Study on Perception of Employees on the Performance Appraisal System at Atlas Exports Enterprises

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Abstract— *Performance appraisal system is an essential tool for assessing the performances of the employees in an organization. So it is significant to make the employees understand the system and also its impact on their performances. In order to understand the perception of the newly implemented performance appraisal system at Atlas Exports Enterprises, a study has been conducted. It helps in identifying the factors which influences the employees' perception on Performance Appraisal System. Also, the overall satisfaction level of the employees' has been observed, which would help the organization to understand the employees' perception on the Performance appraisal system and can bring some changes if necessary.*

Keywords—*Organization objectives, demographic variables, factors, performance criteria*

Introduction

[1]Performance Appraisal has become an essential activity for strategic human resource policy. In this highly competitive era, employees face complex and challenging pressure for effective performance to meet the goal of the organization. At the same time employers are also keen in improving the performances of their employees by providing feedback in an effective manner during performance appraisals.[1]It is important for an organization which wants to attain the competitive advantage must be able to manage the performance of their employees. [2]The organization's key aims, goals, and objectives become an embedded part of the process in the performance management and communicated through the performance appraisal process. It leads the employees to explore the opportunities they have in their workplace, so that they can personally and professionally improve themselves. Also it helps to evaluate the contribution made by the team or

individual in achieving the organizations. The focus of the study is how the employees of ATLAS EXPORT ENTERPRISES perceive the newly implemented Performance Appraisal System. Also it is about the satisfaction level of employees towards the Performance Appraisal System and identifying the factors which influences them.

I. MATERIALS AND METHODS

Type of Research- Descriptive research method is used to describe the characteristics of a group of target population for this study.

Objectives of the study:
- To identify the factors that influences the perception of employees on the new performance appraisal system.
- To understand the relationship among the factors influences the perception of employees on the new performance appraisal system.
- To understand whether the demographic variables have influence over the factors which help in understanding the perception of employees on Performance appraisal.

Data and sources of data- Primary data collection was done with the help of structured questionnaire. Five point Likert Scale was used to measure the level of agreement and disagreement of the employees for the statements given. Questionnaire helped in collecting the demographic profile and the perception of employees towards the Performance Appraisal system at Atlas Exports Enterprises.

Population and sample size- Population size is 131 and the Sample size is also131. Only the staff category has been included for the study.

Duration of the study: January 2018 to March 2018

Sampling Techniques: Sensex sampling methodology has been used as the population size and the sample size is same.

Reliability Analysis

Demographic variables	Categories	No. of respondents	% of n
GENDER	Male	96	73.3
	Female	35	26.7
	18-25	22	16.8
	26-35	66	50.4
AGE GROUP	36-45	31	23.7
	46-55	9	6.9
	above 55	3	2.3
MARITAL STATUS	Married	101	77.1
	Unmarried	30	22.9
	Bachelor's degree	66	50.4
EDUCATION	Master's degree	26	19.8
	Diploma	26	19.8
	others	13	9.9
	Admin	24	18.3
	HR	8	6.1
	Production	45	34.4
	Quality	11	8.4
DEPARTMENT	Designing	10	7.6
	Finance	15	11.5
	Merchandising	12	9.2
	Logistics	6	4.6
	0-5	94	71.8
LENGTH OF SERVICE	6-10	22	16.8
	11-15	8	6.1
	Above 15	7	5.3
	<10000	28	21.4
	10000-15000	54	41.2
Monthly income	16000-20000	24	18.3
	21000-25000	13	9.9
	Above 25000	12	9.2

Reliability Statistics

Cronbach's Alpha	Cronbach's Alpha Based on Standardized Items	N of Items
.874	.879	26

