

Employees Perception on Performance Appraisal System in a Public Limited Company in Pakistan

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Abstract

The Performance Appraisal system is now a common phenomenon in Pakistan. It is a major tool for most of the organizations to evaluate various aspects of their employees. Majority of the organizations have implemented this process and is a regular feature for evaluation of their staff. Ample literature is available which has discussed the performance appraisal process at length targeting various dimensions of it. Although in the last few decades many studies are done and sufficient international literature on performance appraisal is available (Landy and Farr, 1980), however very limited research is done in Pakistan in this area. To analyse the perception of employees regarding the performance appraisal system implementation a public limited company in energy sector is selected. The company which previously used to undertake employees evaluation through the Annual Confidential Report (ACR) system introduced Performance appraisal system in 2001 in order to comply with the new vision of the company.

In order to analyze the perception of employees regarding the new system and its implementation, 33 item questionnaires consist of 4 independent and one dependent variables was distributed among 150 management position employees who were acquainted with the Performance appraisal procedure. The questionnaire has 4 independent variable which are Procedural justice, Goal setting, feedback and Pay for performance and one dependent variable, the employee perception towards Performance appraisal process. The instrument used was a likert scale questionnaire with the scale of 1 for strongly disagree to 5 for strongly agree. Factor analysis and regression analysis was done through SPSS19. The result shows the process was implemented as per organization guidelines to the overall satisfaction of employees. There are however some areas of improvement which have been noted in the conclusion. The results and outcome are in line with international published data.

Keywords: Performance appraisal, Perception, Public sector institutions.

1. Introduction

In order to provide an idea about Employee Perception on performance appraisal system a Context of research is presented. A problem statement, research questions and research objectives of this thesis are provided sequentially. At the end significance of the study is also discussed followed by brief summary of the structure of the thesis chapter wise is also provided in this chapter followed by the chapter summary.

1.1. Background of the Research

Performance Appraisal is a well-researched subject worldwide since 1970. Extensive published data is available from around the world focusing on various aspects of the Appraisal system. The objective of this research on the subject is to gather and analyze the data from Pakistani Organizations. Pakistan is one of the under researched country (Aycaan et al, 2000). Performance appraisal is to set measurable standards for individuals of the organization on a set format designed by Human resource department with the consent and approval of senior management .In this process the goals and objectives of the organization are incorporated to make them part of the individual objectives. The Performance management according to Armstrong is a system which focuses on individual progress towards the achievement of his set goals, and targets the system also focuses on the career development and individual improvement in performance standards (Armstrong, 2006).

The misconception in the past about performance appraisal system was simply filling out forms designed by the organization HR team and writing a review by ticking the boxes given in the form. (Delpo, 2007). This misconception about the system that it is only to fill the forms is changed now. The system as opposed to previous misconception is a flexible continuous process and not a system which is rigid only for once a year implementation (Armstrong, 2006).

The Performance appraisal system was first introduced in Pakistan by Multinational companies. Since the MNCs have a uniform system worldwide, it was easy for them to replicate the same with little modification in Pakistan.

1.2. Problem Statement

Many semi Government organizations in Pakistan have moved from ACR (annual confidential report) where there was no involvement of employees in the process to performance appraisal system which is a participative process. To know the employees response about the new system when the questions was asked from the organization senior management, are the employee satisfied, there was no absolute answer which could prove their satisfaction. In many organizations the performance appraisal is taken as a routine exercise due to which most employees perceive this process only a routine exercise which is done once a year and it has no implication on their career. The perception about the forms which are filled during performance appraisal exercise is that the forms will be kept in files and will only be used for next year. (Bank and Murphy 1985) .These researches further mentioned that the rating instrument and procedure with the passage of time has been changed in order to improve the accuracy and fairness of performance appraisal system and

to improve the employees' perception about the process. (Banks & Murphy, 1985). The employee perception about the fairness of the process was also discussed by Milkovich and read (1992). They observed that the most important challenge faced by the organization is employee perception about the process fairness. Folger (1997) also observed the same and says that if the process of performance appraisal is not fair this can become a source of extreme dissatisfaction.

When the shift from ACR to performance appraisal system in the target organization was implemented, the process has involved both raters and rates to greater extent. A major exercise was done preparing all the guidelines and agreeing on various forms and competencies.

It is also critical for senior and middle management to be aware of how the staff perceives the performance appraisal system. This researcher is not aware of any other study in a public sector organization in Pakistan.

1.3. Research Questions

Literature on performance appraisal suggests that that appraisal procedure as a whole has significant effect on employee perception towards performance appraisal (Judge & Ferris, 1993). This relationship has also been revalidated in several other studies (Bowen & Ostroff, 2004, Cropanzano, 2001). Additionally, earlier studies also show that different component of appraisal procedure also affects employees perception. For example in one study it was found that the fairness of appraisal performance positively effects employee's perception of performance appraisal system (Bowen & Ostroff, 2004). Researchers in their studies have also found that the fairness in the appraisal system as a whole would lead to positive effect on employee perception towards appraisal system (Cropanzano, 2001).

Another aspect to evaluate employee perception is goal setting. The literature shows that goal setting and its proper evaluation have influence on employee perception on performance appraisal (Bowen & Ostroff, 2004). It may be pointed out that goal setting and feedback individually and in combination affect employee's perception towards performance appraisal (Locke & Bryan, 1969; Erez, 1977). Goal setting is often used for changing behavioral performance (Latham & blades, 1975; Latham & kinne, 1974). On the other hand studies have also demonstrated that feedback and goal setting can be used to improve the performance appraisal skills (Wayne &, Nemeroff, 1979; Erez, 1977). The relationships of goal setting and employee's perception have also been discussed in several studies (Longenecker, et al.; Robert 2003).

Feedback on performance is another important area where the employee perception can be influenced with regular and timely feedback on his performance. This topic is widely discussed in various studies (Erdogan, 2002; Locke & Bryan, 1969; Erez, 1977). Feedback is a major factor which effect employee perception and is an important component of performance appraisal system (Erdogan, 2002; Locke & Bryan). Employee perception about performance appraisal system will be positive if they know that the appraisal process is useful tool to get feedback which enables them to improve their performance (Mullins, 2007).

Cleveland and Murphy (1989) in their research article based on 243 responded interview has also confirmed that performance appraisal has greatest impact on salary administration and performance feedback.

Pay and raise in the pay is another important factor which can influence the employee perception based on his performance (Mullins, 2007). The pay for performance or pay rise or compensation is a major factor which positively or negatively affects employee's perception about the performance appraisal process. (Cleveland & Murphy, 1989). Increase in monetary compensation is one of the components of performance appraisal (Folger, 1989). Other studies have also validated that procedural fairness and monetary benefits are significant predictors of job satisfaction and employees performance appraisal performance (Swierz et. al, 1999; .Tyler et.al, 1985, Tyler, Rasinski, & McGraw 1985).With reference to above discussion the following research questions.

