Is Performance Appraisal Really Essential? An Evidence from Apparel Sector in Sri Lanka

P.T. MADUMALI[1] & A.K. ANJALA[2]

[1, 2] *Department of Business Management, Faculty of Management Studies, Rajarata University of Sri Lanka*

Abstract- The purpose of this study was to investigate the relationship between performance appraisal and employee motivation of non-managerial employees in apparel sector in Sri Lanka. Performance appraisal has been treated as an independent variable and employee motivation as dependent variable. As the sample the study selected 100 non-managerial employee who work in three garments factories using stratified sampling method where the data were collected using a structured questionnaire. Descriptive statistics, Correlation, Regression and ANOVA were used as data analyzing tools using SPSS 21. According to the findings there was appositive significant relationship between performance appraisals on employee motivation of non-managerial employees in apparel sector in Sri Lanka. Furthermore, R^2 indicated that 77.3% variance of employee motivation was explained by performance appraisal. Recommendations and implementations are provided based on the results and further the research findings are helpful for the future research as well.
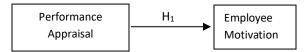
I. INTRODUCTION

No organization exists without workers. Worker less-organizations are impossible to realize even in a growing high- tech economy. Generally, any organization whether private or public, in industrial or service sector is characterized by the employees. Thus, success of an organization largely depends on how effectively employees perform their jobs. According to Sheikh et al. (2003) the organization requires high level of performance from its employees. The level of performance is the product of employee abilities and motivation. Dash et al, (2008) found some factors of motivation which is common for all employees as recognition for performance, chances of promotion, professional growth, compensation and incentive schemes. Moreover, Dash et al, (2008) clarified that a successful appraisal system is vital to attract, retain and motivate the workforces. Further, when a performance management system is used for employee motivation, the appraisal information is used to direct the training for development of employee capabilities (Pulakos, 2004; Selvarajan and Cloninger, 2012). According to Rue and Byars (2005), performance appraisal is a process of determining and communicating how employees work and planning for improving the process of functioning of work responsibilities.

When considering the Apparel Industry it is very important to study performance appraisal system as a highly labor intensive sector. Dissanayaka & Ali, (2013) studied the performance appraisal system in Apparel Industry where the study revealed that there were moderate level performance appraisal and recommended that the top management of the Apparel Industry of Sri Lanka must give more attention to provide the training for appraisers to improve performance appraisal system to a higher extent and achieve very high business performance.

There is a limited number of researches directed towards this field, hence there is a lacuna of research in this sector. Therefore, the problem, which is to be address in this study, considers; does the performance appraisal system influence on employee motivation in apparel sector in Sri Lanka? The study attempts to accomplish several objectives by the examination of the concept of using performance appraisal as a means of employee motivation as; to identify the impact of performance appraisal system on employee motivation among non-managerial employees in apparel sector in Sri Lanka and to provide suitable recommendations.

II. CONCEPTUAL FRAMEWORK AND HYPOTHESIS

Based existing literature, this study developed following conceptual framework and hypothesis as follows.

Based on the previous studies in this study researcher will test the following hypothesis to find whether there is a significant relationship between the performance appraisal system and employee motivation of non-managerial employees in apparel sector in Matale district.

H1: There is a significant impact of performance appraisal on employee motivation among non-managerial employees in apparel sector in Sri Lanka.

III. METHODOLOGY

The study can be identified as a quantitative type of basic research which follows the deductive research approach. The cross-sectional design was used with structured questionnaires to examine the relationship between the performance appraisal and employee motivation among non-managerial employees of Garment factories in Sri Lanka. Based on the population the study collected data from 125 of non-managerial employees in three garment factories in Matale District in Sri Lanka. In order to collect data a structured questionnaire was used and the questionnaire was mainly divided into two parts. The first part of the questionnaire was devoted to collect demographics of employees as age, gender, education and experience etc. The second part of the questionnaire was devoted to measure performance appraisal and employee motivation of non-managerial employees using 5 point Likert scaling from strongly disagree to strongly agree level. The collected data was analyzed by using the statistical tools as, Descriptive Statistic, Correlation, and Regression analysis with the help of SPSS 21 version.

