

Functioning Efficiency of Performance Appraisal System: Paramount Role of Intrinsic Motivation

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Abstract:

The aim of conducting “A Study on influence of Performance Appraisal System with Employee's Performance Satisfaction” is to analyze the relationship between employee satisfaction with existing performance appraisal system. In a corporation, Performance appraisal should be conducted to enhance quality of labor and supply employee satisfaction. Greater employee satisfaction results in better productivity and outcomes. However, there's a less effort in enhancing the worker performance appraisal system and an unfair process in performance appraisal system may cause reduced employee satisfaction. So, this study is meant to spot the satisfaction level of employees on performance appraisal with relation to some variables.

Keywords: Performance appraisal, employee satisfaction, appraiser – appraise relationship, employee performance..

I. INTRODUCTION:

A performance appraisal is one in all the foremost important tools among the HRM practices. It's a scientific, general and periodic process that assesses a personal employee's job performance and productivity in regard to certain pre-established criteria and organizational objectives. It's also referred to as an annual review or performance review. Performance appraisal deals with how organizations evaluate and measure its employees achievement. It helps to spot gaps, if any in performance and it is filled by training and development. The most important aim of performance appraisal is to enable a company to keep up a list of the quantity and quality of all managers and to spot and meet their training needs and aspirations. Additionally, increments rewards,

maintain individual and group development and improving the employee's performance. Top of Form

A system of performance appraisal which might help them to spot an existing problem clearly and improve better the employee's performance at the workplace and increase their motivation through rewards and recognition system, also as prepare skill development educational program for supervisors to develop more. The Performance Appraisal process are analyzed through the employee's performance as compared with the standards that already set by the Human Resource Manager for the performance of that individual verbal description. Furthermore, supervisor also play a crucial role during this process is employed to work out an employee performing level in a company, and that

they are able to communicate and obtain regeneration from the workers. It also provides valuable input for the training and development that needs for the workers who can improve their weakness area particularly issues. Hence, perception of fairness of the performance appraisal system would influence positive affective reactions like performance appraisal satisfaction. Procedures used to appraise performance, and the manner in which performance-related information is communicated play an integral role in shaping employees' satisfaction with appraisal process, developmental inputs. Attention to qualities and shortcomings is an advising capacity for the administrator, while receiving meaningful feedback and acting upon it is a motivational experience for the employee. In this way performance appraisal serves as a vehicle for personal development.

Employee Satisfaction with Performance Appraisal

Employee satisfaction could be a measure of how happy workers are with their job and dealing environment. Enhanced employee satisfaction ends up in higher level of employee retention. Employees are the foremost important assets of an organization.

Other properties like company strategies, business models, services, and products may be copied by competitors in market but employees are those that truly form the corporate. There are many factors in improving or maintaining high employee satisfaction. The performance appraisal is directly associated with employee, it's vital to grasp the perceptions of employees towards their performance appraisal system. The satisfaction and positive perception towards performance appraisal is extremely important so as to urge job satisfaction for workers. It's beneficial for the highest management level to conduct performance measurement among their employees regularly so

as to manage and control top quality work from their employees.

II. Review of Literature

I.M. Jawahar (2006), In their study on "An Investigation of Potential Consequences of Satisfaction with Appraisal Feedback", A longitudinal study was designed to overcome limitations of previous studies that investigated the relationship between satisfaction with feedback and performance. In a sample of 256 professional employees, satisfaction with feedback predicted performance. Satisfaction with feedback was positively related to organizational commitment, job satisfaction, commitment toward manager and satisfaction with manager.

I. M. Jawahar (2007), In their study on The Influence of Perceptions of Fairness on Performance Appraisal Reactions, they attempted to systematically integrate fairness perceptions and appraisal process of research. They examined the influence of fairness perceptions on satisfaction with many different aspects. It also contributes to the fairness literature because it suggests a new set of criterion measures, appraisal reactions, previously not examined by justice researchers.

