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Examine Relationship between Employees Satisfaction on Performance Appraisal System with Reduction of Rater's Error

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Abstract:
Human resource management is a very important part of the organisation. The various components like Recruitment, selection, Training and Development, Performance Appraisal System all comes under human resource management. All these components play a very important role in the organisation. This study basically focuses on one of the important components of human resource management that is Performance Appraisal System. This system used to evaluate the performance of an employee in the organisation. The organisation may be any industry, firm, institution, factory etc. In this study organisation is some educational institutes and respondents are the faculty members of these educational institutes. This system used for the evaluation of employee's performance so it is very important that employee is satisfied with their evaluation process or appraiser's rating. If the employee is not satisfied with their evaluation then this leads to their dissatisfaction with Performance Appraisal System. The main purpose of the study is to measure the satisfaction level of faculty members with the Performance Appraisal System of their institutes and examine the relationship between employees satisfaction on Performance Appraisal System with reduction of rater's error.

Key words: Performance Appraisal System, Rater (Appraiser), Ratee (Appraisee), Rating, Rater's Error (Appraiser's Error)

1. Introduction

Performance Appraisal System is one of the important components of human resource management. It plays a very important role in the organisation. The organisation may be any institute, company, firm, industry or a factory. This system plays a very important role in every organisation. This is also considering the important component for the job satisfaction of employees. Employees are satisfied with their job if they are satisfied with their appraisal system. There are various methods of appraising the employee in the organisation. It depends upon the organisation which method they use to evaluate the performance of an employee. Satisfaction with appraisal system depends upon how much the system is free from errors or way of rating the employees by the rater on the basis of employee performance or evaluation criteria of the organisation. The most important terms in Performance Appraisal System are:

Rater (Appraiser): The person who evaluate the performance of an employee

Ratee (Appraisee): The person whose evaluation is done.

Rating: The process of evaluation

The rater's errors in Performance Appraisal System are:

- Halo effect: Halo effect is the tendency of the rater to allow one aspect of a man's character to influence his overall rating of the employee.
- Central tendency: Central tendency is the tendency of the rater to give average ratings to the employee without actually appraising or condemning them.
- Recent Behavior (The Pitchfork Effect): As per the human nature, it is a common tendency to rate the people on the basis of their recent behavior and forgetting the events and their performance in the starting of the period.
- Horn Effect: It is the tendency of the rater to assume that an individual is generally a negative person, and will probably assume all other traits about him/her are bound to be negative.
- Problem of Leniency or Strictness: Some raters that are lenient will give high rating to everyone. On the other hand, a strict evaluator will give low ratings to all.
- Similarity Error: This Error arises from the mental makeup of an evaluator. He uses his own trait as a basis for assessing the employees. For example, if he is aggressive, then he will try to find this trait in subordinates.
- Status Effect: A status effect takes place when employees in a higher level job are overrated whereas employees in the lower level job are underrated.
- Spillover Effect: A spillover effect takes place when past performance appraisal ratings influence current ratings.

- Contrast Effect: this Error takes place when an employee's performance gets influenced by the difference in certain behavioral characteristics or traits between the employees and the appraiser/rater.

If the appraisal system is free from these errors or there is no partial behaviour is done during rating by the rater then employee is satisfied with their appraisal system which leads to satisfaction with the job by the employee. So it is very important for an organisation that there appraisal system should free from any kind of errors. Because lesser is the rater's error higher is the satisfaction with the appraisal system.