Variables	SDA	D	N	A	SA	n
	% of N	% of N	% of N	% of N	% of N	
PMS essential tool	0	0.8	19.1	46.6	33.6	131
Improves performance	0	0.8	13	60.3	26	131
Fair and acceptable	2.3	10.7	16.8	55.7	14.5	131
Purpose clearly explained	11.5	10.7	29	38.2	10.7	131
Performance criteria	10.7	24.4	31.3	23.7	9.9	131
Pay hike	1.5	2.3	11.5	45	39.7	131
Strengths and weakness	0.8	3.1	33.6	39.7	22.9	131
Personal relationship influence	9.2	19.8	26.7	27.5	16.8	131
Framed to motivate	11.5	5.3	19.8	44.3	19.1	131
Wish to have changes	2.3	9.9	28.2	31.3	28.2	131
Constructive feedbacks	5.3	9.9	22.1	43.5	19.1	131
Career and personal development	6.1	16.8	32.8	26.7	17.6	131
Work achievements	6.1	3.1	29	42	19.8	131
Satisfied with existing PMS	12.2	22.9	22.1	31.3	11.5	131
Motivate employees	0.8	3.8	15.3	35.9	44.3	131
Responsibility & authorization	1.5	3.1	18.3	40.5	36.6	131
Not met minimum standards	5.3	8.4	38.2	35.1	13	131
Supervisors understand problems	6.9	9.2	35.9	37.4	10.7	131
Cordial relationship	6.1	7.6	32.8	38.2	15.3	131
Do not demand work	14.5	20.6	24.4	25.2	15.3	131
Deliver feedback to management	10.7	14.5	27.5	27.5	19.8	131
Training needs	1.5	6.1	24.4	47.3	20.6	131
Career growth	3.1	5.3	18.3	44.3	29	131
Promotion	3.8	7.6	32.8	36.6	19.1	131
Work hard	3.8	5.3	22.9	56.5	11.5	131
Monetary benefits	4.6	7.6	35.9	35.1	16.8	131

Interpretation

1. The Case Processing Summary table shows that there are 26 valid entries provided for analysis and there are no invalid entries or data available.

2. The reliability statistics table depicts the Cronbach's alpha value as 0.874 which is >0.6. Hence the scale and reliability can be used for final survey.

Statistical Tools used:

Percentage analysis is to convert the gathered data into a tabulated grouped data.

Factor analysis is used for grouping the variables under factors.

Correlation is used to understand the linear relationship between the variables

ANOVA is to determine whether there are any statistical differences between the means of two or more independent groups.

II. RESULT

Percentage analysis has been done for the demographic variables to understand the target respondents. Table 1 shows that under gender category, percentage of male is higher i.e. 73.3. Under age group, percentage of 26-35 age category is higher i.e. 50.4. Under marital status, percentage of married staffs is higher i.e. 77.1. Under education qualification, majority of the staffs hold Bachelor's degree which is about 50.4 %. Under department, majority of the staffs work in Production department which is about 34.4%. Under the length of service in this organization, majority of the staffs worked between 0-5 years i.e. 71.8%. Under the monthly income, majority of the staffs earn between 10000-15000 i.e. 41.2 %

Table no 1 shows the demographic variables and the categories which comes under each variable, the number of respondents and the total percentage of n.

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Percentage analysis has been done for all the 26 variables for which the level of agreements and disagreements were measured. Performance criteria is neutral i.e. 31.3 %. Performance has not met the minimum standards, Neutral is 38.2 %. Deliver feedback to the management, Neutral and Agree i.e. 27.5 %. For rest of the variables, most of the employees have responded Agree.

Table no 2 shows the percentage analysis of the staffs

Factor analysis- Factor analysis was done for all the 26 variables and each variable has been grouped under 4 factors. KMO and Bartlett's Test table was taken to measure the sampling adequacy and significance level respectively.

Table no 3 shows that KMO measure of sampling adequacy is 0.771 which is greater than 0.05 which means that the responses given in the sample are adequate and acceptable.

Bartlett's Test of Sphericity where the significance value is 0.00 which is less than 0.05, therefore the null hypothesis is rejected.

Table no 3 shows the KMO and Bartlett's Test significance

Factor analysis was performed in SPSS and the table shows the Rotated Component Matrix, where 2 variables have been eliminated i.e. personal relationship influence on Performance appraisal and wish to have some changes in the Performance appraisal system, as they had negative values. All the other remaining variables have been grouped. The highlighted values represent the variables which come under each factor.