Singh Sanjeet (2011), had conducted a study of effect of performance appraisal on the organization and the employee. The sample size of 100 has been chosen from the north Indian states. The data used for the study is primary data collected through the help of questionnaire filled by the samples. The data was evaluated with the help of statistical tools i.e., descriptive statistics, regression, correlation, residual analysis and chi square test. The findings of the research showed that there is a noticeable effect of the performance appraisal on the organization.

A. Shrivastava & P. Purang (2011), this research studied the differences between public and private sector banks with respect to perception of fairness of

the performance appraisal system and performance appraisal satisfaction. Perception of fairness of the performance appraisal system has been studied through nine factors. The study used independent samples t-test and qualitative analysis to study the mean differences between the two banks. Results indicated that private sector bank employees perceive greater fairness.

Pallavee Shrivastava, Usha Kiran Rai (2012), stated that the performance appraisal is an analysis of employee's recent successes and failures, personal strengths and weaknesses, and suitability for promotion or further training. But to be successful they should also be used as a basis for making development and improvement plans and reaching agreement about what should be done in the future to enhance the bank's effect and effectiveness. Performance Appraisal is often the central pillar of performance management in the bank to keep the motivation of the employees high.

Devina Upadhyay & Anu Gupta (2012) had conducted Efficacy of Performance Management System: An Empirical Study at ICICI Bank. This research has attempted to minimize the research gap existing in the field of efficacy of performance management system. Sampling design applied was descriptive with sample size of 70. The technique used was convenience sampling. The effectiveness of performance management system was contributed by clarity of goals, clear job description, flexible goals, broader mapping of the performance rather than only job.

Vishal Gupta and Sushil kumar (2012), In their study on Impact of Performance Appraisal justice on employee engagement, explored the relationship between perceptions of performance appraisal fairness and employee engagement in the Indian business context. The sample used in the study consisted of professionals working in Indian subsidiaries of multinational corporations (MNCs), Indian private and

public sector organizations. The relationships between justice perceptions and engagement were analyzed using zero-order correlations and hierarchical regression analysis. A significant positive relationship between some performance appraisal justice dimensions and engagement has been established.

Dr.S.Jansirani, (2013), In their study on Performance Appraisal System at Wipro Infrastructure Engineering Pvt Ltd, examined the research to identify the actual performance of the employees and performance standards used in performance appraisal program (opinion, satisfaction, benefit, outcome, etc.). Here, the sample size was taken as 100 for the survey from the total population of 700 employees. From the results, it was determined that employees are satisfied with the present performance appraisal system that is a traditional one. The welfare measure of organization is at par with the company policies and has brought a great sense of involvement in work among the employees of the organization.

Poornima V, and Dr. S. John Manohar (2013), In their study on Performance Appraisal System and Employee satisfaction, they have made an attempt to analyse the effective performance appraisal system and its impact on the satisfaction level among some of the IT employees. The sample of 110 respondents was selected based on systematic random sampling method. The study used factor and regression analysis using 5 percent level of significance. Results from this study have strong implications and efficiency of PA system has high impact on the performance of an employee.

Farzad Fakhimi, Atefeh Raisy (2013), In their study on Satisfaction with performance appraisal from the employees and its behavioural outcomes, investigated the relationship between satisfaction with performance appraisal and some behavioural indices evaluations to assess the moderate role of motivation. Findings show the presence of significant positive outcomes when the

organization uses performance appraisal as a motivation tool. (work performance, affective attachment to the organization, motivation improvement and willingness to quit job). The data in this study have been collected from 269 employees in the headquarters offices of Bank Refah and data collection has been done using correlation and regression method and by SPSS software. As a result, satisfaction with appraisal has had the highest effect on increasing employees' motivation.

D.B.Bagul (2014), In their study on Employee's Performance Appraisal System, examined the purpose to study the attitudes of employee towards the performance appraisal present in the organization. A total of 65 respondents were collected. The findings of this research was that most of the employees in the organization are fairly satisfied with the appraisal system in the organization. However the system should be modified to do away with personal biases, likes and dislikes of the appraisers.

