

A STUDY ON EMPLOYEES' SATISFACTION TOWARDS PERFORMANCE APPRAISAL SYSTEM AT POWER GENERATION COMPANY

Ms. Vaibhavi A. Bhatia and Ms. Ripal Patel

ShrimadRajchandra Institute of Management & Computer Application,
UkaTarsadia University, Gopal-Vidyanagar, Maliba Campus, Surat (Gujarat), India

ABSTRACT -Performance appraisal system plays an important role in overall success of an organization. An appropriate appraisal system could increase employees' satisfaction as well as job satisfaction. If the employees are satisfied with their appraisal then they are also satisfied with their jobs and if they are dissatisfied with performance appraisal it should be explained to them or make the employees know where they are lacking behind and improve themselves. The present study has been conducted to find out the Employees' Satisfaction towards Performance Appraisal System. The methodology was based on questionnaire survey to collect the data. The results of the study were analyzed statistically with the help of factor analysis and cross tabulation using SPSS software. It is concluded from the study that performance appraisal should satisfy the employees and if the employees are dissatisfied with the performance appraisal then it should be explained to them that why their performance is not proper and counselling is the best way to overcome this problem.

Keywords: Performance appraisal, Employee satisfaction, Employee performance

INTRODUCTION

Performance Appraisal System

Performance Appraisal is a systematic evaluation of performance of employees so that they can understand all abilities of person and their development, growth and productivity in relation to certain criteria and organizational objectives and performance appraisal is included under performance management system. It is required clearly for defining both individual and team responsibilities in the form of KRA (Key Result Area) and creating mutual understanding between them and through which a good performance management system enables and facilitates the development of employees. Satisfaction is the act of fulfilling a need, desire, or the feeling gained from such fulfillment. It is the pleasure that you do something or get something that you wanted. Job satisfaction is the degree to which individual feels positively or dissatisfaction about their jobs. Workforce in any organization should be satisfied with their job. Otherwise it leads to frustration in the employee which ultimately hampers the organization's performance. There are several factors like salary, work, work culture, superior's attitude, designed organizational policies, family problem, industrial relations which result into job satisfaction.

REVIEW OF LITERATURE

Amal Refaat Youssif et al. (2017), undergone research study to assess the current performance appraisal system, that the nurse managers were not satisfied with the tool of performance appraisal and to assess performance appraisal system of nurses and its relation to their job satisfaction. Descriptive research design was used and certain tools and techniques were used like rating scale, essay and checklist. One sample t-test, one way ANOVA and chi-square test was used. It is founded that there should be a unified system for performance appraisal adopted at all health care settings. Performance appraisal should be conducted regularly and at least every three months to provide an opportunity for continuous improvement of staff nurses' performance. It is concluded that performance appraisal system is not implemented effectively at the selected Menoufyia Governorate Hospitals and so affecting job satisfaction and empowerment of staff nurses. Staff nurses' job satisfaction was low and their level of empowerment was moderate.

Rimjhim Jha et al. (2016), undergone research study to improve the service quality of healthcare. With the help of an effective performance appraisal program, employee's performance can be monitored, and employee will be kept motivated. They designed some specific set of behaviour, the set of behaviours are predetermined and anchored to numeric rating. A nurse can be rated on the basis of sympathy she shows to patient. 360 degree performance appraisal technique was used and through which the employee's performance was rated. It was found that the entire three forms product, process and administrative of organizational innovation was significantly affected by training and development. Research reports in this area say that salary, work itself, work culture, superior's attitude, designed organizational policies, family problem, industrial relations etc are the factors which influence job satisfaction.

Tahira Umair et al. (2016), undergone research study to investigate that firms which are operating in Pakistan have fair system of performance appraisal or not. Descriptive research design was used and random sampling method was used to select the sample. It was found that the result explored that distributive, procedural and interactional fairness in the appraisal system are the three significant variables that enhance the job satisfaction of an employee in the garment sector of Pakistan. In conclusion, the study shows that perceived fairness in appraisal system affects the job satisfaction of an employee in the garment sector of

Pakistan. In addition to this, job satisfaction of an employee is highly correlated with the interactional fairness in the appraisal system.

