

## AN ANALYTICAL STUDY ON PERCEPTIONS OF EMPLOYEES TOWARDS PERFORMANCE APPRAISAL SYSTEM

**Khawaja Mubeenur Rahman**

**(MBA Department, Sinhgad Institute of ManagementPune, India)**

**Khawaja Mubeenur Rahman , An Analytical Study On Perceptions Of Employees Towards Performance Appraisal System , Palarch's Journal Of Archaeology Of Egypt/Egyptology 18(8), 4481-4487. ISSN 1567-214x.**

**Keywords: Appraisal System, Employee Perceptions, Performance Appraisal, Performance Evaluation, Performance Measurement.**

**Abstract:** Performance appraisal is a necessary and beneficial process, which provides annual feedback to staff members about job efficiency. Appraisal is an important tool in the manpower management, if it is performed correctly and logically, it can help the organizations as well as the employees in achieving their goals. This study sought to examine employees' opinion about the usefulness of performance appraisal system and its effect on employee motivation. This study was conducted in a Pune based organization to know about the perceptions of the employees towards the existing performance appraisal system of the organization. The data was collected through a structured questionnaire from 124 employees of the organization. The hypothesis was tested with Friedman Chi Square Test.

### **1. INTRODUCTION:**

The capability of any organization depends on its ability to evaluate the performance of the employees and to examine their contribution in achieving the goals assigned to them by their managers. The evaluation of performance of employees is also an important tool and a necessary element of the company. Evaluations are used by managers as an inspirational tool to communicate performance expectations to employees and provide them with feedback. The evaluation process also identifies areas where an employee needs to improve. It can also provide opportunities for recognition, positive support, and performance enhancement of the employees. Job satisfaction of employee and decisions to stay with the company are associated with him or her meaningful feedback about performance especially from their direct supervisors.

## **2. REVIEW OF LITERATURE:**

**Aarathy T. S., D. Venkatarama Raju (2018)** concluded that performance appraisal improves the overall performance of the employees. It increases quality and quantity of work. It is very effective and useful to reduce problems, stress, anger and grievances of employees to overcome their problems. It was observed from the study that progress reviews were information about the level of achievement and behavior of subordinate. It also identifies individuals with high potential who can be groomed for higher positions.

**Idowu Ayomikun O. (2017)** concluded that Performance appraisal systems should be designed in such a way that they create perceptions of fair treatment relative to other employees as well as the employee's own expectations. This can contribute significantly towards positive attitudes, which have been shown in this study to be a significant determinant of employee's level of motivation and consequently work performance.

**Venkat Raghav S., Panatula Murali Krishna (2016)** found that the employee's perception on various aspects of personal and work related characteristics with performance management system practices reflected that employees are more satisfied with the present performance management practices. The study showed the high level of perception according to their gender, age, annual salary and work experience of performance management practices.

**Leila Najafi et. al (2011)** found that according to the majority of the respondents, performance appraisal plays an important role in job motivation; thus, managers and employees should be emphasized specially for it.

## **3. OBJECTIVE OF THE STUDY:**

The objective of the study is to know the perceptions of employees towards different aspects of performance appraisal system. It includes employee perceptions towards expectations from the employer, facilities provided to them, employee behavior towards superiors, colleagues and juniors. It also includes different performance measures like remuneration, awards, rewardsetc.

## **4. RESEARCH METHODOLOGY:**

The research methodology explains about the research instrument and research scale used in this study. It also covers about sample size and sampling technique used in this study. Similarly Null and Alternate hypotheses were also discussed in this research methodology.

### **4.1 RESEARCH INSTRUMENT:**

The research instrument used for the study is the structured questionnaire and it was designed on the basis of literature findings and inputs received from employees and management of the organization.

### **4.2 RESEARCH SCALE:**

In this study a 5 point Likert scale was used to measure the perceptions of the employees where 5 = Strongly agree, 4 = Agree, 3 = Neither agree nor disagree, 2 = Disagree and 1 = Strongly disagree.

#### 4.3 POPULATION AND SAMPLE SIZE:

All the employees who were working in the organization at the time of research were considered as part of population. Simple random sampling method was used to select the sample from population. The sample size of the study was 124 employees who were working in the organization.

#### 4.4 RESEARCH QUESTION:

Is there a difference in employee perceptions towards performance appraisal system of the organization?

