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THE IMPACT OF PERFORMANCE APPRAISAL ON PRIVATE SECTOR EMPLOYEE MOTIVATION IN SAUDI ARABIA

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ABSTRACT

Performance appraisal is an important and effective tool for the administration and the employee to improve and develop their performance in the workplace. Thus, this work has evaluated the relationship and impact of performance appraisal on the employee motivation in the private sector companies of Saudi Arabia. Quantitative method was used for this work. Survey questionnaires were utilized to investigate the impact of performance appraisal on employee motivation. The survey was distributed to 100 employees of different private sector. The result showed that about 44% of the respondents agree and 22 % strongly agree that the company applying performance appraisal system. As for employee motivation, 30% of the employees agree and 26% of the employees strongly agree that appraisal system designed to motivate employees. Furthermore, 40% agreed and 15% strongly agreed that there is relationship between their motivations and how manager assess the employee's performance. In terms of effectiveness, 38 % of the employees agree and 18% strongly agree that appraisal system is effective in encouraging employees to work hard.

INTRODUCTION

Performance appraisal is an integral part of human resource policy in an organization as it is a fundamental method used to analyze the performance of an employee and staff [1]. Performance appraisal is generally done for all employees in annual basis and the higher management will assess it. For career development and job promotion, performance appraisal plays a very crucial role [2]. Performance appraisal provides a perceived and standard evaluation of a person's work commitment and it gives an overview for

potential career advancement. On the other hand, performance appraisal is used to inspire work of the employees, help in the enlargement for potential benefits, and nurturing supervision and workforce [3].

In addition, performance appraisal is very important for the motivation of the employees. It is in the nature of humans to perform a job better when the work is being appraised [4]. Employees need to be motivated every now and then for the betterment of the company and fulfill the mission of the company or an organization.

Performance appraisal is intended for workforce motivation, job position promotion and lead improvement, banter directorial points, alongside supporting hopeful relationship among supervision and workforce [5]. Unmotivated employees do not perform well and become invaluable asset to the company and can pose a threat to the company and an opportunity to the competitors. Employee needs to be applauded and appreciated to bring a boost in their performance [6].

Several previous studies have reported on the application of performance appraisal system. Work done by Sanjeev and Singh [7] stated that performance appraisal has motivated employees to do better as they are constantly being measured for the work they perform and this serves as an inspiration and motivation to the workers only as goals are clearly defined and there is a significant improvement in the performance of the job. However, it depends on how employees perceive the performance appraisal system and link it to that of their motivation. In addition, Mone and London [8] stated that performance appraisal would support in attaining high level of employee's motivation and engagement in work that will lead to augmented work outcome. Albrecht et al. [9] inspected the status of the performance appraisal arrangement among employees and discovered that the execution examination arrangement of the organization has realized both positive and negative effect on the workers enactment. Pulakos et al. [10] examined the connection between performance appraisal qualities and responses of employees, and found that larger amounts of apparent decency and precision would prompt more elevated amounts of workers appraisal fulfillment and inspiration to improve accomplishment later on. In addition, George [11] inspected the impression of executing performance appraisal framework among private and public sector banks, and found that private division bank workers see more noteworthy reasonableness and fulfillment with their performance evaluation framework when contrasted with public bank representatives. Kampkötter [12] investigated the impact of performance examination on workers' general occupation fulfillment and inspiration, and found that execution evaluation is connected to financial support that is valued by the employees. Kim and Holzer [13] evaluated the significance of performance appraisal and found that the formative utilization of performance examination is emphatically connected with workers' recognition of performance examination framework. Hassan [14] analyzed the effect of worker's accomplishment evaluation in the clothing business of Pakistan and found that performance evaluation has positively affected workers' outcome.

Thus, it has been demonstrated that the human resource system can become more effective and efficient with the usage of appraisal system for rating performances of employees to motivate them. Nevertheless, the application of performance appraisal system in many organizations in Saudi Arabia, especially in private sector is still lacking as very minimal studies have been reported [15-16]. Hence, this work has evaluated the relationship and impact of performance appraisal on the employee motivation on a private sector company in Saudi Arabia.

