

Factors influence the employee's perception of the performance appraisal system: A study on bank employees in Udaipur

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Abstract: *It is recognized that the configuration and practices of HRM practices vary according to industry, even these practices may vary across the organizations of the same industry, which also presents the distinction between the strategic approaches while implementing the HRM characteristics within organizations. Because PA is recognized as a critical process of HRM system which directly affects the organizational effectiveness, so that studying the employees' perception of this practice with special reference to the factors which directly or indirectly affect or influence the employees' perception is the main objective of this study. The scope of the study was restricted to the employees of those banks which are only operating in Udaipur district of Rajasthan.*

Key words: PA, HRM Practices and System, Organizational effectiveness, perception

Introduction

An increasing competition and demand for the overall performance in the present economic environment is putting pressure on every functional area of the organization to present their contribution in the overall growth or performance of the organization. So for the HRM the traditional approach of minimizing the cost and boosting the efficiency is converted into the contemporary approach that ask to create value to justify the ability of each individual.

It could better be realized as an examinable issue that there is strong and positive relationship between the HRM and organizational performance or effectiveness because HRM is conceptualized as a multiplicity of independent practices or rather a set of integrated and mutually reinforced practices (Boselie et al., 2005). PA is recognized as one of the HRM system's crucial practice which plays a significant role to achieve the overall all organizational performance. The essential role performed by PA is to evaluate the employee's performance by the application of sequential HR practices and approaches to estimate the required outcomes so that the outcomes could be measured on the platform of organizational performance. Outcomes derived by the PA practices and procedures complements the strategic HRM practices like highly skilled employees, training and development for individual, monitoring of employees progression etc. and also helps to monitor facilitation or reward and promotion decisions.

HRM process is conceptualized as a vehicle that can be utilized by management to communicate the desired and reward behavior to employees of the organization which is necessary to achieve the organizational goals (Bowen & Ostroff, 2004). They also argued that HRM system could influence the employee's attitude and behaviors by affecting the employee's perception for the organizations which is directly linked to the organization's performance.

This research examines the factors which may affect the employee's perception for the Performance appraisal and its related characteristics.

Objectives of the study

As the importance of performance appraisal is very crucial for confirming the overall success of entire HRM system because PA helps to determine the individual performance which helps to calculate the organizational effectiveness and also helps to determine the rewards and recognition with the essentiality of training programs within the organization. So studying the factors which influence the employees' perception for PA is considerable and examinable issue, in order to examine the issues following objectives were devised as research objectives:

1. To study and analyze that how bank employees perceive the features of PA process.
2. To study and analyze the factors which significantly affect the perceiving of bank employees for the PA process.
3. To study the factors which affect the bank employee perceptions for the PA?

Literature review

According to Miles and Snow (1984) management of organizations start focusing on the HRM practices because the rise in global competition was creating pressure on them to earn the competitive advantages and to define a system which could regulate and design the strategic planning to sustain the organizational effectiveness. They concluded that incorporating the HRM practices in overall business planning would allow corporations to realize their long term needs.

Jackson et. al. (1989) studied about the HR practices and their need to facilitate the various roles required by the employees. So that a committed HRM strategy is required, as Arthur (1994) characterized that HRM strategy should be effective for decision making, formalized participation mechanism, training, and reward system and for empowering employees.

Performance appraisal practice was recognized as a mechanism to assess individual or team performance, which could also link this assessment with the reward and incentive system of the organization (Huselid, 1995). An inappropriate organizational structure could hinder the effectiveness of highly skilled and motivated employees, so a practice which could improve their skills and current job processes, So HRM configuration should be like an appraisal system which could encourage the employee participation and their engagement in the development of the organization. So HRM content should be referred as set of practices, which could direct employees to attain the organizational goals. PA is one of such practices of HRM system.

Apart of all the other benefits of PA like it may serve multiple goals, provides information relevant to various personnel decisions, including promotions and rewards, employee development, training programs and performance feedback, the ultimate goal of PA is to improve the employee performance under a broader scope of overall organizational development and performance appraisal. One major issue was examined by Denisi and Pritchard (2006) about the impact of PA practices over the employees' behavior and their performance, they concluded that there is a need of improvement in the areas where the factors affects the employees' perception for the PA practice or system.