#### 4.5 NULL AND ALTERNATE HYPOTHESES:

The Null and Alternate hypotheses of the study are as follows.

**H<sub>0</sub>:** There is no significant difference in the importance employees attach to the various employee perceptions towards performance appraisal system of the organization.

**H<sub>A</sub>:** There is a significant difference in the importance employees attach to the various employee perceptions towards performance appraisal system of the organization.

#### 4.6 HYPOTHESIS TESTING:

Friedman Chi Square Test was used for hypothesis testing. The Level of significance is taken as 5% i.e. 0.05 and degrees of freedom is taken as 15.

#### 4.7 LEVEL OF SIGNIFICANCE:

5% level of significance was considered appropriate for this study. Hence the value of  $\alpha$  is taken as 0.05.

So  $\alpha = 0.05$

#### 4.8 VARIABLES AND MEASUREMENT:

Employees were presented with 16 common employee perceptions towards performance appraisal system of the organization. A list of these employee perceptions is presented below.

1. I know what is expected from me at workplace.
2. I am performing a job that matches my skills.
3. I am given with ample flexibility to perform my job.
4. The organization rewards or recognizes employee behavior.
5. I feel comfortable working with my team members.
6. The company provides me a safe working environment.
7. My work does not interfere with my personal relationship & family responsibilities.
8. My salary is fair, equitable and competitive.
9. Rewards in my organization are immediate and appropriate.
10. Performance goals are behavioral, result-oriented and achievable.
11. Performance is regularly tracked and measured.
12. Performance is appropriately rewarded with incentives, rewards and recognition.
13. Performance measurement is used as criteria for promotions.
14. A variety of training & development programs are offered to improve individual skills.
15. I have the opportunity to grow and prosper with the organization.

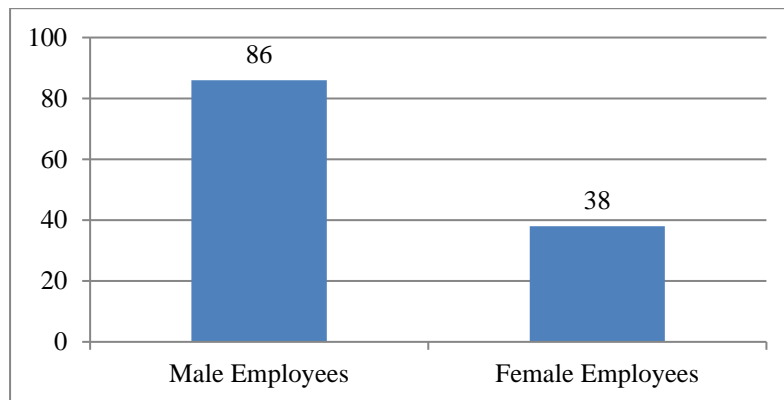
16. I have a supervisor who is respectful and one who inspires me.

**5.1 DATA ANALYSIS:**

**5.1.1 DEMOGRAPHIC DATA OF RESPONDENTS:**

Three variables of demographic data of the respondents were considered for the study. These variables include male and female ratio of employees, their age and salary range.

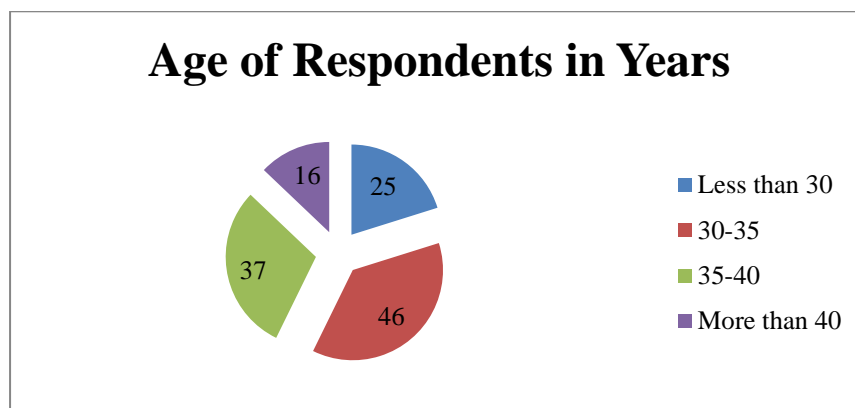
**5.1.1.1 MALE AND FEMALE RATIO OF RESPONDENTS:**



**Fig. 1 Male and female ratio of employees**

From the graph it is seen that out of 124 respondents who were selected for the study, 86 i.e. 69.35 % of employees were males and only 38 i.e. 30.45 % of employees were females.

