

Unravelling the Impact of Performance Appraisal on Employee Job Satisfaction and Organizational Behaviour: A Comprehensive Analysis

¹Ms. Maria Janet, ²Dr. Anshul Rajawat

¹Research Scholar, Department of Management, Sabarmati University, Ahmedabad, Gujarat

²Associate Professor & Ph.D. Guide, Department of Management, Sabarmati University, Ahmedabad, Gujarat

Email: ¹mariajanet48@gmail.com, ²anshul.s.rajawat@gmail.com

Abstract: *The purpose of this research paper is to investigate how performance appraisal techniques affect employee job satisfaction and organizational behaviour in modern organizations. This research undertakes a thorough examination of the literature, gathers empirical data, and evaluates the results to offer insights into the ways in which performance appraisal systems impact employee attitudes and organizational dynamics. In order to promote positive results, the study gives suggestions for improving performance rating techniques and explores the consequences for human resource management methods.*

Keywords: *performance appraisal, job satisfaction, organizational behaviour, employee attitudes.*

1. INTRODUCTION:

When it comes to organizational management, putting in place efficient performance appraisal systems is essential to developing motivated employees, promoting job satisfaction, and influencing the general conduct of a business. An organization's employees' attitudes, behaviors, and performance outcomes are greatly influenced by performance appraisal, a dynamic tool that goes well beyond simple assessment. Performance appraisal is an organized evaluation procedure.

The intricate connection between performance appraisals and employee motivation is key to their value. Employees get a clear knowledge of their responsibilities, objectives, and the standards by which their contributions are evaluated when performance appraisals are conducted correctly. In addition to serving as a means of identifying and rewarding exceptional performance, this clarity motivates employees by bringing their efforts into line with the goals of the organization. A strong motivating factor that pushes workers to aim for greater productivity and quality in their positions is the possibility of receiving just recognition and compensation.

Furthermore, job satisfaction—a crucial factor in determining employee well-being and organizational success—is affected by performance reviews. Performance appraisal systems have the ability to raise employee work satisfaction levels by providing an organized forum for development and feedback. Positive reinforcement, acknowledgment of accomplishments, and chances for skill development that arise from performance reviews can all play a major role in helping workers feel fulfilled and accomplished, which in turn raises the general level of job satisfaction in the workforce.

Moreover, performance reviews act as a stimulant to mold organizational behaviour. Feedback from appraisal procedures impacts interactions and collective behaviours within departments and teams, in addition to supporting individual growth. It establishes the standard for an environment of open communication, on-going learning, and behaviour that is motivated by performance inside the company. Additionally, a strong assessment system encourages employees to perform in a way that is consistent with the organization's values, mission, and strategic goals. This helps to create a coherent and goal-oriented organizational culture.

The effectiveness of performance appraisal, despite its significant potential impact on employee motivation, job satisfaction, and organizational behaviour, is contingent upon the proper design, implementation, and communication of these systems within the organizational setting. Determining the true impact of appraisal systems, assessments, and feedback mechanisms on employee attitudes and actions is contingent upon several factors, including their subtleties, fairness, and transparency.

The importance of performance appraisal as a pillar of efficient human resource management is essentially highlighted by its influence on organizational behaviour, job satisfaction, and employee motivation. Recognizing its potential impact helps shape plans for organizational growth, productivity, and success in addition to illuminating individual and group employee dynamics.

2. REVIEW OF LITERATURE:

Brown and Leigh (1996), argued on the basis of research which they conducted to identify the role of Employee's job involvement on Employee's performance, Results of their study posits inconsistent direct relationship between Employee's job involvement and Employee's performance in Private industry, but as an extension of their findings they have revealed that Employee's job involvement has a direct effect on Employee's organizational commitment which will lead to higher employee's performance, therefore we can see more the Employee's will be committed towards his or her work he will be more involved with his job which will result in the higher employee's performance.

Ting, (1997) explained that HR practices and job satisfaction are studied widely in different parts of the world. It is assumed that HR practices are closely associated with job satisfaction.

3. OBJECTIVE OF THE STUDY:

1. To investigate the Relationship Between Performance Appraisal and Job Satisfaction
2. To explore the impact of performance appraisal methods on individual and organizational Behaviour.
3. To find out the impact of feedback of performance appraisal on employee satisfaction.
4. To give suggestions for improving the performance of employees and organization.

