

# Impact of Performance Management on the Organisational Performance: An Analytical Investigation of the Business Model of Mcdonalds

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## Abstract

In the current business world humans are considered as the success factor for any business. For this reason reputed business firms are trying to hire the best human resource that is available in the market so that the firms can maintain its image and goodwill in the future as well. The main objective of this is to find that PM is helpful to improve the productivity of the employees and how PM is linked with the training needs of the employees. Another aim is to find out that how this is helpful to increase the revenue and profitability of the firm for the current research study qualitative research is used because it gives the brief information and understanding of theories. In order to get the broader view of respondents, qualitative research will help a lot. Training and the development in the organization leads to greater benefit. To increase the efficiency of the below average workers these reports play a very significant role. Time constraint is major problem associated with this research. Due to lack of time the interviewer does not get much time to take the interviews. So PA session conduction each year in McDonalds motivates the employee to work harder and harder. Furthermore PA processes provide training and development to the employees as well as the reward management. These factors also drive the average worker to work more and more efficiently in McDonalds.

**Keywords:** Performance management, Recruitment & Selection, PA process

## Introduction

In the current business world humans are considered as the success factor for any business. For this reason reputed business firms are trying to hire the best human resource that is available in the market so that the firms can maintain its image and goodwill in the future as well. But having capable human resource on board is not an easy task for the firm and for the achievement of this objective the large firms have a separate department known

as human resource department (HRD). Armstrong (2001) has stated that the main objective of HRD is to perform four vital functions such as training and development (T&D), recruitment and selection (R&S), performance management (PM) and reward management (RM).

### **Recruitment & selection (R&S)**

R&S is the process of hiring a suitable person for a particular role (Bratton & Gold, 2001). According to Armstrong (2001) R&S process is carried out by the organizations to get best and suitable candidates for the particular role by spending minimum cost on it. The main objective of R&S is to hire the best possible persons for all the roles that are arises in the firm so that the productivity of the firm can increase.

### **Training and development (T&D)**

There is a misconception about the term (T&D) and most of the peoples are consider is same but there is some difference between training and development. Training is the systematic and formal change in the behavior of an individual due to the leaning, instructions and planned experiences (Armstrong, 2001). Anthony, Perrewe and Kacmar (1996) define training as to provide required knowledge and abilities to the employees of the organization for the performance of the particular tasks. Development is somehow different from training as it is the use of the knowledge, skills and abilities by the employees, which the employees can use for the performance of tasks today and in future (Anthony, Perrewe & Kacmar, 1996)

From the above definitions it is clear that training is the provision of education, instructions and knowledge to the employees so that they can achieve their own targets and contribute in the achievement of the goals and objectives of the organization as well. On the other hand, development is the ability of the employees that how they are implementing the knowledge, skills, instructions and education, which they have gained during different training sessions.

### **Reward management (RM)**

RM is the process which can result in the provision of rewards to all the efficient and effective employees (Stredwick, 2000). According to the Armstrong (2001), rewards system is the practice and policies of an organization, which enables an employee to get rewards based upon his skills, contribution, market worth and competence.

In the current times organizations has linked rewards with the performance of the employees. Now the companies are offering a base rate to all its employees and all the employees can get that much money without giving better performance but if an employee want to earn more than he has to show better performance because the higher compensation is linked with the proper performance. This type of rewards system encourages employees to work hard and give best results so that he can earn more. On the other hand, this system is helpful for the organization because organizations can get higher level of output from the employees with the help of addition motivation of higher earnings is there for employees.

### **Performance management (PM)**

PM is related with the comparison of predetermined goals and objectives with the actual output of the employees. If company is able to achieve the desired results of the organization it shows that employees are achieving their objectives optimally otherwise there is the possibility of some underperformed employees, which are not able to achieve their targets (Stredwick, 2000). According to Armstrong and Baron (1998) PM is a strategic and integrated

approach towards the performance of individuals and teams who are delivering their best for the success of the organization. Performance appraisal is the continuous process of monitoring that the organizational goals are achieved in an efficient and effective way (Tyson & York, 2002)

PM is the vital factor for the success of an organization because in the current world human resources are considering to be one of the essential factors for an organization. Employees should know from the start of the year that what their desired goals, objectives and targets are so that during the year he can put his efforts in the right direction for the achievement of the goals. All the employees should know that at the end of the year their supervisors are going to check their performance by comparing the actual results with the desired results and on the basis of this they can be judged as the over performed, satisfactory or underperformed worker. Employees should also know that their pay and package is dependent upon their performance and the employees who are performing well in the current year they get high pay rise after their performance appraisal.

The focus of current work is to check that the effective PM process of any firm is helpful to increase the revenue and profitability of the firm or not. For this purpose Emirates Airline Group is selected and the current work will compare the efficiency of PM process of the chosen company with its financial results. In this way useful information will be gathered about the impact of PM on the financial performance of the firm.

### **Objectives of the research**

The main objectives of this study are as follows

- To find that PM is helpful to improve the productivity of the employees
- To find that PM is linked with the training needs of the employees
- To find that PM is helpful to increase the revenue and profitability of the firm

The above mentioned research objectives are the motive of the current study and the study will answer these objectives.