1. What is the effect of appraisal procedure on employee's performance appraisal perception?
2. What is the effect of procedural justice on employee's performance appraisal perception?
3. What is effect of goal setting on employee's performance appraisal perception?
4. What is the effect of feedback on employee's performance appraisal perception?
5. What is the effect of pay for performance on employee performance appraisal perception?

1.4. Research Objectives of the study

Based on the above questions the following objectives of this research are developed.

- 1) To measure the effect of performance appraisal procedure as a whole on employees perception towards performance appraisal.
- 2) To ascertain the effect of procedural justice on employees perception towards performance appraisal
- 3) To ascertain the effect of goal setting on employees perception towards performance appraisal.
- 4) To ascertain the effect of feedback process on employees perception towards performance appraisal.
- 5) And what is the perception of employees about the pay for performance.

1.5. Significance of the Study

Many studies have explored the relationship between employee perception and procedural justice, Employees perception and goal setting, feedback and performance based pay in various countries and regions but few studies have measured this relationship in the context of Pakistani market. Limited research has been carried out on this issue which lacks the

critical grounding and integration of resemblance in a systemized manner.

This is the first study which is being carried out in the domain of the Public sector organizations which transform their employee evaluation from ACR to Performance appraisal.

From the theoretical perspectives, this study of performance appraisal would help to find out about the employees perception in a public limited company in a Pakistani market. This survey is an extension of knowledge of performance appraisal system based on published research data in international market. From the perspectives of readers which include management and HR specialist, this study would help to understand the Pakistani's employee's views towards performance appraisal. By having a better understanding of the performance appraisal process and opinion of the employees about implementation process the organizations can make better decisions regarding PAS implementation process.

Actions such as how to improve the Procedural justice ,what is the significance and importance of involving the employees in goal setting process and what impact feedback will have on their performance will also be discussed .It will also strengthen how important is the link of pay raise to individual performance discussed and documented in performance appraisal review.

2. Literature Review

2.1. Definition of Performance Appraisal

Various authors have defined performance appraisal in their own words. According to Lansbury (1988)(cited in Islam & Rasad, 2005) Performance appraisal is defined as “*the process of identifying, evaluating and developing the work performance of employees in the organization, so that the organizational goals and objectives are more effectively achieved, while at the same time benefiting employees in terms of recognition, receiving feedback, catering for work and offering career guidance*”. According to Armstrong (2000) Performance appraisal can be defined as “*the formal assessment and rating of individuals by their managers, usually, at annual review meeting*”. In a book 199 Pre-Written Employee Performance Appraisal” by Stephanie (2007) the process is defined “*as an evaluation process which typically involves rater (mostly direct manager) and his employee on a regular basis which is on annual basis or more than once in specified period*”.

2.2. Literature Review of Performance Appraisal

According to Davis and Newstorm (1993) the written and documented history of performance appraisal can be traced to the 19th Century in a book by Robert Owen in which he mentioned about the daily report of each worker of a cotton mill.(Davis and Newstorm 1993) The first formal review according to Stephanie (2007) was conducted after the end of World War II when managers working in corporate enterprises decided to implement a formal system of performance appraisal on the promise that the system when implemented in its true spirit in a proper way will promote improved organizational productivity.

Most of the companies are now using performance appraisal system. The use of System is increased from the mid-1970s. In particular, small companies are now more likely to use these plans. Executive and hourly employees are more likely in all companies, to be covered by them (Bureau of National Affairs, 1974; Conference Board, 1977, Bretz and Milkovich, 1989). According to Development Dimensions International (DDI) survey report published in 1997 on Performance appraisal practices, 91% of the companies use Performance Appraisal system approved and recommended by the organization (Bermthal 1997). The use of P.A system has increased from 46% to 2/3rd of the organizations. In another study published in the same survey more and more organizations are doing more than one review which help employees to evaluate their progress towards attainment of their goals

The appraisal process has many administrative uses such as salary increase, promotion, and employee development (Grote 1996). In order to achieve these objectives the organizations set their own appraisal system. The appraisal system has to be effective to improve the individual performance. (Grote 1996). Anderson (2002) has discovered some of the characteristics of performance appraisal which have proven to partly determine the effectiveness. These include, one: the general aspects like rating techniques, two: the impact of tying performance to pay, three: the accuracy of ratings and the existence of errors and bias in ratings, four: the way performance feedback is given. Five: the influence of training and finally the linkage between participation of system users and its effectiveness. Performance appraisal according to Dick Grote (1996) also has a developmental purpose for the individual. It is also a mean of informing the rate how he is performing, and what changes he need to bring in his behavior in order to further improve his performance. The administrative purpose served by the performance appraisal system includes salary increase, administration, promotion, transfer, demotion and sometimes termination. It also serves a documentary evidence to justify these actions. (Grote 1996)

Prince and Lawler (1986) note that the whole process of performance appraisal starting from work planning and goal setting, and discussion of performance attributes exerts positive influence on employees satisfaction and perceived utility of the PA. Employees perceive their own development in the context of the PA. The employees may get this as a signal of their value and/or future with the company resulting in positive affect associated with this feedback.

Cleveland et al. (1989) .In his paper “*Multiple use of Performance Appraisal* “noted that when organization use performance appraisal for developmental purpose they try to identify the strength and weaknesses of the employees and tracking of their goal achievement. This will help employee to concentrate on development of wide range of technical skills in order to be successful in organization.

According to a study by Nick (1996) appraisals do serve a number of useful purposes for public sector organizations. For managers and subordinates alike the appraisal process falls in to the category of scheduled (or forced) communications.

According to Grote the important part of the process is performance planning which is setting of objectives and key responsibilities with mutual agreement of the rater and rates. This also

includes setting of the standards for evaluation of the objectives and development plan (Grote 1996)

Martin and Bartol (1996) emphasized that an effective performance appraisals is one that has set good standards for the measurement of the goals and objectives. (Martin and Bartol (1998).Casico and Bernardin(1981) confirm the same and further adds that the set measurement stadnards has to be communicated to the employees and a process should also be in place to make sure that the employees have understood the process. (Casico and Bernardin (1981).Erdogan (2002) in this paper noted that the implementation of the standards is the responsibility of the managers while it is the organization's responsibility to set the standards of measurement.