2. Review of Literature

Ahmad et al. (2012) in his study showed that rater's attitude, recency effect, and deflation of marks are related to dissatisfaction among employee in performance appraisal decisions. Karimi et al. (2011) examined the relationship of Performance Appraisal System and employee satisfaction by taking employee Performance Appraisal System as independent variable and employee satisfaction as dependent variable and find out that there is positive relationship between Performance Appraisal System and employee satisfaction. Cochran (2006) expressed that the 360 degree feedback tool has many positive aspects and its use is becoming more widespread. The power of the 360 degree feedback tool is that it provides clear and important performance appraisal information from a variety of sources. Veld Kamp et al. (2005) says that factors like 360 degree appraisal, procedural justice, goal setting and performance feedback scored relatively high for the effectiveness of Performance Appraisal System whereas performance based pay received the less score for the effectiveness of Performance Appraisal System. Chu (2002) proposed a comprehensive framework of performance appraisal including six categories, namely, appraisal purposes, appraisal personnel, appraisal criteria, appraisal methods, appraisal timing and appraisal feedback. Manning (1988) identify a variation to more common appraisal methods. The author suggests a self-evaluation component be added to the standard supervisor review. This is then compare and contrasted with the evaluation completed by the supervisor. The results potentially lead the employee and supervisor to more meaningful discussion. He emphasize that this evaluation process always result in an engaging discussion between the employee and manager. The author also suggest that an appraisal that does not include an meaningful discussion between the manager and supervisor potentially crudes the usefulness and effectiveness of the process. Kenneth Chukwuba in his study Performance Appraisal System in the workplace showed that an organisation can get benefit from Performance Appraisal System by using it properly and taking as an important part of the organisation. Ayaz khan Depicts that most of the appraisal decisions are influenced by the appraisers style of management, instead of taking actual performance of employees and awarding them genuine rating, personal instincts of the evaluators and their liking and disliking for the concerned employees mould their opinion and decisions with regarding to awarding rating of performance evaluation to them. Subjectivity rather than objectivity is the ultimate off shoot of the said tendency followed by the appraisers.

3. Need of the Study

Rater's Error in Performance Appraisal System plays a very important role with the dissatisfaction of employee with the appraisal system. Higher is the rater's error higher is the dissatisfaction of employee with the appraisal system. If the evaluation system of the organisation is not free from error or employee is not satisfied with their rater's rating that means employee is not satisfied with their appraisal system which leads to the result of leaving the job by the employee. That means increase in Employee Attrition. The main reason of doing this study is increase in Employee Attrition.

4. Objectives of the Study

- To measure the satisfaction level of faculty members with respect to Performance Appraisal System of their institutes.
- To find out the relationship between Employee Satisfaction on Performance Appraisal System with reduction of rater's error.

5. Hypotheses

The hypotheses has made according to the second objective of the study i.e.

- H_0 – There will be no significant relationship between Employee Satisfaction on Performance Appraisal System with reduction of rater's error.
- H_1 -- There will be a significant relationship between Employee Satisfaction on Performance Appraisal System with reduction of rater's error.

6. Research Methodology

6.1. Sources of Data

For this study both primary as well as secondary data was used. The primary data for the study has been collected with the help of faculty members by using well-structured questionnaire and secondary data was collected from books, journals and various websites.

6.2. Research Design

Descriptive Research Design has been used to achieve the objectives of the study.

6.3. Sampling Size
For this study, 200 employees have been taken as the sample. The sample has been collected from four educational institutes. Here employees are the faculty members of the educational institutes.

6.4. Sampling Technique
Convenience sampling technique has been used in this study. Selection of faculty members and institutes is done according to Convenience sampling technique.

7. Result and Discussion
This section contains the analysis of data collected during the survey. Data is analysed by using MS-Excel and SPSS. Data so collected is being interpreted as per the objectives of the study.
The first objective of the study is to measure the satisfaction level of faculty members with Performance Appraisal System of their institutes.

	I Am Satisfied With My Current Performance Appraisal System				
		Frequency	**Percent**	**Valid Percent**	**Cumulative Percent**
Valid	Strongly Disagree	3	1.5	1.5	1.5
	Disagree	16	8.0	8.0	9.5
	Neutral	12	6.0	6.0	15.5
	Agree	157	78.5	78.5	94.0
	Strongly Agree	12	6.0	6.0	100.0
	Total	200	100.0	100.0	

Table 1: Shows The Employee Satisfaction With Performance Appraisal System Of Their Institutes.

The above table shows that out of 200 respondents 3 respondents are strongly disagree with the statement that they are satisfied with their appraisal System. 16 respondents are those who are disagree with the statement. 12 respondents having neutral response with the statement whereas 157 respondents are those who are agree and 12 are those who are strongly agree with the statement that they are satisfied with their appraisal System. That means maximum no. of respondents having positive response. Maximum no of respondents feel that they are satisfied with their Performance Appraisal System.
Now the second objective is to measure the relationship between Employee Satisfaction on Performance Appraisal System with reduction of rater's error. Correlation technique is used to achieve this objective. The hypothesis based on this objective is
- H_0 – There will be no significant relationship between Employee Satisfaction on Performance Appraisal System with reduction of rater's error.
- H_1 -- There will be a significant relationship between Employee Satisfaction on Performance Appraisal System with reduction of rater's error.