### **Research question**

The above mentioned research objectives are transformed in the following research questions

H1 Efficient PM process increase the productivity of the employees

H2 Efficient PM process increases the revenue and profitability of the employees

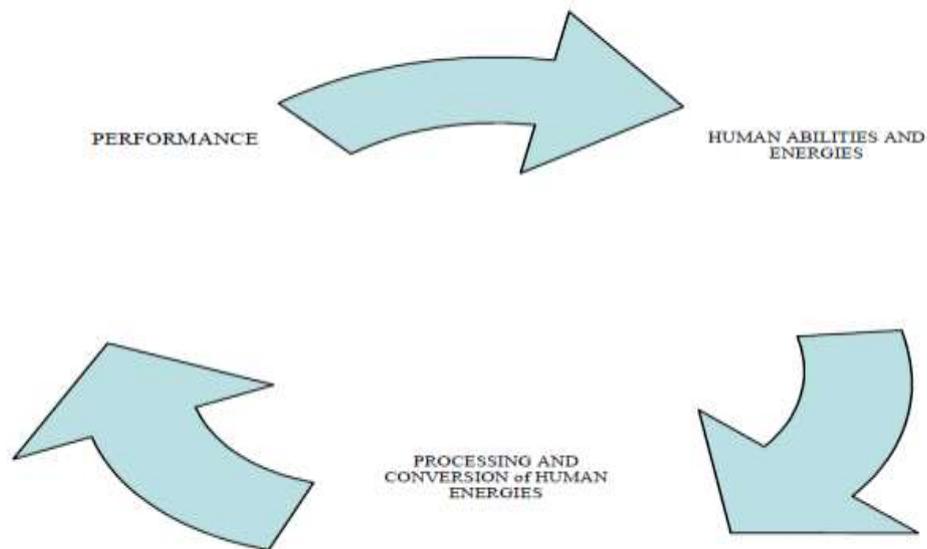
Work and valuable recommendation will be provided that will be helpful for the users.

### **Literature Review**

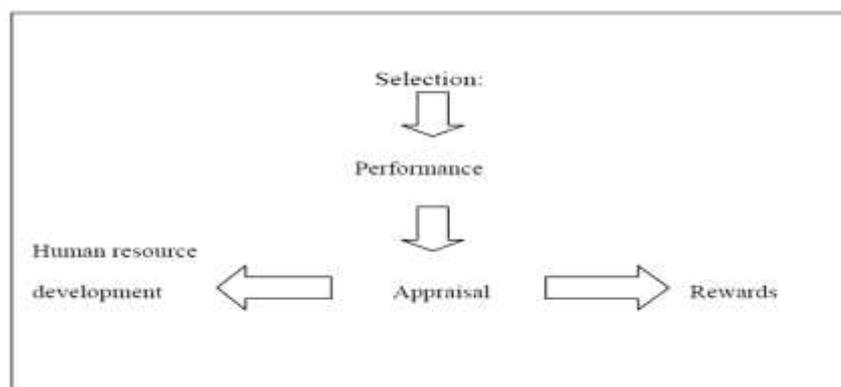
#### **Linkage of Human resource management and Performance appraisal**

Human resource forms an indispensable part of the organization. Hence, it is very important to examine the role of appraisal in the effective and efficient utilization of this resource. (Cummings and Swab, pg 56)

Fig : 1. The process of Human utilization



According to Bratton and Gold (2003:7)," Human resource management (HRM) is a strategic approach to managing employment relations which emphasizes that leveraging people's capabilities are critical to achieving competitive advantage, this being achieved through a distinctive set of integrated employment policies, programs and practices." HRM forms a core in understanding people's behavior towards their colleagues as well as their companies. The model laid down by Fombrun, Tichy and Devanna (1984) of HRM gives a clear picture of the HRM process (Bratton and Gold,2003).



In this model selection mean selecting the right candidate who would fulfill the organizational goals and objectives. Performance means the output of employee's abilities which add value to the organization. Human resource development is highlighting the provision of necessary training session; this would help the employees to possess the relevant knowledge and skill to perform better in the organization. Due to this the employees would improve individual skills as well as advance in the organization. Appraisal is highlighting the appraisal which depends largely upon the employee's capability to perform and would show the employee's competencies and talent.

The modern human resource system may be divided into four parts acquisition of human resources (recruitment and selection), training and development, motivation and

compensation. Performance appraisal is involved in all four parts and serves to tie them together by providing feedback information for all of the other parts (Latham and Wexley, 1977). Performance appraisal therefore is known as the powerful tool for managing human resources (Forbrum and Laud, 1983). Therefore, an HRM process forms an important element in the organizational structure.

### **WHY is PA necessary**

Earlier, PA did not exist in the organization. Then why did the need of performance appraisal arise? Why was it necessary to include performance appraisal system in an organization? Can an organization run efficiently if there is no PA system? Wiese and Buckley (1998) gave an answer to this. They said that, a formal performance appraisal system serves as an asset in conducting formal decision process within the organization. It also helps employees, in developing their career and increasing their commitment towards their organization. Murphy and Cleveland (1995) add that it is always advantageous to use a formal appraisal system in the organization. Performance appraisal provides information that is relevant for many personnel decisions, like increments in salaries; it introduces scope for promotion, transfers, and training and development programs, as well as for employee development and performance feedback (Jacobs, Kafry, & Zedeck, 1980). Huber (1980) is also of the same opinion that millions of public and private employees have their performance appraised in order to determine salary, promotions, tenure, layoffs and development potential.