For the Appraisal system to be effective, it is important that quality standards are set for the employee to evaluate his job performance. These standards should be consistent and should align with organization's goals. They have to be realistic, challenging, specific, achievable and understandable, (Brown 87)

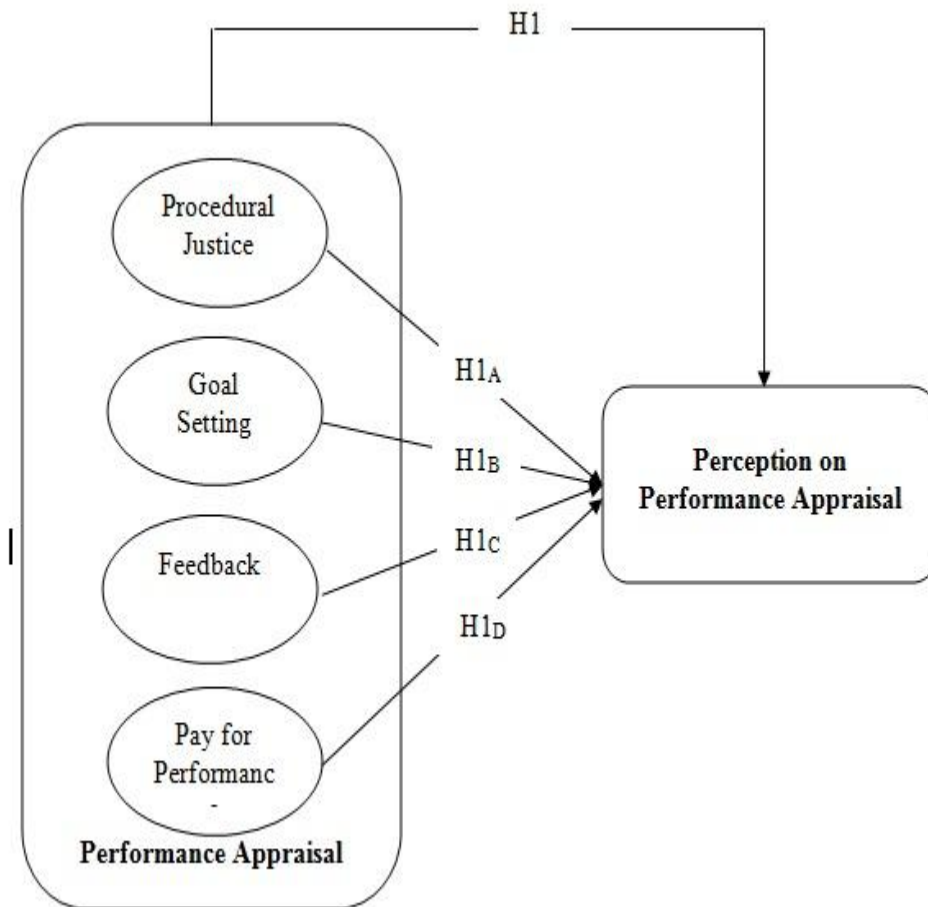
Roberts (2001) in his paper has commented that the objectives of Performance appraisal should consist of corporate objectives, then department objectives based on corporate objectives and finally individuals objectives This should be cascading from strategic objectives to a set of targets for each individual involved (Roberts, 2001) .In short Performance appraisal is used for (1) Setting appropriate monitory rewards and schemes, (2) Training and development plan (3) Coaching (4) Individual career planning, and (5) Communication and feedback process

One of the study done in Pakistan is on the outcome of performance appraisal and its effectiveness by Hafiz Muhammad ishaq.et al(2009).This research, titled '*Effectiveness of Performance Appraisal: Its Outcomes and Detriments in Pakistani Organizations*'. The paper conclude that awareness about effectiveness of performance Appraisal is more. The paper also discussed about the difference in the opinion and views of managers than subordinates regarding performance appraisal effectiveness.

Many Organizations local as well as Multinational in Pakistan adopted this process way back in 80's.Pharmaceutical industry Banks, FMCG and Telecom sector are some of the industries which have successfully implemented a Performance Appraisal system. With introduction of technology the Appraisal system become part of the management information system. Many organizations have started using software such as Oracle and SAP for this purpose.

2.3. Conceptual Framework

The conceptual framework of this study is based on the employee perception regarding the procedural justice in the organization, goal setting, and feedback during the process and performance link with pay which is presented in Figure-1, followed by discussions on the constructs used in the thesis.



2.3.1 Hypotheses

2.3.1.1 Employees Perception of Performance Appraisal

Mohrman et al (1989) in their book, 'Designing Performance Appraisal System' have mentioned that performance appraisal system has a number of positive and negative outcomes. The positive outcomes include the improvement in employee motivation which may result in improved productivity and increased self-esteem. The person will be able to get a clear role understanding.

This process will help to develop a fair process of salary administration and distribution if performed properly. At the same time it is important to note that if the performance appraisal is not done and implemented properly it can create negative outcomes such as employee demotivation, and waste of time and money on forms and other related support activities. (Murphy & Cleveland 1995, Lawler, Mohrman, 1984 & Bernardin & Beatty, 1984 ;) Many researchers point out that the performance appraisal system communicate and determine the pay ,allows the rate to give feedback about his performance and share his feeling and agree on mutual goal setting . Based on the above discussion it has been hypothesized that:

H1: Performance appraisal process positively influences the employees perception of performance appraisal.

2.3.1.2. Procedural Justice and perception toward employees performance

According to Greenberg (1990), Procedural justice is the fairness of the performance appraisal process used to arrive at the outcome-distribution. The employees associate the Procedural justice with the fairness of the process and its outcome .It also increase the fairness of the process. While doing performance appraisal many researchers has observed that procedural justice and job satisfaction and feedback are highly interrelated which leads to greater job satisfaction (Fletcher & MCdowall, 2004: Sabeen & Mehboob, 2008).

Murphy (1978) and Cleveland (1980) showed in their research that if the Performance appraisal systems meet certain conditions the employees will accept it to be fair. Among these conditions includes frequency of feedback, the opportunity for employees to express their feelings during the review process, goal setting and knowledge of the supervisor about the appraisal process. Greenberg (1990) also suggest and proposed five categories which increased the fairness of the process .These categories are (1) Supervisor gets feedback of the employees prior to the formal appraisal process and use it in the appraisal.(2) Make it a two –way communication process between the appraise and appraisal.(3) the ability of the rate to challenge the rating data(4) supervisor is consistent in rating process and (5) Raters knowledge about the rating process. Another researcher (folger ,et all1992) in a three stage ,model for fair Performance appraisal review has commented that the employee has to receive advance notice on performance appraisal standards ,timely and frequent feedback on observations of employees work and employees are encouraged to challenge the process if he thinks the process is unfair.

Judge & Ferris (1993) observed that reward and promotion besides other HRM factors are important factors during performance appraisal to influence employee perception. Bowen & Ostroff (2004) discussed that HRM decision makers agreed on two factors which are important for developing employee perception. These factors are the system fairness and procedural justice. Cropanzano (2001) also observed that procedural justice in organization put a positive impact on employee perception (Cropanzano, 2001). Based on the above discussions it has been hypothesized that:

H1_A: Procedural justice process positively influences the employees perception of performance appraisal.