METHODOLOGY

This study was done based on quantitative method. Survey questionnaires were utilized to investigate the impact of performance appraisal on employee motivation in Saudi Arabia's private sector companies. A questionnaire was used to collect required information from the respondents. Questionnaire was developed based on five-point Likert- scale: Strongly Disagree, Disagree, Neutral, Agree, and Strongly Agree.

The survey consisted of sixteen questions which were divided into 4 parts. First part consisted of demographic information about the employee. The second part consisted about performance appraisal system. Third part consisted of employee motivation to work. The final part evaluated if the appraisal system is effective in encouraging employees to work hard.

In this study, the data were collected through survey with employee from private sector companies. Thus, the survey was distributed to more than 100 employees of different private sector companies between the periods of 20 to 28 of April 2017. The data were then analyzed using basic statistic method and were presented in graphical form.

RESULT AND DISCUSSION

Demographic Characteristics

Based on the survey conducted among 100 employees, 51.3% were male and 48.7% were female. As for the age category, 48.7% were in the age range of 20 to 29, 23.5% were in the age range of 30 to 39, 20.2% were in the age range of 40 to 49 and 7.6% were aged 50 and above. As for the education level, 55.3% had bachelor degree, 19.5% had diploma, 12.2 % had master degree, 1.6% had PhD degree, and 11.4% had completed high school. In terms of working experience, 53.7% of the respondents had 1 to 5 years of experiences, 19.5% had 21 and above years of experiences, 10.6% had 10 to 15 years of experiences, 9.8% had 6 to 10 years of experience and 6.5% had 16 to 20 years of experience.

Performance Appraisal System

The respondents were asked "is the performance appraisal a basis system?". Hence, based on Figure 1, 25% of the respondents strongly agreed and 38% of the respondents agreed that performance appraisal is a basic system. Furthermore, 28 % of the respondents were neutral on this. The remaining

respondents disagreed to this statement. Therefore, it is quite a norm that the performance appraisal is inculcated in the human resource management (HRM).

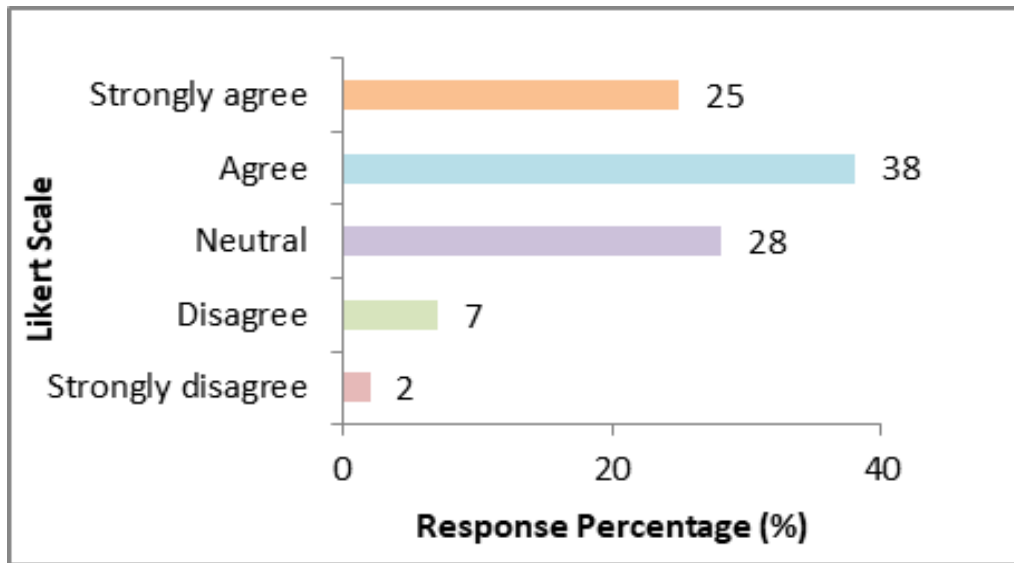


Figure 1: Performance Appraisal Is A Basic System

The respondents were asked “is their company applying performance appraisal system?”. Thus, based on Figure 2, 22% of the respondents strongly agreed and 44% of the respondents agreed that performance appraisal is being applied in their company. On the other hand, 24 % of the respondents were neutral on this. The remaining respondents disagreed to this statement. Consequently, majority of the respondents agree that the people agreed to the fact that the companies apply appraisal system within the HRM.

