

**PERFORMANCE APPRAISAL AND ITS EFFECT ON
JOB SATISFACTION AND TURNOVER INTENTIONS**

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Sri Lanka

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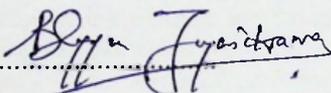
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Abstract

The main focus of the case-study based research presented in this thesis is the performance appraisal and its effect on job satisfaction and the turnover intentions of software engineers in a large IT services company in Sri Lanka. This global information technology service providing company operates in a market segment which is highly competitive and experiencing rapid technological advancements.

In order to be sustainable in the served market segment, company has identified that it should expand its client base. The company has been experiencing a considerably high annual staff turnover rate.

Employee retention has become a critical issue for the company. This is because it lacks a quality resource pool to address growing project requirements which are essential to overcome the present challenges they are facing and for overall organizational success in the long term. As such, a research was carried upon the areas covering performance appraisal process and its impact on employee's job satisfaction and turnover intentions.

This research brings out results that can be incorporated in organizational performance appraisal process making by the management of the company with a special emphasis on the job satisfaction of their employees, which is the most valuable asset of the organization. Further, the present study hints on other avenues that could be explored further as future research, in the field of performance appraisal process and its impact on employee's job satisfaction and turnover intentions.

Acknowledgement

It is with immense gratitude that I acknowledge the guidance of my Supervisor, Dr. Shehan Perera. I am indebted to him for his advice, helpful comments and for the suggestions offered to me throughout the research study and the Human Resources Manager from CSC (Pvt) Ltd, for their priceless guidance and advice on my research work.

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Abbreviations

Abbreviation	Description
ICT	: Information and Communication Technology
ICTA	: Information and Communication Technology Agency
IT	: Information Technology
PAS	: Performance Appraisal System
PAR	: Performance Appraisal Rating
CAC	: Cronbach's Alpha Coefficient

CHAPTER 1: INTRODUCTION

1.1 Background of the Study

1.1.1 Overview of the Sri Lankan IT Industry

Information Communication Technology (ICT) has changed the landscape of many organizations in the banking and finance, insurance, telecommunication, architecture, textiles, government institutes etc. as well as in other small and medium scale enterprises. Other reasons for the strategic importance of the IT sector are the low capital requirement to startup a company with potential for exceptional growth later. Additionally the remote working possibility using the Internet as the delivery mechanism and the excellent employment opportunities for the educated/unemployed youth, high potential to generate wealth and foreign exchange due to the global demand further justifies the strategic importance of this industry to the economy. Thus, the use of ICT is now perceived by organizations as a source of competitive advantage over rival organizations.

The relatively cheaper skilled labor available in the 3rd world countries such as Sri Lanka has meant that developed countries look for opportunities to get their software solutions done by outsourcing their needs to the 3rd world countries. Hence, opportunities have been created for IT companies, SME's and skilled IT professionals in Sri Lanka to undertake such local and foreign projects.

Loss of knowledge workers and the high attrition rates create major problems to an organization. The problems range from day to day issues such as delays in completion of projects, difficulties in finding ideal replacements for the knowledge workers which leaves to more deep seated issues such as difficulty in capturing / retaining tacit knowledge embedded in individuals and frustrated customers having to deal with many people from the performing organization during the life of a project (Bauer & Kunze, 2004).

Overall Growth of ICT Workforce

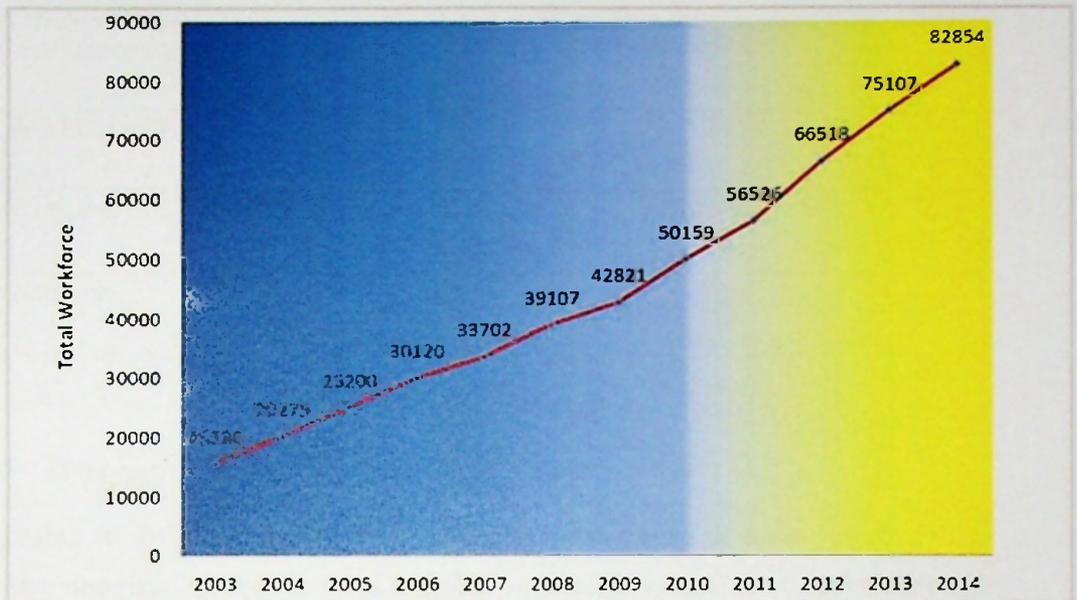


Figure 1.1: Overall IT Workforce Growth Trend 2003 – 2014 (ICTA, 2013)

Figure 1.1 shows the overall growth of ICT workforce. According to the ICT Workforce Survey 2013, upward swing has been created starting from 2009 as a positive effect of post conflict enhancements in the domestic conditions and steady recovery of the global economic situation.

As a result, considering the past 5 years, the overall workforce has grown from 50,159 in 2010 to 75,107 in 2013. It is a rise of 50% at Compound Annual Growth Rate (CAGR) of 14.4%. The projection figure of 82,854 for 2014 is based on the number of employees required for the coming year which suggests that the way of increasing is likely to continue in the future too (ICTA, 2013).

Attrition of IT Workforce by Sector

As per the survey carried out by ICTA (2013), Table 1.1 summarizes their findings on sector wise turnover rate of professionals in 2013.

Table 1.1: Turnover rates for different sectors in 2013 (ICTA, 2013)

Sector	Turnover as a Percentage
IT Workforce in the IT Sector	9.9%
IT Workforce in BPO	18.2%
IT Workforce in Non IT Sector	1.3%
Government	2.6%

1.1.2 Overview of CSC

According to the 2015 annual report of the company used as a case study in the research described in this thesis (herein after referred to as the Case Study Company or CSC. Specifically, based on context, CSC refers to the Sri Lanka operation of CSC). CSC is a global information technology service providing company. It uses its own global delivery model in providing IT services to 2000 global companies. The major services it provides are Application Development, Application Testing, Business Consulting, Application Support & Maintenance and System Integration. CSC is known for accelerating business outcomes by modernizing and consolidating existing client's core customer centric business systems into one or more core systems.

Furthermore, the company is well known for providing cost effective solutions. CSC practices the latest industrial best practices such as Agile which is an industrial standard process of accelerating product delivery which is more customers centric. Accelerated Solution Design (ASD) which is another industrial standard for decision making and design process in guaranteeing the final deliverables are met with customer requirements and specifications. Moreover, CSC focuses on reducing the IT operational cost of their clients by provision of solutions while adopting growing technological advancements.

CSC's headquarter is located in a North Eastern state of the United States of America with offices in other states as well as in Europe. These countries include United

Kingdom, Germany, Sweden and Australia. The global delivery centers are located in Sri Lanka as well as in Europe and South East Asia.

The company operates in a market segment which is highly competitive and experiencing rapid technological advancements. Their primary competitors include offshore IT outsourcing firms and consulting and systems integration firms. It experiences high competitiveness from regions like India, China, Eastern Europe and Latin America.

According to the company's financial highlights which were taken from the CSC Annual Report in the year 2015, the company has been able to enjoy a growth in profit during the last five years. On the other hand, even though the company made a profit, it is facing a problem when it comes to addressing immediate project requirements due to a lack of competent resource pool. As of 31st March 2015, CSC contributed to the overall worldwide headcount of approximately 10,000 employees and was experiencing 14.7 % annual staff turnover. Sri Lanka and India contributed more to the attrition rate and is weighted towards the more junior members of the staff (CSC, 2015).

1.2 Problem Identification

According to the CSC annual report (2015), CSC is facing several challenges at this moment when it comes to making profit in a highly competitive environment. One of the major problems they face is that, a considerable amount of the revenue is being generated only from 3 clients and the majority of the business is focused on the United States. If the company faces instability in the US economy or loss on one of the major clients, the company's profit will be strongly affected. Furthermore, CSC is experiencing high competitiveness from the competitors located in India, China and growing IT economies in Eastern Europe and Latin America.

When it comes to facing the competitiveness, CSC suffers from facilitating time critical deliverables for the newly acquired customers due to the lack of skilled employees in the resource pool. In this situation giant competitors have an advantage

in getting hold of such opportunities beating CSC due to the large resource pools such competitors process.

CSC has identified the risk of hiring or retaining the number and quality of technical personnel necessary to satisfy their current and future client needs since the attrition rate was 14.7% in the fiscal year ending on March 31, 2015 (CSC 2015). The majority of attrition occurs in India and Sri Lanka, and is weighted towards the more junior members of the staff. Additionally, it contributes to increase the cost in hiring a replacement and in giving training until they can become productive and billable to clients. This may cause client dissatisfaction, project and staffing delays in new and existing engagements, project cancellations, project losses, higher project costs and loss of revenue, resulting in decreases in profits and results of operations.

In order to be sustainable in the served market segment, CSC has identified that it should expand its client base without depending mainly on the US economy. As it has been explained above when addressing new market segments, the company suffers from lack of skilled employees in addressing new time critical client requirements.

Understanding this fact, as a part of retention strategy, CSC has experienced increases in compensation and benefit costs, which may continue in the future. CSC HR has strengthened its recruitment process by taking initiatives to collaborate with reputed Universities both in Sri Lanka and India with the intention of recruiting top talented students out of these institutes. Furthermore, it has strengthened the employee motivation techniques by introducing a sophisticated appraisal process and other means which will be further discussed under Problem Justification.

Even though CSC HR has taken strong measures to strengthen its performance appraisal techniques with the intention of retaining skilled employees, the company has been subjected to an annual staff turnover rate of 14.7% as of 31st March 2015.

Table – 1.2 shows the voluntary and involuntary attrition rates in the last 5 years at

CSC (CSC 2011, CSC 2012, CSC 2013, CSC 2014, CSC 2015).

Table 1.2: CSC voluntary and involuntary attrition rate

Year	Voluntary	Involuntary
2011	22.6	5.1
2012	15.5	5.0
2013	13.3	3.1
2014	14.8	4.7
2015	14.7	3.7

As per the interviews carried out with several senior staff members in CSC, it was identified that problems exist in managers adhering to the performance appraisal process which opens the door for employees to perceive the appraisal process as inaccurate due to several incidents which occurred recently.

1.3 Problem Justification

CSC operates in a rapidly changing business environment that involves a number of risks, some of which are beyond its control. The following discussion highlights such problems that are visible in the organization.

CSC is a company where majority of its revenue is highly dependent on a few major customers. According to CSC annual report (2015), the company's financial statistics indicate that 1/3 of the company revenue has been generated from 3 major clients which are a global Telecom Company, a global Insurance Company and a global Bank. They have contributed 12.4%, 10.5%, and 9.1% respectively making up a total of 32% to the company's revenue.

The loss of revenue from any of these major clients would reduce the total revenue, damage company reputation in the industry and would affect the accuracy of predicting

the revenue. Furthermore, loss of such a client would adversely affect on the company's gross profit and resource utilization since resources allocated for that client should be allocated to a new billable project or should be moved to the unallocated resource pool (known as bench).

The contracts between these major clients and CSC is such that they retain CSC as their IT services providing partner on a non-exclusive, engagement-by-engagement basis rather than on long-term exclusive contracts. Furthermore, these clients have the right to terminate or reduce CSC engagement with their business operations without termination related penalties. Therefore, due to such termination of contract, it would force CSC to increase its involuntary attrition which is likely to have a negative effect on the company's attrition rate and would cause difficulties in hiring skilled IT professionals in future and retaining them.

Therefore, it can be stated that until CSC diversifies its services and expands the client base, the future success of the company is heavily dependent on the volume of business with the major clients.

High competitiveness can be seen in the IT service market which consists of a growing number of players. CSC's main competitors include offshore IT outsourcing firms and firms which provide consultation and systems integration services. In the local context, it experiences competition from local IT services providing firms that are based on the geographic areas which CSC serves, in-house IT departments and few other small IT service providers. Furthermore, it experiences strong competition from the emerging IT service providers in Eastern Europe, Latin America and China as well as offshore IT service providers in India.

The majority of the competitors of CSC are large consulting firms having superior financial strength, which gives them a competitive advantage in the project bidding process by offering lower billing rates to secure client contracts. Furthermore, such competitors consist of a huge resource pool and they have been able to retain skilled resources by offering incentives/ attractive compensation due to their financial strength. Such factors give opportunity to the competitors to win over large scale projects over CSC.

Acquisition of new clients or expansion of existing projects is highly dependent on the company's ability to hire, train and retain highly skilled IT professionals. Due to the rapid growth of the Global IT Services Industry, there is an emerging need for employees with specialized skills or significant experience in the industry. Therefore, it has become a challenge for CSC to hire skilled experienced IT resources for its operations where the company finds it difficult to manage and staff existing/new projects.

It is an industry which experiences high employee turnover. In the fiscal year ended on 31st March 2015, CSC has experienced voluntary turnover rate of 14.7% (CSC, 2015). It has become a challenge for the company to hire/retain skilled IT professionals in order to satisfy the client needs. Furthermore, when replacing the personnel who have left the company, CSC finds this process quite challenging since the process increases cost not only in hiring new resources, but also in training the new recruits until they become productive and billable assets.

An efficient recruitment process is critical to the company's survival since the inability to recruit/allocate staff for the new/existing client needs would lead to customer dissatisfaction, project cancellations, project losses, increased project costs and loss of revenue which will have a negative impact on profit margins and the company's financial stability.

Moreover, CSC has identified the importance of retaining the employees since the company has already invested a considerable amount of time and money on the existing employees by providing them the necessary training and other career building programs.

