



A Study on The Impact of The Performance Appraisal System On Organizational Performance
In OQ Company.

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In today's business world, individuals are regarded as the most important factor in determining an achievement. As a result, reputable organizations are attempting to employ the greatest human resources offered in the market in order to retain their reputation in the future. This study is based on the effect of the performance appraisal system on organizational performance in the OQ Company. Organizational performance has been demonstrated to be positively impacted by performance assessment methods. Why would performance appraisals be conducted for employees? Would it be to improve efficiency and locate shortfalls, or to determine if employees were able to increase their involvement in their jobs and increase the productivity of the organization? Evaluating the employee on a continuous and regular basis helps to improve his performance and contributes to achieving the company's goals.

Keywords: performance appraisals, Human Resources, Organizational performance, productivity, creativity, Quality of working life.

Introduction

Nowadays, the rapid growth in the company's employees' performance has changed a lot. That's because companies have certain amounts of money to give incentives to the employees that help the company grow and develop, and those best employees are rewarded for their best performance. Usually, the performance appraisals are created by human resource managers to guarantee the employee's development and the company's growth with comments and tips to reach the planned targets.

Performance appraisals help both managers and employees to design a plan for the development of more training and responsibilities that will decide how it will improve their careers and keep all employees in fluent communication. The companies use the performance appraisal reports to give feedback and comments to employees about their work performance, in addition to determining the termination of employees.

Literature review

Overall performance appraisal: After reading the article by Obisi, this article focused in general on everything related to performance appraisal, starting from its definition, importance, objectives, and types, and finally to the most important strategies it includes. Performance assessment is an essential activity in institutions and organizations since it is used not just to make judgments about promotions and raises in employee compensation, but also to inspire them to put their reasonable practices to ensure the accomplishment of their job. In this paper, Obisi concludes that organizations must face the fact that the performance evaluation will not be complete unless the resident employee is informed of his weaknesses and strengths. And the performance appraisal process must proceed regularly in order to achieve organizational achievement, quality, and efficiency (Obisi, 2011).

Performance appraisal history: According to Dishman (2018), who conducted a review of the history of annual performance, the procedure of appraising workers has been extended for a long time, from practical to complex, because there is no specific source for the first performance appraisal review; more analysts point to the industrial revolution as the source for discovering and highlighting worker productivity. In between the two world wars, in 1927, Elton Mayo (an Australian psychologist) did a socioeconomic appraisal on the productivity of female employees due to changes in work

hours, wages, rest time, organizing, and level of supervision and consulting to find out what would affect their work productivity. He found that money isn't as important in productivity as having a person pay attention and observe their tasks and conditions. Well, Peter Capelli and Anna Tavis reported on the HBR website that in the 1940s, 60% of American companies were using performance appraisals to guarantee rewards and, as evidence of their work, by the 1960s, nearly 90% of them increased, although those old rules monitored and decided payment and promotion, the good procedures scores for managers. Then, a social psychologist, Douglas McGregor, claimed that theory X, which is about how no employee wants to work & that they need strict monitoring, should be replaced by theory Y, which is about how the employee should be trusted and authorized. Those two theories were an important revolution in organizing the performance appraisal procedure.

Effectiveness of performance appraisal: As mentioned by Abbas (2014) in his article, he has focused on the specific components of performance appraisal & confirmed that the effectiveness & success of an evaluation system are dependent on employee feedback & reactions. This implies that worker input is an important component to consider when evaluating the effectiveness of an assessment system. This feedback can be beneficial or bad in terms of the appraisal system's outputs. Previous research has shown that positive feedback is more likely to be accepted; however, staff are frequently

hesitant to accept unfavorable assessment system outcomes. Employees will take negative criticism seriously if it is provided in an effective & compelling manner & will focus on reducing the bad parts of their performance. In previous literature, performance appraisal has been shown to be a successful approach for achieving a variety of goals.

According to Abbas (2014), a good performance appraisal system improves employee performance and motivates them. In this way, we can identify the poor and strong performance of the staff inside organizations. Five primary results of effective performance appraisal have been discovered in the research. These include: 1) applying performance assessment results to enhance employee performance; 2) lowering employee turnover; 3) increasing motivation; 4) linking rewards to employee success; and 5) establishing employee equality.

The impact of assessment on individuals and companies has also been examined. He specifically proposed that the appraisal findings provide managers with information to help them make decisions about employee growth & promotions. On the other hand, an effective performance assessment system can identify weak fields of performance. Managers can then make decisions about worker training to enhance those areas that need improvement. Therefore, effective performance evaluation reduces employee stress. Employees' current, past, and future performance are all linked in this way via a performance appraisal system (Abbas, 2014).