Md. Nurun Nabil et al. (2016), undergone research study to investigate and analyze the impact of human resource management practices on Job Performances with job satisfaction, training and motivation, performance appraisal, team work and development, absenteeism and turnover and analyzing the relationship between variables of Job satisfaction and performance appraisal at workplace. Personal interview method was used for collecting the information and multiple linear regression models have been used to analyze data. It was found that job satisfaction of employees is negatively correlated with employee participation and cooperation in management. In conclusion it shows that human resource management practices on job satisfaction and identified that the HRM practices like training, performance appraisal, absenteeism and turnover. Compensation has significant impact on job satisfaction and job performances of the organization.

Isaac OpokuAnsah et al. (2016), undergone research study to investigate the impact of performance appraisals on employees' job satisfaction and organizational commitment, investigating the relationship between performance appraisal and employees' job satisfaction. Descriptive research was used and the sampling was done by stratified sampling technique, Regression analysis. It was used to analyze data that a positive relationship exists between employees' job satisfaction and the factors namely, fairness of an appraisal system, rewards, clarity of roles and the provision of feedback about employees' performance. The researchers conclude that factors such as clarity of roles and purpose of performance appraisals have an effect on employees' commitment and job satisfaction.

Manju Singh Bhadauria (2016), undergone research study to identify the perception of IOCL Employees towards Performance Appraisal System. Research Design is to have a better understanding descriptive research design was used. To get the primary data close ended questionnaire was administrated Sample size in survey was 400 employees. Sampling technique used is stratified and purposive sampling. Data collection was analyzed with the help of Arithmetic mean, chi-square test. It was founded that employee satisfaction towards Performance Appraisal System is different with respect to type of employees. Conclusion of the study is the employees of IOCL are having positive views about performance system.

MohamadRahmadRayee et al. (2016), undergone research study to examine the mediating effect of procedural justice in the relationship between feedback and job satisfaction and to examine the mediating effect of procedural justice in the relationship between treatment and job satisfaction. The cross-sectional method was used which allowed the researchers to integrate the performance appraisal and the data collected through pilot study and the actual survey and a purposive sampling technique was used. It was founded that procedural justice acts as a mediating variable in the relationship between performance appraisal communications on job satisfaction. In conclusion, the ability of employer to appropriately implement performance appraisal communication in allocating performance ratings will help to enhance subsequent positive subordinates' outcomes (e.g., supports, appreciation, commitment, performance, and ethics). Thus, it may lead to maintain and achieve organizational strategic vision and missions in era of global competition.

AbdelhadiNaji et al. (2015), undergone research study the job satisfaction level of employees; identify the strength and weakness of employee to place right men on right job. The issue was 80% of the employees are dissatisfied with the performance appraisal system and rest of them says that it helps to improve their performance. Factor analysis was used for reducing and analyzes data. Then the researchers try to determine the relationship between the perception of the performance appraisal and job satisfaction. The researcher founded that it is important to have quality of relationships that supervisors build with their employees to ensure the successful and efficient implementation of these programs. In other words, a positive perception of the PA system should be linked to a proper application of this system, which, in most cases, is done by the immediate supervisor. It should all help to increase the employee's job satisfaction.

SaxenaNeha et al. (2015), undergone research study the satisfied person for all his desires and needs of day to day life so that he can achieve the goal of obtaining the mental peace which is the real happiness in life, Job satisfaction also leads to mental satisfaction and mental happiness in life. The problem was lots of favouritism for specific group of employees and not based on ability, competence. Correlation and regression analysis was used. Researchers found that proper supervision and collegial work environment, open communication system, and a transparent performance appraisal system with career development opportunities were positively correlated to job satisfaction. It concludes that effective HRM practices includes performance appraisal that motivates the employees and keeps them satisfied with their jobs.