CSC consists of a sophisticated performance evaluation process which enables the company to identify individual training needs. The process is used as the base for decisions relating to compensation and promotions. With the intention of retaining employees, as given below, CSC HR has addressed several factors which improve retention (CSC, 2015):

- Providing employees the opportunity of handling more challenging technical and organizational problems
- Providing employees a clear career path, rotation of client domains and opportunities to grow rapidly
- Providing opportunities to interact with the client and provide real time solutions
- Recognizing top performers and rewarding them
- Encouraging an open culture in the work environment
- Creating a family oriented work culture with fun, and
- Creating strong peer group work environment

Even though HR has taken such measures, as per the interviews carried out with several employees of CSC (Consultants, Senior Engineers, Engineers, Associate Engineers), it was found that the majority of the employees who are leaving the organization are Tier 4 employees. Following are the key designation which falls under Tier 4:

- Associate Software Engineer/ Software Engineer
- Associate QA Engineer/ QA Engineer
- Associate Business Analyst/ Business Analyst
- Associate Executive/ Executive

Moreover, during the interview sessions it was found that several employees have left CSC after the performance appraisal process due to influences made by managers on their performance rating.

There have been incidents where employee absence of work due to medical reasons and poor health condition of their parents has been considered as non-compliance factors to the performance objectives. Due to the above mentioned reason, such employees have been restricted from being eligible for the appraisal cycle by their respective managers.

Furthermore, there were instances where the manager has rated the employees on their technical competencies without considering feedback from respective technical consultants. Due to such actions, employees have lost the opportunity of getting their promotions/ confirmation of service on time. Also, it has been found that employees

having conflicts with tech leads/ managers have been given a lower rating which led the employees for not getting promoted and there have been cases where female employees have undergone sexual harassment from their managers/ tech leads which has led employees to quit their job. For such harassments, CSC has taken strict actions by terminating the guilty parties.

Moreover, there were cases where top performing employees couldn't finish the internal exams on time due to heavy work load. Therefore, these employees were not eligible for the promotions. Additionally, incidents have been reported relating to the irrelevancy of the provided performance feedback in the appraisal review meetings where the managers have been providing feedback based on his/her personal judgment of the employee rather than follow the appraisal guidelines. Due to such incidents, there is a possibility that employees perceive their superiors are not adhering to the given appraisal guidelines and that the entire appraisal process is not accurate and fair which might lead to employee dissatisfaction and quitting the job.

Employee retention has become a critical issue for CSC since it lacks a quality resource pool to address growing project requirements which are essential to overcome the present challenges they are facing and for overall organizational success in the long term. Hence, a research will be carried upon the areas covering CSC's performance appraisal process and its impact on employee's job satisfaction and turnover intentions.

1.4 Research Question

What are the factors that will influence the success rate of Employee Performance Appraisal which affects job satisfaction and turnover intentions of Software Engineers at CSC?

1.5 Objectives of the Study

- To explore and determine the approaches of evaluating performance of employees and related methods of conducting performance appraisal process.

- To explore the performance appraisal process of CSC and understand the main factors which influence the success rate of the performance evaluation carried out within the organization.
- To determine the relationship between Performance Appraisal and employee outcomes in the form of job satisfaction and turnover intentions.

1.6 Significance of the Study

Information Technology is a field which depends heavily upon skilled knowledge workers. However, it is a well-known fact that skilled Software Engineers cannot be made overnight. It is also a well-known fact that the most experienced and well trained employees are the most productive. When one such employee leaves an IT firm such as CSC it has several costly effects on organizations as listed below.

- a) Organizations invest a huge amount in training Engineers. When employees leave the organization, it loses the opportunity for a return on the investment made in developing the individuals.
- b) Engineer requires a wide variety of skills. The procedure of interviewing, screening and selecting Software Engineers with the required skills is time consuming and costly.
- c) There might be difficulties in finding Software Engineer with the required amount of experience and specialization.
- d) Software Engineering tasks are project based and are done by project teams. A key individual of a project team leaving the organization can be demoralizing to the other team members and be harmful to the success of a project.
- e) When a Software Developer leaves an organization he takes certain amount of tacit knowledge out of the organizations with him. Although Knowledge transfer sessions and knowledge bases are used to capture this knowledge, it is not possible to capture and save it completely.

Organizations that can find ways to proactively reduce voluntary turnover in their present workforce will be much better prepared to meet these challenges.

An area which is lacking is a study on how the success rate of the performance appraisal affects job satisfaction and turnover intentions of Software Engineers within CSC - Sri Lanka.

A major factor that limits such a study is the time, effort constraints that are involved in gathering information about the CSC Performance Appraisal Process and the corporation of CSC HR and its employees in successfully carrying out the data gathering for the research analysis.

Hence, the significance of the study lies where the researcher intends to identify the factors that will influence the success rate of employee performance appraisal and its relationship with job satisfaction and turnover intentions of Software Engineers in CSC. This in return help CSC management in coming up with new strategies that would ensure high retention of such skilled labor within the company for a long time period.

1.7 Chapter Outline

Chapter 1 – INTRODUCTION

This chapter contains an introduction to the research study. It initially explores the background and current status of the problem in the discussed organization while highlighting the objectives and the significance of the study.

Chapter 2 – LITERATURE REVIEW

Chapter 2 focuses on the existing literature regarding the approaches of evaluating employee performance and related techniques of conducting performance appraisal process. Analysis of the CSC's appraisal system was then done while identifying the factors which will impact on the success rate of the performance appraisal process in the organization and its impact on job satisfaction and turnover intentions.

Chapter 3 – RESEARCH METHODOLOGY

Chapter 3 focused on developing the Conceptual framework and Hypothesis. The chapter also includes the variables, indicators and measurements that were gathered with respect to each variable.

Chapter 4 – DATA PRESENTATION AND ANALYSIS

The gathered data was analyzed using SPSS, Microsoft Excel and was presented in the form of tables, graphs and charts in this chapter. Furthermore, this chapter is dedicated to identify the relationship between the data gathered pertaining to the research and the literature listed in Chapter 2.

Chapter 5 - CONCLUSIONS AND RECOMMENDATIONS

This Chapter provides recommendations for future studies on this topic as well as a guide for the management on developing strategies to retain talent within the organizations.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

This chapter contains the literature survey which was used to identify the independent and dependent variables of this research and develop the conceptual framework at a later stage.

The Chapter is dedicated to capture the literature available on approaches in addressing performance appraisal and related methodologies in conducting the appraisal process. The performance appraisal process of CSC is discussed in detail and the literature study is also focused on employee job satisfaction and turnover intentions and its relationship with performance appraisal

2.2 Purpose of conducting Performance Appraisal

Performance appraisal can be interpreted as a formally organized interaction between supervisors and subordinates, which normally takes the form of a periodic interview which occurs annually or semiannually (Arbaiy & Suradi, 2007). In these it evaluates the performance of the subordinates and conduct discussions with them with the intention of identifying their weaknesses and strengths as well as areas and skills to be improved (Boice & Kleiner, 1997). Presently, most of the organizations use performance appraisal results to determine rewards, promotions and salary increments for the employees. The intention of such a system is to identify the better performing employees who deserve proper recognition, higher roles, pay increases and bonuses.

Given below are the three major factors which contribute towards the purpose of conducting performance appraisal

- Communication
- Decision Making
- Motivating

2.2.1 Communication

Performance appraisal process builds a platform for the management to conduct formal communication with the employees with a view of discussing organization's perception of employee's performance (Edmonstone, 1996). This is a two-way communication process between the manager and the subordinate where the manager expresses what is expected from the employee, when it is expected and how well the particular employee has achieved the expectations.

Furthermore, this communication process is expected to give an opportunity for the employees to give feedback for the managers about the organization's rating on their performance. Employees are also allowed to express their issues and concerns which affect their daily job routine and work performance which might not be known to the management. Such factors might include training needs, lack of equipment which is required to perform effectively, conflicts among colleagues within the organization etc., which are not visible to the management.

2.2.2 Decision Making

Another important reason for conducting performance appraisal is to allow the management to take decisions (Edmonstone, 1996) about the employees based on their performance which is based on accurate information gathered during the formal communication process of the performance appraisal.

According to (Arbaiy & Suradi, 2007), there is also another rare situation where performance appraisals are partially evaluated. It depends on the supervisor's collective action, their likes and dislikes and the effect on job to make an accurate decision to evaluate the individual's performance over the period of time. During the appraisal there can be a situation where supervisors can be biased for particular employees by stating problems to the task of appraisal, thus the appraisals are often flawed.

Performance appraisal system has become an effective tool for organizations in



measuring whether its employees have achieved the assigned objectives (Kumar, 2005), while adhering to the organizational standards and values. Moreover, it can be stated that performance appraisal outcomes are considered when executing actions such as providing performance feedback, employee development and training decisions, validation of the selection process, lay off and promotion/transfer decisions, career development and interpersonal relationship development.

2.2.3 Motivating

One other important factor of conducting performance appraisal is to motivate employees towards personal development (Edmonstone, 1996), which will contribute positively towards overall organizational growth in the long term. The motivation aspect discussed here is related to achieving organizational objectives which are directly related with the productivity of the organization. Performance evaluation results are used to enhance the performance of the employees while utilizing them effectively to improve organizational performance.

2.3 Methods of conducting Performance Appraisal

As discussed by Armstrong and Tayler 2014, the selected appraisal method should be uncomplicated and transparent to all the employees within the organization. The type of the organization, nature of work and the employees will have an influence when finalizing the suitable appraisal method. In organizations where employees have routine work, a stable work environment and employees are not granted much freedom to take decisions independently, methods will be based upon labor standards and rating scales.

On the other hand, organizations having a more unstable environment, employees are given more freedom to act on the independent decisions where the tasks are not only routine, it has been found that appraisal method should be in the form of meeting goals or objectives.

Organizations practice several methods of performance appraisal which can be divided into three main categories as follows (Dessler, 2009).

- The Judgmental Approach
- Absolute Standard Approach
- Results-Oriented Approach

2.3.1 The Judgmental Approach

It's an approach where the appraisers compares an employee with others and give a rating based on his/her personal qualities or behavioral dimensions. Therefore, it has become an approach that is based upon the judgment of the appraiser. Following are few commonly used judgmental appraisal methods. (Jafari, Bourouni & Amiri 2009).

- **Graphic rating scales:** It's a popular method which is easy to understand and the rater uses a graphic scale to perform evaluation based on specific factors such as leadership, quality of work, dependability, creativity, etc. It's a method which is easy to conduct and less time consuming. Furthermore, it consists of a considerable amount of paperwork and chances for rater biasness. Figure 2.1 depicts a sample graphic rating scale.

Work Dimension	Needs				
	Unacceptable	Improvement	Acceptable	Commendable	Outstanding
Leadership	1	2	3	4	5
Management	1	2	3	4	5
Personnel administration	1	2	3	4	5
Administrative teaming	1	2	3	4	5
Budgeting	1	2	3	4	5

Figure 2.1: Sample Graphic Rating Scale

- **Ranking:** It can be defined as a substitute to graphic rating scale method where rater ranks of the employees based on their performance from best to worst. According to the normal procedure, the rater lists down the employees based on the descending order of performance. Decisions relating to promotions.

salary increments will be based on the ranked order.

- **Paired comparison:** This method can be defined as a modified version of the ranking technique. In this technique, raters are allowed to compare two employees at a time until all employees been compared. Once the two-way comparison is performed for all the employees by several raters, employees will be ranked based on the count they have been judged and the rating they have received.
- **Forced distribution:** Forced distribution is another technique of categorizing employees based on their performance. This model limits the percentage of employees that can be categorized under one segment. With this technique, the rater places a predetermined percentage of rates into four or five performance categories. The employee's index card is placed in one of the five categories. For example, 5 percent in the "unacceptable" category, 25 percent in the "needs improvement" category, 40 percent in the "acceptable" category, 25 percent in the "commendable" category, and 5 percent in the "outstanding" category.

2.3.2 Absolute Standard Approach

Absolute Standard methods are carried out based on the analysis done on the job characteristics of the employees rather than comparing them with other individuals within the organization. In this approach, raters compare subordinates against standard performance measurement and provide a rating. Given below are a few commonly used methods which belong to Absolute Standards approach (Dessler, 2009).

- **Checklists:** It's a commonly used method which comes under Absolute Standards approach. This method focuses more towards the work behavior. Furthermore, checklists can be seen in more elaborated procedures which can be seen as weighted and forced checklists. The final result of this method is an overall numerical rating which will be considered on making decisions such as salary increments and promotions (Rothwell & George 2012)

- **Essays:** In this technique, raters are required to elaborate subordinates' strengths and weaknesses along with suggestions for performance improvement. The major limitations of this technique are time consuming and the writing style of each rater is unique. Therefore, it is difficult to quantify a final rating. Some organizations practice this method along with the graphic rating scale method while providing space for rater's comments.
- **Critical incidents:** It's a method which focuses on the job requirements which gives a clear picture when determining whether the assigned work is been carried out effectively. Raters maintain a log for each employee consisting of effective and ineffective incidents which are relevant to job requirements. These incidents are further analyzed and populated into a framework which will be unique to a particular job. Then a checklist is prepared out of this framework which will be used to evaluate the performance level of the employees and provide necessary feedback relating to work deficiencies, areas to be improved.
- **Behaviorally anchored rating scales (BARS):** It is a modern technique which is related to the critical incidents method. This method was introduced to overcome the difficulties in identifying the scale anchor point such as unacceptable, needs improvement, acceptable, commendable and outstanding.

Defining such anchor point might be difficult and it would contribute towards unreliable or inaccurate appraisal results (Wiese & Buckley 1998). Therefore, BARS technique will use scale points with each behavioral statement which is associated with the performance levels. A typical BARS form would consist of six to eight clearly defined performance aspects along with BARS for each aspect.

2.3.3 Results-Oriented Approach

This approach has been described as an alternative to the absolute standards and judgmental approaches. The main intention of introducing this approach is to consider both qualitative and quantitative evaluation results. In other words, it focuses on the criteria which the employees are supposed to achieve rather than focusing on employee's traits or on the job behaviors (Fletcher, 2008; Grote 2011).

- **Goal Setting:** Goal setting can be described as one popular result-oriented method which is known as a motivational technique (Locke & Latham, 1994). Furthermore, it is a popular method which is used to evaluate the top management since methods such as BARS might be inappropriate for such positions.

It consists of two major steps. Initially a discussion occurs between the manager and the subordinate in finalizing the goals for the performance evaluation. Then, during the evaluation process, employee achievement of these objectives are been measured.

