

Influence Of Performance Appraisal On Satisfaction Of Employees In It Sector

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Key words: Satisfaction, Fairness, Communication, Adaptability.	ABSTRACT The implementation of performance appraisal is widespread, and it is a significant tool by which the IT sectors can maximize the potential of human resources. The purpose of this study is to investigate how performance appraisal influences the employee's employees satisfaction. Suitable methodology is used for this research research, entailing the data collections and analyses from databases. Based on the results, it was found that the experience of a positive performance appraisal raises not only employees trust and clarity but also the employees satisfaction. Furthermore, appraisal assists employees by highlighting the company's dedication to address their requirements and support their role in development. In order to increase employees satisfaction, the study emphasizes the values of trust, clarity, adaptability, communication, fairness and relation with peers and supervisors carrying out efficient performance appraisal.
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Introduction

Employees performance is the valuable assets of an organization and the key to the success of a business. To achieve its goals, an organization requires a good team since they are the face, voice and heart of a business. Employees' high quality performance is reflected by their strong work ethics and professionalism. There is no doubt that employee performance is critical to the success of an organization. Therefore, to measure how well an employee performs, an organization implements a systematic evaluation called performance appraisal, which is a process of evaluating and documenting employee's progress towards the set goals. An organization considers the employee performance appraisal tool beneficial and can be used to maximize the potential of human resources. Performance appraisals have been utilized by around 80–90% of firms in the US and the UK, illustrating how widely employed they are. Armstrong & Baron(2005) stated that there was a considerable increase in the use of formal performance management systems from 69% of firms in 1998 to 87% in 2004. The External environment of an organization influences how individuals feel at work and satisfaction affects a person's level of happiness since it plays a big role in their lives. Dizgah et al. (2012) noticed a connection between satisfaction and quality of life which emphasized the significance of managers and supervisors keeping an eye on employees' quality of life in addition to job satisfaction.

Generally, IT sectors set work goals and targets to be accomplished. Therefore, the management in each department is in charge of applying the strategies and the technical know-how to plan, organize, direct, and regulate operations effectively in order to meet predetermined goals. An organization's workforce is managed by the department of human resource management (HRM) which includes hiring and keeping qualified staff members as well as educating and fostering their growth to increase their output, effectiveness, and satisfaction, all of which ultimately serve to advance the success of the company as a whole (Paauwe & Boon, 2018).

Review of Literature

Locke & Lathan (1990) characterize job satisfaction as pleasurable or positive enthusiastic state coming about because of the examination of one's job or job understanding. Job satisfaction is a consequence of employee's impression of how well their job gives those things that are seen as vital. It is by and large perceived in the organizational conduct field that job satisfaction is the most vital and as often as possible considered attitude.

Luthans (1998) placed that there are three vital measurements to job satisfaction: job satisfaction is a passionate reaction to a job circumstance. In that capacity it can't be seen, it must be construed; job satisfaction is frequently controlled by how well result meet or surpass desires. For example, if organizational members feel that they are working substantially harder than others in the office however, are accepting less rewards they will presumably have a negative attitude towards the work, the supervisor and additionally associates. Then again, in the event that they feel they are being dealt with extremely well and are being paid fairly, they are probably going to have uplifting attitudes towards the job. Job satisfaction causes a progression of impacts on different parts of organizational life. The impact of job satisfaction on employee can be seen in expanded profitability, reliability, and diminished truancy. The dominance of research confirmation shows that there is no solid linkage amongst satisfaction and profitability (Locke & Lathan, 1990). This is principally because of the way that numerous specialists trust that job satisfaction patterns can influence work advertise conduct and impact work efficiency, work exertion, employee truancy and staff turnover. Additionally, job satisfaction is viewed as a solid indicator of general individual prosperity and also a decent indicator of goals or choices of employees to leave a job.

Lather and Goyal (2003) studied job satisfaction amongst managers and engineers in relation to personality and psychopathology. The study revealed that personality structure of Extremely Satisfied (ES) and Extremely Dissatisfied (ED) is similar and that of Very Satisfied (VS) and Not Satisfied (NS) is similar, only Moderately Satisfied (MS) employees showed different personality structure. Singh (2002) additionally assert that it is not just the engaged employees who would like to stay in the organization and have a prolonged association, the organizations also make sincere efforts to retain their engaged employees. The study conducted by Dhawan (2015) shows a significant and negative effect of stressors (role expectation conflict, role erosion and role isolation) on overall job satisfaction and consequently a positive effect on overall job performance.

Need of the study:

The study is essential to understand how performance appraisal systems impact employee satisfaction in distinct organizational contexts, specifically in IT sector. It aims to evaluate the, fairness, clarity, accuracy, communication, trust and relation with peers and supervisors and their influence on employee satisfaction. The researcher identifies the strengths and limitations of each system, offering insights for optimizing appraisal practices. The findings will guide policymakers and HR professionals in developing appraisal systems that better motivate employees, enhance employee satisfaction and contribute to organizational success.

