

# A REVIEW ON PERFORMANCE MANAGEMENT AND APPRAISAL IN CONSTRUCTION INDUSTRY TOWARDS PROJECT PERFORMANCE

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**Abstract** - Construction Industry is one of the most prospering industries in the whole world. The benefaction of the construction industry to long-term national development and economic growth is extensively recognized, featuring its importance, specifically to developing countries. Performance measurement and performance appraisal has been liable to be subjected to a considerable amount of research and consideration over the past decade years. The trigger point for much of this research has been the inadequacy of performance measurement systems based on traditional financial management and the initiation of nonfinancial measures in construction industry. The principal purpose of this paper is to review the main performance measurement frameworks and the performance management and the appraisal executed in the current scenario.

**Key Words:** Performance management, Performance appraisal, Performance measurement, Financial management, Economic growth.

## 1. INTRODUCTION

Construction industry is one of the most significant industries with blooming opportunities, being at the same time the largest consumer of the manpower. Manpower contributes workforce solutions and workforce resources for numerous construction companies. Every organization has been well established with certain objectives to achieve. These objectives can be achieved successfully by employing the resources like men, machines, materials and money. All these above resources are important but out of these the manpower is the most important. It plays a significant role in performing tasks for accomplishing the goals. The purpose of this study is to utilize the human resources in a most optimal manner so that targets can be achieved very effectively and efficiently and to identify the abilities and the psychological problems of the employees to make maximum performance of them. So that the quality and quantity of total production increases.

## 2. DEFINITION

Performance management is the process of setting people in a work environment and enabling them to perform the best of their abilities. Hence performance

management system is needed as an important system for integrating and managing employee and organizational performance. Performance management is not achievable unless there are effective processes of continuous development. This addresses the core competencies of the organization and the capabilities of individuals and teams. It involves activities to ensure that goals are consistently being met in an effective and efficient manner. Performance appraisal is one of the element of performance management which involves different measurements throughout the organization. It facilitates the determination of incentives, perquisites, fringe benefits and piece rate wages. It is an ongoing process of obtaining, researching, analyzing and recording information about the worth of an employee. Performance appraisal is a continuous process of identifying, measuring and developing performance in organization by linking each individual's performance and objectives to the organization's overall mission and goals.

## 3. OBJECTIVE

The objectives of this research are state below

- To validate the selection techniques and human resources policies to meet regulatory requirements
- To provide the opportunity for organizational diagnosis and development.
- The potential of a person for future growth and development with improvement of the effective utilization of manpower to meet the desired goals and get the competitive advantages over their competitors in the markets.

## 4. NEED FOR THE STUDY

Construction industry has an important impact on the performance of an employee in terms of productivity, job knowledge, creative ability and professional attitude. This talk will generally talk about the main need for identifying the right candidates for the right teams is a crucial part of successful management. This paper investigates the team cohesion and overall productivity almost like a brainstorming session. And the main purpose of this study is the need to stay up-to-date on industry best practices and it is important for employees to know where they stand in their workplace.

## 5. SCOPE OF THE WORK

The scopes of the present study of performance appraisal are as follows

- This study provide appraisal feedback to employees and thereby serve as vehicles for personal and career development and allow the management to take effective decision against drawbacks for the wellbeing of the employee's development.
- To improve employee work performance by helping them realize and use their full potential in carrying out their firm's mission.
- The main aim of the study is to find out the effectiveness of performance appraisal & development programme conducted at construction industries.
- This study helps to know the level of importance of appraisal system.

## 6. STATEMENT OF RESEARCHERS

**Cheng et al (2017)** aimed to present a job performance evaluation process for construction companies. This presents the use of the analytic network process (ANP) to assign weights to a set of job performance criteria. It also describes a process for job performance evaluation which can incorporate the ANP tool to develop a decision model and to compute the local relative weights of elements and the final weighted values of job performance criteria when interdependent influences have been taken into account. This also presents the use of a scorecard to evaluate job performance periodically during the project.

**Arora (2016)** observed that world's renowned company in India L&T have implemented this performance appraisal concept to evaluate the performance of their employees to identify competency gaps and explore the potentiality of employees for facing the competitive world. Performance appraisal system is generally considered as a key to HR assessment and development. This also observed that in case of the selected companies under consideration performance appraisal is based on the self-appraisal and appraisal by immediate superior level.