- **Management by Objectives (MBO):** MBO method can be defined as the most comprehensive method which falls under results oriented approach. It is an evaluation method which is focused on the achievement of the objectives rather than focusing on employee behaviors on the job (Antoni, 2005). MBO consists of three major steps:

1. Set individual objectives and plans

The Manager is responsible for having discussions with each employee and set unique objectives for them. These objectives can be defined as the heart of the MBO process. Furthermore, these set objectives should be SMART objectives:

- Specific
- Measurable
- Attainable
- Relevant
- Time-based

2. Evaluate Performance and Provide Feedback

Performance will be evaluated based on each employee's contribution towards achieving pre-defined SMART objectives. Effective communication can be defined as the key factor which contributes towards the success of the MBO method. It is important that managers arrange formal meetings to discuss the evaluated performance results with employees and provide them accurate feedback on their performance.

3. Reward employees based on their performance

Employees performance should be only evaluated against the set objectives and once the final performance rating is been calculated, employees should be rewarded through salary increments, promotions and praising the achievements while taking strict actions such as demotions for employees who have a significant gap with achievement of the objectives and set standards.

2.4 Performance Appraisal Process of CSC

2.4.1 Overview

Performance appraisal process in CSC is fully automated through an application and practices MBO method to conduct their performance evaluation. At the inception of each financial year (1st Apr - 31st Mar), objectives related to each employees are

identified by the manager and entered to the automated system. Employees get mail alerts regarding these objectives and are allowed to discuss concerns related to assigned objectives with the managers. These objectives have been derived from the overall organizational objectives. The intention of using this approach is to ensure organizational objectives and strategy, segment and account level objectives and individual targets are properly aligned. Defined stages for the objective setting process which can be listed as Set Objectives, Finish Objective Settings, View & Track Objectives and Appraisal Assessment are set in the Automated Application.

2.4.2 Eligibility Criteria for the Appraisal

The guidelines will be used in determining whether a team member is eligible for promotion to the next level. Meeting all of the guidelines does not guarantee a promotion. Missing some of the guidelines does not automatically disqualify consideration of a promotion.

Only confirmed employees will be eligible with a minimum of one year service in the current designation and starting from Software Engineers, employees should complete current level internal technical exams such as Object Oriented Modeling, Design Patterns, Relational Database Management Systems and Engineering Rigor. Also the same set of employees should complete process related exams as well. The current level and the next level exams which relate to technical and process should be completed in order to be eligible for promotions.

Employees whom have not achieved 80% billable allocation will not be eligible for the Variable Component Payment and there should not be any significant performance gaps or major concerns regarding the team member's ability to perform at current level or at the next level. Current Performance in Current Level and Past Performance in Current level will be taken into consideration in the appraisal process of CSC.

2.4.3 Assessment Criteria

CSC has identified six leadership competencies which are measured on all employees. Employees are required to rate themselves on a scale of 1-5 and provide comments.

Reporting Managers are also required to assess team members on these competencies. Following are the six leadership competencies which are needed for success in CSC.

- Entrepreneurial Behavior
- Team Building & Team Working
- Customer Centricity
- Communication & Influencing
- Clarity of Thought
- Self-awareness

The final rating in this section is calculated by calculating a simple average of all the six ratings. This section will carry a 30% weightage in the overall performance appraisal rating.

Furthermore, CSC is firmly committed to measuring each employee's embodiment of CSC's corporate values, which serves as the nucleus of their corporate culture. Employees are required to comment on the characterization of the corporate values, providing supporting comments or examples. Values will be measured on a 3 point scale (High/Medium/Low). The normalized PA rating will be dropped to the next lower rating for team members who demonstrate a "low" in corporate values. Pursuit of Excellence, Integrity, Respect and Leadership are CSC's company values which are known as PIRL values.

2.4.4 Performance Rating

All employees are required to adhere to the following process principles

- Rate the performance of all team members (on a scale of 1-5) based on defined categories.
- Performance Ratings will be normalized and the final rankings will be calculated at the same time.
- PAR Form
- Be Fair
- Be Consistent
- Calibrate across the entire organization

The performance rating scale of the CSC can be listed on a scale of 1 to 5 based on the internal documents and the preliminary interviews carried out with HR employees.

Exceptional (5): Team member's performance excels in virtually all aspects of the job on a sustained basis. The team member is an excellent team player, role model and is able to mentor others.

Exceeds expectations (4): Team member's performance distinctively and consistently exceed the criteria and standards required of a fully competent employee. The team member is a strong team player and performs in the current capacity with minimal mentoring.

Fully meets expectations (3): Team member's performance meets and satisfies the criteria and standards of the job. The team member requires mentoring to strengthen performance to a higher level.

Generally meets expectations (2): Team member's performance meets the general criteria and standards of the job with opportunities for improvement in meeting the minimum criteria. Mentoring and coaching is required to overcome the areas of improvement.

Needs Improvement (1): Team member's performance is below the general criteria and standards of job performance. Ongoing mentoring and coaching is required to overcome several areas of improvement. Development needs to be defined, tracked and reviewed with quarterly milestones.

PAR form comprises of six sections. Team members are to fill in five of the six sections while the other one is for managers to provide feedback after the whole normalization process is completed. PIRL Assessment, Employee contribution towards the organization and six leadership competencies are included for assessment.

2.4.5 Milestones of the Appraisal Process

The Performance Appraisal Automates Application will be used to assess the performance against objectives that were set at the beginning of the financial year, along with the Leadership Traits assessment and adherence to CSC Corporate values.

The process includes four main stages:

- Employee Self-Assessment
- Manager Assessment
- Skip Level Manager Appraisal
- Normalization across all locations

The employees have to assess their performance against objectives that were set at the beginning of the financial year with a rating of 1-5, followed by comments that would justify the given rating. The employee has to then assess their Leadership Traits and adherence to CSC corporate values using ratings and comments to justify their ratings.

The Reporting Manager has to assess the direct report's performance against the objectives, Leadership Traits and Company values with a rating of 1-5, justified through comments. The Reporting Manager's ratings are considered as pre-normalized ratings and are sent to the Skip Level Manager for review.

The Skip Level Manager has to review the Manager Assessment and either approves or reject the assessment which if rejected will request the Reporting Manager to re-assess the performance of the employee. Once approved by the Skip Level Manager, the ratings are sent for normalization.

Normalization process ensures the consistency in the measurement of Employee Performance across the Business Units, Segments and Accounts. For Tier 1, Tier 2, Tier 3 and Tier 4 employees, it would be a Business Unit wide normalization and For Tier 0; it would be an Asia wide normalization.

2.4.6 Summary of the Performance Appraisal Process

Figure 2.2 depicts the summarized version of the CSC Appraisal Process

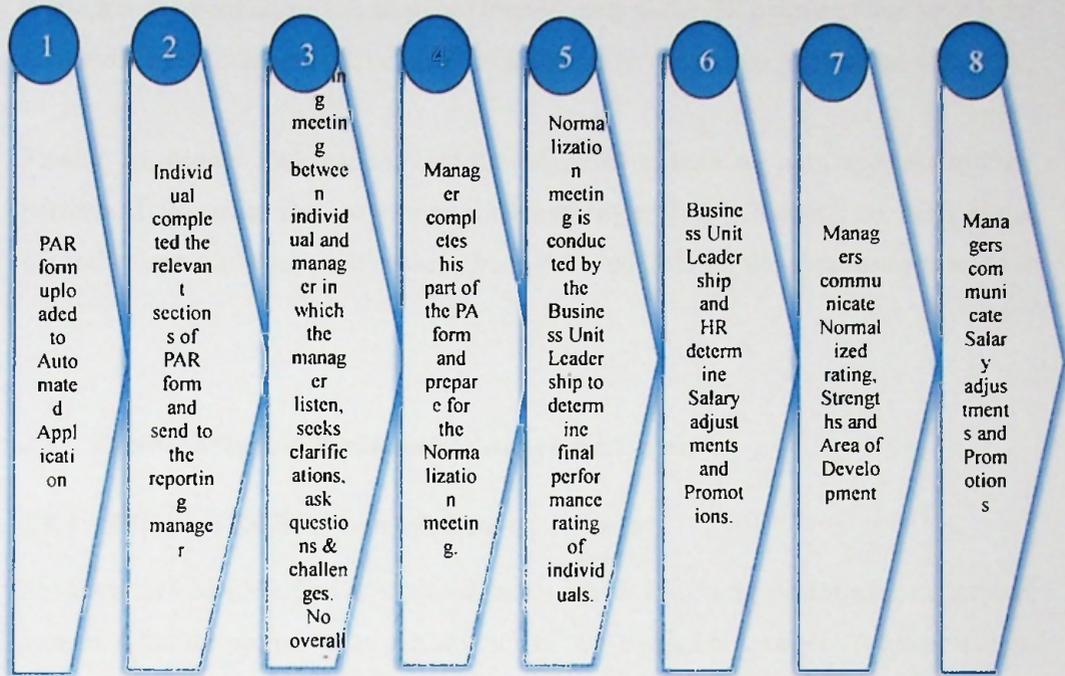


Figure 2.2: CSC Performance Appraisal Process Summary

2.4.7 Preliminary Interview Outcomes

In the interviews carried out with CSC employees, it was highlighted that several incidents were reported where managers had violated the appraisal process. When evaluating performance of a Software Engineer, it is mandatory to get feedback from his/her Tech Lead since it is the immediate designation where Software Engineers report to. But it was revealed that, several managers skip this stage and rate the employees based on their perception about them. Due to such reasons, several employees have been affected by getting lower performance rating. Furthermore, when such incidents have been raised, managers have used their authority to control such situations.

It was further emphasized that, several incidents have been reported relating to feedback given in the appraisal meeting. One of the major concerns was that, the feedback provided by the managers doesn't correspond to what the employee has achieved. Moreover, it was found out that managers tend to manipulate the final performance rating with the intention of favoring a specific set of employees who

maintain good relationship with them. Therefore, employees believe HR representation is mandatory in the performance review meeting so that their concerns relating to the final rating can be raised immediately to the HR because there have been incidents where managers have used the authority to turn down such raised concerns.

Finally, employees find that some of the eligibility criteria are not important to their performed job role. Due to heavy workload, they find it difficult to meet some eligibility criteria which restrict them from being eligible for the appraisal process.

2.5 Factors affecting Performance Appraisal System

2.5.1 Effective Feedback and Follow-up Process

Feedback can be identified as a crucial factor which affects the performance appraisal system. After the performance evaluation has been carried out, employees expect clear information relating to how effectively they have been performing on the job. Furthermore, employees expect a clear justification from the management about the final performance rating.

Therefore, when employees receive a low performance rating which is not supported by clear performance evidence, it leads to employee dissatisfaction with the existing process. Furthermore, there should be a follow-up process which addresses the employee concerns relating to performance feedback such that it does not create a perception of unfairness. Thus, an effective feedback and follow-up process contribute towards employee motivations and create improved supervisor-employee communications (Edmonstone, 1996; Salton & Buckley 1997)

2.5.2 Adherence to Appraisal Process

Arbaiy and Suradi (2007) have stated that Performance Appraisal systems are mainly used for judgmental and developmental purposes in order to make good administrative decisions. Therefore, adhering to the stated policies and procedures, performance evaluation can be identified as another major factor which affects the performance

evaluation. In most of the organizations, there is a standard process which should be followed by the raters when evaluating subordinates. This process is created in such a manner to make the appraisal process fair and effective.

When managers do not comply with the appraisal process and evaluate employees based on their own agenda and manipulate performance feedback to support a favored set of employees, such actions contribute towards employee dissatisfaction and distrust. This affects the productivity and healthy working environment within the organization.

2.5.3 Rater Accuracy

Developing an appraisal system which reflects the employee performance accurately is not an easy task. A good appraisal system should be able to measure the employee's contribution to the job against to the employee activities and behavior where it matches employee and organizational characteristics. (Boice & Kleiner, 1997).

The final performance rating is based on the manager's evaluation which is subjective to human judgments where personal factors are likely to influence the final rating (Ochoti et al, 2012). The accuracy of the evaluation is affected by errors based on gender, race or age and rater's strictness level on the subordinate.

Furthermore, there has been a reported incident where raters evaluate female employees from a masculine point of view where raters tend to have irrelevant masculine interpretations when it comes to job characteristics of female employees. Such incidents contribute towards a poor performance evaluation system.

Moreover, rater's accuracy is also affected by performance appraisal errors. Some of the most common types of rater biases are as follows. (Kumar, 2005).

- **Halo**

Employees' receiving positive feedback since the rater admires a specific quality/ behavior of the employee which is available in the evaluation criteria

- **Horn**
Employees' receiving negative feedback since the rater dislikes a specific quality/ behavior of the employee which is available in the evaluation criteria
- **Central Tendency**
Employees receiving an average rating even though they have performed well
- **Reccency**
The final rating is influenced by the recent behavior of the employee that the rater likes/dislike during the evaluation time period
- **Strictness**
Raters having high expectations of the evaluation standards so that employees are provided with lower ratings
- **Leniency**
Rater's willingness to provide a higher rating unless the employees have a clear deficiency

2.5.4 Interpersonal factors

Interpersonal factors can be defined as the factors which contribute towards the treatment that employees receive from the rater (Dusterhoff, Cunningham & MacGregor, 2014). As discussed by Greenberg (1993), these factors are essential in the performance appraisal process since the interactions influence the final outcome. Moreover, the quality of these interactions contributes towards the fairness perception of the process. It is the rater's responsibility to treat subordinates with respect during the appraisal period.

This helps to create a healthy environment for both parties to build trust and be more interactive. The lack of trust between these two parties leads to employee dissatisfaction with the appraisal system causing the entire process to be ineffective. Trust in the workplace is becoming a more important factor in order to enhance the organizational performance (Gould-Williams 2003).

2.5.5 Employee Attitude

Fairness perception of the performance appraisal process contributes positively towards its effectiveness. Moreover, Cawley, Keeping, & Levy (1998) have mentioned that, it is important to identify employee perception towards performance appraisal process since it can be used to determine its effectiveness. If the employees believe that the performance appraisal has undergone the political influence and it is biased, such reasons cause employees dissatisfaction about the system.

Criteria such as the opportunity to raise concerns against the received rating, relevancy of the given feedback and action plans to overcome weaknesses are important for the system to be perceived as a fair formal process (Greenberg, 1986).

