hands of numerous worldwide firms.

**Definition of Organizational Performance**

According to Richard, organizational performance includes three specific areas of firm outcomes:

1. financial performance (profits, return on assets, return on investment);
2. product market performance (sales, market share); and
3. shareholder return (total shareholder return, economic value added).

Specialists in many fields are concerned with organizational performance, including strategic planners, operations managers, finance directors, legal advisors, and entrepreneurs (owners of the organization).

### **The Concept of Performance Appraisal**

While various associations keep on utilizing casual and emotional execution assessment practices to go with remuneration choices, there is proof that objective execution assessment rehearses an undeniably pervasive in the present circumstances. The presentation examination as the assessment of a singular's work with the primary point of showing up at true staff choices. It is additionally thought to be as the method involved with getting, breaking down along with recording data that rotates about the overall worth of the worker to the association. This happens through the arranged cooperation between an association's bosses and representatives in which the previous evaluate the exhibition of the last option. One of the principal objectives for this situation is the recognizable proof of qualities and shortcomings that structure the premise of suggesting activities for further developed representative execution.

In recent years, many organizations have attempted to manage organizational performance using the balanced scorecard methodology where performance is tracked and measured in multiple dimensions such as:

- Financial performance (e.g., shareholder return).
- Customer service.
- Social responsibility (e.g., corporate citizenship, community outreach).
- Employee stewardship.

The organization itself does not perform any work, but its managers are performing their assigned works, and in a combination of these performed works is called organization performance.

Some factors are to be performed by the organization such as human and cultural factors, technology, natural recourses, economic factors, regulatory measures, markets, management philosophy, organizational culture (goals, values, beliefs & norms), organizational climate, motivated behaviour and teamwork, structure, technological and physical resources, financial resources, leadership style.

The organization gets effectiveness, efficiency, development, and participant satisfaction outcomes with these resources.

After using all support and efforts when the organization produces a product or service, that is called organizational performance.

### **Factors of Organizational Performance**

Organizations vary according to the relative influence of several factors related to the organization's objective and the instruments and strategies chosen to achieve them.

These factors, which determine the structure, aims, and activities of the organization, can be grouped into:

1. **External factors:** Those from the enabling environments that are not under the organization's control but which affect its structure and development. They include:
  1. Economic factors
  2. Socio-economic factors
  3. Political-administrative factors
2. **Internal factors:** Organizational characteristics, including:
  1. Purpose of the organization
  2. Organizational instruments
3. Individual choice factors: Members' joint or individual decisions regarding expected costs and benefits.

Older studies, especially in the 1970s, focused on the influence of internal factors, while more recent work has emphasized the importance of all three sets of factors.

### **Organizational Performance Model**

A Causal Model of Organizational Performance and Change, or the Burke & Litwin Model, suggests linkages that hypothesize how performance is affected by internal and external factors.

It provides a framework to assess organizational and environmental dimensions that are keys to successful change. It demonstrates how these dimensions should be linked causally to achieve a change in performance.

The causal model links what could be understood from practice to what is known from research and theory.

The model discusses how different dimensions link with each other and how the external environment affects the different dimensions in an organization.

The model provides a guide for organizational diagnoses and planned, managed organizational change, clearly showing cause-and-effect relationships.

### **Outline of the Model**

The model revolves around 12 organizational dimensions:

1. External environment

2. Mission and strategy
3. Leadership
4. Organizational culture
5. Structure
6. Management practices
7. Systems
8. Work unit climate
9. Task and individual skills
10. Individual needs and values
11. Motivation
12. Individual and organizational performance

The model also distinguishes between transformational and transactional organizational dynamics in organizations.

### **Internal and External Environment of Organizational Performance**

Environmental factors play a major role in determining an organization's success or failure. Managers should strive to maintain the proper alignment between their organizations and their environment.

All organizations have both external and internal environments.

An organization's internal environment is composed of the elements within the organization, including current employees, management, and especially corporate culture, which defines employee behavior.

Although some elements affect the organization, others only affect the manager.

A manager's philosophical or leadership style directly impacts employees. Traditional managers give explicit instructions to employees, while progressive managers empower employees to make many of their own decisions.

Changes in philosophy and/or leadership style are under the manager's control. The following sections describe some elements that make up the internal environment.

The internal environment consists of the organization's owners, the board of directors, employees, the physical environment, and culture.

Owners are those who have property rights claims on the organization. The board of directors oversees a firm's top managers, elected by stockholders.

Individual employees and the labor unions they sometimes join are other important parts of the internal environment. The physical environment, yet another part of the internal environment, varies greatly across organizations.

The external environment is composed of general and task environment layers. The general environment comprises the nonspecific elements of the organization's surroundings that might affect its activities.

It has five dimensions: economic, technological, sociocultural, political-legal, and international. The effects of these dimensions on the organization are broad and gradual.

The task environment consists of specific dimensions of the organization's surroundings likely to influence the organization. It also consists of five elements: competitors, customers, suppliers, regulators, and strategic partners.

Because these dimensions are associated with specific environmental organizations, their effects are likely to be more direct and immediate.

### **What are the internal factors that affect organizational performance?**

The internal factors over which management and employees both have a great deal of control. In particular, management has extensive control over the organization's human resources policies and practices, financial, technological, and physical resources, structure, management philosophy, and leadership style.