Bretz et al. (1992) examined the appraisal issues in isolated settings which hindered the effects of PA practices and progress, so they argued to put attention to the situational and

contextual variables to calculate their impact on the PA system. The main assumption adopted in this study was based on the most validly constructed psychometrical terms that PA system would be ineffective if employees did not perceive PA as fair, important and valid practice (Levy & Williams, 2004). So this study majorly intended to examine the factors which significantly influence the employees' perception for the PA system of the organization.

Research methodology

The main purpose of the study is to examine and to discover the factors which affect the employees' perception for the performance appraisal practice or process. The data was observed through the primary method in this study which was collected using quantitative (sample survey through questionnaire) methods. The data were collected from five banks which were operating in Udaipur region.

Data collection was based on completed questionnaire which were collected from a total of 150 employees of the banks, which were chosen on the convenience basis but one issue was under consideration that was respondents should have positive attitude for the research and can give their responses clearly. While selecting the employee respondents it was under consideration that all the levels of employees of the Banks should participate in the study and should be from different departments of the banks. The perception for the performance appraisal system is measured on a scale of 'yes/no/can't say' and on the basis of 'strongly disagree ... strongly agree' Likert's (1932) five point scale too.

Figure 1: Research Framework Model

Demographic Characteristics

1. Gender
2. Age Class
3. Total Years of Service as Bank employee
4. Educational Qualification
5. Job class

Employee Perception

Factors which might influence the Employees' Perception toward PA system

1. General Proactive beliefs
2. Perceived Benefits
3. Perceived Value
4. Effectiveness
5. Need
6. Assessment
7. Visibility of the PA
8. Validity of the PA
9. Fairness of PA

As the study focused on examining those issues which affects the employees' perception for the PA system or practice, factors like demographic variables and nine other variables were also tested against the employees' perception. For the effective and efficient interpretation of the observed data several types of tools were used for statistical analysis or calculation of the questions listed in the questionnaire like descriptive statistics Pearson Correlation, ANOVA and

T-Test. The paper concludes with the researchers' contributions to the literature and the scope for further research in this area.

Data analysis and presentation

According to Miles and Huberman (1994), in analysis data reduction is a part of the data analysis where the analytical decision of researcher sort, focus and organize the data in a way allowing for the final conclusions to emerge and to be verified. This section of the paper presents the insight analysis of the employees' perception for the factors which might influence the employee perception for the PA system of their bank(s).

Table 1: Descriptive Statistics of Demographics of Bank Employees

Gender					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	94	62.7	62.7	62.7
	Female	56	37.3	37.3	100.0
Age					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Under 20	2	1.3	1.3	1.3
	21-30	39	26.0	26.0	27.3
	31-40	62	41.3	41.3	68.7
	More Than 41	47	31.3	31.3	100.0
Total Year of Service As Bank Employee					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Less Than 1 Year	11	7.3	7.3	7.3
	1-5 Years	27	18.0	18.0	25.3
	6-10 Years	47	31.3	31.3	56.7
	11-15 Years	24	16.0	16.0	72.7
	16 Years & above	41	27.3	27.3	100.0
Educational Qualification					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below Secondary	7	4.7	4.7	4.7
	Higher Secondary	18	12.0	12.0	16.7
	Graduate	48	32.0	32.0	48.7
	Post Graduate	54	36.0	36.0	84.7
	Professional Degree	23	15.3	15.3	100.0
Job Class					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Executive Class	34	22.67	22.67	22.67
	Officer Class	50	33.33	33.33	56.00
	Operational Class	66	44.00	44.00	100.0

Source: Author's Compilation

The demographic information presents that a good mix of gender, age, total year of service as bank employee, educational qualification and job class. A good mix respondents present that the responses were observed from diversified classes which could confirm the reliability of conclusions.