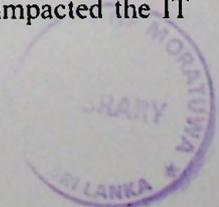
2.5.6 Eligibility Criteria

Performance appraisal has been interpreted as a tool to accomplish specific goals, such as self-enhancement or enhancing relationships with supervisor/subordinates (Murphy & Cleveland, 1995). Thus the eligibility criteria for the system are quite crucial. All employees should be informed about the criteria that should be met in order to be eligible for the appraisal process. The intention of having these criteria should not be to restrict majority of the workforce to be eligible for the appraisal. Furthermore, an organization should be responsible for educating its workforce on the relevancy of these criteria so that employees feel the importance of achieving them.

Unawareness of the eligibility criteria leads to conflicts among workgroups since everyone expects to be eligible for the process. Moreover, increasing the eligibility criteria might end up in employee frustration.

2.6 Job Satisfaction and Turnover Intentions

Employee turnover is a phenomenon which has had a great effect on the day to day operations of a company and the effects of employee turnover has impacted the IT



industry as well.

Employee turnover, turnover intentions, job satisfaction, motivation and commitment towards an organization are topics which have been widely researched in the past. However, current explanations of employee turnover fail to offer either predictive or explanatory power (Aquino et al., 1997).

Once an individual has joined an organization, his or her score on a valid measure of overall job satisfaction is the single most piece of important information a Human Resource Manager can have about that person. (Weiss, 2002). Job satisfaction is an attitude or in other words an internal state in the mind of the employee.

Scholars like Cote and Morgan (2002) define job satisfaction as a person's positive feeling of the position and acceptance of his/her work. The nature of work in the IT industry is such that knowledge workers thrive and strive towards achieving a higher level of job satisfaction through the work that they do in a project environment. Hence it is evident that the management should focus on overall satisfaction levels of the employees in order to ensure reduced employee turnover levels.

High Satisfaction itself will not keep employee turnover at a low level and similarly High Dissatisfaction does not mean that there is guaranteed high turnover. Many of the studies conducted on employee turnover with respect to lack of motivation, reduction in employee commitment had considered parameters such as age, gender, education level, salary level, challenges and opportunities given to employees of organizations. For the purpose of this research, 'turnover intention' is defined as an employee's decision to leave an organization voluntarily (Mobley et al, 1979).

When an employee leaves an organization the employee's exit from an organization itself is a direct cost to the organization. It is in the form of having to select, recruit, and train a new employee (Dalton, Krackhardt & Porter, 1981). The exiting of employees also has indirect cost implications that include reduced morale, pressure on the remaining staff, costs of learning, and the loss of social capital (Des & Shaw, 2001). Hence, it can be seen that organizations that have a high employee turnover rate face a high financial cost.

2.7 Performance Appraisal and Job Satisfaction

Performance evaluation process is tightly coupled with job satisfaction since the decision of compensation, benefits and rewards are given according to the evaluation results of the employee. If there is a difference in the assessment due to any reason, it will have an impact on the reward system and employee compensation, which ultimately affect job satisfaction. Fair assessment of the employee effectiveness/efficiency and recurrent performance feedback contributes towards job satisfaction in the workplace, and also contributes to personal development.

The association between labor productivity and job satisfaction is one thoroughly analyzed topic. According to Bono et al., (2001), it is difficult to state whether job performance leads to job satisfaction or job satisfaction effect job performance. As per previous studies, there is a favorable correspondence and that the two parameters collaborate with each other indirectly through personal differences and attributes of job environment. This field of research has been immensely limited by the poor and insufficient measures relating to employee performance (Kreitner, Kinicki, & Buelens, 2002).

An efficient performance appraisal process helps to increase job satisfaction levels of the employees (Levy, Williams 2004) which were experimentally supported by Masterson et al., (2000). As elaborated by Brown, Hyatt & Benson (2010) job satisfaction is a result of how an employee perceives his needs been fulfilled by the job. As discussed by Lind and Tyler (1988), employee's perception towards achievement in the job, attitudes and positive feelings towards the organization increases due to experience of high-quality evaluation of the performance.

Huselid (1995) has mentioned that high quality performance appraisal process leads to a greater job satisfaction whereas poor appraisal process contributes to a lower level of job satisfaction among employees. These ideas lead to the fact that the employees feel that they have a limited ability to implement any control of the process and their contribution towards the organizational success is not been recognized which will lead to confusions about the expected level of performance by the organization.

2.8 Performance Appraisal and Turnover Intention

As a result of dissatisfaction with the performance appraisal process, factors such as turnover intention and employee dissatisfaction are most likely to increase. Furthermore, it is tough to relate rewards and increments with the performance if the employees perceive the appraisal process is not fair and accurate. Past research has confirmed that the success rate of the performance evaluation process and accurate feedback produces satisfaction with the appraisal system (Katavich, 2013).

The relationship between the manager and employee will tend to create an internal political relationship which will result in influencing the process of performance appraisal (Ahmad and Lemba, 2010). When employees perceive such political influences they tend to change their attitudes in a manner where they will believe that they have not been treated fairly, which will contribute towards turnover intentions of the employees (Vigoda, 2000).

As stated by Ferris and Kacmar (1992), an employee's perception towards organizational politics will contribute towards their productivity, feelings towards other colleagues and turnover intentions. Furthermore, employee trust, motivation and development are influenced by political factors which can be identified as a crucial aspect of performance evaluation. Additionally, it has been found that motivational and punishment motives have made the rater to decide the final performance rating for the subordinates (Ahmad and Lemba, 2010).

Experiencing a low quality performance appraisal will lead employees to doubtful situations about the requirement for the appraisal. Furthermore, poor communication workflows will result employees getting confused about how to fulfill the areas to be improved. Due to such ineffective process, employees will feel that their achievements have not been properly recognized and that they have not been treated fairly. Due to such thoughts, employees will have negative attitudes towards the job and the organization which will be a positive contributing factor for turnover intentions (Brown, Hyatt & Benson 2010).

2.9 Summary of Literature Review

A factor affecting the performance appraisal process is an area which has been widely researched in the past. This Chapter was dedicated to capture the literature available on approaches in addressing performance appraisal and related methodologies in conducting the appraisal process.

After analyzing literature relating to the general factors which affects the success rate of the performance appraisal and the interview outcomes, it was finalized that the following factors are the most contributing factors which affects the success rate of CSC's appraisal process.

- Adherence to Appraisal Process
- Eligibility Criteria for the Appraisal
- Effective Feedback and Follow-up System

The literature study also focused on employee job satisfaction and turnover intentions and its relationship with performance appraisal. The literature identified above is thus used to develop the conceptual framework and hypotheses which would be used in this research study.

CHAPTER 3: RESEARCH METHODOLOGY

3.1 Introduction

This chapter contains the approach taken for gathering data which was used for statistical analysis. Findings in literature survey were used as the basis for developing the conceptual framework by identifying dependent and independent variables in section 3.2. Section 3.3 is used to present the hypotheses which have to be tested and section 3.4 is used to present the design of the questionnaire.

3.2 Conceptual Framework of the Research

The literature survey provides the basis and the foundation to develop a Conceptual Framework to explore the research problem in a more useful manner. Chapter III was dedicated to present the problem in an abstract form suggesting the hypothetical relationship between the main problem and the related variables.

The Operationalization is useful in order to empirically express the problem in the form of variables, indicators and measurements. The Conceptual Framework is thus the working model based on which the testable hypothesis would be generated.

The table 3.1 represents the most contributing factors with their references which affects the success rate of CSC's appraisal process which were identified from the preliminary interview outcomes.

Table 2.1: Most contributing factors of the CSC appraisal system and their references

Factor	Reference
Adherence to Appraisal Process	<ul style="list-style-type: none">• Arbaiy and Suradi (2007).• Preliminary Interview Outcomes.
Eligibility Criteria for the Appraisal	<ul style="list-style-type: none">• Murphy & Cleveland (1995)• Preliminary Interview Outcomes
Effective Feedback and Follow-up System	<ul style="list-style-type: none">• Edmonstone (1996)• Salton & Buckley 1997• Preliminary Interview Outcomes.

Success Rate of the Performance Appraisal System	<ul style="list-style-type: none"> • Huselid (1995) • Katavich (2013) • Preliminary Interview Outcomes.
Job Satisfaction/ Turnover Intentions	<ul style="list-style-type: none"> • Aquino et al., (1997) • Weiss (2002) • Cote and Morgan (2002) • Des & Shaw (2001) • Preliminary Interview Outcomes.

Figure 3.1 depicts the Conceptual Framework for the carried out research which will be used as the base for the Operationalization process.

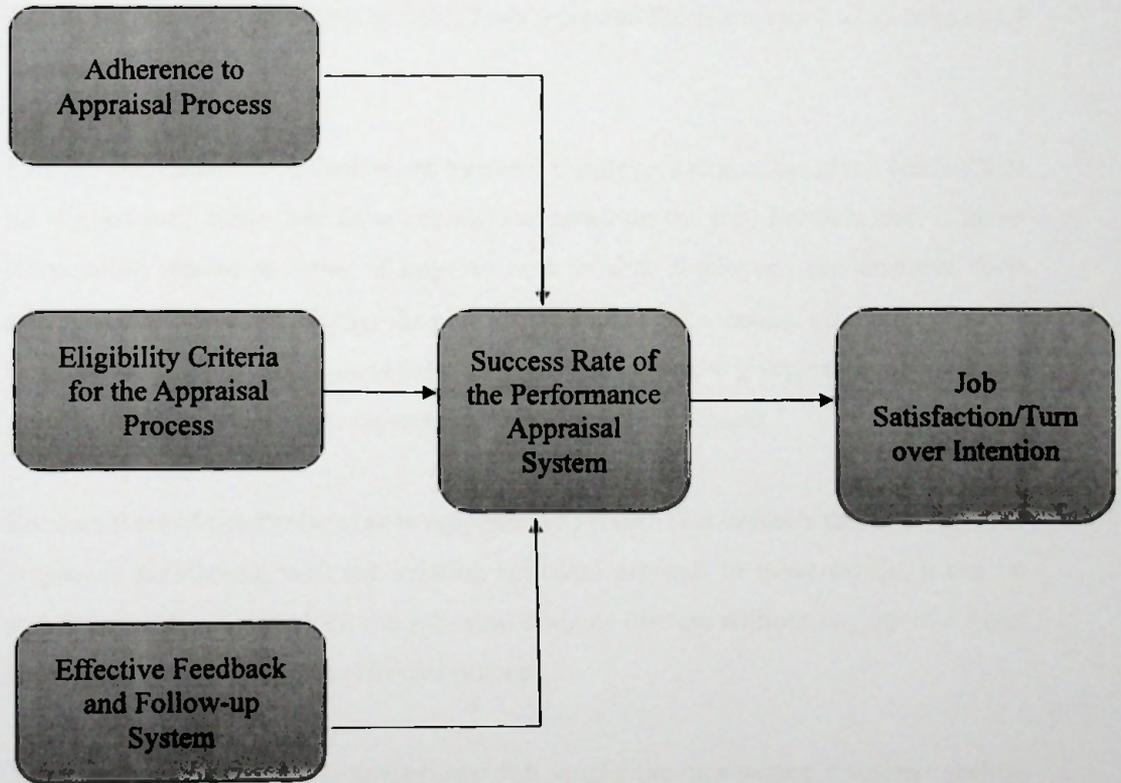


Figure 3.1: Conceptual Framework

The section below is dedicated to provide definitions of the key concepts depicted in the Conceptual Framework.

Adherence to Appraisal Process: Even though organizations have defined a clear process which should be followed when evaluating employee performance, it has become an area which has been affected by politics and rater biasness. Furthermore, such process should facilitate employees to communicate the issues to the management. Therefore, the purpose of this variable is to represent employee willingness to comply with the appraisal process.

Eligibility Criteria for the Appraisal: Intention of having pre-requisites for the appraisal process should not be to restrict majority of the employees becoming eligible for the process. Employees should positively perceive the necessity of these criteria. In order to achieve the above, it is important to communicate with employees the criteria that should be met and the relevancy of such criteria to their job role. Therefore, the purpose of this variable is to represent the relevancy and awareness of the pre-requisites.

Effective Feedback and Follow-up System: Employees expect the given feedback to be aligned with what they have actually achieved on the job. Furthermore, it gives information related to areas of improvement so that employees can improve their performance. Moreover, during the performance feedback meeting, employees should be given the opportunity to raise their concerns regarding the given rating. Hence, the purpose of this variable is to represent above mentioned aspects.

Success Rate of the Performance Appraisal System: This variable can be defined as employee satisfaction with the existing appraisal process. In other words, it can be stated as the degree to which the appraisal systems operate without any errors so that employees perceive it as an effective process.

Job Satisfaction/ Turnover Intentions: Job satisfaction is a person's positive feeling of the position and acceptance of his/her work (Cote & Morgan, 2002). Turnover intention is an employee's decision to leave an organization voluntarily. (Egan, Yang & Bartlett 2004)

3.3 Development of Hypotheses

The table 3.2 represents the list of Hypotheses which were developed based on the Literature review in Chapter 2 and the Conceptual Framework depicted in Section 2 of Chapter 3.

Table 3.2: Hypotheses Developed

Alternative Hypothesis	Null Hypothesis
<p>H1a: There is a positive correlation between adherence to the appraisal process and the success rate of the performance appraisal system in CSC</p>	<p>H1₀ : There is no positive correlation between adherence to the appraisal process and the success rate of the performance appraisal system in CSC</p>
<p>H2a: There is a positive correlation between eligibility criteria for the appraisal and the success rate of the performance appraisal system in CSC.</p>	<p>H2₀: There is no positive correlation between eligibility criteria for the appraisal and the success rate of the performance appraisal system in CSC.</p>
<p>H3a: There is a positive correlation between effective feedback and follow-up system and the success rate of the performance appraisal system in CSC.</p>	<p>H3₀: There is no positive correlation between effective feedback and follow-up system and the success rate of the performance appraisal system in CSC.</p>
<p>H4a: There is a positive correlation between the success rate of the performance appraisal system and the job satisfaction/turnover intentions of the Software Engineers in CSC.</p>	<p>H4₀: There is no positive correlation between the success rate of the performance appraisal system and the job satisfaction/turnover intentions of the Software Engineers in CSC.</p>

3.4 Operationalization

The key variables, indicators and measures used in the research study are indicated on the operationalization Table 3.3.