### **Purpose of performance appraisal**

The most known purpose of performance appraisal is to improve performance of individuals. Performance appraisal has basically two important purposes, from an organizational point of view it is the maintenance of organizational control and the measurement of the efficiency with which the organizations human resources are being utilized. (Cummings and Shwab, 1973 pg. 55) But, there are also a variety of other declared purposes and desired benefits for appraisal, including: Improving motivation and morale of the employees, clarifying the expectations and reducing the ambiguity about performance, determining rewards, identifying training and development opportunities, improving communication, selecting people for promotion, managing career growths, counseling, discipline, planning remedial actions and setting goals and targets. (Bratton and Gold, 2003:284, Bowles and Coates, 1993).

However, according to Armstrong and Baron, there is rise in more harder and judgmental forms of performance appraisal than softer and developmental approaches. Therefore there has been a shift in performance appraisal away from using it for career planning and identifying future potential and increased use of it for improving current performance and allocating rewards (Redman and Wilkinson, 2001: pg.60). Performance appraisal can be used as an effective tool to improve employees' job performance by identifying strengths and weaknesses of the employees and determining how their strengths can be best utilized within the organization and overcome weakness over the period of time. The next question that comes into mind is that who gets more out of the appraisal process the organization or the employees? Who obtains more gain out of it? Both, i.e. the organization and employees or some one of them. The following studies give us an explicit understanding of the different purposes of performance appraisal in the organizational context and highlight the different key features of performance appraisal. It also helps us to know who benefits from the appraisal system.

McGregor (1972) in his paper, "An uneasy look at performance appraisal" said that formal performance appraisal plans are designed to meet three needs, one of the organizations and one two for the individual: The following are his ideas about PA. Firstly, PA provides systematic verdict to back up salary increases, promotions, transfers, demotions or terminations. Secondly, PA forms a means of telling subordinate how he is doing, how his performance is towards the organization and suggesting the changes in his behavior, attitudes, skills or job knowledge improvements, they let him know "where he stands" with the boss. Thirdly, PA is increasingly being used as a basis for coaching and counseling of the individual by the superior.

Similarly, Murphy and Cleveland (1995) studied how performance appraisal is used in organization. They compared 'between individual' and 'within-individual' performances. The 'between individual' performances was able to provide information to make decisions regarding promotion, retention and salary issues. The 'within individual' performances was useful in identifying the training and development needs which includes performance feedback, identifying the strengths and weaknesses of employees as well as determining transfers. Another use of performance appraisal was found out through this study was that of 'system maintenance' which was used to identify the organizational goals and objectives, to analyze the organizational training needs and to improve the personnel planning system of the organization. Finally, documentation purposes are to meet the legal requirements by documenting personnel decisions and conducting validation research on the performance appraisal tools.

Bowles and Coates (1993) conducted a postal survey of 250 West Midland companies in June 1992, where the organizations were asked questions pertaining to the use of performance management in the organization. These questions included the perceived function of PA in the management of work, its strengths and weaknesses, the role of commitment in the management of work. Through their survey they found out that PA was beneficial in the following ways:

1. PA was beneficial in developing the communication between employer and employee,
2. It was useful in defining performance expectations and
3. Identification of training needs.

### **Perception of PA in organization**

It revolves if PA gives a positive impact or a negative impact to the employees. It shows whether the employees get motivated to perform better, if they receive a good feedback or do they get de-motivated and loose interest in their job. So far, we have come across the purpose, uses of PA in the organization, but the perception i.e. the understanding of PA is not taken into consideration in most cases which is important for the employee as well as the organization. If the employees don't recognize this, then they would suffer unnecessarily in the organization the reason being that, an employee has a certain level of expectation from his company when he joins it; he expects some kind of growth from it, also the organization expects a lot from him. But, a negative feedback of performance would largely hamper him mentally and make him loose his interest in his job. There would be change in his attitude, which would be problematic for him as well as the organization. He would be de motivated to achieve the organizational objectives. Many employees have a kind of view that, their

promotion or salary increments largely depends on their performance. Employees therefore are in a dilemma and consider this situation as 'survival of the fittest'. They know for a fact that, their performance is only taken into consideration at the end of the day, and in order to grow in the company they need to be pro active towards their work. The feedback the employee receives from his superior, may simply describe the level of performance achieved (Evans, 1986).