Khushbu S.Dave (2014) had conducted a research Paper on Performance Appraisal of Nurses in Hospitals. Researchers have used both primary data and secondary data for this study. This analysis clearly states that there is a need to go for the improvement in the performance Appraisal system of nurses to get better outcome. Involvement of nurses for their appraisal will make the appraisal systems more effective, easily and meaning because, it will help the hospitals to get the expected results in minimum time.

MK Sanyal SB Biswas (2014), In their study on Employee Motivation from Performance Appraisal Implications: Test of a Theory in the Software Industry in West Bengal. The exploratory paper, based on primary survey of 506 employee data collected from 19 software companies of Kolkata, used factor analysis, to find out the applications of appraisal, followed by a binary regression to understand their implications on the employee motivation. The study has found the importance of the line managers in the

practice of the appraisal process, also reviewed different dilemmas regarding appraisal practice and employee issues depending on company's size, business focus.

Dr.J.Vincent Xavier(2015), In their study on the Effectiveness of Performance Appraisal System and its Influence with the Socio-Demographic Factors of the Employees of a Manufacturing Industry in Tamil Nadu' examined to find out the effectiveness of the performance appraisal system with the relevance of the socio demographic factors of the employees. The population was 200 employees 5 per cent simple random sampling was taken for the study. Here the study result clearly shown that the performance appraisal system of the particular industry is good and effective and have a high influence in the socio demographic factors.

Dr.Raghunathan and N. Subbu Krishna Sastry(2018), had conducted A Study of Performance Appraisal and Employee's Performance by Measuring the Latest Role of Motivation in an Organization. The Researcher in this study relates to the assessment of the relationship between employee performance evaluations to assess the moderate role of motivation. Findings show the presence of significant positive outcomes when the organization uses performance appraisal as a motivation tool.

III .Methods:

PARTICIPANT AND PROCEDURE

It deals with research design, data collection method, sampling plan, sampling method. It is a careful investigation or inquiry through search for new facts in any branch of knowledge. It involves defining research objectives and gathering information through primary and secondary data depending on type of research conducted and finally analyzing the collected data. This research is designed by descriptive quantitative method. The idea behind this type of research is to study frequencies, averages and other

statistical calculations. For this study, respondents are selected on the basis of systematic random sampling method. By method, this is a fact-finding study. Hence data has been collected directly from sample respondents. A sample of 115 employees was selected for conducting the survey using research instrument of well structured questionnaire.

INSTRUMENTS AND MEASURES

Performance appraisal system scale

The instrument will be the questionnaire forms which distributed and then allow the standard data collection of demographic characteristics, performance appraisal with job satisfaction. The employee satisfaction level towards performance appraisal are measured on Likert’s five point scale of „Strongly agree, Agree, Neutral, Disagree and Strongly disagree“.

ONE WAY ANOVA

The one-way analysis of variance (ANOVA) is used to determine whether there are any statistically significant differences between the means of two or more independent (unrelated) groups (although you tend to only see it used when there are a minimum of three, rather than two groups).

The results of a one-way ANOVA can be considered reliable as long as the following assumptions are met:

- Response variable residuals are normally distributed (or approximately normally distributed).
- Variances of populations are equal.
- Responses for a given group are independent and identically distributed normal random variables (not a simple random sample (SRS)).