Table 3.3: Operationalization of Concepts Variables, Indicators & Measures

Variable	Indicator	Measurement (5 point Likert Scale)	KPI
Adherence to Appraisal Process	<ul style="list-style-type: none"> Final rating being influenced by the Superior-Subordinate relationship 	Questionnaire	Q7
	<ul style="list-style-type: none"> Clear Justification of the final rating 		Q8
	<ul style="list-style-type: none"> Assessing feedback from multiple sources 		Q9
	<ul style="list-style-type: none"> Opportunity for the appraisee to raise their concerns 		Q10, Q11
	<ul style="list-style-type: none"> Appraiser's adherence to appraisal process 		Q12
Eligibility Criteria for the Appraisal	<ul style="list-style-type: none"> Awareness of the Eligibility Criteria 	Questionnaire	Q14, Q15
	<ul style="list-style-type: none"> Significance of the Eligibility Criteria towards the job role 		Q16, Q17
	<ul style="list-style-type: none"> Difficulties in completing the eligibility criteria 		Q18, Q20
	<ul style="list-style-type: none"> Restricting employees from rewards 		Q19
Effective Feedback and Follow-up System	<ul style="list-style-type: none"> Relevancy of the given feedback 	Questionnaire	Q22, Q23
	<ul style="list-style-type: none"> Significance of the performance feedback 		Q24, Q27
	<ul style="list-style-type: none"> Effectiveness of the follow-up system 		Q25, Q26
Success rate of the Performance Appraisal System	<ul style="list-style-type: none"> Impact of Adherence to Appraisal Process 	Questionnaire	Q13
	<ul style="list-style-type: none"> Impact of Eligibility Criteria for the Appraisal 		Q21

	<ul style="list-style-type: none"> • Impact of Effective Feedback and Follow-up System 		Q28
Job Satisfaction/ Turnover Intentions	<ul style="list-style-type: none"> • Willingness to discontinue employment 	Questionnaire	Q29
	<ul style="list-style-type: none"> • Impact of appraisal rating towards job satisfaction/turnover intention 		Q32
	<ul style="list-style-type: none"> • Level of satisfaction about the existing opportunities within the organization 		Q30
	<ul style="list-style-type: none"> • Level of satisfaction about achieving the objectives 		Q31

Definition of 5 point Likert scale

- Strongly Agree - 5
- Agree - 4
- Neutral - 3
- Disagree - 2
- Strongly Disagree - 1

3.5 Research Design

Following sub-sections describe the population sampling for data collection and data collection method used.

3.5.1 Population

According to the information gathered, presently there are about 2400 employees working under CSC out of which nearly 70% or 1680 Software Engineers exists within the company. Furthermore, based on the served industries, CSC has categorized the operations into 5 main segments.

The research will only be focusing on Software Engineers serving under each segment. Therefore, the population for this study would be 1680.

3.5.2 Sample Size

As the population for the research study was determined to be a significantly large number (of nearly 1,700), it was decided to use a statistically significant sample size for the data collection based on the inherent characteristics of the population.

As the population consists of software engineers who are technically qualified and competent in answering domain specific queries, it was decided to use a “Confidence Level” of 95% as a reasonably high value of expectation for the respondents to provide accurate data. Also, it was decided to use a “Confidence Interval” or a “Margin of Error” of 5% as a reasonably narrow value of expectation for the respondents to provide similar responses in similar scenarios and empirical experiences. Based on these parameters and using the generally used safe response distribution parameter value of 50%, the “Sample Size” was calculated as 313 for the “Population Size” of 1680

3.5.3 Sample Selection Procedure

The questionnaire will be distributed to all the Software Engineers serving under each segment in order to obtain an appropriate representation of the population and the first 110 responses will be counted for data analysis. Questionnaires would be sent out as a hard copy and via email (A sample version is attached in Appendix), which is hosted using Google forms on:

<https://docs.google.com/forms/d/1bRDlaDLrcS2zJ4gc5XNPdHJ4tO1esJwax0CgWiLHuTo/viewform>

3.5.4 Data collection methods and Techniques Used for Research Analysis

A hybrid approach consisting predominantly of a Quantitative approach supported by Qualitative methods would be followed in conducting the research. The main methods of gathering information would be by conducting questionnaires and interviews. The sample will not be less than 110 Software Engineers.

The 5 main variables which will be used to test the Hypothesis are as follows.

- Adherence to Appraisal Process
- Eligibility Criteria for the Appraisal
- Effective Feedback and Follow-up System
- Success rate of the Performance Appraisal System
- Job Satisfaction/ Turnover Intentions

The SPSS tool will be used to calculate the Pearson's Correlation Coefficient to test correlation between the afore-mentioned variables. Microsoft Excel will be used to present data collected under Demographic and General Information Section of the questionnaire where the data is divided into categories such as age, gender, qualifications, experience, expertise and the marital status. Furthermore, Pie charts and Bar charts will be used to represent the gathered data.

CHAPTER 4: DATA PRESENTATION AND ANALYSIS

4.1 Introduction

This chapter presents an analysis of the data gathered for the research study through questionnaires. The analysis of the data consists of a validation of the research instrument, the questionnaire; a demographic review through a descriptive analysis; and hypothesis testing through inferential analysis.

4.1.1 Reliability statistics of survey data

The reliability of the questionnaire used to collect the survey data set was tested using Cronbach's Alpha Coefficient (CAC). According to the analysis of CAC, internal consistency of question sets for each of the factors identified and used in the theoretical framework was found to be in the acceptable value range and is listed in Table 4.1.

Table 4.1: Reliability statistics of survey data

Factor category	Cronbach's Alpha (α)
Adherence to Appraisal Process	0.631
Eligibility Criteria for the Appraisal	0.699
Effective Feedback and Follow-up System	0.724
Success rate of the Performance Appraisal System	0.753
Job Satisfaction/ Turnover Intentions	0.601

When all six questions were used to calculate the CAC of 'Adherence to Appraisal Process', it gave a low value 0.575. But, it has given a reasonable value 0.631 after one question was removed. Therefore, question number 7 was eliminated from the list of

questions to calculate Cronbach's Alpha Coefficient for the variable.

Same for the variable 'Effective Feedback and Follow-up System', when all the six questions were used to calculate the CAC, it gave a low value 0.535. But, it has given a reasonable value 0.724 after one question was removed. Therefore, question number 25 was eliminated from the question set to calculate CAC for the variable.

4.2 Descriptive Statistics for Demographic Data

A descriptive analysis was done for the demographic data to analyze the respondents in terms of their age category, gender, experience, education level and family life cycle stage.

Sample of Software Engineers Grouped by Age

The figure 4.1 depicts the sample of Software Engineers who responded to the questionnaire in terms of their age category.

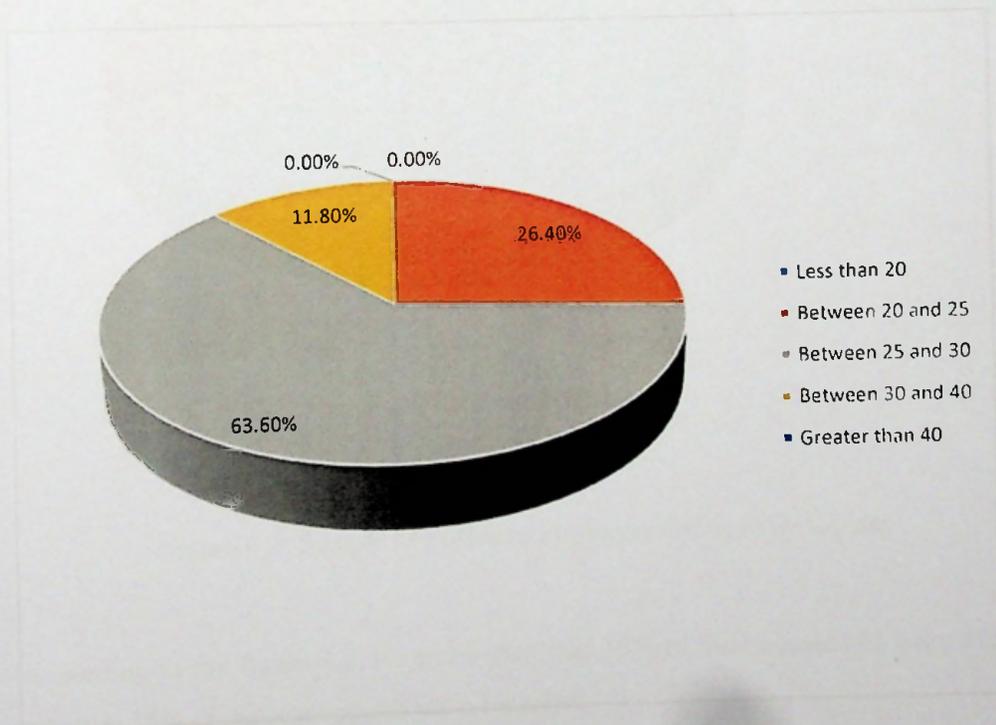


Figure 4.1: Sample of Software Engineers Grouped by Age



As depicted in the above figure, 26.4% of the respondents were between the age of 20 and 25 and 63.6% of the respondents were between the age of 25 and 30. The percentage of respondents who were greater than 30 years of age was 11.8% of the overall sample. There are very young professionals working in the IT industry and this fact was evident from the sample as well.

Sample of Software Engineers Grouped by Gender

The figure 4.2 depicts a breakdown of the Software Engineers who responded to the survey based on their gender.

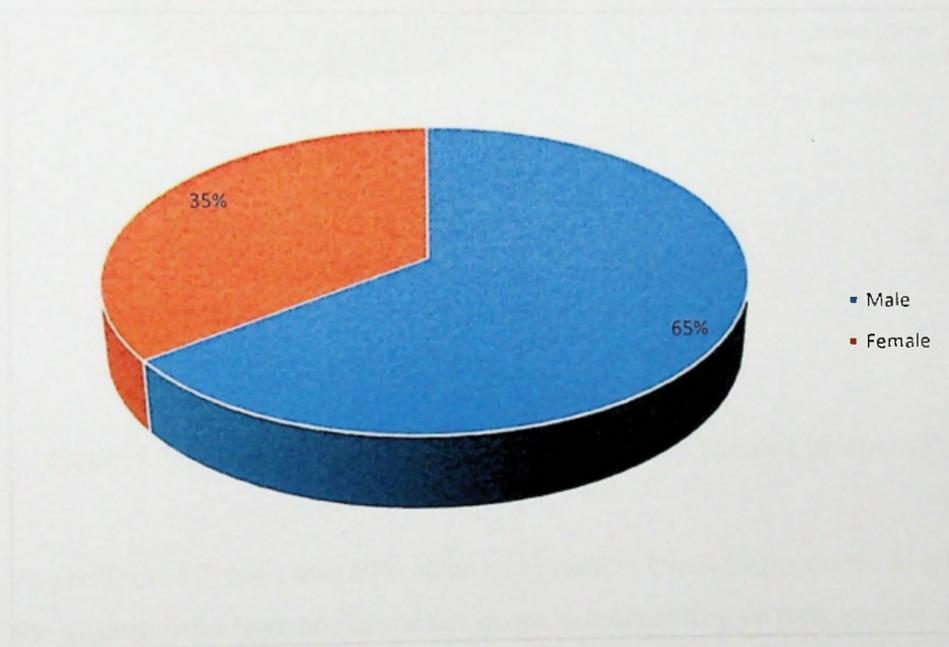


Figure 4.2: Sample of Software Engineers Grouped by Gender

According to the figure 4.2, it can be seen that 65% of the respondents were Males whereas 35% of the respondents were Females.

Sample of Software Engineers Grouped by Family Life Cycle Stage

Figure 4.3 shows a graphical representation of the respondents of the survey grouped by their family life cycle stage.

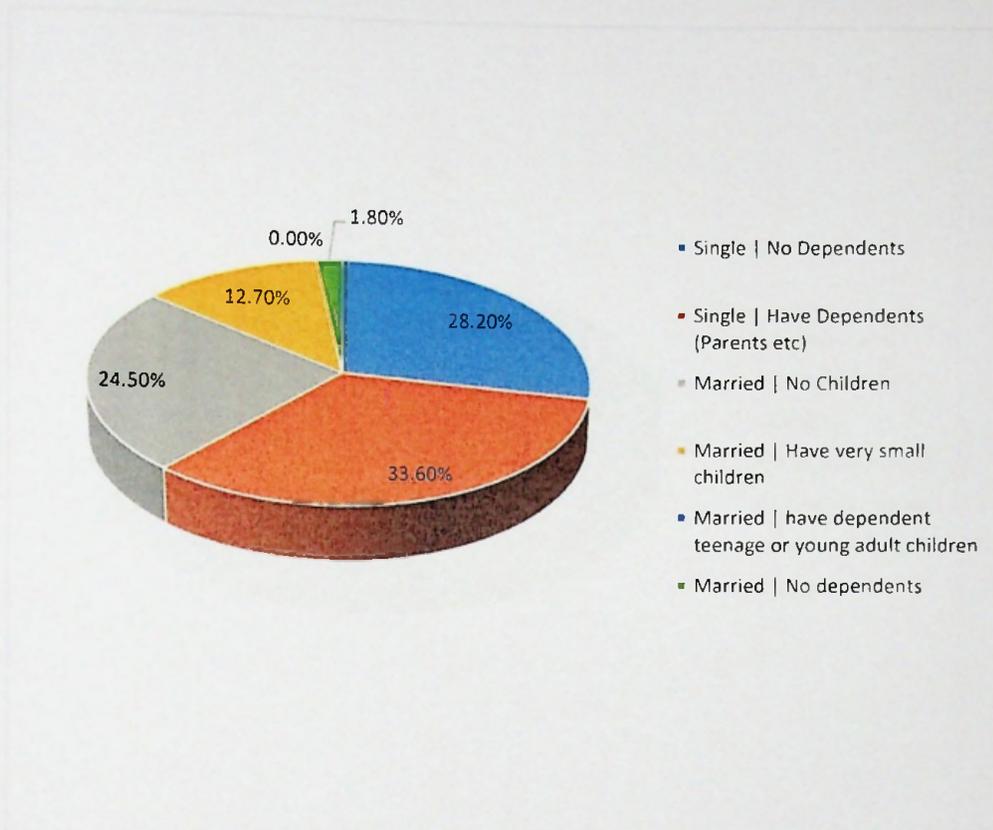


Figure 4.3: Sample of Software Engineers Grouped by Family Life Cycle Stage

As per figure 4.3, more than 60% of the respondent Software Engineers are Single with the majority who have no dependents or are still depending on their parents. Nearly 40% of the respondents are married with no children or with very small children.

Sample of Software Engineers Grouped by Educational Qualifications

Figure 4.4 shows a graphical representation of the respondents of the survey grouped by educational qualifications.

