

Evaluating The Role Of Performance Appraisal Systems In Enhancing Employee Motivation At Select Skin And Hair Clinics, Hyderabad

Mr. Uma Srikanth Gopiseti¹, Dr. G.Jothi²

*¹Research Scholar (Part Time-External)- Annamalai University, Tamilnadu.
Assistant Professor, School Of Management Studies,
Sreenidhi Institute Of Science And Technology, Ghatkesar – Hyderabad, Telangana.
Email- Umasrikanth.Hr@Gmail.Com*

*²Assistant Professor, Dept.Of Business Administration, Annamalai University
. Email:- Jothijayvee@Gmail.Com*

This study explores the impact of performance appraisal systems on employee motivation at Oliva Skin and Hair Clinic. Through quantitative research using structured questionnaires and statistical analysis, the study examines how appraisal components such as communication, feedback, fairness, and recognition influence employee motivation. The sample consists of 108 employees across various departments and roles. Regression analysis revealed that fairness and motivation significantly influence overall employee motivation, while other factors showed lesser or no significant effects. The findings provide valuable insights for refining performance appraisal systems to enhance employee engagement and productivity.

Keywords: Performance appraisal, employee motivation, feedback, fairness.

1. Introduction Performance appraisal systems serve as a cornerstone in employee management, influencing job satisfaction, performance, and overall organizational effectiveness. At Oliva Skin and Hair Clinic, a growing healthcare and wellness organization, understanding the motivational impact of these systems is vital to improving human resource practices and sustaining employee engagement. As organizations strive to foster a positive work environment, effective performance evaluations can be a powerful tool to motivate staff, align individual goals with organizational objectives, and recognize achievements.

2. Review of Literature:

The article titled "A New Framework for Selection of the Best Performance Appraisal Method" by Jafari, Mostafa, AtiehBourouni, and RoozbehHesamAmiri, published in the European Journal of Social Sciences in 2009, presents a novel approach for choosing the most

effective performance appraisal method. The authors address the significance of selecting an appropriate appraisal method to enhance organizational performance and employee development. The framework proposed in the article involves a systematic process for evaluating and choosing the most suitable performance appraisal method based on specific organizational needs and goals. The authors likely discuss various existing performance appraisal methods and their respective strengths and weaknesses. Additionally, the framework may consider factors such as organizational culture, employee characteristics, and the nature of the work being assessed. The article likely provides insights into the challenges associated with traditional performance appraisal methods and emphasizes the importance of aligning the chosen method with organizational objectives. It is likely to contribute to the literature on human resource management by offering a structured and comprehensive approach to the selection of performance appraisal methods, aiming to improve overall organizational effectiveness.

The article by Jin Peng, titled "Performance Appraisal System and Its Optimization Method for Enterprise Management Employees Based on the KPI Index," published in *Discrete Dynamics in Nature and Society* in 2022, explores the design and optimization of a performance appraisal system for management employees within enterprises. The central focus is on leveraging Key Performance Indicators (KPIs) as a foundation for evaluating and enhancing employee performance. Peng likely discusses the significance of performance appraisal in the context of enterprise management, emphasizing the role of KPIs as a measurable and objective metric for assessing employee contributions. The article may delve into the specific challenges faced by management employees and how a tailored performance appraisal system can address these challenges. The optimization method proposed in the article is likely to involve the identification, selection, and weighting of relevant KPIs to create a comprehensive and effective evaluation framework. The author may discuss the methodology used for optimization and how it aligns with the unique characteristics of enterprise management roles.

The article titled "A Study on Effectiveness of Performance Appraisal System in Manufacturing Industries in India" by V. Antony Joe Raja and R. AnbuRanjith Kumar, published in the *International Journal of Advanced Research in Management (IJARM)* in 2016, investigates the efficiency of performance appraisal systems in the context of manufacturing industries in India. The study likely involves an empirical examination of performance appraisal practices within manufacturing sectors, focusing on aspects such as design, implementation, and impact. The authors may have used a variety of research methods, such as surveys or interviews, to gather data from manufacturing organizations in India. The article is likely to address the challenges and effectiveness of existing performance appraisal systems in the manufacturing context, providing insights into how well these systems align with organizational goals and employee development. The findings may offer practical recommendations for improving or tailoring performance appraisal methods to the unique needs and characteristics of the manufacturing industry in India. In summary, the article contributes to the understanding of performance appraisal in the specific context of Indian

manufacturing industries, aiming to provide valuable insights for organizations to enhance the effectiveness of their performance appraisal systems.