3.1 HYPOTHESIS:

1. Relationship Between Performance Appraisal and Job Satisfaction

- Null Hypothesis (H0): There is no significant relationship between performance appraisal and job satisfaction among employees.
- Alternative Hypothesis (H1): There is a significant relationship between performance appraisal and job satisfaction among employees.

2. Impact of Performance Appraisal Methods on Individual and Organizational Behavior

- Null Hypothesis (H0): Performance appraisal methods do not significantly impact individual and organizational behavior.
- Alternative Hypothesis (H1): Performance appraisal methods significantly impact individual and organizational behavior.

3. Impact of appraisal feedback on employee job satisfaction.

- Null Hypothesis (H0): There is negative impact of appraisal feedback on their job satisfaction
- There is positive impact of appraisal feedback on their job satisfaction

4. RESEARCH METHODOLOGY:

Research Design

The exploratory character of this study is to shed light on " **Unravelling the Impact of Performance Appraisal on Employee Job Satisfaction and Organizational Behaviour: A Comprehensive Analysis**" Before gathering the data, a number of issues pertaining to important study components will be thoroughly discussed with researchers, experts, and other notable individuals who have years of experience in different industries including banking, manufacturing, IT, Education and many more. The data and concepts gleaned from the conversations will be applied in the development of the study's framework.

Methods of Data Collection

Utilizing a tool, the data was gathered from the sample in order to fulfill the goals of the study and validate the research hypotheses. The purpose of the data collection was to examine **the impact of Performance Appraisal on Employee**

Job Satisfaction as well as organizational behaviour. Both primary and secondary sources of data were used in this investigation.

Primary Data

The primary data was gathered via a questionnaire designed to investigate the **impact of performance appraisal on employee Job Satisfaction and organizational behaviour.** Data was gathered via online Google form open ended questionnaires and interviews of different industrial experts.

Secondary Data

An extensive literature review was conducted as part of this study's exploratory phase to pinpoint the different facets of employee performance appraisal and the impact of their performance on organisation growth. The development of a suitable technique and the creation of a conceptual questionnaire for the study have both benefited greatly from the secondary data. The researcher used a variety of secondary sources, including research papers, journals, periodicals, study reports, working papers, government agency investment reports, newspapers, study reports from committees, plan documents, and websites.

Sampling Method

For this investigation, the researcher conducted a pilot study using the random sampling approach.

Sample Population

For this study, about 60 Employees of different organizations have been visited.

Collection of Data

Open ended questionnaire, Interviews, an online survey to the study's chosen samples have all been used to gather data. The researcher specifically created a five-point rating system and multiple-choice questions for this study while adhering to statistical principles and procedures where appropriate.

5. LIMITATIONS OF THE STUDY :

The investigator would like to draw attention to a few inevitable limitations of the proposed study, given that it is an individual effort. They are listed below.

1. The investigation will be limited by the analytical tool's limits.
2. The study's conclusions will be derived from the respondents' expressed opinions, which may have limits of their own.
3. There will be 60 or so respondents in the study.
4. Chances of error in information collection because many of respondents may have not given actual answers to the questionnaire

6. ANALYSIS & FINDINGS :

- **There is no significant relationship between performance appraisal and job satisfaction among employees.**

Table-1

Correlations			
		How fair do you consider the performance appraisal process?	overall job satisfaction level in the organization
How fair do you consider the performance appraisal process?	Pearson Correlation	1	.283*
	Sig. (2-tailed)		.028
	Sum of Squares and Cross-products	59.250	16.750
	Covariance	1.004	.284
	N	60	60
overall job satisfaction level in the organization	Pearson Correlation	.283*	1
	Sig. (2-tailed)	.028	
	Sum of Squares and Cross-products	16.750	58.983
	Covariance	.284	1.000
	N	60	60

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

This table represents the correlation analysis between two variables: "How fair do you consider the performance appraisal process?" and "overall job satisfaction level in the organization." The analysis was conducted on a sample of 60 individuals.

The table displays the Pearson correlation coefficient, which measures the strength and direction of the linear relationship between these two variables. In this case, the correlation coefficient between the fairness of the performance appraisal process and overall job satisfaction is 0.283.

The table also provides the significance level (Sig.) associated with this correlation coefficient, which is noted as 0.028. This significance level indicates the probability of observing such a correlation by chance. In this instance, the correlation is considered statistically significant at the 0.05 level (2-tailed), meaning there is a reasonably low probability that this correlation occurred randomly.

Additionally, the table shows the sum of squares and cross-products, covariance values, and the sample size (N) for both variables.