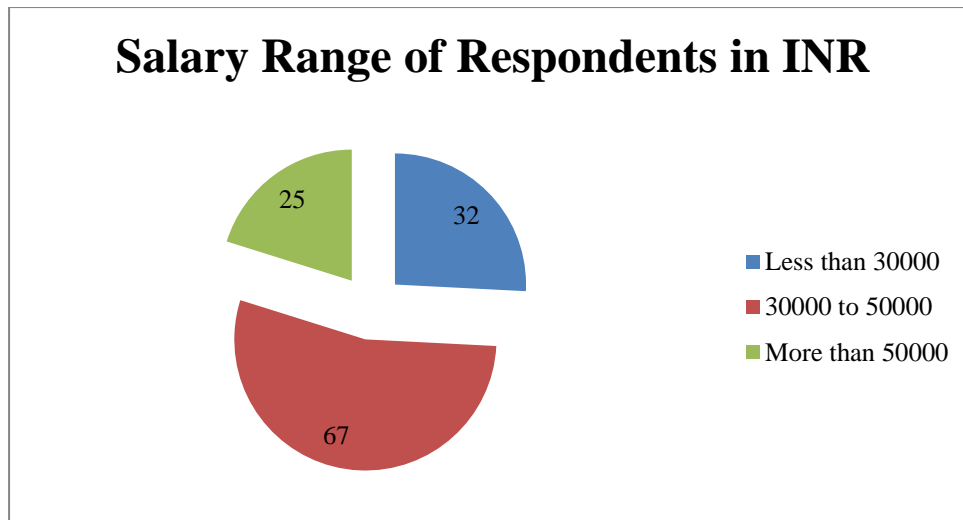
**5.1.1.2. AGE OF RESPONDENTS:**



**Fig. 2 Age of Respondents in Years**

From the graph it is observed that majority (46 out of 124) i.e. 37.09 % of the respondents belong to the age group of 30-35 years followed by (37 out of 124) i.e. 29.83 % belong to the age group of 35-40 years. Young professionals whose age is less than 30 years are (25 out of 124) i.e. 20.16 % whereas very less (16 out of 124) i.e. 12.90% are contacted for the study.

**5.1.1.3 SALARY RANGE OF RESPONDENTS:**



**Fig. 3 Salary Range of Respondents in INR**

Majority (67 out of 124) i.e. 54.03 % of the respondents who were contacted are having their salaries in the range of 30000 to 50000 followed by (32 out of 124) i.e. 25.80 % respondents whose salaries are less than 30000 Rs. And only (25 out of 124) i.e. 20.16 % respondents' salaries were more than 50000 Rs.

**5.2 TEST STATISTICS:**

**Table 1. Test Statistics based upon perceptions of employees towards performance appraisal system**

N	124
Chi-square	1159.307
df	15
Asymp. Sig.	0.000

**5.3.5 OBSERVATION:**

$$\chi^2(15) = 1159.307$$

p value = 0.000  
 N = 124

**5.3.6 CONCLUSION OF HYPOTHESIS TESTING:**

Since p value (0.000) is less than level of significance (0.05), the null hypothesis is rejected.

Hence it is concluded that there is a significant difference in the importance employees attach to the various employee perceptions towards performance appraisal system of the organization.

In order to understand where the difference lies, we refer to the ranks table.

