



ORIGINAL RESEARCH PAPER

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IMPACT OF THE PERFORMANCE APPRAISAL AND BONUS PAYMENTS OF AN EMPLOYEE'S

KEY WORDS: Performance appraisal, Bonus payments, Employee motivation, Organizational success

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ABSTRACT

The relationship between performance appraisal and bonus payments is crucial for employee motivation and organizational success. Performance appraisal evaluates employees' job performance, setting clear expectations and fostering growth. Bonus payments serve as tangible rewards for exceptional performance, promoting a culture of meritocracy and excellence. These mechanisms not only motivate individuals but also impact organizational dynamics and culture. By fostering transparency and fairness, they enhance employee morale and engagement. Additionally, they align individual efforts with organizational goals, driving effectiveness and competitiveness in today's business landscape.

INTRODUCTION:

Performance appraisal, an integral component of a company's performance management system, evaluates employees' job performance against annual goals, aiding in promotions and optimizing compensation. It assesses both quantitative and qualitative aspects, aiming to support individual and organizational success. Performance bonuses, as supplemental compensation, incentivize employees to achieve performance targets, fostering motivation and a culture of excellence. The interaction between performance appraisal and bonus payments drives employee motivation, productivity, and organizational effectiveness. By aligning individual efforts with overarching goals and promoting transparency and fairness, these mechanisms enhance employee morale and engagement. Moreover, they shape organizational dynamics and culture, contributing to competitiveness in the modern business landscape.

OBJECTIVES:

- ❖ Assess the impact of existing performance appraisal systems on employee development, motivation, and job satisfaction.
- ❖ Identify strengths and weaknesses in the current appraisal processes and their alignment with organizational goals.

Statement Of Problem:

The impact of performance appraisal and bonuses on employees is pivotal in modern workforce management, but their influence on motivation and productivity is uncertain. Understanding how these mechanisms interact with individual performance is vital for refining talent management strategies. This study aims to untangle this complex relationship, identifying key drivers of effectiveness and areas for improvement.

SCOPE OF THE STUDY:

Performance appraisals provide feedback, set improvement goals, and inform decisions on promotions and raises. Performance management involves monitoring and evaluating the workforce to enhance performance and achieve organizational objectives. It's a systematic process conducted by managers to measure employees' performance against predefined attributes.

LIMITATION OF THE STUDY:

Performance appraisals risk unfairness due to subjective biases and favouritism. They may favor short-term goals over long-term strategies. Individual assessments might ignore teamwork and collective contributions to organizational success.

Review Of Literature:

1.Title: A Study on Impact of HR Practices on Employee

Performance and Organizational Productivity an Empirical View of IT ITES Industry Researcher:Trivedi, S.B.

The present research work studies major HR Practices Prevailing in IT-ITES Companies of Central Gujarat, studies Employee Performance as well as Organizational Productivity, also to explore how does HR practices helps in employee retention as well as increasing employees own performance as well as firms' performance in terms of organizational productivity and how does size of the firm have relation to what HR practices can be offered by the firms. The study revealed that there is an impact or linkage between various HR practices and quality of service provided by the employees, employees continuing the service with same firms, quality of product provided by the employees. Factor analysis revealed that Performance Management System, Employee Benefits, Job Design, Staffing, Work-Life Balance and Job Complexity are important HR practices out of an array of practices available. service Quality, Product Quality, and Employee Productivity.

2.Title: Perceived fairness of and satisfaction with employee performance appraisal Researcher:Marie BurnsWalsh (2003)

Employee performance appraisal is one of the most commonly used management tools in the United States. Over 90 percent of large organizations including 75 percent of state employment systems require some type of annual performance appraisal. Performance appraisal is one of the most widely researched areas in industrial/organizational psychology.

Methodology Used In This Study:

Research Design:

A research design organizes data collection and analysis to align with research goals efficiently. It serves as the conceptual framework guiding the research process, including data gathering, measurement, and analysis. This empirical study utilizes a survey method and collected data from two states.

Samples size:The sample size is 113 respondents.

Data Collection:Data are facts may be derived from several source. Data is of two types Primary and Secondary.

Primary Data:

The primary data for the presents study is collects through questionnaire method. A well – structured and closed ended questionnaire used.

Secondary Data:

Secondary Data relating to this study quality of work life of an

employee to work in an organisation were obtained by newspaper, book, journals and internet sources.

Table: Simple Percentage Analysis

Factors	Options	No. of Respondents	Percentage
Marital Status	Married	30	27%
	Unmarried	83	73%
Job position	Government	17	15%
	Private	47	42%
	Business	25	22%
	Others	24	21%
Appraisal category	Based on work	32	28.32%
	Based on submission of the project	48	42.48%
	Based on team work	24	21.24%
	Based on punctuality	9	7.96%
Need for bonus	Personal needs	27	23.89%
	For financial supports	33	29.20%
	To motivate the employees	34	30.09%
	To encourage them to work more	19	16.81%
Special payments	Yes	81	71.68%
	No	16	14.16%
	Maybe	16	14.16%
Changes arises in performance	Yes	80	70.80%
	No	16	14.16%
	Maybe	17	15.04%

Source: Primary Data

INTERPRETATION:

This study shows that 27% of respondents are Married. 73% of respondents are Unmarried. 15% of respondents are Government. 42% of respondents are Private. 22% of respondents are Business. 21% of respondents are Others. 28.32% of respondents are based on work. 42.48% of respondents are based on submission of the project. 21.24% of respondents are based on team work. 7.96% of respondents are based on punctuality. 23.89% of respondents are by personal needs for need for bonus. 29.20% of respondents are for financial supports for need for bonus. 30.09% of respondents are to motivate the employees for need for bonus. 16.81% of respondents are to encourage them to work more for need for bonus. 71.68% of respondents are by yes for special payments. 14.16% of respondents are no to special payments. 14.16% of respondents are maybe for special payments. 70.80% of respondents are by yes for changes arises in performance. 14.16% of respondents are no to changes arises in performance. 15.04% of respondents are maybe for changes arises in performance.

FINDINGS:

Majority 73% of the respondents were Unmarried. Majority 42% of the respondents were Private. Majority 42.48% of the respondents were based on submission of the project in appraisal category. Majority 30.09% of the respondents were to motivate the employees for need for bonus. Majority 71.68% of the respondents were yes for special payments. Majority 70.80% of the respondents were yes for changes

arises in performance.

Suggestions:

Investigate how performance appraisals and bonuses impact employee motivation, engagement, and job satisfaction. Explore theories like Expectancy Theory to understand bonus effects on performance. Assess the relationship between bonuses, job satisfaction, and retention rates. Evaluate how performance feedback and bonuses contribute to skill development and career progression.

CONCLUSIONS:

Performance appraisals and bonuses impact employees and organizations in varied ways, influencing motivation, engagement, and satisfaction. When effectively managed, they recognize high performance, foster accountability, and align efforts with organizational goals. Continuous refinement of these systems optimizes their impact, fostering a culture of excellence and achievement.

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