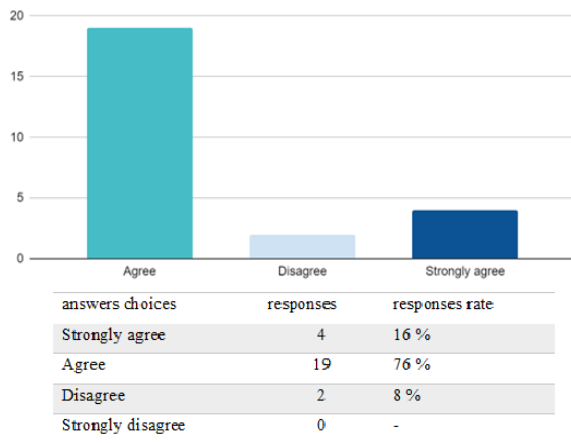
Consequences of Performance evaluation:

According to Iqbal et al. (2013), performance evaluation has a great relationship with the performance of the organization and is considered one of the most important things in the success and development of institutions, but the lack of evaluation with different organizational dimensions and studies, such as evaluation Resources, personnel, objectives, and organizational strategies are considered significant and serious disadvantages for organizations. In addition to the lack of an evaluation of the system and a lack of communication with the internal and external environments, this reflects negatively on the organization, meaning that a simple error in performance evaluation or its neglect may lead to disadvantages and consequences. The writer believes that there are errors that may not Organization managers pay special attention to it, which often leads to significant consequences, such as:

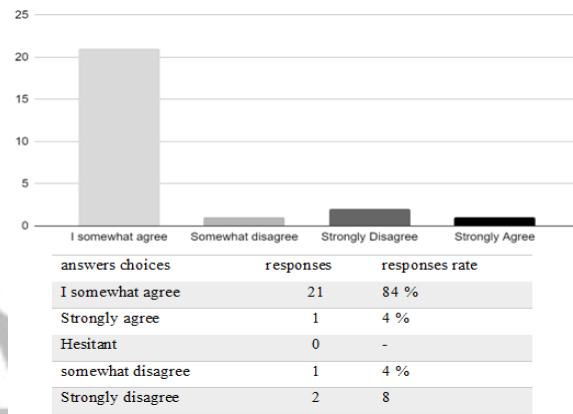
- **Central inclination:** This is when evaluators try to avoid making harsh judgments about an employee's performance as a result, all employees were given a rating in the middle of the scale, regardless of their real performance.
- **Error of Recency:** The recency effect refers to a rater's propensity to give more modern examples of employee attitudes, whether efficient or inefficient, too much weight in a performance rating.

Survey results for questionnaire in a study on the impacts of performance appraisal system on organizational performance in OQ Company

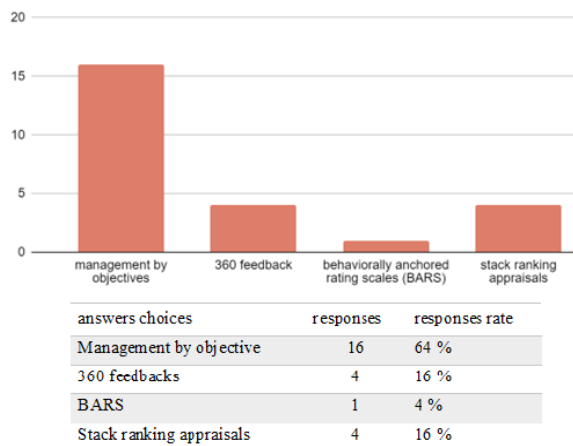
The company's current performance appraisal systems help identify the strengths and weaknesses of employees?



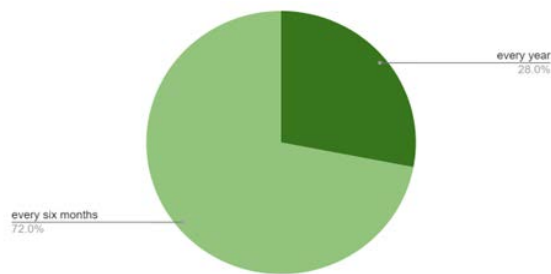
Senior management understands the day-to-day problems we face with our jobs?



What type of performance appraisal is used in your company?