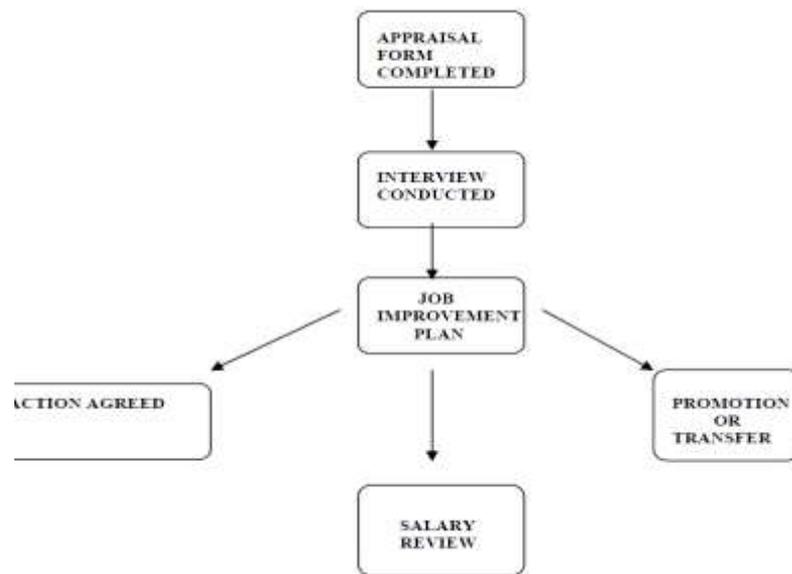
### **How is PA conducted?**

Performance appraisal system should not merely be a checklist of 'do's and don'ts', it should provide a wider perspective to the employees. Performance appraisal has to be designed in such a way that, both, the employee and the organization can obtain fruitful results from it. A performance appraisal system should be made in such a way that the organization can ensure proper accomplishment of goals; at the same time the employee can expect clear and concise work expectations. Knowing what is expected from them is the first step in helping one cope better with the stress usually associated with lack of clear divisions (Baker, 1984). To make performance appraisal effective, our criteria need to be present. These are

- Employees should be actively involved in the evaluation and development process
- Bosses need to enter performance appraisals with the constructive and helpful attitude
- Realistic goals must be mutually set
- Bosses must be aware, and have knowledge of the employee's job and performance (Baker, 1984).

Cole (1988) presented the following appraisal process framework. This framework explains how the appraisal process is carried out. First, the appraisal form is completed by the manager and the employee then a formal interview is explained where a job improvement plan is established which gives three outcomes action agreed, promotion or transfer or salary review.

## PA process



## Appraisal Methods

### Management by objective

Management by objective (MBO) was introduced by Peter Drucker in 1954 which changed a manager's role from being a judge to a helper. Management by objective is an approach where employees are evaluated by how well they accomplish their tasks and objectives which are important to be critical in the successful completion of their job. MBO is a process, which converts organizational objectives into individual objectives. It helps in goal setting, planning, self review and performance review. In goal setting, the organizational objectives are used as guidelines through which the individual objectives are set up. Goals are set up between the managers and the employees, which become the standards against which the employee's results will be evaluated. MBO is used in planning process i.e. making the action plan for carrying out the assigned goals. It includes identifying the proper activities necessary to accomplish the objectives. Self-control is another important step in MBO, where a systematic monitoring of performance is done by the individuals so that they get a clearer picture of their performance. (Rudman,2003) says that it is crucial to have very precise and well defined objectives, this will eradicate scenarios whereby the appraiser have to appraise performance based on unclear objectives which will in turn will affect motivation.

### Graphic Rating Scale (GRS)

GRS is considered as the most popular and oldest of the appraisal systems. GRS is used mainly in evaluating performance based on quantity and quality of work. In this the rating of an employee is done on some specific areas only. The rater has to mark the employee on the basis of certain scale which best describes the employees performance in the organization. GRS helps in analyzing employees on a quantitative scale and can help to compare and contrast the employee's behaviour on this scale. There is greater standardization of items so comparability with other individuals in diverse job categories is possible (Henderson, 1984, p.175)

### **BARS and BOS**

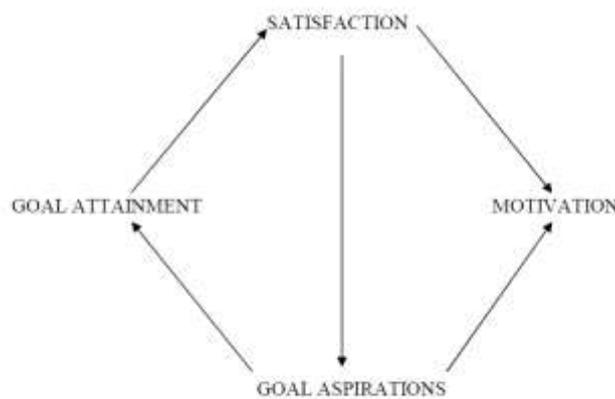
Behaviourally Anchored Rating Scales (BARS) was introduced by Smith and Kendall. BARS development is a long and arduous process, involving many steps and many people. From this process, performance dimensions are more clearly defined and are based on more observable behaviours (Weise and Buckley, 1998). This system received special attention in the field of performance appraisal. This method was useful in analyzing the performance on the basis of behaviour. BARS, clearly highlights the definite, observable and measurable behaviors done in the job. Behaviourally Anchored Rating Scale was greatly accepted because it made use of specific behaviours which is derived for each job and which would produce relatively reliable and error-free ratings. Behaviour observation scales were then introduced which were intended to improve BARS (Latham and Wexley, 1977).