Descriptive Statistics Of Employees' Responses For Factors Affecting Perception For Performance Appraisal System

Table 2: Descriptive Statistics

S. No.	Variables	Mean	Std. Deviation	Std. Error Mean
1.	Gender	2.9200	.91785	.12980
2.	Age	4.0400	.92494	.13081
3.	Total Years of Service as Bank employee	4.1400	.88086	.12457
4.	Educational Qualification	3.8000	1.03016	.14569
5.	Job Class	3.4200	1.21622	.17200
6.	General Proactive beliefs	4.1200	.79898	.11299
7.	Perceived benefits	3.2400	.87037	.12309
8.	Perceived Values	4.1200	.79514	.11245
9.	Effectiveness	4.1200	.79898	.11299
10.	Need	3.8000	1.26168	.17843
11.	Assessment	3.0200	.80407	.11371
12.	Visibility of PA	4.1000	.67763	.09583
13.	Validity of PA	4.0600	.97750	.13824
14.	Fairness of PA	3.1800	1.43839	.20342

Source: Primary Data

From Table 2 it could interpret that the mean score value of the age ($4.04 \pm .92$), total years of service as bank employee ($4.14 \pm .88$), general proactive beliefs ($4.12 \pm .79$), perceived values ($4.12 \pm .79$), Effectiveness ($4.12 \pm .79$), Visibility of PA ($4.10 \pm .67$) and validity of PA ($4.06 \pm .97$) was near about to the good mean score that is 4.0. So to examine the factors significance T-Test was applied on the above factors presented in Table 2. This test was conducted on the scores of individual result for the factors to evaluate that their mean was significantly different from a Test score values 4. The test scores 4 represents that respondent's scores for the factors are very good and positive which depicts that the factor significantly affects the employees perception for the PA.

From observing Table 3 it could interpret that the factors which were found significant are gender, age, total years of service as a bank employee, educational qualification, general proactive beliefs, effectiveness, need, visibility of PA and validity of PA factors significantly affects the perception of Bank employees for the Performance appraisal system of their banks.

Excluding all the demographic variables from the further in-depth analysis over the multiple attributes of the Factors which might influence the Employees' Perception toward PA system shown in research framework figure and filtered through the one sample T-test as a significant factors are general proactive beliefs, effectiveness, and need, visibility of PA and validity of PA. The following Table 4 presents the related attributes of the selected factors.

Table 3: One Sample T-Test

One-Sample Test						
	Test Value = 4.0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Gender	.924	149	.360	.12000	-.1409	.3809
Age	.306	149	.761	.04000	-.2229	.3029
Total Years of Service as Bank employee	1.124	149	.267	.14000	-.1103	.3903
Educational Qualification	-1.373	149	.176	-.20000	-.4928	.0928
Job Class	-2.791	149	.007	-.48000	-.8256	-.1344
General Proactive beliefs	1.062	149	.293	.12000	-.1071	.3471
Perceived benefits	-6.174	149	.000	-.76000	-1.0074	-.5126
Perceived Values	-8.715	149	.000	-.98000	-1.2060	-.7540
Effectiveness	1.062	149	.293	.12000	-.1071	.3471
Need	-1.121	149	.268	-.20000	-.5586	.1586
Assessment	-9.498	149	.000	-1.08000	-1.3085	-.8515
Visibility of PA	1.043	149	.302	.10000	-.0926	.2926
Validity of PA	.434	149	.666	.06000	-.2178	.3378
Fairness of PA	-4.031	149	.000	-.82000	-1.2288	-.4112

Table 4: Attributes of Factors which might influence the Employees' Perception toward PA system

Variables and their Attributes
Proactive Beliefs
Links individual and organizational performance
Improving the quality of working and planning
Promote trust and confidence in employees
Helps in decision making
Effectiveness
Continuous assessment of work
Promote fair communication
Periodic feedback
Promote accountability
Validity of PA
Outcomes of the PAS is good enough
PAS interview system is good enough
Adopted PAS process is good
Procedural fairness in PAS
Distributive Fairness in PAS
Visibility of PA
Overall utility of PAS
Overall Accuracy of PAS

Need
PAS as motivational Factor
PAS affects the work performance
PAS is a good tool to evaluate the employee

Source: Questionnaire

Hypotheses Framed To Examine The Significance Of Factors Influences The Employee

H₀A : There is no significant relationship between employees' perception and proactive beliefs for PA system.