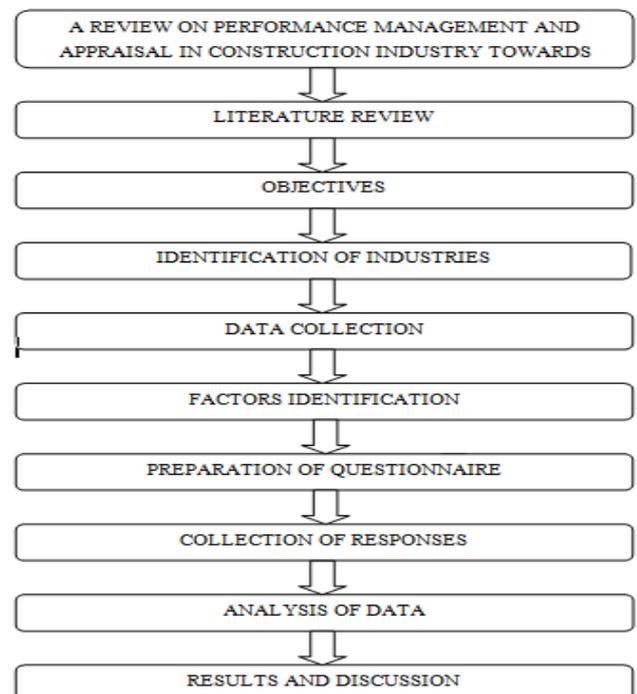
**Joseph et al (2014)** explored the valuation of effectiveness of performance appraisal as a tool to measure employee productivity in organizations. This also revealed that the appraisal system has been largely characterized by non-disclosure of appraisal result to the rates. This secrecy over performance appraisal results tends to put in the hands of supervisors and managers a potential tool for cracking down on "non-conforming subordinates with impunity.

**Iqbal et al (2013)** described the basic purpose of an appraisal system should be to improve the employee performance that will leads towards the organization success. This also focuses on the relationship between performance appraisal and employee's performance and paying consideration to the motivation role as a moderator and also to find out the impact of performance appraisal on employee's performance and analyses that motivation affects the relationship of performance appraisal and employee's performance.

**Namho Kim et al (2007)** focused on the positive performance management at the project level and carried out a simulation to know how performance management are performed at project level and also proposed a frame work based on contents of each step in performance management process. It serves as a basis for influencing working habits of the employees. In this suggested method performance process is the most important thing to be considered and some of the actions are achieved. This has contributed for process, framework and experiment of efficient performance management possibility.

## 7. METHODOLOGY

The methodology of this research study is described and explained based on the objectives of the project. This research study is commenced by reviewing the admissible literatures. From the literature study the factors affecting performance in construction projects are identified. Based on the factors the questionnaire in prepared and the questionnaire survey is conducted among various participants in different construction companies.



## 8. IDENTIFIED FACTORS

From various reviews several quality affecting factors are identified which becomes the base to frame the questionnaire. The identified factors are

### 8.1 PERFORMANCE FACTOR

- Attendance and Punctuality
- Quantity and Quality of work (Accuracy)
- Product and Process Knowledge or Job knowledge
- Follow-Up and Performance Improvement
- Organizational or Management Skills

### 8.2 BEHAVIORAL FACTOR

- Past Negative or Positive Incident
- Dependability and Initiative
- Problem Solving and Decision making
- Promotion of cultural diversity
- Productivity, Responsibility and Dependability

### 8.3 GRADING SYSTEM

- Documented Process
- Educational Qualification
- Experience in Current Organization
- Target Achieved by the Employees
- Evaluation of Results

### 8.4 PERSONAL EFFECTIVENESS

- Team Work and Consensus Build/Interpersonal Relationship
- Creativity
- Work Habits
- Assertiveness/Motivation
- Stress Tolerance

### 8.5 SOCIAL FACTOR

- Service to the customer or Customer focus
- Communication
- Social Conduct of the Employee
- Understanding & Rapport of Employer-Employee
- Adaptability

## 9. QUESTIONNAIRE DESIGN

A questionnaire is a research instrument consisting of a series of questions and other prompts for the purpose of gathering information from respondents. The respondents were asked to give their responses against a five-point Linkert scale. The typical form of this scale is to ask participants to specify their level of agreement or

disagreement with a statement. Another version used in the research was a Linkert scale as

- Substantially
- To certain extent
- Marginally
- To less extent
- Not at all

The Linkert scale has proven to be very useful in measuring whether people have a positive or negative attitude towards an object or a statement, and is therefore suitable for this study.

## 10. CONCLUSION

From the present study, factors affecting performance and productivity are identified. Project manager should focus on these factors to improve the employee's performance. The result indicates that the most significant factors affecting performance management and appraisal are Performance Factors, Behavioural Factors, Grading System, Personal Effectiveness and Social Factors. Employees should perform on these factors to enhance performance which ultimately can help to get higher profits from the projects.

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