### **Motivation and Goal setting theory**

Performance appraisal process and its outcome can affect an employee's motivation. Employee's performance is seen as most directly as a consequence of the employee's ability and his motivation to perform (Cummings and Swabs, 1973, pp. 46). In Organizational context, the performance is evaluated by examining the employee's abilities and capabilities to achieve the desired objectives.

### **Behavior Maintenance Model**

The BMM presented by Cummings and Swabs attempted to show how people become motivated to perform effectively in the organization. This model shows the importance of outcomes in the motivational process.



### **Feedback**

Feedback about the effectiveness of an individual's behavior has long been recognized as essential for learning and for motivation in performance-oriented organizations (Ilgen et al 1979). Feedback is considered as an important tool in performance appraisal process. Feedback can be a useful tool for development, especially if it is specific and behaviorally oriented, as well as both problem-oriented and solution-oriented (Murphy and Cleveland, 1995).

One of the basic purposes of formal appraisal process is the provision of clear and performance based feedback to employees (Carroll and Scheiner, 1982). Some organizations use feedback as a development tool, while in some organizations it is used for merit

evaluation and compensation adjustment (McEvoy and Buller, 1987; London, Wohlers and Gallagher, 1990).

### **Research Methodology**

This section would help understand and explain the reasons behind the choice of the methodology that is adapted for this research. The choosing of research methodology depends on the nature of study topic (Creswell, 1994).

### **Research objective**

The research objective was to understand the effectiveness of an appraisal process on the employees. The main purpose of this dissertation was, to study the employee's ability to perform well and to check that effective appraisal method increases the productivity of employees that leads to increase the revenue and profitability of the firm.

### **Research methods**

#### **Why qualitative**

The goal of qualitative research is to understand the research topic more explicitly, from the perspective of the interviewee, and to understand how and why they have arrived at this perspective. (Gephart, 2004) adds that, qualitative research methodology largely depends on recounting, understanding and explaining complex or interrelated phenomena, namely, the methodology is to understand multi-dimensional, dynamic picture of a subject of study. Qualitative research method was ideal for this paper, because it gave a deeper understanding of the, given theories and helped in obtaining an edge in knowing the concepts well. As the data obtained through qualitative is the interviewees own responses, it helps in gaining a broader perspective about the topic. The exact responses pertaining to the literature review helps in linking the data well.

### **Research Tactics**

The tactics used for data collection for the research are classified as follows:

#### **Primary data**

The research deals with the reaction of the employees after being appraised. Hence, it was necessary to conduct the research through semi structured interviews. Cooper and Schindler (2001) suggest in this context, that if the research is an exploratory study, use of interviews is more appropriated for the researcher to understand and get an in depth view of the topic being explored.

#### **Design of interview question**

The interview questions were designed, keeping in mind the research objective. Eight questions were designed in accordance with the literature review. The interview questions were categorized into four parts. The first part reflected the employee's basic experience with performance appraisal. The second part, focused on the training aspect of the organization, which forms an important part of the appraisal process. The third part, focused on the direct implications of the appraisal process on the employee's life. The last part was designed to reflect answers relating to motivation and better performance in the organization. The questions designed were open-ended because, it could give the employee the chance to elaborate his given situation. Easterby-Smith et al., (2002) state that investigators conduct

qualitative interview to understand 'how individuals construct the reality of their situation formed from the complex personal framework in order to help explain and predict events in their world'.

### **Data analysis**

For the data collected in this research through interviews, a framework given by Bryman and Bell (2003) was used. The framework is known as Theoretical sampling which is explained as follows

### **Theoretical Sampling**

It is a process of data collection for generating theory where the researcher collects and analyzes data and decides what data to collect next and where to find it, in order to develop his theory as it emerges (Bryman and Bell, 2003). Thus, data was collected from various sources until there was a theoretical saturation. The same content leads to descriptive content analysis which is discussed in detail in the next section (Bryman and Bell, 2003, p.330).

The data that will be collected with the help of questionnaire will be used to get the answer of hypothesis 1 because this hypothesis is related with the effectiveness of the appraisal system of the McDonalds. This data will also help to know about the influence of appraisal system in increasing the output of the McDonald's employees.

### **Limitation**

The big problem with qualitative data is how to condense highly complex and context-bound information into a format which tells a story in a way that is fully convinced to the reader (Cassell and Symon, 2004). Qualitative research methods are descriptive. Also, they are subjective in nature which always leads to a kind of research bias. Sometimes, the interviewees were not willing to open up much, towards some question. This would either lead to incomplete information or incorrect information. Another important limitation was time constraint. Due to time constraint, the researcher was not able to take many interviews.

### **Summary of Research methods**

The research method was done keeping the research objective in mind. The research method adopted for this research was qualitative and quantitative research method. Qualitative research method helps to understand multi-dimensional, dynamic picture of a subject of study. Quantitative data will help to know about the profitability of the company. The research tactics adopted for the research were done in the form of primary data source and secondary data source. Primary data was obtained in the form of structured interviews. The questions designed for these interviews were open ended. The secondary data was obtained in the form of reports, books, journals etc. A theoretical sampling method of Bryman and Bell (2003) was adopted for data analysis method.