Table no 4 shows the Rotated component matrix where the 26 variables were grouped under 4 factors

Rotated Component Matrixᵃ

	Component			
	1	2	3	4
PMS essential tool	.154	.752	.209	.103
Improves performance	.051	.823	-.057	-.004
System isFair and acceptable	.165	.500	.123	.154
Purposes of PA are clearly explained	.438	.677	.021	.080
Performance criteria are developed with consultation of employees	.030	.806	-.029	.012
Gives Pay hike	.416	.008	.116	-.016
Identify Strengths and weakness	.559	.087	.452	.225
PA system Framed to motivate employees	.668	.384	.109	-.166
Provide Constructive feedbacks	.648	.204	-.135	.109
Improves Career and personal development	-.055	.234	-.042	.849
Consider Work achievements	.434	.104	.147	.454
Satisfied with existing PMS	.266	.706	.133	.387

Motivate employees	.216	-.390	.474	.007
Provides Responsibility & authorization	.024	.121	.718	-.154
If not met minimum standards, problems will be discussed with superiors	.407	.043	-.022	.616
Supervisors understand problems	.754	.123	.042	.075
Cordial relationship maintained b/w superiors & subordinates	.466	.336	.183	.129
Do not demand work apart from JD	.231	.278	.683	-.049

KMO and Bartlett's Test

Kaiser-Meyer-Olkin Measure of Sampling Adequacy.		.762
Bartlett's Test of Sphericity	Approx. Chi-Square	1660.666
	df	325
	Sig.	.000

Deliver feedback to management	.600	.341	.060	.241
Identify Training needs	-.009	-.012	.803	.131
Encourage Career growth	.234	.142	.644	.055
Enhances chances for Promotion	.655	-.062	.345	.223
Encourage to Work hard	.417	.061	.596	.091
Improves the chances of Monetary benefits	.202	.031	.848	.113

Correlation was done to check the relationship among the 4 factors. Table no 5 shows the correlation and significance of the 4 factors with each other which helps us in understanding their relationship.

Table no 5 shows the correlation of the 4 factors

Correlations					
		Perception_relationship_PA	Knowledge_PA	Motivation	Satisfaction
Perception_relationship_PA	Pearson Correlation	1	.604**	.554**	.432**
	Sig. (2-tailed)		.000	.000	.000
	N	131	131	131	131
Knowledge_PA	Pearson Correlation	.604**	1	.297**	.426**
	Sig. (2-tailed)	.000		.001	.000
	N	131	131	131	131
Motivation	Pearson Correlation	.554**	.297**	1	.190*
	Sig. (2-tailed)	.000	.001		.029
	N	131	131	131	131
Satisfaction	Pearson Correlation	.432**	.426**	.190*	1
	Sig. (2-tailed)	.000	.000	.029	
	N	131	131	131	131
**. Correlation is significant at the 0.01 level (2-tailed).					
*. Correlation is significant at the 0.05 level (2-tailed).					
Interpretation					

Interpretation

- There is a moderate positive correlation exists between Perception of employees on Performance appraisal system and relationship between superiors and knowledge on Performance appraisal system. Here the correlation coefficient value is .604

- There is a moderate positive correlation exists between Perception of employees on Performance appraisal system and relationship between superiors and Motivation for high performance. Here the correlation coefficient value is .554

- There is a moderate positive correlation exists between Perception of employees on Performance appraisal system and relationship between superiors and Employee satisfaction towards performance appraisal system. Here the correlation coefficient value is .432

- There is a weak positive correlation exists between Knowledge on Performance appraisal system and the Motivation for high performance. Here the correlation coefficient value is .297

- There is a moderate positive correlation exists between Knowledge on Performance appraisal system and the Employee satisfaction towards Performance appraisal system. Here the correlation coefficient value is .426

- There is a weak positive correlation exists between the Motivation for high performance and Employee satisfaction towards the Performance appraisal system. Here the correlation coefficient value is .190

ANNOVA was used to analyze the significance relationship between the departments of the company and the 4 factors which influences the perception of employees on the performance appraisal system. The significant relationship between groups and within groups of all the 4 factors against departments was analyzed.