To achieve this objective firstly the average of the responses of the respondent has been taken according to the statements made on the basis of reduction of rater's error. After taking average all the respondents has one value.

RE Stands for Reduction of Rater's Error										
Respondent No.	**RE1**	**RE2**	**RE3**	**RE4**	**RE5**	**RE6**	**RE7**	**RE8**	**RE9**	**RE10**	**Reduction of rater's error average**
1	4	3	4	3	5	5	5	3	4	4	4
2	5	3	5	5	4	5	5	5	4	4	4.5
3	5	3	5	5	5	5	5	5	5	5	4.8
4	3	3	3	4	4	3	5	5	3	3	3.6
5	4	3	4	3	4	3	4	4	4	4	3.7
6	4	3	4	4	4	3	5	3	4	3	3.7
7	3	3	3	3	5	3	5	3	4	4	3.6
8	2	2	2	2	2	5	5	5	5	5	3.5
9	4	4	4	4	4	4	4	4	4	4	4
10	4	3	4	3	5	5	5	3	4	4	4

Table 2: Shows The Average Of The Responses Of The Respondent

Here RE1 to RE 10 means the statement related to reduction of rater's error.
After finding the average SPSS is used to find out the relation between Employee Satisfaction on Performance Appraisal System with reduction of rater's error.

Correlations			
		I am satisfied with my current Performance Appraisal System	Reduction of Rater's error average
I am satisfied with my current Performance Appraisal System	Pearson Correlation	1	.233[**]
	Sig. (2-tailed)		.001
	N	200	200
Rater's error average	Pearson Correlation	.233[**]	1
	Sig. (2-tailed)	.001	
	N	200	200
**. Correlation is significant at the 0.01 level (2-tailed).			

Table 3: Shows The Correlation Between Employee Satisfaction On Performance Appraisal System With Reduction Of Rater's Error

The above table 3 shows that there is a significant relationship between Employee Satisfaction on Performance Appraisal System with reduction of rater's error. The value of correlation "r" is .233 which is positive that shows that there is a positive correlation between Employee Satisfaction on Performance Appraisal System with reduction of rater's error. That means Performance Appraisal System should be free from rater's error so that employees are satisfied with their appraisal System. This correlation also shows that employees are satisfied with their Performance Appraisal System when their System is free from any error and there is no partial behaviour is done on the basis of the System and rater should rate the employee according to his/her performance.

8. Findings
- The findings shows that maximum no. of respondents are satisfied with their Performance Appraisal System.
- The findings also revealed that there is a significant relationship between Employee Satisfaction on Performance Appraisal System with Reduction of Rater's error.

9. Suggestions
Some suggestion has been made based on findings of the study. Few of the faculty members feel that they are not satisfied with their appraisal System. That means they think that there system is not free from error and they must need some improvement in their appraisal system. In this case institutes has to make some criteria to know that why their faculty members are not satisfied with their appraisal system. The reason of dissatisfaction may be any like may be employee feels that rater rating is not according to their performance there is some partial behaviour in the rater's rating or may be employee feels that they are not getting proper feedback of performance like where they need to perform well or what is their good or bad points from rater. The reason of dissatisfaction may vary from employee to employee but institute has to make some criteria to know the reason of dissatisfaction of employee and make strategies to remove the dissatisfaction of employees and feel them satisfied.

10. Conclusion
This study concludes that being the important component of job Satisfaction it is very important that employee is satisfied with their appraisal system. It is possible when the system if free from rater's error and rating is only done by seeing the performance of an employee not another things is included like religion, relationship with supervisor etc. and proper feedback is provided to the employees after evaluation by the rater's that what is the good and bad point of the employees performance and provide proper reward to the employee whose performance is best. If this happens then Performance Appraisal System is free from any error and employee must be satisfied with their appraisal system which leads to satisfaction of employee with their job and therefore lesser is the employee attrition.

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