### **Analysis and discussion**

This section is divided into two parts such as Part A and Part B. Part A describes the parameters on which the performance appraisal process is designed in the organization. The parameters helped the researcher to understand the effectiveness of performance appraisal in the organization. Part B describes the analysis of data. The analysis of data explained in detail the respondent's views about the appraisal system

### **Part A Company information**

Following is brief description of the various parameters adopted by the company in order to conduct the formal appraisal system. The appraisal system is conducted twice every year in June and January. The performance appraisal system in the company is conducted on the basis of 5 parameters.

- Business acumen
- People leadership
- Effective communication
- Execution
- Customer centricity

#### **Business acumen**

Business Acumen refers to the ability of the employees to conduct quick and accurate decisions pertaining to the business strategies. Performance appraisal considers business acumen as an important tool in analyzing the individual's business related activities in the organization.

#### **People leadership**

People leadership refers to the employee's ability to show leadership skills. It also shows whether the employee is able to motivate employees, helps in building up morale of his subordinates. He acts with empathy and ensures better coordination in his team. The company considers this as an important parameter because it helps in knowing the leadership skill of the employee.

#### **Effective communication**

Communication is an integral part of every organization. The employee should be having good communication skills. He/she should be able to communicate at all levels.

#### **Execution**

Execution is the process where the employee should be able to execute the given task in a specific period of time. Under this parameter, the employee's efficiency and potentiality is considered. His/her prompt reaction to any situation is considered. This parameter also tests an employee's capability to handle work load under pressure.

#### **Customer centricity**

'Customer is the King'. This parameter focuses on the employee's way of handling customers. It checks the employee's promptness in handling the customer and his/her ability to make the customer satisfied. The above parameters are calculated with the help of the following 3 point rating chart.

**Three point rating chart**

3 = Outstanding	The employee understands his job very well. Performance is exceptionally good and much higher than the standard set up. Clearly understands the key objectives and goals of the organization and achieves them in time. Efficient and prompt.
2 = Meet expectation	Performance meets the required expectation. May exceed expectations in areas like communication and customer centricity. Good understanding of objectives and goals.
1 = Need improvement	Performance doesn't meet the expectation and lacks consistency. Lack of understanding of key objectives and goals. Requires additional training and development sessions.

**Part B Analysis of data**

The analysis of data was done on the basis of the responses obtained through the interview process. The analysis is done by the respondent's views over the performance appraisal process present in the company. A total of 5 respondents agreed to participate in the research.

The interview was designed, taking into consideration the research questions. The interview considered four main aspects, which are performance appraisal process, impact of PA on training and development, feedback of PA and impact of performance appraisal.

**Questions on performance appraisal process**

The questions designed under this section were to understand the performance appraisal process in the organization. This would give the researcher, a clearer picture of the organizational PA process by presenting exact views of the interviewees. Questions under this section

Q 1 Do think it is necessary to have a formal appraisal process in the organization?

Q 2 What are your views about the appraisal system in your organization?

**Responses for Q 1**

Yes we have a formal appraisal process twice a year in June and January where my manager shares the feedback on the goals defined to achieve by the end of given period (Respondent 1).

Yes, it is necessary to conduct a formal appraisal process. It gives a clearer understanding of our objectives and functions and makes us more competent to achieve our goals (Respondent 2).

Yes I have gone through a formal appraisal process about 10 times since 2002. I feel it an essential part of the organization. We, the employees, know our duties well in the organization, we know what is expected from us and our target goals are laid down for the coming period (Respondent 4).

### **Responses for Q 2**

The appraisal system is very comprehensive as it focuses our accomplishment summary, strengths/growths, improvement and development needs and plans training needs and other certifications and potentially career interests. It also rates employees based on people leadership, effective communication and customer centricity (Respondent 1).

I think it's important to have formal appraisal system. It not only helps you achieve your long-term goals but also helps you understand where you stand in comparison to your colleagues. There will be lot of other hard working people in organization, who will be working towards the same goal or same position that you want, so this process gives you a more clear path, vision as to what you can do differently that will set you apart from other employees. It generates a healthy competition (Respondent 2).

The Appraisal System in my organization is well-organized, both from the performance capturing viewpoint as well as from the review and setting up the goals and expectations of an individual (Respondent 5).

It was seen from the above responses that, the employee were generally happy about the current PA process, because it was designed to help them grow and develop in the organization. It provided them with the necessary guidance to improve their performance and other key skills in the job. The employees stated that it lead to healthy competition amongst the employees.

### **Questions on impact of PA on training and development**

The second part of the interview focused on the training skills obtained through the appraisal process. The questions were designed to understand if the organization really requires training and development program and whether it is useful for them to grow in the organisation.

Q 1 Do you think a formal appraisal process should include training and development programs? Why?

Q 2 How did the training and development program of the appraisal process help you? Were you satisfied with it?