Interpreting the correlation:

A positive correlation coefficient (0.283) suggests that there is a positive linear relationship between the perceived fairness of the performance appraisal process and the overall job satisfaction level in the organization.

However, the strength of this relationship is moderate (not very strong), as the correlation coefficient is below 0.5.

The statistical significance (p-value = 0.028) indicates that the observed correlation is unlikely to have occurred by chance alone, adding more confidence to the relationship found.

In summary, this analysis suggests that there is a statistically significant, albeit moderate, positive relationship between employees' perceptions of the fairness of the performance appraisal process and their overall job satisfaction within the organization.

Table-1.1

Confidence Intervals				
	Pearson Correlation	Sig. (2-tailed)	95% Confidence Intervals (2-tailed) ^a	
			Lower	Upper
How fair do you consider the performance appraisal process? - overall job satisfaction level in the organization	.283	.028	.032	.501
a. Estimation is based on Fisher's r-to-z transformation.				

This table provides additional information about the correlation between two variables: "How fair do you consider the performance appraisal process?" and "overall job satisfaction level in the organization." It includes the Pearson correlation coefficient (0.283) and its associated significance level (Sig.) of 0.028, indicating a statistically significant relationship between the two variables.

The table also offers the 95% confidence intervals (2-tailed) for the correlation coefficient. These confidence intervals provide a range of values within which the true population correlation coefficient is estimated to fall with 95% confidence.

The lower and upper bounds of the confidence intervals are shown as 0.032 and 0.501, respectively. This means that we can be 95% confident that the true correlation between the perceived fairness of the performance appraisal process and overall job satisfaction level in the organization lies somewhere between 0.032 and 0.501.

Interpreting the confidence intervals:

The correlation coefficient of 0.283 calculated from the sample data is the best point estimate of the relationship between these variables.

The confidence intervals (0.032 to 0.501) indicate the plausible range within which the true population correlation coefficient is likely to exist.

Since the confidence intervals do not include zero, it reinforces the idea that there is indeed a significant positive relationship between the perceived fairness of performance appraisals and overall job satisfaction in the population.

Null Hypothesis (H0): Performance appraisal methods do not significantly impact individual and organizational behavior.

Table-2

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
To what extent do you think performance appraisal influences the organizational behavior of your team/department?	60	1.72	.865	.112
To what extent do you believe performance appraisals influence teamwork and collaboration?	60	4.15	.880	.114
How would you describe the overall organizational behavior in your workplace?	60	2.68	.948	.122

Table-2.1

One-Sample Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
To what extent do you think performance appraisal influences the organizational behavior of your team/department?	15.366	59	.000	1.717	1.49	1.94
To what extent do you believe performance appraisals influence teamwork and collaboration?	36.545	59	.000	4.150	3.92	4.38
How would you describe the overall organizational behavior in your workplace?	21.933	59	.000	2.683	2.44	2.93

This table summarizes the results of one-sample t-tests conducted on three different variables measuring perceptions within a sample regarding the influence of performance appraisals. Each test compares the mean of the variable against a test value of 0.

Interpretation:

t-value: This statistic indicates how many standard errors the sample mean is from the null hypothesis (test value of 0). Higher t-values suggest a greater difference between the sample mean and the test value.

Degrees of Freedom (df): Represents the number of observations minus 1 in the sample.

Significance (Sig. 2-tailed): Indicates the p-value, the probability of observing the given results (or more extreme) if the null hypothesis is true. A significance of 0.000 implies strong evidence against the null hypothesis.

Mean Difference: Represents how much the sample mean differs from the test value (0 in this case).

95% Confidence Interval: Provides a range within which the true population mean difference is likely to lie, with 95% confidence.

In summary, these results indicate that respondents perceive significant influences of performance appraisals on organizational behavior, teamwork, and the overall workplace environment. The differences between the sample means and the test value of 0 are substantial and highly statistically significant.

• **Null Hypothesis (H0): There is negative impact of appraisal feedback on their job satisfaction**

Table-3

One-Sample Statistics				
	N	Mean	Std. Deviation	Std. Error Mean
Does the feedback received during performance appraisals contribute to improving your job satisfaction?	60	1.32	.676	.087

This table offers descriptive statistics for a specific variable related to employees' perceptions regarding the contribution of feedback received during performance appraisals to their job satisfaction. The statistics are derived from a sample of 60 respondents.