Objectives of the Study-

The main objectives are :

- To assess the employees opinion towards performance appraisal systems and employee satisfaction.
- To analyze the relationship between performance appraisal systems and employee satisfaction.
- To check the influence of performance appraisal systems on employee satisfaction.

Hypothesis of the study

- H₁: The performance appraisal systems in the IT sector have significant relationship with employee satisfaction.
- H₂: The performance appraisal systems in the IT sector have significant effect on employee satisfaction.

Research Methodology:

This study employs a descriptive research design based on data to analyze the impact of performance appraisal systems on employee motivation in IT sector. The methodology provides a structured framework to evaluate the effectiveness of performance appraisal systems in enhancing employees satisfaction in IT sector. The methodology includes:

Research Tool

Questionnaire has been considered as the research tool to collect the primary data from the sample respondents. Questionnaire has been constructed by the research based on previous literature available in this area. Performance appraisal has been measured with six dimensions namely trust, clarity, communication, accuracy, fairness and relation with peers and supervisors. Satisfaction has been measured with six statements. All the statements are measured with five point likerts scale from strongly agree to strongly disagree.

Sampling Procedure

The employees who are working in IT sector have been considered as sample element. Using convenience sampling method, 180 employees have been approached to participate in the survey. Questionnaire has been distributed to the 180 sample respondents. Out of 180 questionnaire, 160 sample respondents responses fit for further analysis. It shows that the response rate is found to be high. Secondary data is collected from previous research works, published research papers, industry reports, theses and news articles related to employee satisfaction and appraisal practices.

Statistical Tools Used

In order to test the stated hypothesis, descriptive frequency test, Pearson correlation and multiple linear regression analyses have been applied.

Results and Discussion

In order to examine the employees perception towards performance appraisal and satisfaction, descriptive frequency test is applied. In order to examine the relationship between performance appraisal and satisfaction Pearson correlation analysis is applied. Further, for influence of inference of performance appraisal on satisfaction, multiple linear regression test in applied. The result is interpreted as below.

Table- Employees opinion towards performance appraisal

Performance appraisal	Mean	Std. Deviation
Trust	3.44	1.23
Adaptability	3.77	1.39
Clarity	3.68	1.37
Communication	3.38	1.27
Fairness	3.88	1.41
Relation with peers and supervisors	3.27	1.08

Table – displays the employees opinion towards performance appraisal factors. Trust, adaptability, clarity, communication, fairness and Relation with peers and supervisors are considered

as the factors of performance appraisal. Further mean and standard deviation (S.D.) values are calculated. The mean value ranges from 3.88 to 3.27. The S.D. value lies between 1.08 and 1.39. The mean values interprets that the IT employees highly rated towards fairness (3.88) followed by adaptability (3.77), clarity(3.68), trust(3.44), communication(3.38) and relation with peers and supervisors (3.27). Here it is explored that the performance factors of fairness and adaptability are highly perceived by the employees. But the relationship of the employees with the peers and supervisors is found to be at low level.

Table – : Employees opinion towards satisfaction of the employees.

Satisfaction of the employees	Mean	Std. Deviation
You are satisfied with the outcomes of appraisal	3.24	1.03
You are satisfied with the way by which your performance is appraised	3.77	1.31
You think that current appraisal system has limitations	3.98	1.47
I am satisfied with the documentation and record keeping of Performance appraisal process.	3.36	1.17
I am satisfied with the performance ratings and link to career development.	3.48	1.24
I am satisfied with the timeliness and consistency of Performance appraisal process	3.59	1.27

Table – displays the employees opinion towards satisfaction of the employees with performance appraisal. Further mean and standard deviation (S.D.) values are calculated. The mean value ranges from 3.98 to 3.24. The S.D. value lies between 1.07 and 1.33. The mean values interprets that the IT employees highly rated that they think that current appraisal system has limitations (3.98) followed by they are satisfied with the way by which the employees performance is appraised (3.77), they are satisfied with the timeliness and consistency of performance appraisal process (3.59), they are satisfied with the performance ratings and link to career development (3.48), they are satisfied with the documentation and record keeping of Performance appraisal process (3.36) and they are satisfied with the outcomes of appraisal (3.24). Here it is interpreted that the performance appraisal carried out has some limitations. However the outcome of the performance appraisal is not up to the satisfaction level and has been rated low by the IT employees.

Table – : Relationship between performance appraisal and satisfaction

Performance appraisal	Satisfaction	
	r- Value	P-value
Trust	0.820	0.001*
Adaptability	0.634	0.003*
Clarity	-0.226	0.029*
Communication	0.434	0.009*
Fairness	0.729	0.002*

Relation with peers and supervisors	0.357	0.012
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H₁: Performance appraisal has significant relationship with the satisfaction of the employees.