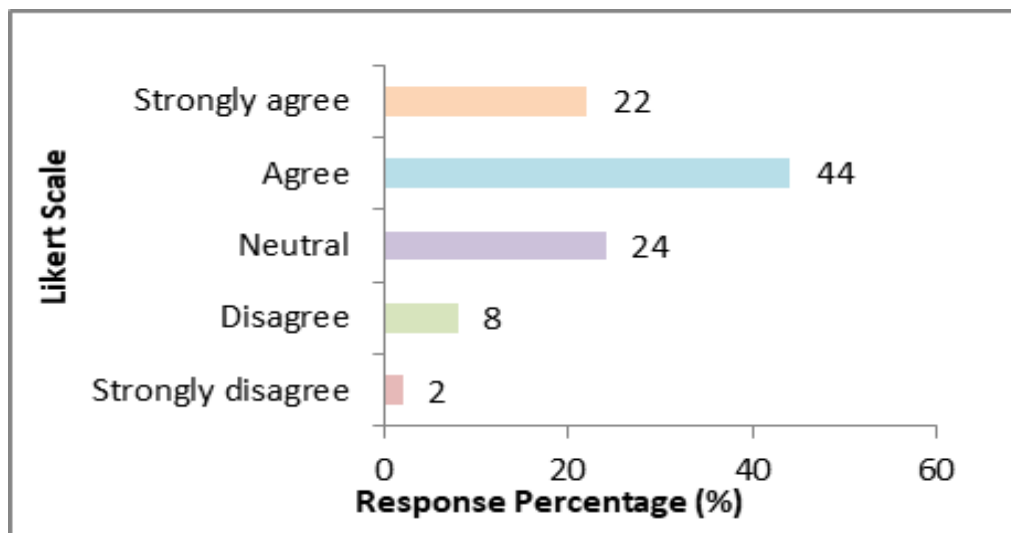


Figure 2: Company Applying Performance Appraisal System

The respondents the employees were asked “is their company applying performance appraisal annually?”. Hence, based on Figure 3, 20% of the

respondents strongly agreed and 42% of the respondents agreed that performance appraisal is being applied in annually. Nevertheless, 26 % of the respondents were neutral on this matter. The remaining respondents disagreed to this statement. Therefore, majority of the respondents agree that performance appraisal is done annually.