2.3.1.3 Goal Setting and Performance appraisal

Goal setting is the process when the goals are set for the evaluation and measurement of individual performance for a given period. According to Longenecker (1997) formal appraisal process have been found to be potentially effective for Goal setting and performance planning. According to Cameron (1980) some organizations where either the goals are not properly defined or are even contradictory to each other. There is greater satisfaction associated with performance appraisal when Goal setting is linked and associated with performance appraisal process. (Dobbins et al., 1990). Stevens (1990) also emphasized that each employee to

assigned specific goals which he has to pursue and achieve during the appraisal period which is a year. During the annual performance review rating of employee should be linked with the achievement of these goals.

Deborah(1997) in her paper “Designing Effective Performance Appraisal System “mentions that it is a big challenge to develop an appraisal system which is representative of the employee performance. Managers when conducting the appraisal session should document their observations regarding the employee performance in writing and should also ask the subordinate to come prepared with his written observations and self-appraisal.

Another aspect to evaluate employee perception is goal setting .The literature review shows that goal setting and its proper evaluation has influenced employee perception. Three different studies has observed and suggest that goal setting and feedback are interrelated .In order to change the employee behavior and performance in a positive way goal setting and feedback combination is the appropriate combination (Locke & Bryan (1969), Erez (1977) and (Latham et al., (1978). Various studies have confirmed practical utility of goal setting as a method changing of behavior and performance (Latham & blades, (1975) Latham & kinne,(1974). A study on utilizing feedback and goal setting has demonstrated that feedback and goal setting can be used to improve the performance appraisal skills. (Wayne F, Nemeroff (1979). During Literature search Majority of the goal setting discussion is not related to appraisal however the above studies are related to the appraisal evaluation and the Longenecker has also mentioned in his study the relationship of goal setting with the appraisal and further emphasized that if the goal setting is effective that leads to greater employee satisfaction. (Longenecker, et al. 1994 cited in G.Robert 2003) article). In view of the above discussion it has been hypothesized that:

H1_B: Goal setting process positively influences the employees’ perception of performance appraisal.

2.3.1.4 The role of feedback in performance Appraisal

Feedback is the process when rater during the performance review evaluation process examines the work of the rate and gives him or her verbal and written feedback on his/her performance.

Many research scholars has emphasized on feedback and its importance during performance appraisal. Delpo (2007) in his book, *The Performance Appraisal Handbook* has mentioned that feedback during performance appraisal as per the situation and performance can be positive or negative. This is an important part of the performance evaluation system. Therefore in result of feedback, employee will be able to know what he can do further to achieve his goals. Most systems are developed in response to employees needs to evaluate their performance. It is through the performance appraisal exercise that the employee gain information about their efforts and achievements. The feedback is about providing information to the employee regarding what he has done in the previous year under review. In most cases feedback is incorporated in the appraisal form and some information is given in the form which facilitates the employee to understand how he is perfuming in the eyes of the

company. Although all measurement data provides in the form has some built-in feedback, but few of the employees can adjust their performance based on the data provided. (Moravec 1996, Longenecker 1997)

On the positive side, a majority of appraisers appear to do reasonably well in terms of providing feedback on staff performance, taking the appraisal seriously and being as objective as possible. In majority of cases, appraisers are involved in setting their performance goals and there appears to be agreement between appraiser and appraisee on what constitutes "good" performance. However at the same time it is not generally the case that a majority of respondents do not agree that their appraisers provide them with regular informal feedback on their progress towards objectives and agrees that appraisers take their staffs' careers aspirations seriously.

Robert (2003) also has emphasized on the feedback process and mentioned that in order to make the performance appraisal process effective the feedback process should be both formal and informal (Roberts 2003)

Feedback on performance is another important area where the employee perception can be influenced with regular and timely feedback on his performance. This topic is widely discussed in detail in various studies Erdogan (2002) mentioned feedback is a major factor which effect employee perception. He further mentioned about the procedure while giving feedback. Erdogan viewed feedback as integral part of the PA process and is also an important component of PA process. Employee perception about performance appraisal system will be positive if they know that the appraisal process is useful tool to get feedback which enables them to improve their performance (Mullins, 2007). Cleveland and Murphy (1989) in their article based on 243 responded interview has confirmed that performance appraisal has greatest impact on salary administration and performance feedback. Based on the above discussion it has been hypothesized that:

H1_c: Feedback process positively influences the employees' perception of performance appraisal.

2.3.1.5 Pay for Performance and Perception on Performance Appraisal

According to business dictionary a performance based pay is monetary benefit or reward for employees linked to their performance. (<http://www.businessdictionary.com>) Compensation given on the basis of an employee acquiring a critical skill or knowledge.

Roberts, 2001) also discussed the use of performance appraisal for setting up monetary reward.

Milkovich and Wigdor (1991) argued that there is evidence that pay-for-performance systems can have beneficial effects for the organization. Cleveland et al. 1989 in his research article "multiple use of performance appraisal prevalence and correlates" has mentioned that 63% of the respondents agreed that the Performance appraisal is used for salary administration. (Guinn and Corona, 1991) as cited in Boice and Kleiner article "Designing effective performance appraisal systems" " Observed that when pay is not linked directly to the

performance appraisal process the employees will not take the appraisal process seriously. (Boice and Kleiner, 1997).

Griffin (1987) in his book state that pay should be linked to performance so that when performance shown improvement it should lead to higher pay. He further observed that the employee must have confidence and trust in the fairness of the performance evaluation which will establish the effectiveness of the merit system

Another important factor which can influence the employee perception is the pay and raise in the pay based on his performance. The pay for performance or pay rise or compensation is major factor which makes the employee perception positive or negative. Folger (1989) in his thesis confirmed that full regression analysis shows the procedural justice and feedback which is a component of a procedural justice is related to satisfaction with raises. Another study on performance appraisal has further emphasized that procedural fairness is a significant predictor for pay and job satisfaction (Swiercz et. 1999). Tyler et.al (1985) also observed in his study outcome that the Procedural justice besides feedback makes a significant contribution to pay satisfaction, (Tyler, Rasinski, & McGraw 1985).

Performance base pay is another important and emotional factor for most of the employees. However performance base pay is only part of the reward system which also includes non-financial rewards. Many researchers has mentioned that the discussion on pay during the performance appraisal review discussion session has shown higher employee satisfaction Stephan & Loveland, (1986). De Silva (1998) has also mentioned that performance related pay system has little impact on employee overall behavior if used in isolation. For a Performance appraisal system to be effective in relations to pay for performance the salary adjustment should follow after the performance review process is conducted, Boice & Kleiner (1997). Based on these comments the question for performance base pay is

H1_D: Pay for performance positively influences the employees' perception of performance appraisal.