Richa N. Agarwal et al. (2014), undergone research study to examine the relation of performance appraisal to job satisfaction, how it is affecting attrition in IT companies? What are other internal and external factors related to attrition in the IT sector? And descriptive research design and correlation and regression analysis is used to analyze the data. The researcher found out that there are certain internal and external factors associated with the IT industry which could be the reason for these two variables, performance appraisal and working environment, not being related to job satisfaction and, thus, not directly influencing the attrition problem in the IT industry. And the researcher also covered many internal and external dimensions which are reflective of why performance appraisal and working environment are not having any relation with and impact on the job satisfaction.

Patrick Kampkötter (2014), undergone research study to examine the effect of being formally evaluated by a supervisor on employees' overall job and income satisfaction, further to study do performance assessments increase job satisfaction. Research design is by applying panel method and regression analysis was used. To analyze data there is a negative interaction term between performance appraisal without any monetary consequences and both employees scoring high on openness to experience and internal locus of control. It can be concluded that performance appraisals related to monetary outcomes are a powerful HR management tool which seems to be honoured by employees. On the other hand, appraisals without monetary consequences have no impact on job satisfaction and even a negative one for employees scoring high on openness to experience.

V.S.Planiammal et al. (2014), undergone research study to define the process of PMS at SGS from Planning until reward, to understand the KRA (Key Result Areas), to know employees satisfaction towards procedural fairness and transparency of communication, to analyze the efforts of SGS (Sutherland global services) in routing through barriers and reaching the desired outcomes. The researchers applied descriptive research design and ANOVA and chi-square test was used to analyze data in order to know the ITES employees knowledge and opinion towards their firm performance appraisal system process. It was founded that the factors in charge for unsatisfactory Performance Management System namely unfair employee assessment, lack of transparency of communication, appraiser-appraise relationships which were agreed by the samples. In conclusion, the study shows that the work measurement of individuals can be a success only with the cooperation of the individuals as a team member and as employee of the firm.

Dr.KerosiJosaphat Bosire1 et al. (2014), undergone research study to present the REB appraised employees 'demographic characteristics. To assess various reactions of REB's appraised employees from the performance appraisal done. Both descriptive and qualitative research and factor analysis techniques were used. It was founded that that the majority of respondents were male, in group age of (31-40) years, holds bachelor degree, had working experiences ranging between 6-10 years and reported to be married. Employees were found to be substantially satisfied with promotion, demotion, transfer, job analysis and performance measures; and relatively satisfied with performance related feedback, ratings, training, and reward. The researcher conclude that the REB's technical employees found to be moderately satisfied with promotion, demotion, transfer, job analysis and performance measures; and little bit satisfied with feedback, rates, trainings, and rewards provided to them.

Swati Mathur et al. (2014), undergone research study to the present management practices in relation with job satisfaction among employees and its effect on productivity, to find out the reason of productivity issues in organization is also the focus of the study, to suggest the techniques and tools to increase the satisfaction level of faculty members, to study the conceptual framework of job satisfaction in order to get better understanding of the topic. Descriptive research was used and the data collected through a structured questionnaire and analyzed with the help of correlation analysis. In conclusion the employees in public sector banks in India are only moderately satisfied with the job and job content and the work environment. The score of correlation between the various factors of job satisfaction reveals that all the factors of job satisfaction are found moderate to high correlation with each other showing a direct proportionate relationship with the performance management.

Prof. Dr. Abdul Ghafoor Awan (2014), undergone research study to determine strength of relationship between employee pay package and employee job satisfaction, to study the link between employee reward system and employee job satisfaction, to measure the impact of employee job satisfaction on employee job performance and to suggest ways to further enhance the workers satisfaction for their job. The descriptive survey design was used to collect detailed information. The data collected from the employees of different banks of Muzaffargarh District, Pakistan. It was founded that some people were secure about their jobs while others were feeling insecure. Some respondents were completely satisfied too, but their ratio was very less as compared to those who were dissatisfied. It was concluded from the research that there was a positive relationship between these two variables. Employees' performance was best when they were satisfied with the different aspects of their pay package.