H₁A : There is significant relationship between employees' perception and proactive beliefs for PA system.

H₀B : There is no significant relationship between employees' perception and effectiveness of PA system.

H₁B : There is significant relationship between employees' perception and effectiveness of PA system.

H₀C : There is no significant relationship between employees' perception and validity of PA system.

H₀C : There is significant relationship between employees' perception and validity of PA system.

H₀D : There is no significant relationship between employees' perception and visibility of PA system.

H₁D : There is significant relationship between employees' perception and visibility of PA system.

H₀E : There is no significant relationship between employees' perception and need of PA system.

H₁E : There is significant relationship between employees' perception and need of PA system.

Relationship Between The Selected Measured Factors

Degree of relationship between the variables represents that at which extent they affects each other and whether their relationship is significant or not, because a significant relationship asks for more concentration over the dimensions and associated variables.

Table 5 shows Pearson's correlation between the selected factors which may influence the employee's perception for the performance appraisal system of their banks. The correlation between proactive beliefs and effectiveness (.646), proactive beliefs and validity of PA (.587), proactive beliefs and need (.392) is highly significant. Similarly, the relationship between effectiveness and visibility of PA (.568), effectiveness and need (.363) is highly significant. The correlation between validity of PA and visibility of PA (.612) and validity of PA and need (.492) is also found significant. Similarly, correlation between visibility of PA and need is (.510), is also found significant.

But the insignificant relationship found between the proactive beliefs and visibility of PA (.418) and effectiveness and validity of PA (.219).

Table 5: Evaluation of Relationship between factors influences the employee

FACTORS	Proactive Beliefs	Effectiveness	Validity of PA	Visibility of PA	Need
Proactive Beliefs	1	.646(**)	.587(**)	.418	.392(*)
Effectiveness		1	.219	.568(**)	.363(*)
Validity of PA			1	.612(**)	.492(**)
Visibility of PA				1	.510(*)
Need					1

** Correlation is significant at the 0.01 level (2-tailed).

* Correlation is significant at the 0.05 level (2-tailed).

Testing of Hypotheses

The study concentrates on examining the significance of the factors which may influence the employee's perception for the performance appraisal system of their banks, so established hypotheses determines the significant relationship between the employees' perception and selected factors which may influence the employees' perception for the PAs.

From Table 6, it could be interpreted for analyzing the effects of dimension on the employees' perception for the Performance appraisal system ANOVA is applied. The significance of value is measured at 5 percent level. For all dimensions proactive beliefs, effectiveness, validity of PA, visibility of PA and Need the calculated values of variables are found significant at 5 percent level, so alternate hypotheses were accepted. Hence, it is concluded that there is significant relationship between employees' perception and the listed factors which may influence the employees' perception for the PAs.

Table 6: Effect of factors on Employees' perception for the PAs

Dimensions	Variables	Mean	S.D	F	Sig	Accepted / Rejected
Proactive Beliefs	Links individual and organizational performance	3.15	1.451	1.646	.004*	Rejected
	Improving the quality of working and planning	3.33	1.346	2.587	.001*	Rejected
	Promote trust and confidence in employees	3.02	1.411	2.312	.003*	Rejected
	Helps in decision making	3.84	1.247	1.788	.001*	Rejected
Effectiveness	Continuous assessment of work	2.87	1.225	1.812	.004*	Rejected
	Promote fair communication	3.01	1.331	2.014	.002*	Rejected