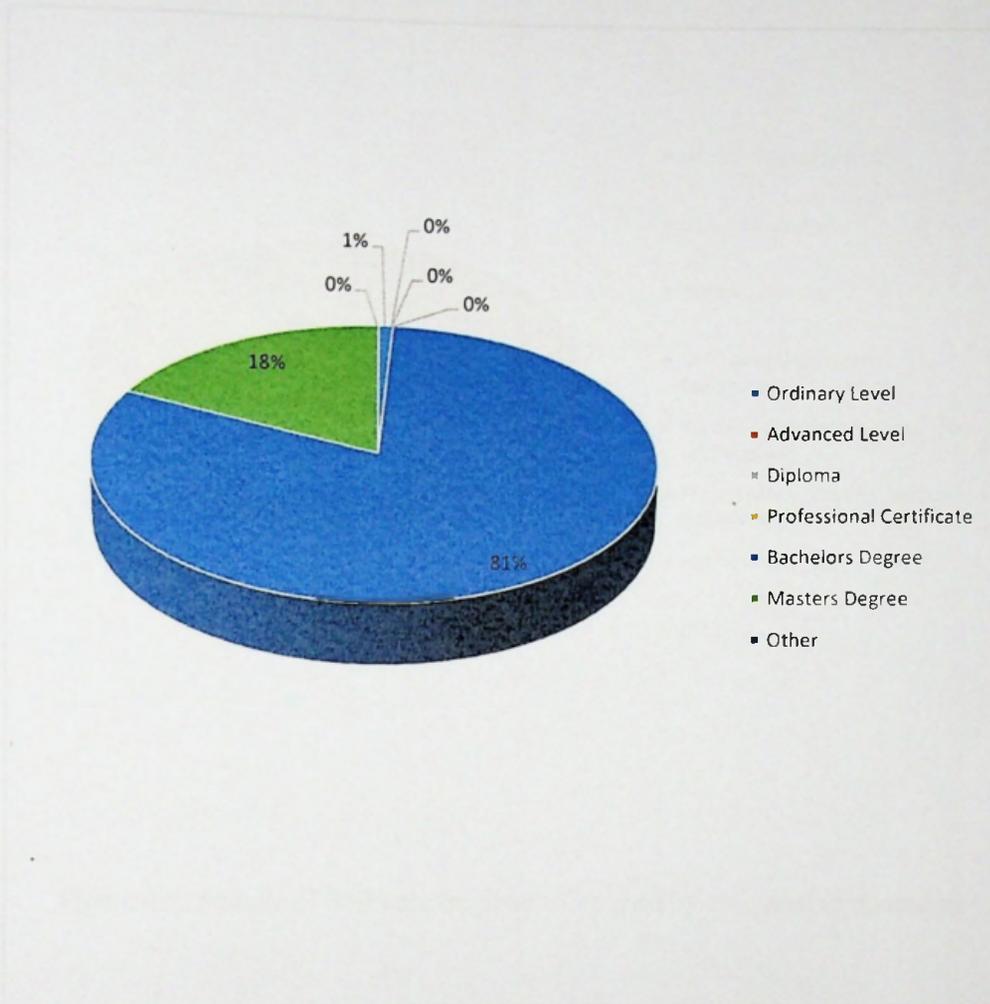


Figure 4.4: Sample of Software Engineers Grouped by Educational Qualifications

90 out of the 110 respondents are graduates which were approximately 81% of the total number of respondents. 18% of the respondents had obtained a Master degree.

Sample of Software Engineers Grouped by core area of operation

Figure 4.5 depicts the sample of Software Engineers who responded to the questionnaire in terms of their core area of operation.

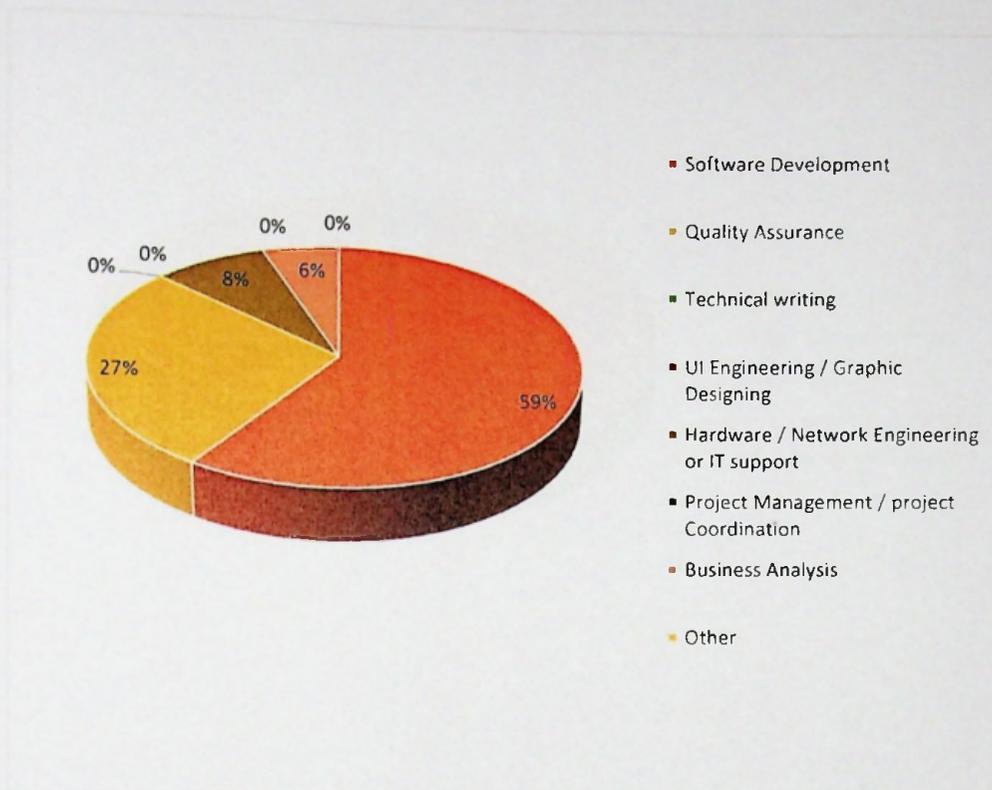


Figure 4.5: Sample of Software Engineers Grouped by core area of operation

Approximately 60% of respondents are Software Developers. Nearly 30% of the respondents are Quality Assurance Engineers.

Sample of Software Engineers Grouped by the No of years worked with CSC

Figure 4.6 depicts the sample of Software Engineers who responded to the questionnaire in terms of number of years worked with the company.

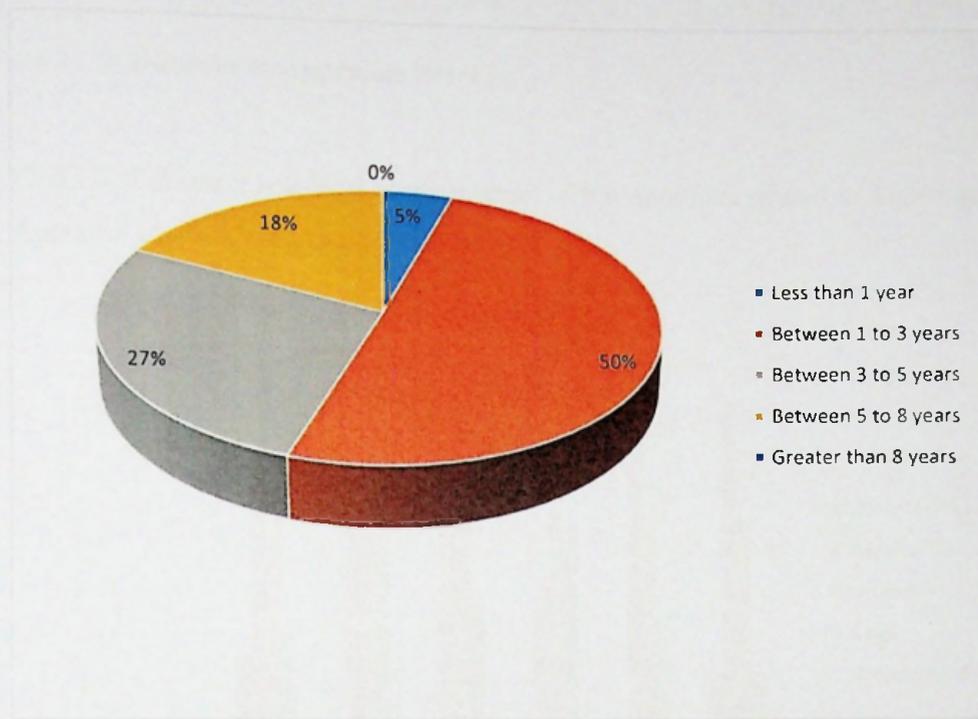


Figure 4.6: Sample of Software Engineers Grouped by the number of years worked with the CSC

The figure 4.6 shows that close to 82% of the survey respondents have less than 5 years of experience in the CSC and the majority of them have 1 to 3 years of experience in CSC Corporation.

4.3 Presentation of Variable related sections Information

A descriptive analysis was done for the variable related data and analysis results are summarized in this section.

4.3.1 Adherence to Appraisal Process

Figure 4.7 shows a graphical representation of the responses related to Adherence to Appraisal Process as a percentage.

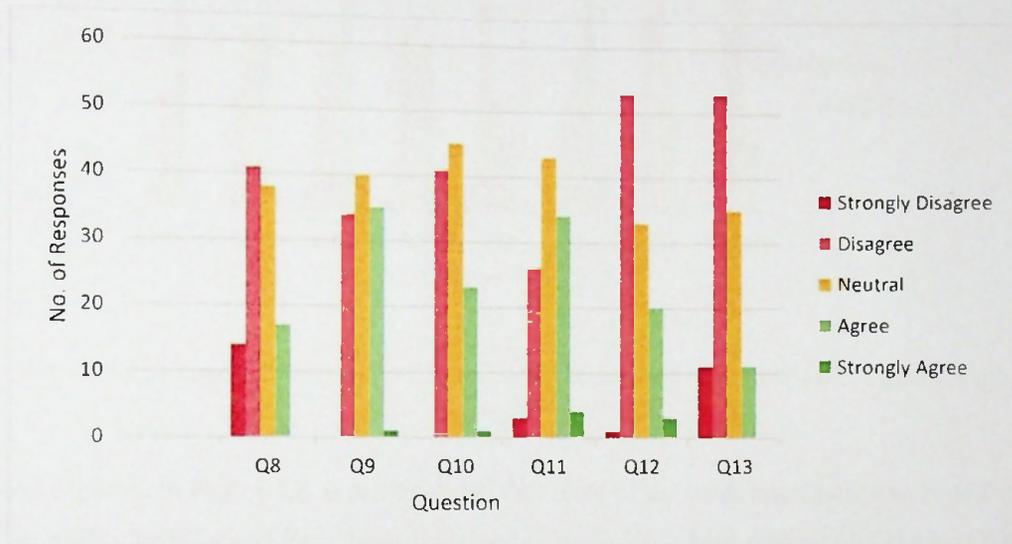


Figure 4.7: Responses related to Adherence to Appraisal Process as a percentage

As depicted in the above figure, nearly 50% of the respondents disagree with the statement that the final rating of the appraisal is clearly justified in the review meeting by the panel (Q8). Furthermore, nearly 49% disagreeing with the statement appraisers strongly adhere to the appraisal process (Q12). Therefore, it can be stated that, the majority of the respondents (58%) believe that the organization does not adhere to the appraisal process and thus it is not successful (Q13).

4.3.2 Eligibility Criteria for the Appraisal



Figure 4.8 shows the responses related to Eligibility Criteria for the Appraisal as a percentage.

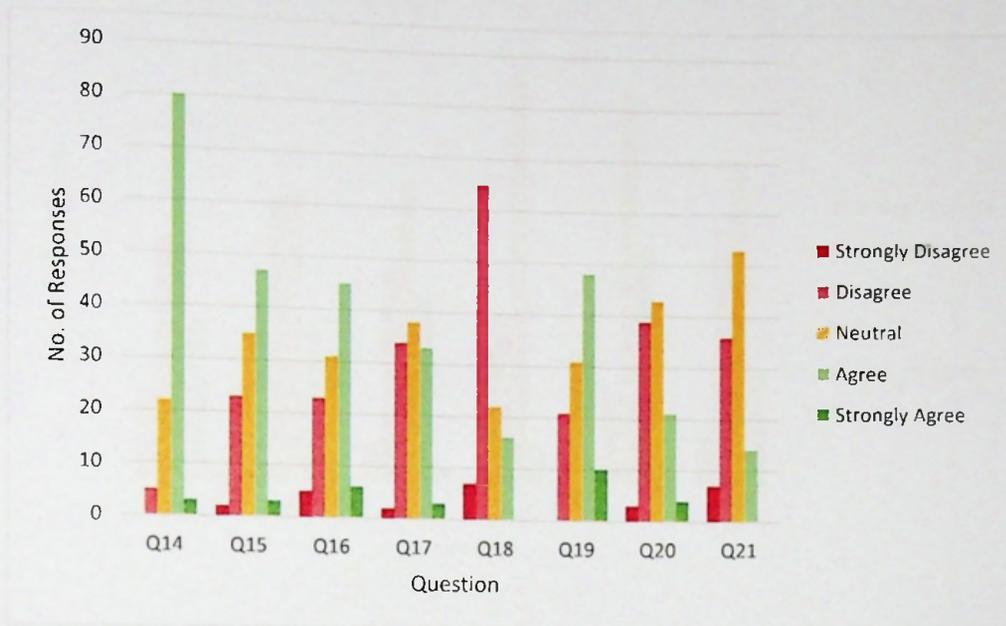


Figure 4.8: Responses related to Eligibility Criteria for the Appraisal as a percentage

As depicted in Figure 4.8, it can be stated that most of the respondents are aware of the eligibility criteria and have been informed periodically about completing them (Q14 and Q15). But nearly 31% of the respondents believe that they have not learned much about the company process by participating for organizational process examinations (Q17). Furthermore, majority of the respondents i.e. 65.4% disagree that they have sufficient time to prepare for the internal examinations (Q18). Finally, 39% of the respondents do not believe that the current eligibility criteria contribute towards the success rate of the appraisal system (Q21).

4.3.3 Effective Feedback and Follow-up System

The figure 4.9 presents the responses related to Effective Feedback and Follow-up System as a percentage.