BeleteGetnet, et al. (2014), undergone research study to assess the extent of perceived fairness of performance appraisal practices in UoG. To assess the level of satisfaction towards the performance appraisal practices. To observe the relationship between the employees' perceptions of procedural fairness and satisfaction towards the performance appraisal practices. Descriptive research design was used and stratified random sampling technique was used to select sample. It was founded that that the employees in UoG generally did not perceive the performance appraisal practices in the institution as fair. Similarly, their overall satisfaction on the performance appraisal practices of the University is low. In conclusion, the study shows that the success or failure, the fairness or unfairness of the performance appraisal depends on many factors and the extent of employees' perception on the fairness of the performance appraisal practices.

Milica Jaksic1 et al. (2013), conducted research to study structure of the job – the degree to which the tasks have been clearly and precisely determined, the inclusion of employees in decision making process, participativeness, creativity, innovativeness, empowerment and motivation, and employee satisfaction and appraisal of the employees. Further it also under look to study development and training, incentives for further improvement and promotion, constant knowledge comparisons employee compensation – employee satisfaction related to the salary and other compensations, the relation between compensation and performances. Descriptive research was used and the researcher found that great efforts are to be put into the matter of managing employee performance and developing subtle procedures for improving employee satisfaction and also all the activities of the human resource management, strategic and operational, have a significant impact on employee satisfaction and on their results.

Mahalekamge W.G.S (2013), undergone research study to identify whether there is significant relationship between perceived fairness in performance appraisal and performance appraisal satisfaction in the audit sector in performance appraisal system. Simple random sampling method is used and study is descriptive nature. The researchers concluded that fairness of performance appraisal does affect employee's performance appraisal satisfaction. There is a positive and moderate relationship between perceived fairness of performance appraisal system and performance appraisal satisfaction.

Muhammad Adeel Arshad (2013), undergone research study to identify the performance appraisal politics in telecommunication industry of Pakistan affect the job satisfaction, turnover intention and loyalty to supervisor of the employees. Correlation analysis and regression analysis was used and it was founded that reducing the performance appraisal politics and its perceptions among the employee will increase the job satisfaction and loyalty to supervisor and employees intention to leave could be handled. The study concluded that if the employee will perceive less performance appraisal politics, he/she will eventually have very few intentions to leave and his/her loyalty to supervisor will be more as a result the supervisor and the subordinate will have a strong working relation.

Dr.Venkatesh. J et al. (2012), undergone research study to explore the performance appraisal aspects that are connected with organizational justice, and more specifically with three kinds of justice, namely distributive, procedural and interactional justice.

Rating method was used and employee satisfaction with ratings is positively related to procedural justice. The results confirm the hypothesis, as it was founded a strong correlation between satisfaction with ratings and both distributive and procedural justice. Regarding satisfaction with ratings, found that is positively related to distributive justice. In conclusion it examines the important role of three elements of organizational justice, namely interactional, procedural and distributive for the satisfaction from performance appraisal and it is important for new hires to become aware of the performance appraisal procedure early in their organizational life.

D. B. Bagul, Ph.D (2012), undergone research study to analyze the effectiveness of present performance appraisal method is to collect feedback of appraise & appraiser about the existing performance appraisal method. To collect information about the drawback/shortcomings of the performance appraisal system the data random sampling method was used. It was founded that the company was not following the 360 feedback method, parameters appraisals for higher-level employees are too many. No proper communication. The researchers from the survey conclude that became very clear in the course of gathering information in the organization is that majority of the employees were well aware of the system of performance appraisal followed in the organization.

Rinku Sanjeev et al. (2012), undergone research study to analyze employee’s perceptions towards performance appraisal system, to study the impact of demographic variables on employees ‘perception towards performance appraisal program. Data was analyzed through One-way ANOVA and Z-test. The researches founded that there is a significant differences in employee perception towards performance appraisal program between different age groups. And the research reveals that employees became aware of their performance after passing through the mechanism of performance appraisal and proper communication programs of performance appraisal through which employees understand in a better manner.