	Periodic feedback	3.21	1.587	1.810	.001*	Rejected
	Promote accountability	3.09	1.322	1.682	.002*	Rejected
Visibility of PA	Overall utility of PAS	2.31	1.308	1.658	.011*	Rejected
	Overall Accuracy of PAS	2.92	1.392	1.556	.008*	Rejected
Need	PAS as motivational Factor	4.01	1.012	1.771	.006*	Rejected
	PAS affects the work performance	3.64	1.222	1.801	.001*	Rejected
	PAS is a good tool to evaluate the employee	3.55	1.045	2.426	.010*	Rejected
Validity of PA	Outcomes of the PAS is good enough	4.11	0.985	2.445	.004*	Rejected
	PAS interview system is good enough	3.44	1.169	2.621	.001*	Rejected
	Adopted PAS process is good	3.09	1.223	1.952	.009*	Rejected
	Procedural fairness in PAS	3.16	1.362	2.059	.001*	Rejected
	Distributive Fairness in PAS	2.54	1.319	1.847	.001*	Rejected

* Significant at .05 level.

From Table 7, it could be examined that all the alternate hypotheses were accepted, these hypotheses confirm that all dimension proactive beliefs, effectiveness, validity of PA, visibility of PA and Need significantly affect the employees' perception for the PA system of their banks.

Table 7: Status of Hypotheses established to examine the significance of factors which influences the employees' perception for the PAs

Dimensions	Null / Alternate	Hypotheses	Accepted / Rejected
Proactive Beliefs	Null	There is no significant relationship between employees' perception and proactive beliefs for PA system.	Rejected
	Alternate	There is significant relationship between employees' perception and proactive beliefs for PA system.	Accepted
Effectiveness	Null	There is no significant relationship between employees' perception and effectiveness of PA system.	Rejected
	Alternate	There is significant relationship between employees' perception and effectiveness of PA system.	Accepted
Validity of PA	Null	There is no significant relationship between employees' perception and validity of PA system.	Rejected
	Alternate	There is significant relationship between employees' perception and validity of PA system.	Accepted
Visibility of	Null	There is no significant relationship between	Rejected

PA		employees' perception and visibility of PA system.	
	Alternate	There is significant relationship between employees' perception and visibility of PA system.	Accepted
Need	Null	There is no significant relationship between employees' perception and need of PA system.	Rejected
	Alternate	There is significant relationship between employees' perception and need of PA system.	Accepted

Source: Primary Data, Author's compilation

Conclusion

Performance appraisal system is one of the very significant tools of HRM system of any organization which helps to monitor the employee performance as well as also helps to make the decision related to the reward and incentives offered to the employees particularly in Banks. So it become very crucial to identify those factors which influence the employee's perception for the performance appraisal system structured in their banks, although the respondents report positively on the application and utility of the performance appraisal system, but there are certainly multiple factors which might influence their perception for the performance appraisal system of their banks.

The appraisal needs to be developmental and not just evaluative. It may not be confined just to the examination and analysis of the past performance, rather, it may identify the weaknesses and strengths as well as the opportunities for improvement and skill development of the employees so that he can develop as a better performer in the future and may make a career for himself in the industry. Several demographic factors like gender, age educational qualification, total years as bank employee and their job class are included in the study to examine their effects on the perception of employees for the performance appraisal system. And the other factors included in the study were proactive beliefs, perceived benefits, perceived value, effectiveness, need, and validity of PA, visibility of PA, assessment and fairness of PA.

The study has been successful in accomplishing its research objectives and it makes following contributions to the literature. First, the researchers have been able to present the factors which might influence the perceptions of the Bank employees with regard to the performance appraisal system. Second, the researchers have been able to study and analyze the significant dimensions and their characteristics which may influence the employee's perception for the performance appraisal system. Third and the most important, the researchers have been able to all the make groups of variables into five broad dimensions and also to establish that there are five most important dimensions that majorly influences the perception for the performance appraisal system.

With regard to the scope for further research, the following areas are suggested by the researchers: the primary data for the present research was collected from a limited area (Udaipur) and was also limited to a particular industry that was Bank, hence, a research in wider area is suggested which will help validate or nullify the present findings; the study was based on a small sample of five banks and hence, there is a scope to cover more number of Banks and other types of firms in the future.

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