IV. Results:

	Sum of Squares	df	Mean Square	F	Sig.
criteriaPA					
Between Groups	1.131	2	.566		
Within Groups	34.516	112	.308	1.836	.164
Total	35.647	114			
FollowupplansPA					
Between Groups	1.291	2	.645		
Within Groups	24.675	112	.220	2.929	.058
Total	25.965	114			
SignificanceplansPA					
Between Groups	.636	2	.318		
Within Groups	32.766	112	.293	1.087	.341
Total	33.402	114			
roleofevaluator					
Between Groups	.479	2	.239		
Within Groups	41.486	112	.370	.646	.526
Total	41.965	114			

HYPOTHESIS

H₀: There is no significant difference exists between age with regard to criteria for evaluating PA

H₁: There is difference exists between age with regard to criteria for evaluating PA

INTERPRETATION

From the above table, Here, the significance value is 0.164, which is greater than 0.05, so the study accepts the null (H₀) hypothesis. Thus, there is no significant difference exist between age with regard to criteria for evaluating PA.

HYPOTHESIS

H₀: There is no significant difference exists between age with regard to follow up plans of PA

H₁: There is difference exists between age with regard to follow up plans of PA

INTERPRETATION

From the above table, Here, the significance value is 0.058, which is greater than 0.05, so the study accepts null (H₀) hypothesis. Thus, there is no significant difference exist between age with regard to follow up plans of PA

HYPOTHESIS

H₀: There is no significant difference exists between age with regard to significance plans of PA

H₁: There is difference exists between age with regard to to significance plans of PA

INTERPRETATION

From the above table, Here, the significance value is 0.341, which is greater than 0.05, so the study accepts the null (H₀) hypothesis. Thus, there is no significant difference exist between age with regard to significance plans of PA

HYPOTHESIS

H₀: There is no significant difference exists between age with regard to role of evaluator

H₁: There is difference exists between age with regard to role of evaluator

INTERPRETATION

From the above table, Here, the significance value is 0.526, which is greater than 0.05, so the study accepts the null (H₀) hypothesis. Thus, there is no significant difference exist between age with regard to role of evaluator

REGRESSION ANALYSIS

Regression analysis can be used to determine the effects or impacts of several independent variables on a dependent variable. It is carried out to explore the linkage between the Satisfaction value and the service factors. The variables evaluate the satisfaction level of performance appraisal system in sakthi auto components limited and also evaluated the factors contributing towards employee performance appraisal. Here is the summarized statistical analysis for level of satisfaction of performance appraisal.

Regression Model summary

R	R Square	Adjusted R Square	Std. Error of the Estimate
.764	.584	.569	.57149

From the above table, R is the Correlation and it is identified that the regression model has the highest R Square value of .584, which implies that the regression model is fit.

ANOVA

Model	Sum of Squares	df	Mean Square	F	Sig.
Regression	50.369	4	12.592	38.555	.000 ^b
1 Residual	35.927	110	.327		
Total	86.296	114			

Coefficients of regression analysis

Coefficients of regression analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	-1.377	.471		-2.922	.004
CriteriaPA	.034	.151	.022	.223	.824
Followupplans PA	.116	.201	.063	.575	.566
Significanceplans PA	.798	.205	.497	3.888	.000
Roleofevaluator	.377	.131	.263	2.883	.005

Dependent variable: Satisfaction value

From the regression analysis, it illustrates that factors of independent variables significance plans of performance appraisal, and role of evaluator have significant influence on satisfaction value (i.e $p \leq 0.05$) and other variables of criterion for evaluating performance appraisal and follow up plans of performance appraisal do not have significant influence on satisfaction value.

V. Conclusion

Each organisation have performance appraisal system. It is a subset of an organisation's performance management. This present study related with employee satisfaction level on performance appraisal in SACL at Erode. And this study showed that employee satisfaction level is most important for an

organization. The performance appraisal technique prevailing within the organization is moderate. Selected respondents are moderately satisfied with this performance appraisal system. Overall, the results of the study indicates that employees have satisfaction with elements followed by an organization and has brought an excellent sense of involvement in work among the workers of the organization.

VI. SUGGESTIONS

During the appraisal period providing a good communication between top management and business goals to employees leads to achieving desired target of the organization through performance appraisal. Management has to ensure that relevant feedbacks are provided to employees to overcome

weaknesses and enhance strengths to achieve the target. It will be better if the management provide suitable significance plans of performance appraisal.

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