Anu Gupta et al. (2012), undergone research to study the impact of effectiveness of performance management system on employee satisfaction, further the impact of employee satisfaction and commitment. The research designed was descriptive in nature. The convenience sampling technique was used to select sample data. In conclusion, the organization should focus on developing ways to make the performance management system effective as it will pave way for building the employee satisfaction. The cure for all the management issues like high attrition, commitment and satisfaction can be enforcing ways to make the performance management system effective.

RESEARCH METHODOLOGY

This study is descriptive in nature. It is a study designed to depict the participant in an accurate way. It is all about describing people who take part in study. Data collection is through primary and secondary data. Primary data was collected through questionnaire and secondary data collected through books, research paper and websites. Survey was done on 100 employees of power generation Company. Non- probability convenience sampling technique was used in this research.

DATA ANALYSIS AND INTERPRETATION

1.1 Factor Analysis

KMO and Bartlett's Test		
Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		0.758
Bartlett's Test of Sphericity	Approx. Chi-Square	510.522
	Df	99
	Sig.	0

Table 1 KMO and Bartlett's Test

KMO and Bartlett’s test: The KMO and Bartlett’s table display the result for interpreting the adequacy of data for factor analysis. KMO is a measure of sampling adequacy and its value should be greater than 0.5 for our sample to be adequate for undertaking factor analysis. Also, the p-value of Bartlett’s test of sphericity should be less than 0.05. Here the value of KMO test is 0.758 (higher than 0.5) and the p-value is 0.000 (less than 0.05), so factor analysis can be undertaken using this dataset.

Rotated Component Matrix				
	Component			
	1	2	3	4
I receive Feedback of my performance evaluation results regularly	0.759			
Performance rating helps to fix increment	0.758			
I am not informed about performance is evaluated	0.737			
The performance appraisal is Fair	0.654			
Promotion is purely based on performance appraisal	0.563			

Performance appraisal system is needed in the organization	0.529			
My Superior evaluates work performance on a regular basis	0.519			
This organization really inspires the very best in me in the way of job performance		0.873		
Performance appraisal is helpful in developing personal skill		0.768		
In general, I received the appraisal outcome that I didn't expect			-	0.776
I believe that the goals that I have achieved as a part of my last performance appraisal fair and achievable			0.636	
Performance appraisal helps to win cooperation and teamwork			0.595	
The current format of rating scale used in the appraisal is not effective for employees performance				-
I feel I am like a part of company				0.725
				0.654

Table 2 Rotated Component Matrix

In the rotated component matrix, each number represents the partial correlation coefficient between variable and the rotated component. These coefficients help in identifying the component.

Elements under various components are:-

- There are 9 variables under component 1 in which result of component analysis reveals the factor Employees appraisal.
- There are 2 variables under component 2 in which result of component analysis reveals the factor Feedback appraisal.
- There are 2 variables under component 3 in which result of component analysis reveals the factor Employee's commitment.
- There are 1 variable under component 4 in which result of component analysis reveals the factor Performance appraisal tools.

Discussion

In the current study the impact of performance appraisal on employee's job satisfaction at Power Generation Company, therespondents are strongly agreed with the need of performance appraisal system. Performance appraisal helps respondent to win the cooperation and teamwork with 54%.Research found that the performance appraisal is fair with 46%. The respondents were 38% agreeing that they were not informed about the performance evaluated and 27% disagreed.The respondents disagree with the current format of rating scale used in the appraisal is claiming that it is not effective for employees performance. Employees are satisfied with the job security. Respondents were satisfied with the fair judgement of performance appraisal system. Respondents are dissatisfied with the promotion avenues. Employees were overall satisfied with the performance appraisal system in the organization.

Conclusion

This research study investigated the employee's satisfaction towards performance appraisal system. Overall findings show that both employees satisfaction and performance appraisal are interrelated with each other. Performance appraisal should satisfy the employees and if the employees are not satisfied with the performance appraisal then it should be explained to them that why their performance is not proper, counselling is the best way to overcome this problem about the employees performance through which its get clear about the personal and organization goals.