Managing less directly includes organizational culture, climate, motivated behavior, and teamwork. These concepts tend to overlap, as we will see. "Human Resources Management" appears at the center of the internal factors because effective human resources are essential to the organization's survival and long-term success. People from the organization and people who manage the processes that create the product or service for which the organization is in business. How well these human resources are managed is probably the most critical factor in an organization's overall performance. Internal factors are connected, and they all tend to affect or interact with each other. It is enough to say that for an organization to be highly successful, all these internal factors must be intelligently and harmoniously managed.

### **Mention the environmental factors that affect HR activities.**

The environmental factors are as follows, which affect the HR activities of the organization.

- External factors comprised by;
  - Political and legal.
  - Technological.
- Internal factors comprised by;
  - Strategy (Task and Leadership)

- Organizational culture and conflict
- Professional bodies.

The environment often provides a mass of ambiguous information.

What to make out of the information? What to accept and what to reject?

To answer these questions, three related concepts are relevant.

- The created environment,
- The domain and domain consensus, and
- The task environment.

The HR department has to obtain environmental information and feeds it to key decision-makers. The department may play a major role in making the decision. The department is also responsible for obtaining internal organizational information for consideration by strategic decision-makers. But the role of the HR department is confined to a boundary-spanning role in that it helps link the organization to its environment through environmental scanning. All these duties are to be performed by the HR department to make an excellent performance by HR, leading to achieving the organizational objectives.

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

The executives by targets as one of the key examination strategies is characterized subsequently based evaluative program. More meticulously, the objectives of the exhibition evaluation framework according to a MBO viewpoint are commonly characterized by various key partners who incorporate the subordinates, managers and representatives also. A common MBO examination framework comprises of a few stages. The interaction starts by the foundation of clear targets for the representative. An activity plan specifying the manner by which the targets are to be accomplished is create. The representative is then permitted to carry out the created activity plan. This considers evaluation of execution in an objective way. Restorative moves are made in circumstances considered significant as well as new targets for what was in store laid out.

A basic survey of MBO writing anyway uncovers that this kind of exhibition examination isn't without weaknesses. One of the fundamental weaknesses of this approach relates to the way that it doesn't permit screens to perceive how representative arrangement with each possibility over the given work period. This is ascribed to the attention on results. For this situation, how the worker under evaluation shows up at the results may excessive address the most productive utilization of assets. Moreover, The MBO approach gives little thought for similar assessment as no benchmark are given in light of the changing working environment climate during the work time frame.

### **C. Graphical Rating Scales**

Graphical rating scales comprise the most involved strategy during execution examination in many associations. A realistic rating scale in this setting involves a presentation evaluation rating agenda. Utilizing the agenda the supervisor basically rates the representative on a



continuum that might go from poor to brilliant relying upon the viewpoint being assessed. The notoriety of graphical rating scales to the capacity to involve such scales for different positions. Such scales are likewise considered as requiring insignificant expense, preparing exertion and time. Various execution factors that can be actually estimated utilizing the assistance of graphical rating scales. To start with, such scales can be utilized to assess the representative's nature of work. In this scale the representative's capacity to reliably meet the work necessities, assumptions and wanted results are evaluated. Second, appraising scales can be utilized in evaluating efficiency as far as whether the representative really takes advantage of accessible plans, work time and finishes tasks on time. Also, the representative's information on the gig can be surveyed. These incorporate work pertinent abilities that are acquired through instruction, experience and on-work preparing.

### **The Concept of Employee Motivation**

Worker inspiration has then again been drawn closer from various alternate points of view. The example characterize representative inspiration as —the eagerness to apply elevated degrees of exertion toward hierarchical objectives, adapted by the work's capacity to fulfill a few individual requirements. From a seriously oversimplified way, the representative inspiration as the course of a representative being moved to work. While additional explaining worker inspiration, the inspiration frequently results from the mental need related with the need to satisfy wants that stay unsatisfied.

Execution the executives framework gives significant and valuable data to the evaluation of worker's expertise, information, capacity and generally speaking position execution.

The following are the points which indicate the importance of performance management system in an organization:

- Performance management system helps superiors to assess the work performance of their subordinates.
- Performance management system helps to assess the training and development need of employees.
- Performance management system provides grounds for employees to correct their mistakes, and it also provides proper guidance and criticism for employee's development.
- Performance management system provides rewards for better performance.
- Performance management system helps to improve the communication system of the organization.
- Performance management system evaluates whether human resource programs being implemented in the organization have been effectively.
- Performance management system helps to prepare pay structure for each employee working in the organization.
- Performance management system helps to review the potentiality of employees so that their future capability is anticipated.

### **CONCLUSION**

The main point of the review concerns the investigation of the kinds of exhibition evaluation methods and inspiration and their viability. From the meeting directed with the association's HR administrator, a few exhibition examination frameworks are utilized. These incorporate

the multi-rater/360 degree framework, social moored rating scale and graphical rating scale. As far as viability, the investigation discovers that the 360 degree execution examination framework is very successful in offering a far reaching examination of the employees' performance at Sparkle Correspondences. This is predictable with the looked into writing, which highlights that 360-degree evaluation surveys a worker's presentation from various points and is thusly intelligent of the representative's genuine exhibition. On account of graphical rating scale, the writing evaluated recommends that this conventional examination framework will in general disregard various representative attributes because of its normalized nature. The review discoveries anyway show that, for example, a scale actually plays out a valuable job particularly in work undertakings that depend on unequivocal objectives and quantifiable in nature.

Organizational performance may be a loosely defined construct but understanding the broad ways it has been defined in terms of components – financial, market, shareholder return, and sustainability shows how a professional can choose the right mix of indicators for assessing it. There are several indicators employed to measure organizational performance at different levels. Ultimately, it is the purpose for which performance needs to be measured that determines the right definition.

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