3. Methodology

3.1. Research Design

Quantitative data analysis is the type of approach taken for this study. The hypotheses constructed in heading 2 will be carefully tested and analyzed using this approach as it not only gives analyses that are statistical but also verifiable and can be used to gather precise measurements as well as objective observations. The data collected in this study has been obtained through a combination of primary as well as secondary research methods. Questionnaires were used to collect the primary data whereas relevant articles and literature reviews were used to gather the secondary data.

3.2. Instrument Development

The basic concept of a thirty three item instrument used in this study is adopted from the study done by a student Anne Von Elverfeldt (2005) in University of Twente Netherland

3.2.1 Employees Perception on Performance

There are seven items that involve an employee's perception regarding performance appraisal. This questionnaire is based on a 5 point likert scale where 1 is the lowest and 5 is the highest rating. This scale is taken from (Lawler 81). The value of the 0.86 was the acceptable reliability of this scale (Sekaran, 2000).

3.2.2 Performance Appraisal Procedure

In order to evaluate the subordinate's Performance, a predetermined rating instrument is used to conduct performance appraisal. (Longenecker and Ludwig 1990). The Performance appraisal in this thesis is measured through an instrument adopted by Anne Von Elverfeldt (2005) a student of University of Twente Netherland. This instrument is modified and contains five components which are performance appraisal, procedural justice, goal setting, feedback, and pay for performance. Each component is based on five to ten items. The instrument is based on five point Likert scales 5 being the highest and 1 being the lowest

3.2.3 Procedural justice Scale

Procedural justice although has many definition however based various researcher view one the most common definition is when there is fairness in the process of organization, s decision making process. (Lind and Tyler, 1988) Procedural justice contains 10 items based on 5 points likert scale.

3.2.4 Goal Setting Scale

Goal setting as defined by Roberts (2003) is the ability to focus employee's effort on the task at hand. Goal setting also help employees to maintain their continuous focus and they not being distracted from future goals even if it is changed. With effective goal setting employees performance and their satisfaction with their own performance is enhanced. (Roberts 2003).

The instrument on goal setting contains 6 items all based on 5 points of Likert Scale. One is showing low level of agreement, and five showing a high level of agreement.

3.2.5 Feedback Scale

In order to improve employee performance feedback has an important role. The aim of feedback is to bring change in employee behavior. In this process employees receives

Feedback on his performance on their job and this feedback become a major factor in evaluating the success on the job. (Harris, 1988). It is painful and difficult when someone hears divergent information about the self-image. Therefore it is critical that the feedback is given in such a way that the receivers can tolerate it. (Dalton, 1996).

3.2.6 Pay for Performance Scale

Performance-based pay is when an employee perceives the organization pay system fair and motivating. It is proven that the Pay for performance-based approach is effective in the improvement of organization success.

According to Banket et al. (2001) performance based incentive plan help in retention of existing employees and attraction of more productive candid prospects.

3.2.7 Population And Sample Size

In research the relevant answers needs be gathered from the research participants who are part of the research population. If the research population is a large group of individuals it becomes almost impossible to gather information from all the units and individuals. Census survey where the survey questions are asked from all the population, however it is not possible and will be very hard due to the large size of the population or the unwillingness of some of the individuals to be part of the survey.(Bryman & Bell, 2007). Due to the above facts a representative sample can be chosen from the whole population which is called sample.(Bryman & Bell, 2007). When the survey form is given to a selected but representative group of individuals within the selected population, is called a sample survey. A sample survey form was used in this survey which is further explained below.

The Managerial staff of the head Office from Grade 4-9 was considered for the survey. The survey was carried out in Head office of the company .The target population size at the time of survey was 645 managers from grade 4-8.all from head office. Gay L. R. (2003) suggests that 10% sample size for large population and 20% sample size will be appropriate for small populations. In this case the researcher has distributed 150 forms in various department and 123 completed forms were received which represent 20.1 % of the population which is an appropriate size for the target populations. The non-respondents were13.3 % .According to research noncompliance usually causes the biggest problem for survey researchers and the one of the major reason of non-response is their lack of interest in the topic. (Rogelberg & luong 1998).

Prior consent from Human resource senior management was taken for distribution of the instrument .It was also determined that only those managers will be included in the survey that has gone through at least three performance appraisal evaluation process. Total of 150 forms were distributed out of which 130 completed forms were received

3.2.8 Sampling technique

In order to ascertain the estimate or approximation of the reality and truth, a Convenience sampling is used in exploratory research. As the name implies, the sample is selected because they are convenient. This no probability method is often used during preliminary research efforts to get a gross estimate of the results, without incurring the cost or time required to select a random sample. (Marshall 1996).The sampling was based on convenience but representative sample. According to Greener a sample will be representative Sample when it reflects the population accurately and also reflects the characteristic as the whole population (greener 2008). Another researcher (Sekaran 2000) also confirmed and defined a questionnaire based on convenience sampling is a subset of the population from a under consideration and consists of a selection of respondents from a population under consideration.

3.2.9 Pretest and Data Collection Procedure

For testing of the instrument and refining the research design a Pre-testing has now become an important and significant part of academic research, (Sicilia et.al, 2006). Pre-testing is a pilot study on a group of respondents for eliminating and improving the measure and scale (Zikmund, 2003). The sample sizes were in the range of 10-50 for pretest appropriate changes were made in the questionnaire Later on based on the pretest results.

150 forms were distributed in head office through various channels. Personal interview were also conducted from selected senior managers. Total of 134 forms received 11 forms which were not completely filled were excluded from analysis. A Total 123 completed forms were included in the analysis.

3.2.10 Data Analysis Method

After data collection the analysis of the collected data should follow (Christensen et. al., 2001). For data analysis of the collected data a quantitative research method is used for statistical analysis. This analysis was done through SPSS 19(Statistical Package for Social Sciences) which is inclusive of reliability and validity tests, Exploratory Factor correlation (Discriminant validity) and Regression analysis which are discussed in the following sections

3.2.11 Reliability and Validity

3.2.11.1 Reliability

To measure the internal consistency the appropriate tool is Cronbach alpha which is the appropriate tool to measure and evaluate reliability. Reliability is an assessment of sameness across all the items. (Litwin 1995, Salant & Dillman. (1994).The Cronbach Alpha test is used for internal reliability of the instrument (Sekaran 1992) .While calculating the Cronbach alpha reliability the coefficient reliabilities from 0.6-0.7 are acceptable according to Sekaran .the coefficient over 0.8 are considered good. (Sekaran 1992)

For reliability of the data two aspects and items, stability and intern reliability should be taken in to consideration. (Bryman & Bell, 2005). To minimize biasness and error the reliability in research is used (Yin, 2007)

Another important aspect in research is the *Internal Reliability* .it is important to consider because this will prove whether the indicator which we are measuring is reliable or not. Through the internal reliability it will be proved that if one indicator value is high then the other indicator will be of high value as will. (Bryman & Bell, 2005).