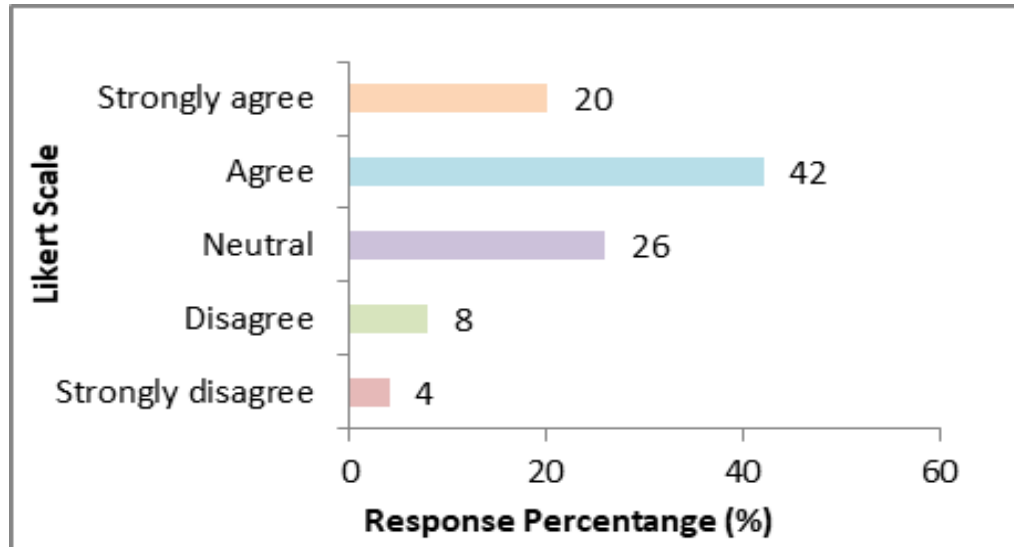


Figure 3: Company Applying Performance Appraisal Annually

The respondents were asked “is their company applying performance appraisal in a fair and objective manner?”. Hence, based on Figure 4, 12% of the respondents strongly agreed and 34% of the respondents agreed that performance appraisal is being applied in a fair and objective manner. However, 28 % of the respondents were neutral on this matter. The remaining respondents disagreed to this statement. Therefore, majority of the respondents agree that performance appraisal is done fairly.

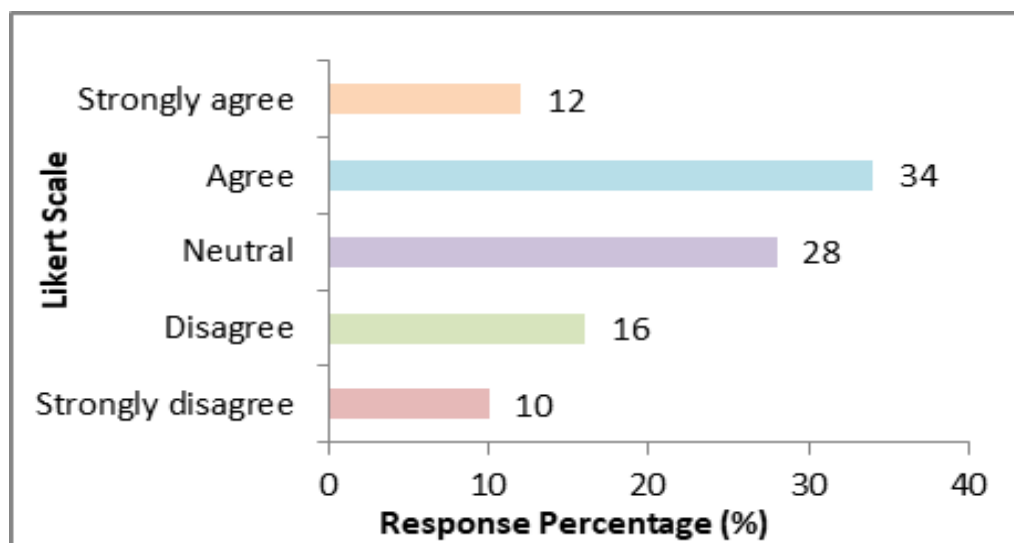


Figure 4: Performance Appraisal of The Company Is Fair and Objective

Employee Motivation

The respondents were asked “is the appraisal system designed to motivate employees?”. Based on Figure 5, 26% of the respondents strongly agreed and 30% of the respondents agreed that appraisal system designed to motivate employees. On the other hand, 26 % of the respondents were neutral on this matter. The remaining respondents disagreed to this statement. Therefore, majority of the respondents agree that performance appraisal is designed to motivate employees.