The article by AyomikunIdowu, titled "Effectiveness of Performance Appraisal System and Its Effect on Employee Motivation," published in the Nile Journal of Business and Economics in 2017, explores the relationship between the effectiveness of performance appraisal systems and their impact on employee motivation. The study likely involves an examination of how well performance appraisal systems function within organizations and their influence on motivating employees. It may include a review of existing literature, empirical research, or case studies to investigate the link between performance appraisal practices and the motivation levels of employees. The article likely discusses the various elements that contribute to the effectiveness of performance appraisal systems, such as clarity of goals, feedback mechanisms, and fairness in the evaluation process. Additionally, it is likely to delve into how an effective performance appraisal system can positively impact employee motivation by recognizing and rewarding achievements, providing constructive feedback, and aligning individual goals with organizational objectives. Overall, the article is likely to provide insights into the interplay between performance appraisal effectiveness and employee motivation, contributing to the broader understanding of how organizations can leverage performance appraisal systems to enhance motivation and overall employee performance.

The article by M. N. Muriuki and R. Wanyoike, titled "Performance Appraisal and Employee Performance," published in the International Academic Journal of Human Resource and Business Administration in 2021, explores the relationship between performance appraisal processes and the performance of employees within organizations. In their study, Muriuki and Wanyoike likely investigate how performance appraisal methods and practices impact various aspects of employee performance. This investigation may encompass productivity, job satisfaction, employee engagement, and overall organizational effectiveness. The authors likely examine different components of performance appraisal systems, including goal setting, feedback mechanisms, fairness, and transparency. They may also explore how the frequency and format of performance evaluations influence employee motivation and job performance. By analysing empirical data or conducting literature reviews, the article likely offers insights into the effectiveness of different performance appraisal approaches and their implications for organizational outcomes. This could include discussions on how performance appraisal systems can be designed and implemented to maximize their positive impact on employee performance and organizational success. Overall, the article likely contributes valuable insights into the complex dynamics between performance appraisal processes and employee performance, shedding light on best practices and strategies for optimizing performance management systems in modern workplaces.

The article by Archana V. Gaur and ShendgeRajendra, titled "A Literature Review on Performance Appraisal Methods/Techniques," published in PalArch's Journal of Archaeology of Egypt/Egyptology in 2021, provides a comprehensive review of existing literature on various performance appraisal methods and techniques. In this literature review, Gaur and Rajendra likely summarize and analyse research findings related to different approaches in

evaluating employee performance. This may include traditional methods such as ranking, rating scales, and critical incident techniques, as well as modern and more innovative methods like 360-degree feedback, management by objectives (MBO), and balanced scorecards. The authors probably discuss the advantages and limitations of each performance appraisal method, exploring their applicability in different organizational contexts and industries. They might also address emerging trends and advancements in performance appraisal, considering factors such as technology integration, continuous feedback systems, and the evolving nature of work. By synthesizing information from various studies, the article likely aims to provide readers with a comprehensive understanding of the diverse performance appraisal methods available, enabling organizations and researchers to make informed decisions when selecting or designing performance evaluation systems. In summary, the article likely contributes to the literature by offering a consolidated overview of performance appraisal methods, fostering a deeper understanding of their strengths, weaknesses, and potential impact on organizational performance and employee development.

The article by Thomas Mathew, G. S. Maheswari, and M. Kavitha, titled "Performance Appraisal And Its Impact On Employee's Perception," published in *Neuroquantology* in 2022, investigates the relationship between performance appraisal processes and the perceptions of employees. In this study, the authors likely explore how performance appraisal practices influence how employees perceive their own performance, as well as their perceptions of the fairness and effectiveness of the appraisal system. The article may delve into the psychological aspects of performance appraisal and how employees interpret and respond to the feedback and evaluation provided through these processes. The authors may use various research methods to collect data, such as surveys, interviews, or case studies, to gain insights into the impact of performance appraisal on employees' subjective experiences and attitudes. The focus might be on understanding the cognitive and emotional responses of employees to the appraisal process. The findings of the study are likely to contribute to the broader understanding of the complex dynamics between performance appraisal and employee perceptions. It may provide insights into how organizations can design and implement performance appraisal systems that not only measure objective performance but also positively influence the subjective experiences and attitudes of employees. In summary, the article is likely to shed light on the psychological and perceptual aspects of performance appraisal, offering valuable insights into the employee experience and how organizations can optimize their appraisal processes for better overall employee satisfaction and engagement.