Limitations

As performance management system is very confidential and sensitive issue the chances of biasness in the response of respondents are very high. The findings would be helpful to find out the factors which contribute to effectiveness of performance management system. Further research also needed to be done to find out the importance of training, the employees involvement in performance Appraisal process such as goal setting and objectives setting.

References

1. Abdelhadi, N. (2015). Performance Appraisal System and Employee Satisfaction. *Journal of Human Resources Management and Labor Studies* , 40-53.
2. Agarwal, R. N. (2014). Impact of Performance Appraisal and working environment on job satisfaction and attrition. *par.sagepub.com* , 73-85.

3. Ansah, I. O. (2016). The Impacts of Performance Appraisal on Employees' Job Satisfaction and Organizational Commitment. *International Journal of Business and Management* , 281-297.
4. Arshad, M. A. (n.d.). Effects of Performance Appraisal Politics on Job Satisfaction, Turnover Intention and Loyalty to Supervisor. *International Review of Management and Business Research* .
5. Awan, P. D. (2014). Impact of Employee Job Satisfaction on their Performance. *Global Journal of Human Resource Management* , 71-94.
6. Bhadauria, M. S. (2016). Employees perception towards Performance Appraisal System. *Common wealth Journal of Commerce & Management Research* , 1-10.
7. Bosire, D. K. (2014). Employees' Satisfaction With Performance Appraisal. *International Journal of Information Technology and Business Management* , 21-44.
8. D. B. Bagul, P. D. (2012). A Research Paper On "Study of Employee's Performance Appraisal System. *Humanity Science and English Language* , 287-292.
9. Getnet, B. (2014). The effects of employees fairness perception on their satisfaction towards the performance appraisal practices. *International Journal of Management and Commerce Innovations* , 174 - 210.
10. Gupta, A. (2012). Impact of effectiveness of performance management system on employee satisfaction and commitment . *International Journal of Management, IT and Engineering* , 96-106.
11. J, D. V. (2012). Organizational Justice and Employee Satisfaction in Performance Appraisal. *International Journal of Research in Management & Technology* , 288-293.
12. Jaksic, M. (2013). Performance management and employee satisfaction . *Montenegrin journal of economics* , 85-92.
13. Jha, R. (2016). A Study on Employee Performance Appraisal and Job Satisfaction in Health Care Sector . *IJARIE-ISSN(O)-2395-4396* , 988-994.
14. Kampkötter, P. (2014). Performance Appraisals and job satisfaction. *SOEPpapers on Multidisciplinary Panel Data Research* , 1-27.
15. Khan, A. H. (2016). Employees Perception on Performance Appraisal System in a Public Limited Company in Pakistan. *International Journal of Learning and Development* , 168-200.
16. Mathur, S. (2014). Job Satisfaction a Tool for Performance Management. *International Journal of Management and International Business Studies* , 189-198.
17. Nabi, M. N. (2016). The Impact of Human Resource Management Practices on Job Performance. DOI: 10.5923/j.hrmr.20160602.03 , 45-54.
18. Neha, S. (2015). Impact of Performance Appraisal On Organizational Commitment and Job Satisfaction. *society for science and nature* , 95-104.
19. Pushpakumari, M. (2017, April). Staff Performance Appraisal System and its Relation to Their Job. *IOSR Journal of Nursing and Health Science* , 17-27.
20. Rayee, M. R. (2016). Relationship between performance appraisal communication, procedural justice and job satisfaction . *Malaysian Journal of Society and Space* , 15-26.
21. Sanjeev, R. (2014). Employee Perception towards performance appraisal program in packaging industry . *Journal of Strategic Human Resource Management* , 17-22.
22. Umair, T. (2016). Effect of Perceived Appraisal Fairness on Job Satisfaction. *Journal of Applied Environmental* , 12-20.
23. V.S.Planiammal. (2014). The Influence of Performance Management System on the Employer Turnover. *International Journal for Research in Applied Science & Engineering Technology* , 504-510.
24. W.g.s, M. (2013). fairness in performance appraisal system.
25. Youssif, A. R. (2017). Staff Performance Appraisal System and its Relation to Their Job satisfaction. *Journal of Nursing and Health Science* , 17-27.