Validity and reliability tests are used in order to get the quality of the study and testing. Reliability measures the aim and intend of the study and how the measurement tool is used is measured by *Validity*. (Bryman & Bell, 2005). In this thesis reliability and validity both has been secured as explained in the following paragraph.

3.2.11.2 Validity

The test for validity is important for discussing and using the research of social sciences. The validity concept is used to accurately measure whether the various constructed indicators actually measure conceptually. (Bryman & Bell, 2007) i.e. if the theoretical concepts are actually represented by the indicators presented. The three different methods of measuring validity that has been taken to gather the quantitative data are construct, criterion and content validity.

The measurement for content validity needs to be of reasonably high level in order to prove its authenticity. (Bryman & Bell, 2005). The consultation of experts was rarely taken while the construction of questions to verify if the questions and the theoretical framework were actually correlating.

Construct validity is used to measure how accurately an instrument measures the construct that it was intended for. (Cronbach & Mechl, 1955) This validity can be verified by doing a statistical correlation analysis by using quantitative research methods. (Nolan & Heinzen, 2007)

Criterion validity is the ability of the author to study specific type of changes which are to be studied. With this study evidence is shown that this choice shows evidence that the changes really investigate the specific requirements that the research-area demands (Yin, 2007). Criterion validity can be achieved by doing a hypothesis test (Nolan & Heinzen, 2007). To be sure that the right concepts were measured with the right questions all statements were adopted from other researchers which was further tested with research hypotheses.

3.2.11.3 Exploratory Factor Analysis (EFA)

Exploratory factor analysis is done for various reasons and purposes. One fundamental purpose and distinction in order to observe Factor Analysis which is a statistical method is used for reduction of simple data versus understanding latent constructs. The research goal in the former case is to reduce the large set of variables to a smaller and manageable number and retaining the original variance as much as possible. (Conway, Huffcutt 2003)

Exploratory factor analysis is used when turning various interrelated variables into meaningful and independent factors, which are less in number (Hair, et al., 2006). Factor analysis for sampling size is assessed though Kaiser-Meyer-Olkin for the appropriateness of the data structure. Exploratory Factor analysis is used in behavioral and social sciences, marketing; product management and operation research to deal with large data is originated in psychometrics. (Polit & Beck 2012)

The one standard rule of thumb in confirmatory factor analysis is, that minimum loadings should be 0.7 or higher to confirm that independent variables identified by a particular factor. However, some researchers will use lower level such as 0.4 for central factor and for other factor a value of 0.25 because 0.7 is a high standard and the real-life data may not meet this criterion.

The communality measures the percent of variance in a given variable is measured by communality and is explained jointly by all the factors. This may be interpreted as the

reliability of the indicator.

3.2.11.4 Descriptive Statistics

Descriptive statistics permits the researcher to describe the data meaningfully and also gives a summary of the measured data to the reader. The descriptive statistics is presented either in histograms and bar charts depending on their scale category, to give the reader not only a clearer view. (Miller et. al., 2002) but also Mode ,median, and mean which is scale to measure not only to demonstrate an overview but give a perception about the results also . (Christensen et. al., 2010). Descriptive statistic which is used to calculate central tendencies is used in this thesis not only to get perception about the results but to display an overview of the sample.

3.2.11.5 Correlations analysis

In order to show association and strength in between two variables in marketing research a Correlation analysis is used .Karl Pearson is more frequently used correlation coefficient because it explains linear relations between X and Y variable. (Malholtra, 2010). Depending on positive or negative correlation value of the correlation will be between +1 to -1. A +1 (strong positive correlation), indicates that the variables are positively related and -1 (strong negative correlation) indicates that the variables are related but negatively whereas 0 as an indicator of no correlation for different variable.

The higher the sample size the better it will be while calculating the significance of the correlation . (Bryman & Bell, 2005)

3.2.11.6 Regression Analysis

In order to identify and analyze the relationship between one or more independent and dependent variables, regression analysis is used. This analysis helps the researcher to get the answer for question such as whether the relationship exists and if it exists how strong it is. The difference between regression and correlation analysis is Correlation and regression analysis are related in the sense that both deal with relationships among variables. What makes the difference between regression and correlation analyzes is that regression assumes that the independent variable is a cause or a predictor of the dependent variable (Malholtra, 2010). The p-value is calculated to establish the significance of the result .This is a measure for calculating that how much reliable the regression analysis is. In order to show and prove that the results are significant by at least 95% the p-value should be lower than 0, 05 which shows that the result is significant with at least 95 %. The P-value of lower than .01 will indicate that the result significance is at least 99 % (Nolan & Heinzen, 2007). In this thesis, regression analysis was used in order to test the hypotheses.

4. Results

4.1. Department wise Participation of the Respondents

The questionnaire which was distributed in various departments for analysis and feedback were received as per following count and percentage. The highest number of respondents was

from Human resource followed by IT and billing. The average length of service was 6-21 years and the education level was of the majority of the respondents were graduates and Post graduates including MBA and Engineering.

Table 1: Department Wise Participation

Department	Count	%
HR	17	13.8
I.T	16	13
Billing	14	11.4
Finance	14	11.3
Sales	14	11.3
Operation	08	6.5
P&D	07	5.7
Others	33	

4.2. Descriptive Statistics

To ascertain the data normality we have generated the descriptive statistic which is summarized in Table 2.

Table 2 Descriptive Analysis

	Mean	Std. Dev.	Skewness	Kurtosis
Per.App	3.498	0.677	-0.786	0.828
Pr.Justice	3.420	0.748	-0.541	0.287
Goal. Setting	3.745	0.602	-0.336	0.899
Feedback	3.331	0.814	-0.471	0.115
Pay for.Per	3.533	0.811	-0.517	0.124

In the above table goal setting (Mean=3.745, SD= .602) has the lowest Skewness (0.336), and Performance Appraisal perception (Mean = 3.498, SD=0.677) has the highest Skewness (-0.786). The Kurtosis for all the items is positive, the highest for goal setting (Mean =3.745, SD=.602) is 0.899 and the lowest for feedback which is (Mean=3.331, SD= 0.814) and kurtosis is 0.115. Since all the construct are positive and within the range of ± 1.5 therefore it can be assumed that the data has normal tendency.

4.3. Discriminate Validity

According to Bryman the correlations analysis is a common process on one to one basis of all the items (Bryman & Bell, 2005). In order to do regression analysis the correlation is a requirement; Bryman further highlighted that the constructs should be should be between 0.20-0.90 for moderate level. The item needs to be dropped if its correlation is below 0.20. Similarly if correlation value of two items is $>.90$ it also either needs to be dropped or merged (Bryman & Bell, 2005). The results are presented in Table 3.