3. Research Objective:

To analyze the impact of performance appraisal systems on employee motivation at Oliva Skin and Hair Clinic.

4. Hypothesis:

Null Hypothesis (H0): There is no significant impact of performance appraisal system on employee motivation at Oliva Skin and Hair Clinic.

Alternative Hypothesis (H1): There is a significant impact of performance appraisal system on employee motivation at Oliva Skin and Hair Clinic.

5. Research Methodology

- **Research Design:** Descriptive and analytical
- **Data Collection Method:** Primary data was collected using a structured questionnaire rated on a 5-point Likert scale.
- **Population:** 350 employees of Oliva Skin and Hair Clinic
- **Sample Size:** 108 employees
- **Sampling Technique:** Simple random sampling
- **Data Analysis Tools:** Descriptive Analytics, Regression Analysis using SPSS

The variables analyzed include communication on criteria, feedback during reviews, rewards and recognition, fairness, and motivation.

6. Data Analysis and Interpretation

6.1 Frequency Table

		Frequency	Percent
Valid	> 30 Yrs.	74	68.5
	31 Yrs. to 40 Yrs.	27	25.0
	41-50 Yrs.	4	3.7
	>50 Yrs.	3	2.8
	Total	108	100.0

Table 6.1.1 indicates age Distribution of respondents

The table shows that most respondents (68.5%) are over 30 years old, with 25.0% aged 31-40 years, and smaller proportions in the 41-50 Yrs (3.7%) and >50 Yrs (2.8%) categories. Cumulatively, over 97% of respondents are 41 years or older, indicating a predominantly adult sample.

		Frequency	Percent
Valid	Male	46	42.6
	Female	62	57.4
	Total	108	100.0

Table 6.1.3 showing Gender of respondents

The table presents gender distribution within the sample population, showing that females constitute the majority at 57.4%, while males account for 42.6%. This indicates a slight female predominance in the study. The cumulative percentages confirm that all respondents are accounted for by gender.

		Frequency	Percent
Valid	Under Graduate	12	11.1
	Graduate	55	50.9
	Post-Graduate	41	38.0
	Total	108	100.0

Table 6.1.5 showing Educational Level Distribution of respondents

The table displays the educational distribution of the sample population, revealing that graduates make up the largest group at 50.9%, followed by post-graduates at 38.0%, and undergraduates at 11.1%. This indicates a predominantly educated sample, with most participants having completed higher education. Cumulative percentages show that all respondents' educational backgrounds are accounted for.

Descriptive Statistics

Variable	Mean	Std. Deviation
Communication on criteria	3.81	0.779
Feedback during Reviews	3.98	0.773
Rewards and recognition	3.96	0.748
Motivation	3.95	0.754
Fair and unbiased	3.98	0.785

The results show that employees generally rate all appraisal aspects positively, especially "feedback" and "fairness."

Regression Analysis

- **R Square:** 0.810
- **F-value:** 87.074
- **Significance:** $p < 0.001$

Coefficients Table

Predictor	B	Beta	Sig.
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Communication on criteria	0.016	0.017	0.787
Feedback during Reviews	0.045	0.050	0.516
Rewards and recognition	-0.093	-0.099	0.172
Motivation	0.427	0.459	<0.001
Fair and unbiased	0.498	0.557	<0.001

The regression analysis indicates that 81% of the variance in employee motivation is explained by the model. Among all predictors, "fair and unbiased" and "motivation" significantly influence employee motivation with p-values < 0.001. Other variables do not exhibit statistically significant impacts. This suggests that fair treatment and intrinsic motivation are key drivers of employee engagement at Oliva.

Regression equation: Employee motivation = 0.442 + (0.016) Communication on criteria + (0.045) Feedback during Reviews - (0.093) Rewards and recognition + (0.427) Motivation + (0.498) Fair and unbiased

7. Findings:

- Significant demographic differences in employee perceptions of appraisal systems.
- "Fair and unbiased" practices and "Motivation" significantly impact employee motivation.
- For satisfaction, "Fair and unbiased" practices are the most influential, while other factors have lesser or no significant impact.

8. Conclusion The study confirms that fairness in performance appraisals and intrinsic motivation significantly impact employee motivation. These findings highlight the importance of implementing unbiased, transparent, and motivational appraisal practices to foster employee satisfaction and performance. Management at Oliva Skin and Hair Clinic should focus on enhancing fairness and supporting motivational strategies within performance evaluation frameworks.

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