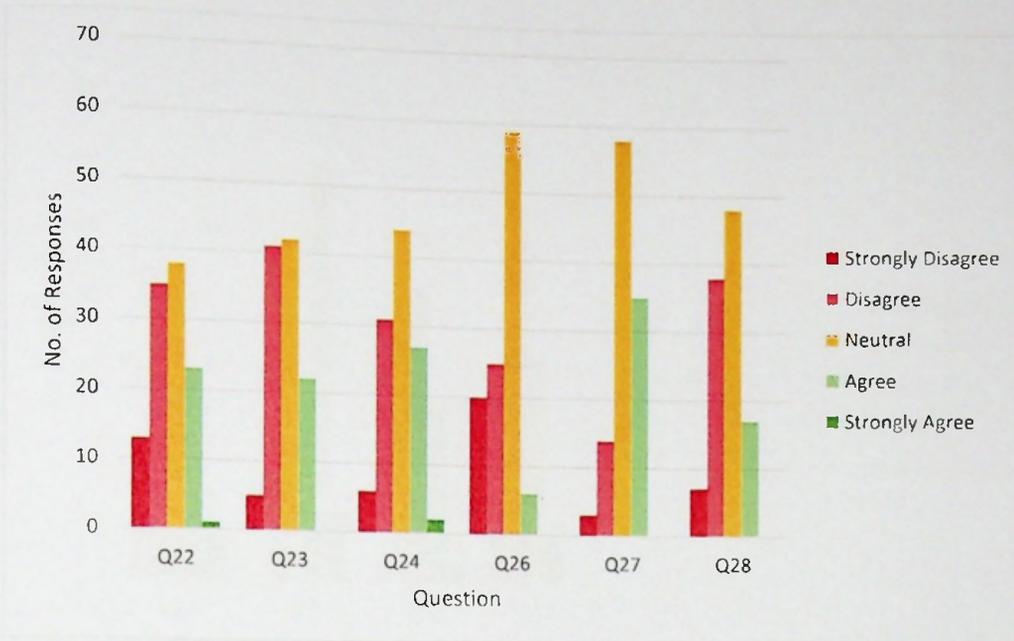


Figure 4.9: Responses related to Effective Feedback and Follow-up System

As depicted above, 43.6% of the respondents believe that the feedback they receive does not agree with what they have actually achieved (Q22) and 42.7% are not satisfied with the way organization is providing them feedback (Q23). Overall, 40.9% of the respondents believe that the current feedback and the follow up process are not contributing towards a successful appraisal process.

4.3.4 Job Satisfaction/ Turnover Intentions

Figure 4.10 depicts the responses related to Job Satisfaction/ Turnover Intentions as a

percentage

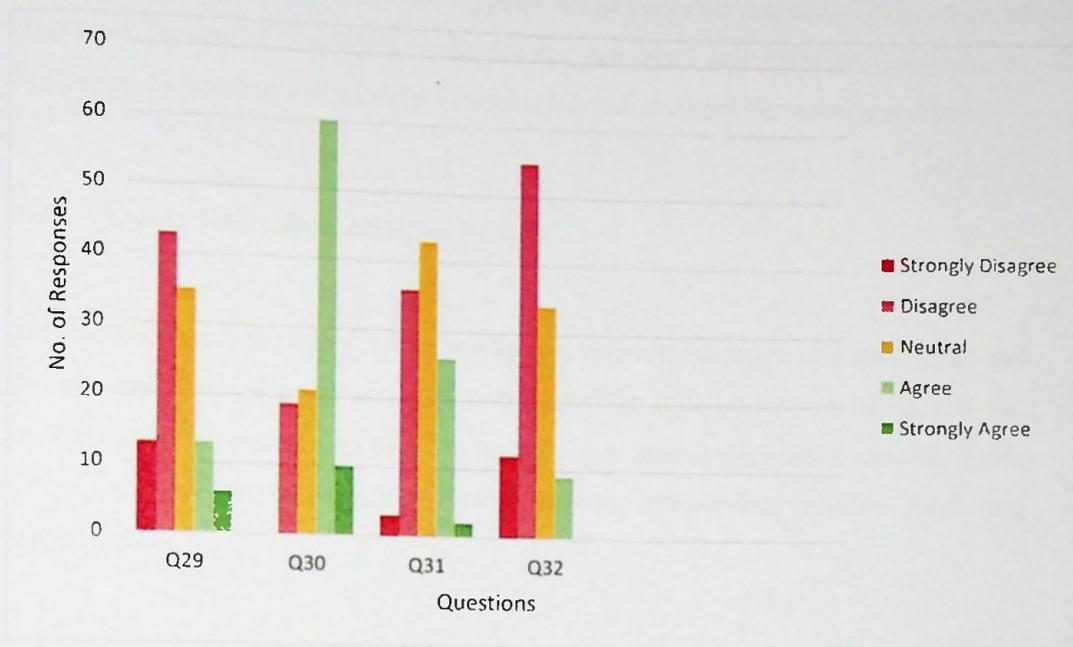


Figure 4.10: Responses related to Job Satisfaction/ Turnover Intentions as a percentage

As per Figure 4.10, 50.9% of the respondents disagree with the statement that elaborates employee unwillingness to quit the current job (Q29). Even though the majority of respondents or 63.6% have mentioned there are many opportunities within the company, nearly 35% have responded saying they do not believe that they will be recognized as good performers even though they achieve the objectives (Q31). Overall, more than 60% of the respondents disagree that the performance rating they receive has influenced them to stay on the current job.

4.4 Testing Mediation with Regression Analysis – Sobel Test

The Sobel test is a method of testing the significance of a mediation effect. Purpose of conducting the Sobel test is to test whether a mediator (Success rate of the Performance Appraisal System) carries the influence of an independent variable (Adherence to Appraisal Process, Eligibility Criteria for the Appraisal and Effective Feedback & Follow-up System) to a dependent variable (Job Satisfaction/ Turnover Intentions).

4.4.1 Linear Regression Analysis Results

In order to conduct the Sobel test for mediation, compute the regression coefficient and the standard error for the association between the independent variables and the mediator, and the association between the mediator and the dependent variable. Table 4.2 presents the Linear Regression Results with the independent variables predicting the mediator

Table 4.2: Linear Regression Result Independent Variable - Mediator

	Unstandardized coefficient	
	B (Regression Coefficient)	Std. Error
Adherence to Appraisal Process	0.414	0.110
Eligibility Criteria for the Appraisal	0.355	0.101
Effective Feedback and Follow-up System	0.271	0.100

The regression coefficient for the association between independent variables and Success rate of the Performance Appraisal System (the mediator) are shown. The standard error for this regression coefficient (labeled 'Std. Error') is also calculated.

Table 4.3 presents the Linear Regression Results with the independent variables and mediator predicting the dependent variable

Table 4.3: Linear Regression Result Independent Variable and Mediator – Dependent Variable

	Unstandardized coefficient	
	B (Regression Coefficient)	Std. Error
Adherence to Appraisal Process	-0.197	0.117
Eligibility Criteria for the Appraisal	0.107	0.108
Effective Feedback and Follow-up System	0.069	0.104
Success rate of the Performance Appraisal System	0.541	0.098

The regression coefficient for the association between the success rate of the performance appraisal system and the job satisfaction/ turnover Intentions is 0.541 and the standard error for this regression coefficient is .098.

4.4.2 Sobel Test Analysis

Sobel test calculates the critical ratio as a test of whether the indirect effect of the independent variable on the dependent variable via the mediator is significantly different from zero. Table 4.4 presents the Sobel Test Results which were calculated based on the Linear Regression Test results.

Table 4.4: Sobel Test Results

	<i>p</i> - value :
Adherence to Appraisal Process	0.00187282
Eligibility Criteria for the Appraisal	0.00302790
Effective Feedback and Follow-up System	0.01498744

The fact that the observed *p*-values do fall below the established alpha level of 0.05 indicates that the association between the independent variables which are Adherence

to Appraisal Process. Eligibility Criteria for the Appraisal and Effective Feedback & Follow-up System and the dependent variable Job Satisfaction/ Turnover Intentions are not reduced significantly by the addition of the mediator 'Success rate of the Performance Appraisal System' in the model.

4.5 Testing Hypothesis - Pearson's Correlation Analysis

According to the obtained rating, correlation analysis is used to identify the strength of the relationship between the variables. The following output is obtained using SPSS. To determine the relationship between variables, correlation analysis was done. Standard averaging had been used for each variable in order to analyze the significance, by using Pearson Correlation Matrix. The correlation value "r" was defined as follows:

- .80 or higher - Very strong relationship
- .60 to .79 - Strong relationship
- .40 to .59 - Moderate relationship
- .20 to .39 - Weak relationship
- .00 to .19 - Very weak relationship

Significant value denotes the probability of correlation occurrence and significant value less than 0.05 (5%) was considered as significant.

4.5.1 The correlation between Adherence to Appraisal Process and the Success

Rate of the Performance Appraisal System

Table 4.5 presents the two-tailed Pearson correlation result for Adherence to Appraisal Process vs. the Success Rate of the Performance Appraisal System. The value of the Pearson Correlation Coefficient at 0.567 which is significant at the 0.01 level indicates that there is a **moderately strong positive relationship** between the two variables.

Table 4.5: Adherence to Appraisal Process Vs the Success rate of the PAS

Correlations		
	Adherence to Appraisal Process	Success rate of the PAS
Adherence to Appraisal Process	Pearson Correlation	.567**
	Sig. (2-tailed)	.000
	N	110
Success rate of the Performance Appraisal System	Pearson Correlation	.567**
	Sig. (2-tailed)	.000
	N	110

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

It can be seen that when the employees adhere to the appraisal process, it would lead to a higher success rate of the performance appraisal. Based on the Pearson correlation value the alternative hypothesis H_{1a} is justified and therefore the null hypothesis H₁₀ is rejected.

4.5.2 The correlation between Eligibility Criteria for the Appraisal and the

Success rate of the Performance Appraisal System

Table 4.6 presents the two-tailed Pearson correlation result for Eligibility Criteria for the Appraisal vs. the Success rate of the Performance Appraisal System. The value of the Pearson Correlation Coefficient at 0.444 which is significant at the 0.01 level indicates that there is a **moderately strong positive relationship** between the two variables.

Table 4.6: Eligibility Criteria for the Appraisal Vs the Success rate of the PAS

		Correlations	
		Eligibility Criteria for the Appraisal	Success rate of the PAS
Eligibility Criteria for the Appraisal	Pearson Correlation	1	.444**
	Sig. (2-tailed)		.000
	N	110	110
Success rate of the PAS	Pearson Correlation	.444**	1
	Sig. (2-tailed)	.000	
	N	110	110

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

According to Table 4.6 values, it can be seen that a positive relationship between the employees getting eligible for the appraisal leads to a higher success rate of the performance appraisal. Based on the Pearson correlation value the alternative hypothesis H2a is justified and therefore the null hypothesis H2₀ is rejected.

4.5.3 The correlation between Effective Feedback and Follow-up system and

the Success rate of the Performance Appraisal System

Table 4.7 presents the two-tailed Pearson correlation result for Effective Feedback and Follow-up system vs the Success rate of the Performance Appraisal System. The value of the Pearson Correlation Coefficient at 0.532 which is significant at the 0.01 level indicates that there is a **moderately strong positive relationship** between the two variables.

Table 4.7: Effective Feedback and Follow-up system Vs the Success rate of the PAS

Correlations			
		Effective Feedback and Follow-up system	Success rate of the PAS
Effective Feedback and Follow-up system	Pearson Correlation	1	.532**
	Sig. (2-tailed)		.000
	N	110	110
Success rate of the PAS	Pearson Correlation	.532**	1
	Sig. (2-tailed)	.000	
	N	110	110

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

It can be seen that when the employees receive effective feedback and experiencing follow-up system, that would leads to a higher success rate of the performance appraisal. Based on the Pearson correlation value the alternative hypothesis H3a is justified and therefore the null hypothesis H3₀ is rejected.

4.5.4 The correlation between the success rate of the Performance Appraisal

System and the Job Satisfaction/ Turnover intentions

Table 4.8 presents the two-tailed Pearson correlation result for the Success rate of the Performance Appraisal System vs Job Satisfaction/ Turnover intentions. The value of the Pearson Correlation Coefficient at 0.564 which is significant at the 0.01 level indicates that there is a **moderately strong positive relationship** between the two variables.

Table 4.8: The Success rate of the PAS Vs the Job Satisfaction/ Turnover intentions

Correlations			
		Success rate of the PAS	Job Satisfaction/ Turnover intentions
Success rate of the PAS	Pearson Correlation	1	.564**
	Sig. (2-tailed)		.000
	N	110	110
Job Satisfaction/ Turnover intentions	Pearson Correlation	.564**	1
	Sig. (2-tailed)	.000	
	N	110	110

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

It can be seen that the presence of a successful performance appraisal system leads to a higher job satisfaction level. Hence, lower turnover intentions. Based on the Pearson correlation value the alternative hypothesis H_{4a} is justified and therefore the null hypothesis H₄₀ is rejected.

4.6 Summary of hypotheses test results

The research consists of four hypotheses and as per the correlation test; all of them have been accepted. Table 4.9 shows the summary of hypothesis test results.

Table 4.9: Summary of hypothesis test results

Hypothesis	Correlation	Accepted hypothesis
Adherence to Appraisal Process for the Success rate of the PAS	Moderate	H1a
Eligibility Criteria for the Appraisal and the Success rate of the PAS	Moderate	H2a
Effective Feedback and Follow-up system for the Success rate of the PAS	Moderate	H3a
Success rate of the PAS for the Job Satisfaction/ Turnover intentions	Moderate	H4a

According to the above hypothesis tests, the factors, such as Adherence to Appraisal Process, Eligibility Criteria for the Appraisal and Effective Feedback & Follow-up System are positively effecting on Success rate of the Performance Appraisal System and successful performance appraisal system leads to a higher job satisfaction level.

To discuss further, during the data analysis, it was revealed that nearly 49% disagrees with the statement that appraisers strongly adhere to the appraisal process which clearly highlights the fact that employees perceive the existing process is biased up to some extent. Moreover, majority of the respondents (58%) believe that the organization does not adhere to the appraisal process, thus it is not successful. During the hypothesis testing, it was found that there is a positive correlation between adherence to the appraisal process and the success rate of the performance appraisal system in CSC.

In terms of Eligibility criteria for the appraisal, it was found that the majority of the respondents 65.4% disagree that they have sufficient time to prepare for the internal examinations which highlights the employee dissatisfactions towards organization's process of conducting internal examinations. Also, 39% of the respondents do not believe that the current eligibility criteria contribute towards the success rate of the appraisal system. Moreover, during the hypothesis validation, it was found that there is a positive correlation between eligibility criteria for the appraisal and the success rate of the performance appraisal system in CSC.