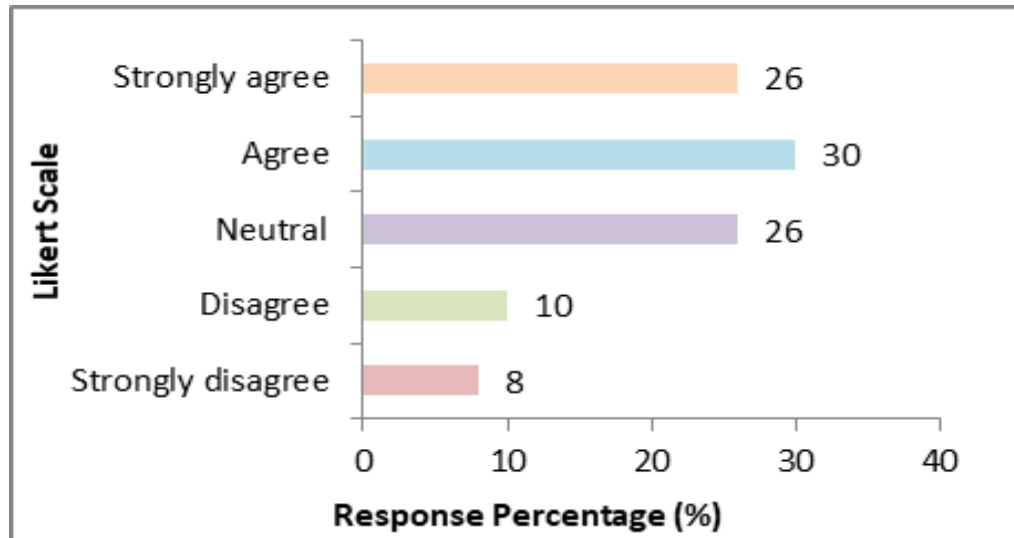


Figure 5: Performance Appraisal System Is Designed to Motivate Employees

The respondents were asked “if there is relationship between the motivation and managers assessment on employees’ performance?” Based on Figure 6, 15% of the respondents strongly agreed and 40% of the respondents agreed that there is relationship between the motivation and managers assessment on employee’s performance. However, 24 % of the respondents were neutral on this matter. The remaining respondents disagreed to this statement. Therefore, majority of the respondents agree that there is a relationship between the motivation and managers assessment on employee’s performance.

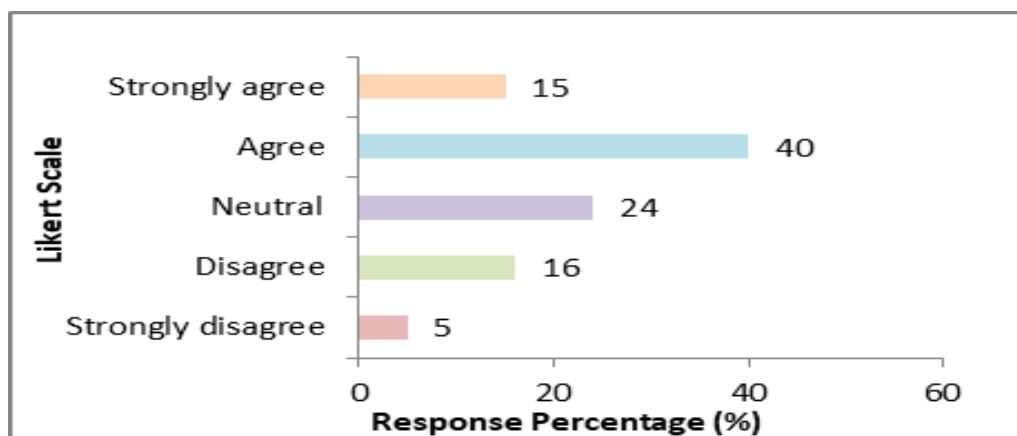


Figure 6: Relationship Between Motivation and Manager Performance Assessment

Effectiveness

The respondents were asked “if the performance appraisal has brought about changes in the amount and type of works?”. Based on Figure 7, 16% of the respondents strongly agreed and 38% of the respondents agreed that performance appraisal has brought about changes in the amount and type of work. On the other hand, 24 % of the respondents were neutral on this matter. The remaining respondents disagreed to this statement. Therefore, majority of the respondents agree that performance appraisal has brought about changes in the amount and type of works. Many have been promoted due to their good performance while others claim that their wages/ salary have been increased over the years they have dedicated their work to the company.