IV. FINDINGS OF THE STUDY

1. Correlation Analysis

Pearson correlation test was used to examine the correlation between performance appraisal and employee motivation among non-managerial employees of Apparel sector in Sri Lanka. The result of the correlation analysis is presented in Table 1.

Table 1: Correlation Analysis

	Performance appraisal system	Motivation
Performance appraisal	1	
Motivation	.877**	1

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

The Pearson correlation value between performance appraisal and motivation was 0.877 which shows a significant positive relationship between performance appraisal and employee motivation. Therefore, the main hypothesis to the study and be accepted.

2. Regression Analysis

The multiple regression analysis was used to test the impact of performance appraisal on employee motivation. The result of the regression analysis are presented in Table 2 and Table 3. According to the R squared value of Table 2, employee motivation is explained by 76.7 % variation of performance appraisal among non-managerial employees of Garment factories in Sri Lanka.

Table 2: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.876a	.767	.762	.37178

a. Predictors: (Constant), Performance Appraisal System

Table 3: Regression Analysis

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.
	B	Std. Error	Beta		
(Constant)	.186	.114		1.519	.000
Performance Appraisal System	.920	.034	.764	25.50	.000

a. Dependent Variable: Employee Motivation

Moreover, the results reveal that performance appraisal (β = .920, p<.05) has a significant positive effect on employee motivation among non-managerial employees of Garment factories in Sri Lanka.

V. CONCLUSION AND RECOMMENDATIONS

The problem of the study, addresses whether performance appraisal encourages employee motivation. According to the findings of the study there was a significant relationship between performance appraisal and employee motivation. Accordingly, mangers should focus on developing a proper mechanism to establish a sound performance appraisal mechanism to motivate their employees. Therefore, following recommendations have been proposed by the researcher to improve the effective and efficient utilization of the appraisal system.

The performance appraisal information should not only use for organization administrative purposes but also for developmental purposes for the employees. Moreover, there is a need to evaluate all employee's performance irrespective of their job status using fixed time approach plus job cycle approach by using several evaluators including the immediate superior of the employee in an annual basis or if possible twice per year. In order to get a higher degree of accuracy in appraisal use objective criteria as many as possible. In case of subjective criteria use an attempt should be made to develop some forms of objective indicators so as to make more objective evaluations with respect of subjective criteria. The criteria should be developed based on traits, behaviors and results. When setting standards a great care should be given so as to recognize the acceptable and unacceptable levels of performance and it should be observable, measurable and challenge an employee while being realistic. Select the appraisal method which minimizes disadvantages while maximizing the advantages of the performance appraisal. Indeed, here should be a suitable weighting according to the significance of each evaluation criterion. At the same time, a sufficient training opportunity should be arranged for the evaluators to do the evaluation better.

As future research areas, the study should be expand into other sectors by examine the relationship of employee performance appraisal system and employee motivation in public and private sector. This kind of investigation would help to explain the relationship among the different aspects of employee performance appraisal in developing employee motivation. In this study only consider one independent variable but further researchers have to add more independent variables affecting on employee motivation and also this study considered only dependent variable and independent variables but further can use mediating variable and moderate variable also.

REFERENCES

[1]   Byars, L., & Rue, L. W. (2000). Management: Skills and application. NY: McGraw-Hill.

[2]   Dash, H., Drabman, R., Spitalnik, R., & Spitalnik, K. (2008). Sociometric and disruptive behavior as a function of four types of token reinforcement systems. Journal of Applied Behaviour Analysis 7 (1), 93-191.

[3]   Dissanayaka, N. M. N. P., & Hussain Ali, M. A. M. (2013). Impact of work life balance on employees' performance: an empirical study on seven apparel organizations in Sri Lanka. Apparel industry. Sri Lankan Journal of Human Resource Management, 1(2).

[4]   Newman, A., & Sheikh, A. Z. (2012). Organizational rewards and employee commitment: a Chinese study. Journal of Managerial Psychology, 27(1), 71-89.

[5]   Pulakos, E. D. (2004). Performance management. SHRM Foundation Effective Practices Guidelines.

[6]   Selvarajan, T. T., & Cloninger, P. A. (2012). Can performance appraisals motivate employees to improve performance? A Mexican study. The International Journal of Human Resource Management, 23(15), 3063-3084.