Table no 5 shows the correlation of the 4 factors

Interpretation

- There is a less statistical difference exists between the Departments in the organization and the Perception of employees between the performance appraisal system and the relationship maintained between the superiors, where the significance value is .004 which is lesser than .005. Therefore alternate hypothesis is accepted.
- There is a statistical difference exists between the Departments in the organization and the Knowledge on performance appraisal system, where the significance value is .000 which is lesser than .005. Therefore alternate hypothesis is accepted.
- There is a statistical difference exists between the Departments in the organization and the Employee satisfaction towards the performance appraisal system, where the significance value is .0018 which is lesser than .005. Therefore alternate hypothesis is accepted

III. DISCUSSION

Since October 2017, the performance appraisal system has been implemented at Atlas Exports Enterprises. As it is new to the company, employees have difference of opinions so their perception on the performance appraisal system was analyzed. A structured questionnaire was framed with 26 statements related to the performance appraisal system and employees' opinion on that was recorded.

Percentage analysis on the level of agreements and disagreements on the 26 variables was measured. It shows that 3 variables such as Performance criteria are developed with the consultation of employees, If your performance has not met the minimum standards, your manager discussed with you the reasons for the same, You are allowed to deliver feedback to the management regarding the appraisal systems were responded by the employees as Neutral with highest percentages of 31.3, 38.2 and 27.5 respectively. For other remaining variables most of employees have agreed. This shows that most of the employees' have agreed to most of the variables which favors the system and they perceive it in a positive way. But still the 3 variables hold high percentages as neutral shows that there are some deviations in the result. So some improvisations have to be done in the system and should make the employees to understand the process clearly.

Factor analysis resulted in Rotated component matrix which has listed the 24 variables, under 4 factors which influence the perception of employees towards the new performance appraisal (1Table no 6 shows the ANNOVA test on Departments and

		Mean Square	F	Sig.
Perception _relationship_PA	Between Groups	76.016	3.150	.004
	Within Groups	24.134		
	Total			
Knowledge_PA	Between Groups	42.049	4.955	.000
	Within Groups	8.486		
	Total			
Motivation	Between Groups	22.934	1.482	.180
	Within Groups	15.474		
	Total			
Satisfaction	Between Groups	8.421	2.538	.018
	Within Groups	3.318		
	Total			

system. Those 4 factors are Perception of employees on the Performance appraisal system and the relationship maintained between the superiors, Knowledge on Performance appraisal system, Motivation for high performances, Satisfaction towards the appraisal system. These factors helped for better understanding of the relationship between each variable and its influences towards the appraisal system.

Correlation test resulted that the factors such as Knowledge on PA, Motivation for high performance and Employee satisfaction towards PA positively influences the Perception of employees towards the Performance appraisal system and their relationship maintained between the superiors.
Also Knowledge on Performance appraisal has an influence towards the Employee satisfaction towards the performance appraisal system.
Factors such as Employee satisfaction towards the Performance appraisal system and Knowledge of Performance appraisal have slightly influenced Motivation for high performance of the employees. Thus correlation helps in understanding the relationship among the 4 factors.

To understand the influence on demographic variable on the 4 factors which influence the perception of employees on the performance appraisal system. ANNOVA has resulted that various department in the organization strongly influences the perception of employees towards he Performance appraisal system. Other than Motivation for high performance others factors were influenced by the departments. Thus among departments slight difference of opinions exist towards the perception on Performance appraisal system.

IV. CONCLUSION

Based on the study, certain factors have been identified which influences the Perception of employees towards the Performance appraisal system. As it has been implemented recently in the company, proper communication might not have happened among various departments in the organization which resulted in slight deviation on the employees' perception. Apart from that little improvisation has to be done on the system to fairly be accepted by all the employees. Thus the proper knowledge, satisfaction and positive perception towards the system would give motivation to the employees which would eventually results in higher performances of the employees. Hence in turn the organization would get benefitted by achieving its goals and objectives.

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