### **Responses to Q 1**

Yes, an appraisal process should possess training and development processes; because it helps an individual to work on his/her improvement areas which could be addressed by training in appropriate soft or technical skill-set. For example if an individual lacks delegation of work to its peer sub ordinates, then he can be recommended for 'Delegation of Authority' training which would enable him to understand the concept and delegate responsibility (Respondent 1).

Yes, it's important to have training and development programs part of appraisal process. It's important for every employee to understand how the appraisal process works and how are they evaluated. They should be given training so that process is very transparent for them and they understand everything. Also once the appraisal is done and employees have given their improvement areas, it's important to conduct different development programs to help them work on their improvement areas (Respondent 4).

Yes the formal appraisal process should include the training and development programs. The main objective of an appraisal process is to showcase where an individual stands from the performance and organization expectations point of view, and what are his development needs and (Goals and Objectives) for the upcoming year. The Trainings and Development programs help and individual to enhance his abilities and acquire the required skills to meet the expectations/goals set for him by the organization/management and also help his to grow in the organization. (Respondent 3)

### **Responses to Q 2**

The training and development needs were fulfilled in some areas unlikely in certain areas like leadership it was not fulfilled based on project, location and time priorities. It's a very costlier affair to organize training onsite and hence had to do a lot of self learning and receiving coaching feedback from assigned coaches (Respondent 2).

Yes, I was satisfied with the training and development programs as it helped me to work on my improvement areas. After going through different training and development programs, my leadership and people management skills improved a lot. This in turn helped me to manage my team more efficiently, by understanding their needs, by motivating them and helping them to achieve their individual goals. This helped us to meet our targets set by the organization and also gave production benefit to the Customer (Respondent 5).

I have attended various programs/training in my career till date. They have always helped me to enhance my abilities and skills. For example, the First aid training session and Crew trainer training sessions have given me a vision to think about the quality in every task we do and thus improvise the performance. These trainings have helped me to emerge as a better colleague, team lead and mentor to my peers and subordinates. I have been pretty satisfied with these training and would look forward to the opportunities to attend more of them (Respondent 3).

The overall response in this context was pretty positive. The employees thought that training and development formed an important element in the process. However, one respondent highlighted a different point where training and development was not provided. The training guidelines helped them to understand their organizational objectives and functions well. All the respondents were satisfied with the training and development program because it helped them to enhance their skills in the job.

### **Questions on feedback of PA**

The questions designed under this section helped to obtain the immediate reaction of the appraisal system. This was required in understanding how the employee's feedback is in the organization. These are the following questions

Q 1 What is your immediate response after being appraised?

Q 2 Was your performance discussed in detail? Were any improvements suggested?

### **Responses to Q 1**

It's always good to know your strengths and your improvement areas. It provides platform to work on areas for the coming period (Respondent 2).

After appraisal I know my strong areas, which sets me apart from others and I have to keep working on that. It also helped me to identify my improvement areas, which I have to focus so that I can grow in the Organization and achieve my goal (Respondent 3).

This depends upon how the discussion goes along with my managers and appraisers. If the managers convince me about my rating and the expectations the organization has from me, then I feel pretty satisfied with the same. If otherwise, then there might be a debate around the rating/feedback given to me and what I think about the same. Overall, till now, I try to give some time for myself to think and decide the plan to improvise myself and take the correct steps to mitigate the goals and objectives set for me after the appraisal (Respondent 4).

### **Responses to Q 2**

Yes, the performance was discussed in detail highlighting my improvement areas. The improvements suggested are defined quantitatively and with measurable targets (Respondent 1).

Yes, my manager discussed my appraisal in detail. He told me that I have great Leadership skills and I am very much Customer centric, however I have to work on my People management skill as I am handling a team of 20 people and it's very important for me to have good relationship with them. By doing this I will help the organization in retaining people by knowing their pain areas and finding a solution for them, by motivating them to excel in their work and achieve their goals (Respondent 2).

Yes, my performance was discussed in detail in the appraisal review session. The discussion went around the Achievements and Acknowledgements, awards I received in the given timeframe of the appraisal, and also the points where I could have performed better or I was not up to the mark. Overall my improvements points and my best practices and strengths were discussed. I was given the goals and objectives for the next assignment/timeframe. Also, the improvement plan to enhance my people and time management skills were suggested (Respondent 4).

These responses show that, the employees always accept their feedback in a positive sense, as this is the way they can identify their strengths and weaknesses. Employees like to know how they are doing. Feedback is the only process, through which the employees get a chance to improve them. It is the responsibility, of the manger to give, some developmental reviews which the employees should undertake to perform better next time. The manager should discuss any improvements and disappointment very clearly to the employee in every appraisal process.

### **Questions on impact of performance appraisal**

In this part, the questions were designed to see if the employees get motivated by their appraisal process or not. Another question was designed to check on what parameters performance appraisal is useful to perform well in the organization.

Q 1 Please explain how this appraisal process would help you perform better

Q 2 How does the appraisal process motivate you to perform better?

### **Responses to Q 1**

The given appraisal process will help me to improve all aspects of Project Management – especially with writing proposals for new requirements, customer negotiations and discussing or highlighting to internal leadership team (Respondent 1).

As this process tell me my improvement area along with my strong points, it becomes very easy for me to focus on my improvement area and keep doing the good job I am already doing (Respondent 2).