Table 3 Summarized Correlation Results

	Per.App	Pr.Justice	Goal. Setting	Feedback	Pay for.Per
Per.App	1				
Pr.Justice	0.448	1			
Goal. Setting	0.389	0.528	1		
Feedback	0.502	0.800	0.557	1	
Pay for. Per	0.454	0.478	0.512	0.459	1

Above Table shows the correlation between performance appraisal fairness perception and procedural justice, goal setting, feedback and pay for performance. The relationship is highest i.e. 0.800 between feedback and procedural justice process, followed by correlation between goal setting and feedback (0.557), whereas correlation between performance appraisal fairness perception and goal setting has lowest correlation (0.389).

4.4. Exploratory Factor Analysis (EFA)

Exploratory factor analysis was carried out to define the underlying structure among the variables. Criteria used for retaining or dropping the items is discussed in part 3.

Table 4: EFA for the constructs

Construct	Original Item	Kaiser-Meyer-Olkin	Factor Loading	Bartlett's test of sphericity
Employees Perception	7	0.882	85%	113. P=.000
Procedural Justice	10	0.878	81%	134.8 P=.000
Goal Setting	6	0.775	76%	0.196.2 P=.000
Performance feedback	6	0.796	79%	0.273 P=.0000
Pay for performance	4	0.701	82%	101.1 P=.000

The result shows that Kaiser-Meyer-Olkin level for All the variables are more than minimum acceptable level .06 mentioned in Hair et al. (2006). Our study results are in line with a study done in Malaysia where the KMO for Procedural Justice was .73 Cronbach alpha 0.90 , feedback 0.72 and Cronbach alpha 0.90 and for job satisfaction was 0.72 ,Alpha .84 which confirm that our data is in line with international data

4.5. Reliability of the constructs

The instrument used for this pretest comprised of constructs which were earlier used by the researchers and therefore have established validities and reliabilities. However, the reliabilities of the used constructs were again reestablished, and the summarized results are presented below:

Table 5: Reliability of the Constructs

Construct	Cronbach's Alpha	Cronbach's Alpha on standardized item	No of items	Mean	S.D
Employee Perception	0.741	0.741	7	3.49	.685
Procedural justice	0.889	0.892	10	3.42	.75
Goal Setting	0.769	0.781	6	3.74	.6
Performance Feedback	0.840	0.840	6	3.33	.816
Pay for performance	0.727	0.729	4	3.53	.80

The above table shows that the reliability of Procedural Justice is the highest ($\alpha=0.889$, $M=3.42$, $SD=0.75$). Reliabilities of all the constructs were greater than 0.7 which are within the acceptable range indicating that the respective items have reasonable internal consistency and reliability. The Cronbach alpha for Employee perception and all independent variables is 0.913 which shows the strong correlation ship.

4.6. Performance Appraisal and Perception (H1)

The hypothesis that the performance appraisal process positively influences the employee's perception of Performance appraisal was tested through Regression analysis. The summarized results are presented below:

Table 6: Summarized Regression Results

Variables	Unstandardized Coefficient		Standard Coefficient	T	Sig
	B	Std Error	Beta		
Performance Appraisal Process	0.874	0.69	0.753	12.597	0.00

Dependent Variable: Perception on Performance Appraisal Note: $R^2 = 0.567$; Adjusted $R^2 = .564$, $P < .05$, $F(1,122) = 158.681 < 0$

The results of the regression indicates that the predictors performance appraisal process explains that 56.7% of the variance ($R^2=0.567$, $F(1,122)=158.681$, $p<.05$). It was also found that performance appraisal process significantly predicts perception on performance appraisal ($\beta = 0.753$, $p<.05$) which according to Cohen(1998) is a large effect.

4.7. Procedural Justice and Perception (H1A)

The Hypothesis procedural justice has an influence on employee perception on performance appraisal was tested through Regression analysis. The summarized results are presented in Table 7.

Table 7: Summarized Regression Results

Variables	Unstandardized Coefficient		Standardized coefficient	t	Sig;
	B	Std.error	B		
Procedural Justice	.490	.069	.540	7.060	0.00

Dependent Variable: Perception on Performance Appraisal Note: $R^2 = 0.292$; Adjusted $R^2 = 0.282$, $P<.05$, $F(2,122) = 49.884 < 0$

The results of the regression indicates that the predictors performance appraisal process explains that 28.2% of the variance ($R^2=0.292$, $F(1,22)=49.84$, $p<.05$). It was also found that performance appraisal process significantly predicts perception on performance appraisal ($\beta = 0.540$, $p<.05$) which according to Cohen(1998) is a large effect.

4.8. Goal Setting and Perception.(H1b)

The Hypothesis Goal setting has an influence on employee perception on performance appraisal was tested through Regression analysis. The summarized results are presented in Table 8.

Table 8: Summarized Regression Results

Variables	Unstandardized Coefficient		Standard Coefficient	T	Sig
	B	Std Error	β eta		
Goal Setting	0.543	0.69	0.484	6.086	0.00

Dependent Variable: Perception on Performance Appraisal Note: $R^2 = 0.234$; Adjusted $R^2 = 0.228$, $P<.05$, $F(1,122) = 37.034 < 0$

The results of the regression indicates that the predictor Goal Setting explains that 22.8% of the variance ($R^2=0.228$, $F(1,122) = 37.034$, $p < .05$). It was also found that performance appraisal process significantly predicts perception on performance appraisal ($\beta = 0.484$, $p < .05$) which according to Cohen(1998) is a large effect.

4.9. Feedback and Perception (H1c)

The Hypothesis Feedback has an influence on employee perception on performance appraisal was tested through Regression analysis. The summarized results are presented in Table 9.

Table 9: Summarized Regression Results

Variables	Unstandardized Coefficient		Standard Coefficient	T	Sig
	B	Std Error	β		
Feedback	0.465	0.63	0.558	7.395	0.00

Dependent Variable: Perception on Performance Appraisal Note: $R^2 = 0.311$; Adjusted $R^2 = 0.306$, $P < .05$, $F(1,122) = 54.687 < 0$

The results of the regression indicates that the predictor Feedback explains 30.6% of the variance ($R^2=0.306$, $F(1,122) = 54.687$, $p < .05$). It was also found that Feedback significantly predicts perception on performance appraisal ($\beta = 0.558$, $p < .05$) which according to Cohen(1998) is a large effect.

4.10. Hypothesis Pay for Performance; (H1D)

The Hypothesis pay for performance has an influence on employee perception on performance appraisal was tested through Regression analysis. The summarized results are presented in Table 10.