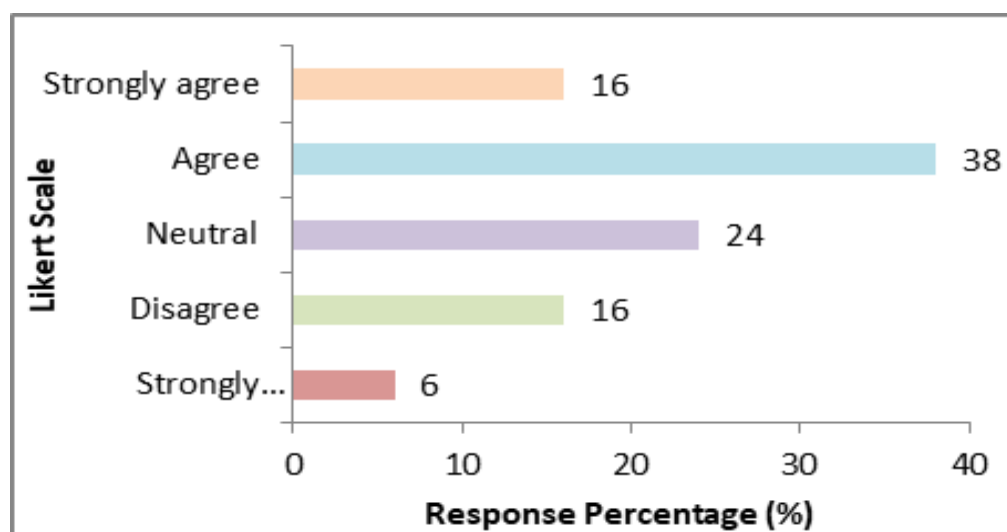


Figure 7: Performance Appraisal Has Brought Changes in Amount and Type of Works

The respondents were asked “if the employees are satisfied with the way they are being evaluated and ranked?”. Based on Figure 8, 10% of the respondents strongly agreed and 32% of the respondents agreed that employees are satisfied with the way they are being evaluated and ranked. In addition, 28 % of the respondents were neutral on this matter. The remaining respondents disagreed to this statement. Therefore, majority of the respondents agree that employees are satisfied with the way they are being evaluated and ranked.

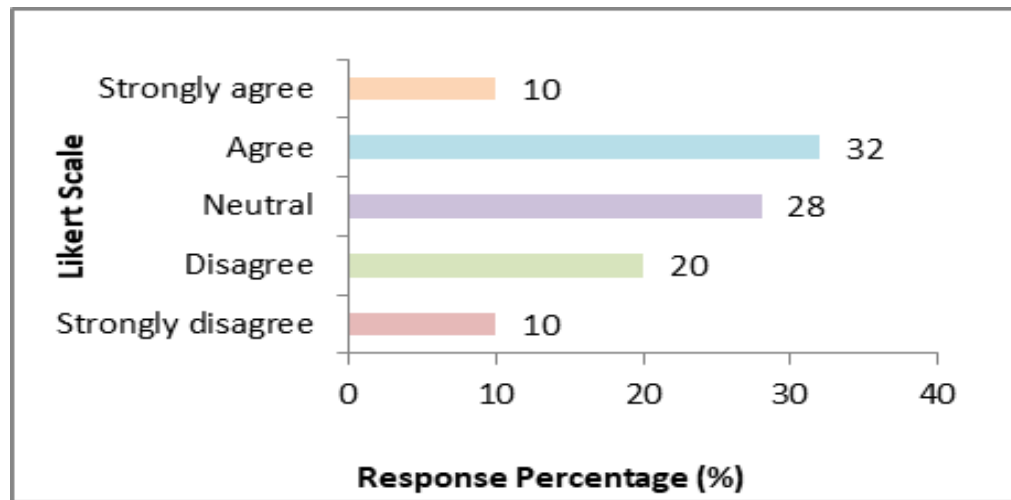


Figure 8: Employees Are Satisfied with The Way They Are Being Evaluated and Ranked

The respondents were asked “if appraisal system is effective in encouraging employees to work hard?”. Based on Figure 9, 18% of the respondents strongly agreed and 38% of the respondents agreed that appraisal system is effective in encouraging the employees to work hard. However, 26 % of the respondents were neutral on this matter. The remaining respondents disagreed to this statement. Therefore, majority of the respondents agree that appraisal system is effective in encouraging employees to work hard.