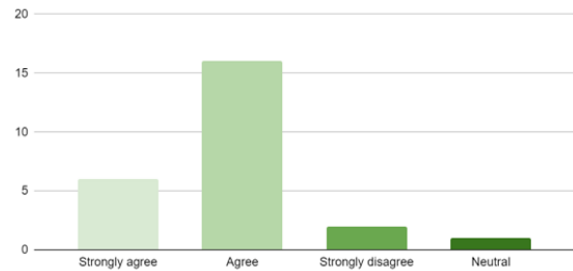
The period of performance appraisal in your



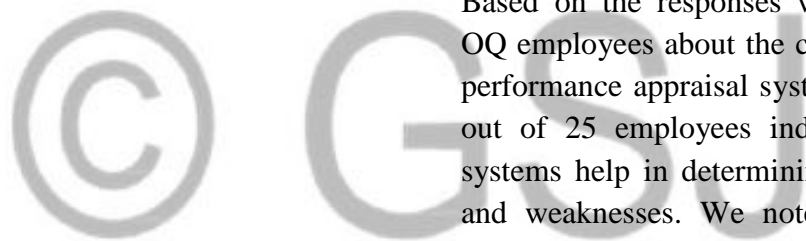
answers choices	responses	responses rate
Per month	0	-
Every six month	18	72 %
Every year	7	28%
Every 2 years	0	-

company?

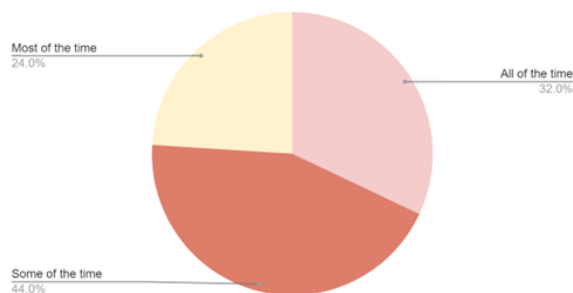
I always or nearly always meet all my target goals and objectives.



answers choices	responses	responses rate
Strongly agree	6	24 %
Agree	16	64 %
Neutral	1	4 %
Disagree	0	-
Strongly disagree	2	8%



How long do you spend productively working on the tasks assigned to you?



answers choices	responses	responses rate
All the time	8	32 %
Most of the time	6	24 %
Some of the time	11	44 %

Based on the responses we received from OQ employees about the company's current performance appraisal systems, in which 23 out of 25 employees indicated that these systems help in determining their strengths and weaknesses. We note that there is a similarity between these responses and the article he conducted (Obisi, 2011), where he mentioned in his article that the performance appraisal will not be completed unless the evaluating employee is informed of his weaknesses and strengths. In addition, 21 out of 25 participants indicated that the performance appraisal benefited them in getting promotions, increasing salaries and bonuses, and developing their skills. According to Abbas (2014), evaluation results provide managers with information to help them make decisions about employee promotions and growth. Moreover, 22 employees reported that senior management understands the problems they face in their jobs, as (Paychex, 2016) noted in his article,

that mistakes at work, failure to meet commitments, and misbehavior must be met with constructive criticism by company management or Company efficiency expert.

Future Research researchers on the same research topic can develop and improve future research to get the best results. Researchers can increase the scope of the research and the variables around the topic of future study in terms of the number of employees targeted and the different departments in the company. In addition to expanding the scope of future research by including several factors that fall under the performance appraisal, such as visiting employees at the work site, thanking them, rewarding them, and recognizing the work done by employees, which leads the employees to feel valued, this, in turn, leads to the further improvement of the performance and productivity of employees and an increase in the productivity of the company. Moreover, researchers who will conduct future research on the same topic can include several companies in their research in order to get a high response rate, so that they can get more accurate and clear results than what we got from OQ Company.

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thanks to the employees of the human resources department at OQ Company for their contribution to providing information about the company and answering the questionnaire and interview questions.

Conclusion:

performance appraisals are created by human resource managers as a way that guarantees employee development and company growth with comments and tips to achieve the planned targets. Moreover, performance appraisal is an essential activity in companies as it is linked to promotions and compensation provided to employees and helps in improving employee and organizational productivity. Elton Mayo, an Australian psychologist, conducted a socioeconomic analysis of female employees' productivity as a result of shifts in work hours.

Furthermore, serious consequences may occur when performing a performance appraisal. For instance, when evaluators try to avoid making harsh judgments about an employee's performance, all employees are given a rating in the middle of the scale, regardless of their real performance. In addition, the performance appraisal system requires knowledge of the employee's strengths and weaknesses, past performance, and how to improve it. Moreover, an effective performance appraisal system contributes to identifying the weak fields of employees and thus enables managers to make decisions on training employees to enhance those fields. To sum up, motivation is the most crucial part of any organizational setting, as is building an atmosphere that

allows and enables employees to accomplish their jobs to the best of their abilities.

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