**Table 2. Ranks Table for the employee perceptions towards performance appraisal system**

Perceptions of employees towards performance appraisal system of the	Mean
----------------------------------------------------------------------	------

<b>organization</b>	<b>Rank</b>
I know what is expected from me at workplace.	5.94
I am performing a job that matches my skills.	5.95
I am given with ample flexibility to perform my job.	7.37
The organization rewards or recognizes employee behavior.	6.73
I feel comfortable working with my team members.	9.10
The company provides me a safe working environment.	11.29
My work does not interfere with my personal relationship & family responsibilities.	9.80
My salary is fair, equitable and competitive.	12.57
Rewards in my organization are immediate and appropriate.	9.31
Performance goals are behavioral, result oriented and achievable.	4.42
Performance is regularly tracked and measured.	5.13
Performance is appropriately rewarded with incentives, rewards and recognition.	5.32
Performance measurement is used as criteria for promotions.	12.83
A variety of training & development programs are offered to improve individual skills.	3.69
I have the opportunity to grow and prosper with the organization.	8.69
I have a supervisor who is respectful and one who inspires me.	6.53

From the ranks table it can be seen that ‘Performance measurement is used as criteria for promotions’ tops the table with a mean rank of 12.83, whereas ‘My salary is fair, equitable and competitive’ has a mean rank of 12.57 and ‘The company provides me a safe working environment’ has a mean rank of 11.29. Hence it can be concluded that the top three employee perceptions towards the existing performance appraisal system of the organization are

1. Performance measurement is used as criteria for promotions.
2. My salary is fair, equitable and competitive.
3. The company provides me a safe working environment.

While bottom three employee perceptions towards the existing performance appraisal system of the organization are

1. A variety of training & development programs are offered to improve individual skills.
2. Performance goals are behavioral, result oriented and achievable.
3. Performance is regularly tracked and measured.

## 6. SUGGESTIONS:

It is found in the study that the training & development programs are not organized on a regular basis. Therefore it is suggested to organize training & development programs more regularly as per the need of the employees to improve the efficiency and effectiveness of the employees.

## 7. CONCLUSION OF THE STUDY:

It is concluded from the observations and hypothesis testing that majority of the employees are satisfied with the existing appraisal system of the organization. They are also satisfied with their existing salaries, job profile and working conditions of the organization. They are also happy with their team members, superiors and with the flexibility given in the organization.

They also feel that they are having ample opportunities to grow and prosper with the organization.

## REFERENCES:

- Aarathy T. S. and D. Venkatarama Raju, Employee Perception Towards Performance Appraisal System in IT Sector, *International Journal of Mechanical Engineering and Technology (IJMET)*, 9(2), May 2018, 131–135.
- Abdul Hameed Khan, Employees Perception on Performance Appraisal System in a Public Limited Company in Pakistan, *International Journal of Learning and Development*, ISSN 2164-4063 2016, 6(3).
- Henarath H. D. N. P. Opatha, An assessment of employee performance appraisal practices of selected state corporations in Sri Lanka, *Asian Journal of Social Science*, December 1992.
- Idowu Ayomikun O., Effectiveness of Performance Appraisal System and its Effect on Employee Motivation, *Nile Journal of Business and Economics*, NileJBE (April 2017) 5: 15-39
- Kumar J., Performance appraisal and promotion process: A measure approach, *International Journal of Advancements in Research & Technology*, 1(1), pp.1-6.
- Leila Najafi, Yadollah Hamidi, Mohammad Ghiasi, Reza Shahhoseini, HasanEmami, Performance Evaluation and its Effects on Employees' Job Motivation in Hamedan City Health Centers, *Australian Journal of Basic and Applied Sciences*, ISSN 1991-8178, 5(12): 1761-1765
- M. Ragupathi1, S. Maria Christy, A study on perception of employees towards performance appraisal system in Titan industries limited Hosur, *International Journal of Advanced Scientific Research & Development*, Jan. 2017, 4(1), 21-32.
- Milan Fekete, Igor Rozenberg, The practical model of employee performance evaluation, *Human Capital without borders: Knowledge and learning for quality life*, (International Conference), 25-27 June 2014, Portoroz, Slovenia.
- Muhammad Faseeh Ullah Khan, Role of Performance Appraisal System on Employees Motivation, *IOSR Journal of Business and Management (IOSR-JBM)* e-ISSN: 2278-487X. 8(4) (March – April 2013), 66-83.
- Van Herpen, M., Van Praag, M., Cools K., The effects of performance measurement and compensation on motivation: an empirical study, *De Economist*, 153(3), 303-29.
- Venkat Raghav S., Panatula Murali Krishna, Employee Perceptions towards Performance Management Practices of Software Sector in Bangalore, *International Journal of Advanced Research in Computer Science and Software Engineering*, December 2016 ISSN: 2277 128X, 6(12), 154-166.