The Appraisal tells me where I stand in the organization from my performance point of view. It tells me what are my strengths and where I should concentrate more to improve myself. It talks about my improvement plan and also decides my goals and objectives for future. This provides me a roadmap for the future period and I exactly know what steps should be taken by me to excel my performance (Respondent 3).

### **Responses to Q 2**

Yes the appraisal process motivates me as it explains me to perform better and improve in areas even though we are exceeding expectations. He brings competitive behaviour and gives new targets to achieve every time. It shows me the career path to grow in the organization (Respondent 1).

This appraisal process gives rewards in form of Bonus and also recognition on organization level. This motivates me to work towards my improvement area and keep doing the good work that I am already doing (Respondent 4).

Yes, the Appraisal process definitely motivates me. It tells me where I stand and where I should be. It tells me what positives to take from me and what areas I should work upon to improve in those. It motivates me to either continue or enhance my rating by performing better and better for the next assignment/timeframe (Respondent 5).

The general response under this section revealed that, the employees were motivated to perform well in the organization. High motivation to perform better would give those bonuses and recognition; hence they take extra effort to give excellent performance. A good performance feedback acts as a boosting agent which utilizes their ability to perform better next time.

### **Conclusion**

Under the rapid development of organizations, performance appraisal is considered as an important tool which is necessary in order to provide the correct output i.e. performance to the company. With performance appraisal in the organization, the employee is in a position

to know his strengths and weaknesses and can consolidate his strong areas and improve his weaknesses. The appraisal system should be wide-ranging in nature. It should provide a thorough developmental process to the employees.

The research mainly was focused on exploring the effectiveness of performance appraisal in McDonalds. The literature review provided an overview on the evolution of the performance appraisal and the other purposes and perception of performance appraisal system. The research method chapter provided a detailed explanation in the research process. The analysis of data chapter provided the reviews of the interviewee's responses towards their appraisal process in their organization.

This research is based up on the performance management system at McDonalds. The main purpose of the research was to describe and analyze the implementation of performance management system at McDonalds. This was done in detail in Methodology and Analysis chapter, which included a thorough review of documentary evidence, interview and questionnaire information and participant observation to provide a detailed description and analysis of the implementation of the performance management system from its inception. After much consideration on the performance management system of McDonalds it is concluded as a whole that the current system is successful to achieve the objectives.

The main findings that came out of the research are that the implementation of performance management system takes time and commitment from all involved. An important factor in the long run is the side effects of performance management systems that affect the company. Managers can learn about these factors in the long run. Effective communication and a culture of trust are vital factors for the success of performance management system.

The focus on training and development has led to other benefits. Performance appraisal reports should be use to recommend appropriate training and development session for the below average workers. This help the below average workers to improve their productivity in the long run. Improved productivity of the employees is helpful for the organisation to achieve its objectives. McDonalds is following the same policy for providing training to its member of staff.

Moreover the result of performance appraisal is helpful for the reward management. The above average workers should get higher pay rise as compared to average and below average workers because this factor is motivating the employees to give their best in the following years. McDonalds is also using the same policy for the pay rise of workers. The average workers are getting that much pay rise which can take their wage to the minimum wage rate of the next year. The excellent performer is getting the pay rise which is greater than the minimum wage rate for that year. This factor is motivating the above average employees to perform well in the following years.

At the end it is concluded that the performance management system of the McDonalds is motivating the employees to perform well. Moreover the performance management system is well connected with the training and development needs of the employees as well as with the reward management. These factors are helping McDonalds to improve the productivity of the under performers and motivating the above performers to give their best output for the company.

### **Recommendations**

In today's very competitive markets, where the companies can be seen to be competing with one another to survive and achieve their objectives the importance of performance management has increased. Organizations achieve above average results when they have the facility of having good work force under them. Organizations are developing on a large scale. The job profile and work definitions of employees are changing, therefore performance appraisal in this scenario has to reflect on the capabilities of the employees. Therefore, performance appraisal process has to be comprehensive in its approach. It should help in defining the goals of the company in a more cohesive manner which would be achievable by the employees and beneficial to the organizations and the employees. Performance appraisal gives a platform to compare the employees and would create healthy competition between them.

Performance evaluation is a vital activity for the success of an organisation. When it is properly implemented in the organization then it would help an organization to obtain productive and competitive employees. Therefore, the research was designed to explain how the performance appraisal system of a company could be used effectively and efficiently in the future. The following recommendations are vital for the readers

- Managers should always be prepared to make changes in the performance management system if the system does not work exactly as planned.
- Managers should always be aware of unexpected benefits and take advantage of them if it arises from the implementation of performance management system.
- Without commitment from top management a performance management system will not function properly. Because the organizations goals cascade down into individuals goals, top management needs to be supportive of the system.
- Employees need to understand how they and the organization can benefit from the system so from the beginning get them involved. Workshop ideas with them and continually ask for their input and feedback.
- McDonalds should adopt 360 degree feedback process also in the appraisal process which would help in gaining a 'all-round' job evaluation.

In conclusion, performance management systems can assist an organization to achieve synergistic results.

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