Table 10: Summarized Regression Results

Variables	Unstandardized Coefficient		Standard Coefficient	T	Sig
	B	Std Error	β		
Pay for Performance	0.384	0.66	0.458	5.672	0.00

Dependent Variable: Perception on Performance Appraisal Note: $R^2 = 0.210$; Adjusted $R^2 = 0.203$, $P < .05$, $F(1,122) = 32.164 < 0$

The results of the regression indicates that the predictor Feedback explains 20.3% of the variance ($R^2=0.203$, $F(1,122)=32.164$, $p<.05$). It was also found that Feedback significantly predicts perception on performance appraisal ($\beta = 0.458$, $p<.05$) which according to Cohen(1998) is a large effect.

5. Discussion And Conclusion

This study which primarily involved a survey conducted in a Gas Company to analyze the implementation of Performance appraisal system. Although the company had implemented the new performance appraisal system about a decade ago this study was the first ever attempt made to evaluate the perception of employees regarding the system. The Sui southern Gas Company is a Semi-government organization as was the case with other Government organizations had the archaic Annual Confidential Report in place until 2000.

The overall result of the study shows that the respondents on an overall basis had a positive perception on performance appraisal process. In this thesis one hypothesis and four sub-hypothesis were developed and tested. All the hypotheses were substantiated and were consistent to earlier studies. The results of the hypothesis and its relevance to earlier studies are discussed in the following sections

5.1. Hypothesis 1

The Hypothesis on the relationship of performance appraisal procedure as a whole has no effect on employees performance appraisal was substantiated (Table 7). These answers the Research Question 1, which is: What is the effect of performance appraisal procedure (as a whole) on employees' perception about Performance appraisal?

Judge & Ferris (1993) observed that appraisal procedure as a whole is significant on employee perception towards perception of performance appraisal. Bowen & Ostroff (2004) also emphasized that the fairness of appraisal performance also positively effects employee's perception of performance appraisal system. Others in their studies have also found that the fairness in the appraisal system as a whole would lead to positive effect on employee perception towards appraisal system (Cropanzano, 2001).

5.1.1. Hypothesis 1A

The Hypothesis on the relationship of procedural justice and employee perception on performance appraisal was substantiated (Table 7). This answers the Research Question 2, which is: What is the effect of Procedural justice on employees' perception of Performance appraisal?

This result related to the relationship between Procedural Justice and Employee Perception on performance appraisal is consistent to some studies and while in consistence to other studies. Judge & Ferris (1993) observed that reward and promotion besides other HRM factors are important factors during performance appraisal to influence employee perception. Bowen & Ostroff (2004) discussed that HRM decision makers agreed on two factors which are important for developing employee perception. These factors are the system fairness and procedural justice. Cropanzano (2001) also observed that procedural justice in organization

put a positive impact on employee perception (Cropanzano,2001) .

5.1.2. Hypothesis 1_B

The Hypothesis on the relationship of goal setting and employee perception on performance appraisal was substantiated (Table 8). These answers the Research Question 3, which is: What is the effect of goal setting on employees' perception of Performance appraisal?

This result related to the feedback and employee perception on performance appraisal is consistent to some studies and in consistence to other studies. Employee perception is goal setting. The literature review shows that goal setting and its proper evaluation has influenced employee perception .three different studies has observed and suggest that goal setting and feedback are interrelated .In order to change the employee behavior and performance in a positive way goal setting and feedback combination is the appropriate combination (Locke & Bryan (1969), Erez (1977) and (Latham et al., (1978). Various studies have confirmed practical utility of goal setting as a method changing of behavior and performance (Latham & blades ,(1975) Latham & kinne,(1974). A study on utilizing feedback and goal setting has demonstrated that feedback and goal setting can be used to improve the performance appraisal skills. (Wayne F, Nemeroff (1979). During Literature search Majority of the goal setting discussion is in setting not related to appraisal however the above studies are related to the appraisal evaluation and the Longenecker has mentioned in his study also the relationship of goal setting in relationship with the appraisal and further emphasized that if the goal setting is effective that leads to greater employee satisfaction.

5.1.3. Hypothesis 1_C

The Hypothesis on the relationship of feedback and employee perception on performance appraisal was substantiated (Table 9). These answers the Research Question 4, which is: What is the effect of feedback on employees' perception of Performance appraisal?

This result related to the feedback and employee perception on performance appraisal is consistent to some studies and in consistence to other studies. Feedback on performance is another important area where the employee perception can be influenced with regular and timely feedback on his performance .This topic is widely discussed in detail in various studies Erdogan (2002) mentioned feedback is a major factor which effect employee perception. He further mentioned about the procedure while giving feedback. Erdogan viewed feedback as integral part of the PA process and is also an important component of PA process. Employee perception about performance appraisal system will be positive if they know that the appraisal process is useful tool to get feedback which enables them to improve their performance (Mullins, 2007). Cleveland and Murphy (1989) in their research article based on 243 responded interview has confirmed that performance appraisal has greatest impact on salary administration and performance feedback.

5.1.4. Hypothesis 1_D

The Hypothesis on the relationship of pay for performance and employee perception on performance appraisal was substantiated (Table 10). These answers the Research Question 5,

which is: What is the effect of pay for performance on employees' perception of Performance appraisal?

This result related to the feedback and employee perception on performance appraisal is consistent to some studies and in consistence to other studies. Performance base pay is another important and emotional factor for most of the employees. However performance base pay is only part of the reward system which also includes non-financial rewards. Many researchers have mentioned that the discussion on pay during the performance appraisal review discussion session has shown higher employee satisfaction Stephhan & Loveland, (1986). De Silva (1998) has also mentioned that performance related pay system has little impact on employee overall behavior if used in isolation. For a Performance appraisal system to be effective in relations to pay for performance, the salary adjustment should follow after the performance review process is conducted, Boice & Kleiner (1997).

5.1.5. Implication for Managers and Policy Makers

Majority of the respondents are very positive about the contents of the forms used by the company for documenting Performance appraisal. The forms and the guidelines are very well explained. The respondents agree that Performance appraisal system has encouraged the employees to communicate openly with their supervisor. Majority of the respondents agree with the contents of the instrument. However at the same time the respondents did not agree with question that "Performance appraisal measure accurately what I do on my job". The reason being the form used for performance appraisal is the same for whole organization, the respondents observed that the form does not measure what I do on my job implying that the organization need to tailor the performance appraisal form in line with job specification of the person being rated.

5.2. Limitation and Future Research

This survey only focuses on the employee perception about performance appraisal and its link with Procedural Justice, Goal Setting, Performance Feedback and Pay for performance. The researcher has gathered data only from managers .A research is also required to be done on Non Managerial employees. 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. A research is also needed to be done on the role of senior management in the process.

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