During data analysis, it was found that 43.6% of the respondents believe that the feedback they receive does not agree with what they have actually achieved and 42.7% are not satisfied with the way the organization is providing them feedback. Therefore, it can be stated that considerable percentages of the respondents perceive that the existing feedback mechanism is inaccurate. Overall, 40.9% of the respondents believe that the current feedback and the follow up process are not contributing towards a successful appraisal process. Furthermore, the hypothesis testing confirmed that there is a positive correlation between effective feedback and follow-up system and the success rate of the performance appraisal system in CSC.

Furthermore, 50.9% of the respondents disagree with the statement that elaborates employee's unwillingness to quit the current job. Even though 63.6% have mentioned that there are many opportunities within the company, nearly 35% have responded saying they do not believe that they will be recognized as good performers even though they achieve the objectives, which gives a clear indication that there is a negative impression among employees about the performance appraisal process so that they tend to perceive it as a biased and an ineffective process. Overall, more than 60% of the respondents disagree that the performance rating they receive has influenced them to stay on the current job, which further emphasizes the employee frustration with the existing appraisal system so that it affects the employee satisfaction and turnover intentions.

CHAPTER 5: CONCLUSION AND RECOMMENDATIONS

5.1 Introduction

This chapter is dedicated to specify the conclusions drawn from the research study, give recommendations on how to overcome the factor which affects the success rate of the performance appraisal process by improving job satisfaction and reducing turnover intentions of the Software Engineers since it contributes towards solving the present challenges faced by CSC corporation.

5.2 Research Conclusion

Conclusion I: The variable 'Adherence to the appraisal process' has become one of the leading factors which affects the success rate of CSC's performance appraisal process. The research focused on the importance of receiving feedback from multiple sources when providing the final rating, opportunities for the employees to raise their concerns relating to the given rating and finally the importance of appraiser's adherence to the process guidelines.

During the hypothesis testing, it was found that there is a positive correlation between adherence to the appraisal process and the success rate of the performance appraisal system in CSC. This means that when employees adhere to the appraisal process, it would lead to higher success rate of the performance appraisal.

Conclusion II: The variable 'Eligibility criteria for the appraisal process' was identified as another contributing factor for the success rate of the performance appraisal process in CSC. The research focused on the employee awareness of the eligibility criteria, significance of such criteria towards the job role and difficulties in completing such pre-requisites which in return affect employees from not been eligible for the appraisal process.

Moreover, during hypothesis validation, it was found that there is a positive correlation

between eligibility criteria for the appraisal and the success rate of the performance appraisal system in CSC.

Conclusion III: The variable 'Effective feedback and follow-up system' was identified as the third contributing factor towards performance appraisal's success rate. Relevancy and the significance of the performance feedback to the employees and effectiveness of the follow up system were focused on during the research.

Furthermore, the hypothesis testing confirmed that there is a positive correlation between effective feedback and the follow-up system and the success rate of the performance appraisal system in CSC.

Conclusion IV: Perception of unfairness and biasness in the appraisal process leads to employee dissatisfactions which are mainly caused by the managers unwillingness to adhere to appraisal guidelines. Moreover, receiving irrelevant and inaccurate performance feedback, restricting employees by establishing a large set of eligibility criteria will also contribute towards job satisfaction and turnover intentions of the employees. The above mentioned statements are further strengthened by the data analysis outcomes where 50.9% of the respondents disagree with the statement that elaborates employees unwillingness to quit the current job which gives a clear indication that there is a negative impression among employees about the performance appraisal process so that they tend to perceive it as a biased and an ineffective process.

The research focused on such factors that impact on job satisfaction/ turnover intentions and it was found that there is a positive correlation between the success rate of the performance appraisal system and the job satisfaction/ turnover intentions of the Software Engineers in CSC.

5.3 Recommendations

As mentioned in Conclusion I, the gathered data represented a positive relationship between the employees adhering to the appraisal process which leads to a higher success rate of the performance appraisal. Furthermore, in the data analysis, it was found that the respondents believed that the managers do not consider subordinate feedback when providing the final rating. Therefore the majority believed that appraisers do not adhere to the appraisal process.

To overcome this situation, it is important to have a mechanism where employees are allowed to provide feedback relating to the final appraisal rating and the performance review meeting. The employee feedback on the rater should be obtained using a questionnaire form by addressing the rater error aspects and process non-compliance factors. This process can be integrated into the Performance Appraisal Automated Application so that employees can immediately submit the feedback after the performance review.

Furthermore, HR should be responsible for securing the confidentiality of the gathered information. Moreover, it is important to take necessary actions against managers who do not comply with the appraisal process. Such actions help to build employee trust towards the appraisal process.

According to the findings, it is highlighted that the general lack of confidence in managers towards the appraisal evaluation process is getting increased. Furthermore this kind of things might not limit to the appraisal process as it will ultimately become a wider problem to the overall work process of the organization. Moreover, it is important to conduct the management training programs covering basic managerial qualities of the managers which will help to minimize the biasness.

Since the CSC automated appraisal process keeps employee self-review figures and the manager's review figures open for the normalization process, it is recommended for HR to analyze the figures to find out how these two figures differ in respect to self-rating of the manager's rating. The statistics like Percentage of the Variation will bring the advantages for the organization in long term to identify the problems.

Moreover, it is important to have an HR representative in the final performance feedback meeting so that managers cannot manipulate the definition of the evaluation standards and provide an inaccurate rating. Therefore, facilitating appraisal reviews with HR representatives would help to further increase employee satisfaction level towards performance appraisal.

During data analysis, it was found that nearly 31% respondents do not believe that they have learnt much of the company process by participating for organizational process examinations. It is important to educate employees about the company process, but at the same time the relevancy of having process examinations for employees should be reconsidered. Therefore, HR should rethink its strategies of communicating the importance of knowing the company process to the employees.

Furthermore, majority of the respondents (65.4%) have stated that they do not have sufficient time to prepare for the internal examinations. Again HR should rethink their strategy of having mandatory complex technical exams for the employees since all the technical staff has to go through several technical examinations in the recruitment process as well. It can be recommended that the completion of such examinations to be identified as value addition points for the employee in the evaluation and provide additional incentives for the employees who have completed them. Such actions would encourage employees to complete these examinations.

5.4 Research Limitations

The study was conducted to CSC Corporation's performance appraisal system and the factors influencing the current appraisal process success rate. Furthermore, the job categories considered for the study would only be Software Engineers. As such, the findings of this research study should not be used as a yardstick to predict performance appraisal's influence on turnover intentions and job satisfaction levels in other job categories that exists within the company.

There can be multiple reasons that can result in a Software Engineer leaving his current job as listed below.

- a) Migration or relocation
- b) Retirement
- c) Salary and rewards
- d) Company policies and style of management
- e) Cultural mismatch between employee and organization
- f) Career change into a non-IT field

However, this research study is limited to find how the performance appraisal success rate affects the turnover intentions of Software Engineers in CSC. Therefore, none of the above mentioned factors will be explored in this research study. The research will not focus on implementing the recommendations identified through the study in the organization. In addition to the above, salary scales and reward schemes followed by CSC would not be explored.

The process of making questions was simpler and would have not fully explained the context of the question. Since the questionnaire was filled on-line, there was no proper methodology to clarify uncertainties for both questioner and answerer. Hence there was a possibility of not providing correct and relevant answers from the survey responders.

Respondent not devoting much time to answer questions due to strict deadlines in CSC is identified as a problem which would have to be overcome in gathering the required data. Therefore, it is assumed that the information provided by the respondents represents the actual situation.

The company CSC was selected on the research subject matter and approval was granted initially. Due to the strict policies of the CSC Corporation for disclosure of company internal data, further research on the company was abandoned during the data collection was going on. Therefore this research was performed within a highly restrictive environment for data collection. In order to start the data analysis, 1/3 of the total sample requirement was taken into consideration where the sample size was refined to deal with the data collection constraints. Figure 5.1 shows the Collection of Responses against Time Period.

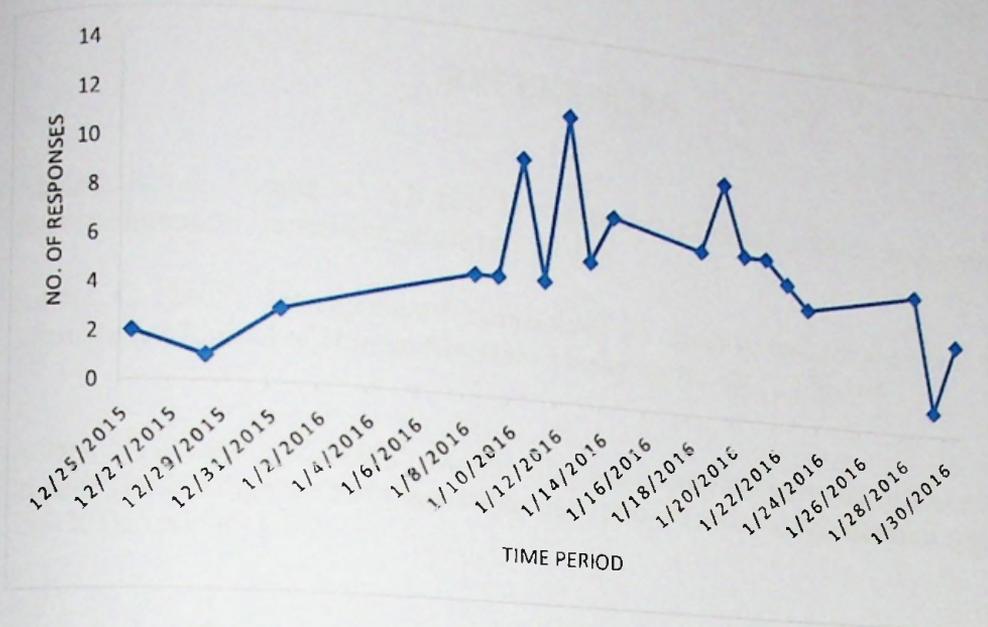


Figure 5.1: Collection of Responses against Time Period

5.5 Suggestion for Further Research

The research study was conducted only for Software Engineers of CSC -Sri Lanka. Furthermore, it can be suggested that a research can be carried out on the same problem area focusing on other designations available within the CSC Corporation.

The conceptual model constructed in this research study can be further extended with other identified variables and used to support future researches focus on the same problem area within the CSC Corporation.

Research can be conducted by focusing on CSC normalization process which was discussed in the section 'Performance Appraisal Process of CSC' to discover its effectiveness towards the success rate of the appraisal process.

Moreover, research can be conducted on CSC managers focusing on their behavioral qualities, compliance to the appraisal process and leadership styles. It will help the organization to improve the efficiency of the performance appraisal.

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APPENDIX 01 - QUESTIONNAIRE

Follows the on-line questionnaire url:

The following is the questionnaire distributed among CSC Software Engineers

The Performance Appraisal and its effect on the job satisfaction and the turnover intentions of Software Engineers in CSC -Sri Lanka

1. Questionnaire

General Information

1. Age

- Less than 20
- Between 20 and 25
- Between 25 and 30
- Between 30 and 40
- Greater than 40

2. Gender

- Male
- Female

3. Which of the following best describe your family life cycle stage?

- Single | No Dependents
- Single | Have Dependents
- Married | No Children
- Married | Have very small children
- Married | have dependent teenage or young adult children
- Married | No dependents

4. What is the highest academic qualification you have obtained?

- Ordinary Level

- Advanced Level
- Diploma
- Professional Certificate
- Bachelors Degree
- Masters Degree
- Other:.....

5. My core area of operation is in

- Software Development
- Quality Assurance
- Technical writing
- UI Engineering / Graphic Designing
- Hardware / Network Engineering or IT support
- Project Management / project Coordination
- Business Analysis
- Other:

6. How many years you have worked with the current employee?

- Less than 1 year
- Between 1 to 3 years
- Between 3 to 5 years
- Between 5 to 8 years
- Greater than 8 years

Adherence to Appraisal Process

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
7). The final rating of the appraisal is not influenced by the relationship I have with the supervisor.	<input type="checkbox"/>				
8). The final rating of the appraisal is clearly justified in the review meeting by the panel.	<input type="checkbox"/>				
9). The final rating of the appraisal is given by considering feedback from multiple sources	<input type="checkbox"/>				

10). Open discussions are encouraged during the appraisal and I will not be penalized based on my open feedback.

11). I can raise my concerns about the final rating and such concerns are noted down by the review panel.

12). Appraisers always strictly adhere to the appraisal process.

13). I believe that my organization strictly adhere to the appraisal process hence I believe that the appraisal system of the Vistusa is successful.

<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				

Eligibility Criteria for the Appraisal

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
14). I am aware of the criteria which should be met in order to be eligible for the annual appraisal.	<input type="checkbox"/>				
15). I have been informed periodically about the pending criteria that should be met in order to be eligible for the annual appraisal	<input type="checkbox"/>				
16). I have improved my technical knowledge due to internal technical exams.	<input type="checkbox"/>				
17). I have improved my technical knowledge due to internal process exams.	<input type="checkbox"/>				
18). I am always able to dedicate sufficient time for the internal exams which are pre-requisites.	<input type="checkbox"/>				

19). I am eligible for the upcoming appraisal since I have not served in the bench for 3 months.

20). I believe that the amount of prerequisites are fair and are not exhausting.

21). I believe that the eligibility criteria for the performance appraisal system has contributed to the success rate of the performance appraisal in the company

<input type="checkbox"/>				
<input type="checkbox"/>				
<input type="checkbox"/>				

Effective feedback and follow-up system

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
22). The feedback I receive agrees with what I have actually achieved.	<input type="checkbox"/>				
23). The feedback I receive is relevant to the appraisal evaluation criteria and I am satisfied with the way my organization provides me with feedback.	<input type="checkbox"/>				
24). It identifies individual development/training needs	<input type="checkbox"/>				
25). I believe HR presence in the review meeting is important.	<input type="checkbox"/>				
26). The issues I raise during the appraisal meeting will be taken into consideration and addressed fairly.	<input type="checkbox"/>				

27). The feedback helps me to identify my strengths and weaknesses.

<input type="checkbox"/>				
<input type="checkbox"/>				

28). I believe the effective feedback and the follow-up process of the appraisal system has contributed to the success rate of the performance appraisal in the company.

Job Satisfaction and Turnover Intentions

	Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree
29). I rarely think about quitting my present job.	<input type="checkbox"/>				
30). I believe that there are many prospects/opportunities in this organization.	<input type="checkbox"/>				
31). I have hope that I can become a "fast-track" employee if I successfully complete my objectives.	<input type="checkbox"/>				
32). The appraisal rating has influenced me to retain at my current role since I'm extremely satisfied with the appraisal system.	<input type="checkbox"/>				