Pearson correlation test was applied to verify the above stated hypothesis. The result is posted in the table 3. The calculated r-values are between 0.820 and -0.226. The P-values are found to be 0.001, which are significant at one percent level. Hence, the above stated hypothesis is accepted. It is found that, the performance appraisal factors of trust, clarity, adaptability, communication, fairness and relation with peers and supervisors are having significant relationship with the employees satisfaction. Here it is observed that the performance appraisal factor of trust (0.820) is having highest positive relationship with the employees satisfaction of the employees followed by fairness (0.729), adaptability (0.634), communication (0.434), relation with peers and supervisors (0.357) and clarity (-0.226)

Hence, it is depicted that the performance appraisal factors of trust and fairness is having strong relationship with the satisfaction of the employees. However, the performance appraisal factor of clarity is having weak and negative relationship with the employees satisfaction with the performance appraisal.

Table – 4. : Effect of performance appraisal factors on satisfaction of the employees.

R-value	R ² Value	Adjusted Value	R ²	F-value	P-value
0.778	0.605	0.605		53.018	0.001

Predictors	Unstandardized Coefficients		Standardized Coefficients	t-value	p-value
	B	Std. Error	Beta		
Constant	1.375	1.262		6.126	0.001
Trust	0.566	0.218	0.304	2.068	0.001
Adaptability	0.328	0.118	0.175	1.847	0.002
Clarity	0.423	0.128	0.276	2.019	0.001
Communication	0.165	0.201	0.116	1.104	0.004
Fairness	0.275	0.144	0.274	1.698	0.003
Relation with peers and supervisors	-0.283	0.106	-0.137	-1.734	0.012

Table 4.24 explains the influence of performance appraisal factors on satisfaction. Performance appraisal factors are considered as independent variables and satisfaction is considered as a dependent variable.

H₁: Performance appraisal factors are significantly influencing the employees satisfaction.

In order to examine the above stated hypothesis, Multiple linear regression is applied. From the regression analysis, the p value is found to be 0.001 which is significant at one percent level. Here the adjusted R square value is found to be 60.5. It showed that the independent variables performance appraisal factors influenced the employees satisfaction at 60.5 percent level and the p- value is found to be 0.001. Hence, the above stated hypothesis is accepted. Further in the Regression model the unstandardised data value is indicating the strength of the relationship between performance appraisal factors and employees satisfaction. The relationship is explained by the following equation.

Employees satisfaction = $1.375 + 0.566 (\text{trust}) + 0.328 (\text{adaptability}) + 0.423 (\text{clarity}) + 0.165 (\text{communication}) + 0.275 (\text{fairness}) - 0.283 (\text{relation with peers and supervisors})$.

From the regression equation, it is inferred that the performance appraisal factors of trust, adaptability, clarity, communication and fairness are having a positive impact on employees satisfaction. But the factor of relation with peers and supervisors is having a negative impact on employees satisfaction.

Based on the regression beta value, it is inferred that to have one unit increase in the employees satisfaction, the performance appraisal of trust is influenced at 0.566 levels when other factors remain constant. Similarly, adaptability, clarity, communication and fairness influence the employees satisfaction at 0.328, 0.423, 0.165 and 0.275 level respectively with other respective variables remain constant. However, performance appraisal factor relation with peers and supervisors influences the employees satisfaction at -0.283 level to have one unit decrease in the employees satisfaction with other factors remain constant.

It is found that the factors of performance appraisal factors of trust and clarity have strong influence on employees satisfaction while the performance appraisal factor of relation with peers and supervisors have weak influence on the employees satisfaction with performance appraisal.

Findings and Recommendations

It is explored that the performance factors of fairness and adaptability are highly perceived by the employees. But the relationship of the employees with the peers and supervisors is found to be at low level. So the employees have to be trained to engage in open and honest communication and expressing their thoughts and ideas clearly.

It is found that the performance appraisal carried out has some limitations. However the outcome of the performance appraisal is not up to the satisfaction level and has been rated low by the IT employees and so providing regular and constructive feedback of the employees make easier to improve the efficiency of performance appraisal.

It is depicted that the performance appraisal factors of trust and fairness is having strong relationship with the satisfaction of the employees. However, the performance appraisal factor of clarity is having weak and negative relationship with the employees satisfaction with the performance appraisal. Reviewing the employees job description and tracking their accomplishments through out the year enhances the clarity in performance appraisal.

It is found that the factors of performance appraisal factors of trust and clarity have strong influence on employees satisfaction while the performance appraisal factor of relation with peers and supervisors have weak influence on the employees satisfaction with performance appraisal. So being mindful of personal boundaries and avoiding discuss of sensitive and private information about colleagues would enhance the good relationship with peers and supervisors.

Conclusion

The organization's commitment to address employees' needs and to foster their development is shown in reviews, from which employees satisfaction is attained. The level of employees satisfaction reflects in how much they enjoy their work. A positive Performance appraisal experience is likely to enhance an employee's sense of accomplishment, self-worth, and favorable perception of their position and company. There are a number of strategies that an IT sector can implement to increase the employees satisfaction. The results of the analysis of this article indicate that good performance appraisal practices can raise satisfaction among the employees and this will boost the retention rates and enhance both employees performance and organizational performance. Therefore, in order to encourage positive employees' attitudes and improve the organizational outcomes, it is critical for the IT sector to design the efficient processes of performance appraisal and rating.

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