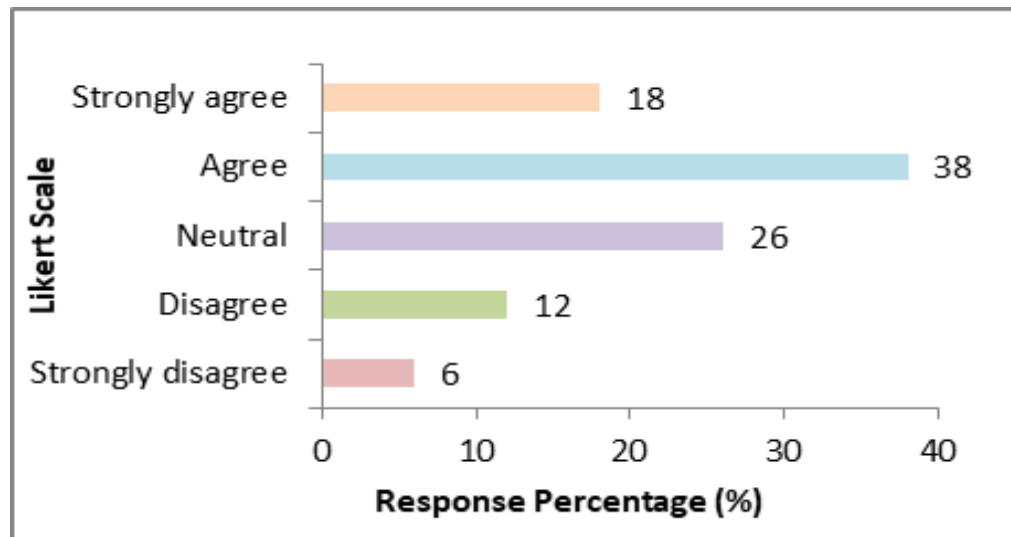


Figure 9: Appraisal System Is Effective in Encouraging Employees To Work Hard

The respondents were asked “if employees take part in the formulation of the performance appraisal system?”. Based on Figure 10, 20% of the respondents strongly agreed and 20% of the respondents agreed that they take part in the formulation of the performance appraisal system. Conversely, 38 % of the respondents were neutral on this matter. The remaining respondents disagreed

to this statement. Hence, majority of the respondents agree that employees take part in the formulation of the performance appraisal system.

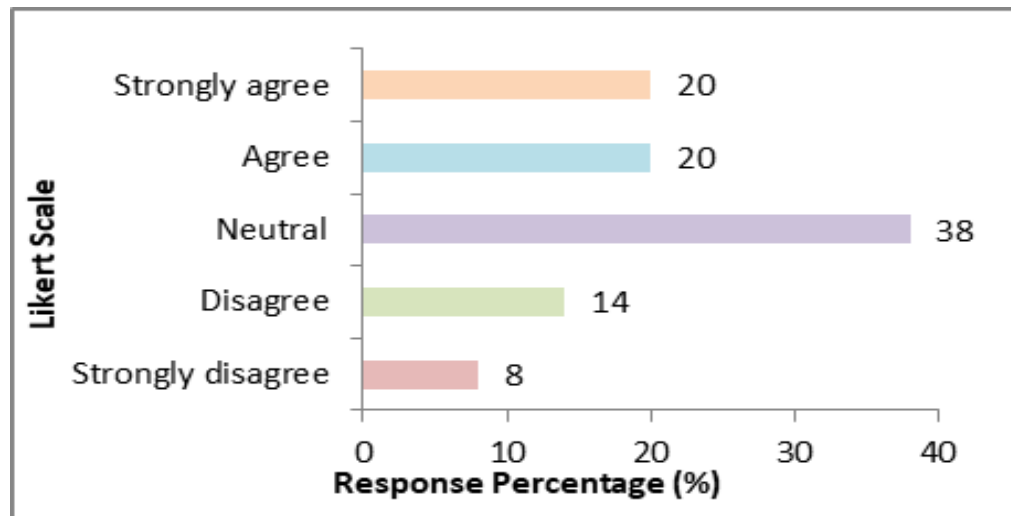


Figure 10: Employees Take Part in The Formulation of The Performance Appraisal System

The respondents were asked “if employees who got the highest performance ranking are given appropriate rewards?”. Based on Figure 11, 38% of the respondents strongly agreed and 38% of the respondents agreed that they take part in the formulation of the performance appraisal system. In addition, 24 % of the respondents were neutral on this matter. Consequently, majority of the respondents agree that employees who got the highest performance ranking are given appropriate rewards and it is being followed in many of the companies.