Interpretation:

The average perception of the respondents regarding whether the feedback received during performance appraisals contributes to improving job satisfaction is 1.32.

The standard deviation of 0.676 suggests some variance in responses, indicating that while the mean perception is around 1.32, individual opinions on the impact of feedback on job satisfaction vary to some extent.

The standard error mean (0.087) suggests the potential variability of the sample mean from the true population mean.

These statistics provide insights into the central tendency (mean), variability (standard deviation), and the precision of the mean estimation (standard error) regarding how employees perceive the positive impact of performance appraisal feedback on their job satisfaction.

One-Sample Test						
	Test Value = 0					
	t	df	Sig. (2-tailed)	Mean Difference	95% Confidence Interval of the Difference	
					Lower	Upper
Does the feedback received during performance appraisals contribute to improving your job satisfaction?	15.081	59	.000	1.317	1.14	1.49

This table presents the results of a one-sample t-test conducted on a specific variable that measures the perception of employees regarding the contribution of feedback received during performance appraisals to their job satisfaction. The test compares the mean of this variable against a test value of 0.

Interpretation:

t-value: This statistic represents the number of standard errors the sample mean is away from the null hypothesis (test value of 0). A higher t-value suggests a greater difference between the sample mean and the test value.

Degrees of Freedom (df): It represents the number of observations minus 1 in the sample.

Significance (Sig. 2-tailed): This is the p-value, which indicates the probability of observing the given results (or more extreme) if the null hypothesis is true. A significance value of 0.000 implies strong evidence against the null hypothesis.

Mean Difference: It represents how much the sample mean differs from the test value (0 in this case).

95% Confidence Interval: This provides a range within which the true population mean difference is likely to lie, with 95% confidence.

In summary, these results indicate a strong and statistically significant perception among respondents that the feedback received during performance appraisals contributes positively to improving their job satisfaction. The mean difference

of 1.317 and the tight 95% confidence interval (ranging from 1.14 to 1.49) suggest a consistent perception among the respondents regarding the positive impact of appraisal feedback on their job satisfaction.

7. CONCLUSION:

Influence on Organizational Behavior:

Employees perceive a significant influence of performance appraisals on organizational behavior within their teams/departments. The mean differences obtained from one-sample t-tests were 1.717, and the 95% confidence interval ranged from 1.49 to 1.94. This suggests a consistent perception of impact, indicating that appraisals play a substantial role in shaping organizational behavior.

Impact on Teamwork and Collaboration:

Similarly, there's a strong perception that performance appraisals significantly influence teamwork and collaboration. The mean difference was 4.150, and the 95% confidence interval ranged from 3.92 to 4.38. This indicates a high consensus among respondents regarding the positive impact of appraisals on teamwork.

Overall Organizational Behavior:

The general perception of the overall organizational behavior within the workplace was moderately influenced by performance appraisals. The mean difference was 2.683, and the 95% confidence interval ranged from 2.44 to 2.93. This suggests that while there's an impact, it might not be as strong as in the specific team behavior or collaboration.

Feedback and Job Satisfaction:

The feedback received during performance appraisals significantly contributes to improving job satisfaction. The mean difference obtained from the one-sample t-test was 1.317, and the 95% confidence interval ranged from 1.14 to 1.49. This indicates a strong consensus among employees that the feedback received during appraisals positively affects their job satisfaction.

Overall, these analyses indicate a consistent and significant perception among respondents that performance appraisals have a positive impact on various facets of the workplace, including organizational behavior, teamwork, collaboration, and job satisfaction. This suggests that employees see performance appraisals as valuable mechanisms contributing to the improvement of these aspects within the organization.

REFERENCES:

1. Brown, A, Mockrin, M., (1996). Inner Niger Delta. Freshwater Ecoregions of the World. The Nature Conservancy and World Wildlife Fund, Inc.
2. Ting, Y., (1997). Determinants of job satisfaction of federal government employees. *Public Personnel Management*, Vol.26, No.3, pp. 313-334.
3. Morrow, P. C. (2011). Managing organizational commitment: Insights from longitudinal research. *Journal of Vocational Behaviour*, 79, 18-35.
4. Poon, J. M. (2004). Effects of performance appraisal politics on job satisfaction and turnover intention. *Emerald*, Vol. 33 No. 3, 2004, 13.
5. Shaw, K. (2005). Getting leaders involved in communication strategy: Breaking down the barriers to effective leadership communication. *Strategic Communication Management*, 9, 14-17.