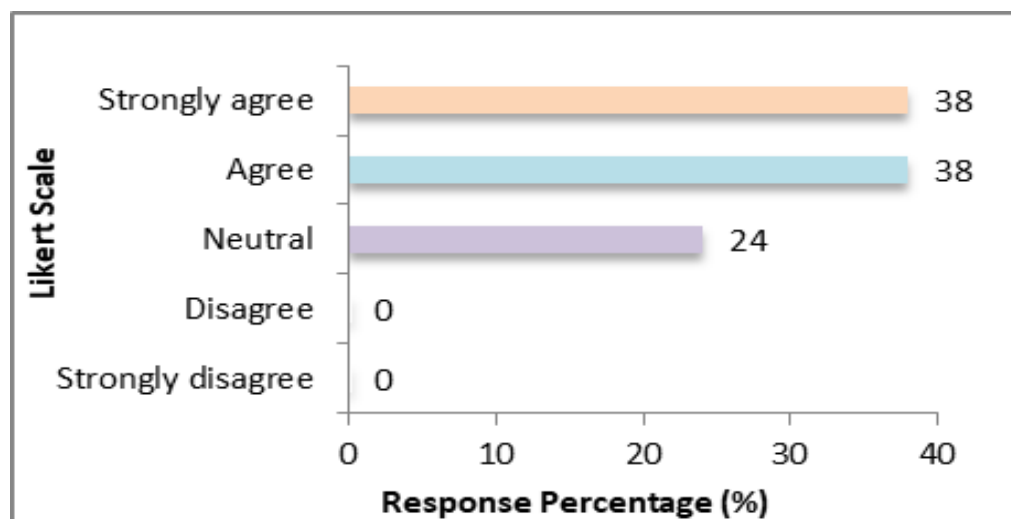


Figure 11: Employee with Highest Performance Ranking Are Given Appropriate Rewards

OVERALL DISCUSSION

Thus, based on the analysis done, the result found performance appraisal is an essential part of many organizations as agreed by the previous studies done by Sanjeev and Singh [7] Kampkötter [12], Kim and Holzer [13]. Therefore, evaluation performance in human resources management is usually assessed and most of them agreed that it is being practiced annually and this is good for private sector companies in Saudi Arabia. Performance appraisal is linked to the motivation of the employees. Results have shown that the employees agree that performance appraisal system is designed to motivate employees. This outcome is in line with the works of Ibrahim and Brobbey [17], and Mone and London [8]. In terms of effectiveness, the results have shown that most of the respondents agree that performance appraisal has brought about changes in the amount and type of work. Many have been promoted due to their effective performance while others claim that their salary have been increased over the years, they have dedicated their work to the company. This outcome is similar with the work done by Deepa et al [18] where it was stated that performance appraisal system is significant for an organization and it has enhanced the performance of the employee. Furthermore, employee can find motivation through the appraisal as there is a need for them to support their family as reported by Menges et al. [19] where it was said that employees are by default motivated due to the need to support their family. Thus, with a performance appraisal system, this process can be carried out efficiently.

CONCLUSION

Performance appraisal is related to employee motivation and it is a very important aspect of achieving organization goals and to improving the organizational performance. Furthermore, the performance appraisal helps both the employees and the organization to enhance their productivity. The goals of this work were to explore the impact of performance appraisal on employee. In addition, this study investigates if the performance appraisal system effect of employee motivation. The results obtained from the data analysis showed that these companies are applying performance system. In addition, the findings of this work confirm that most of the companies applying performance appraisal system annually. Furthermore, the results also showed that there link between performance appraisal and employee's motivation. Thus, the application of the appraisal system is very important in companies where it has relation with motivating employee.

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