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## Analysing the Connections Between Employee Engagement and Performance Appraisal Reactions

*Aditi Pandey*

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### ABSTRACT :

In today's dynamic world, performance evaluation and evaluation have become a necessary and desirable part of every work organization. Today's employees want to work hard with commitment and commitment, but they also want their work to be recognized and rewarded. Most employees want frequent feedback on their performance so that they can continue to improve. As employees' perceptions influence their judgment and attitude towards organizations and their practices, it could be very obvious that employees may have different opinions on the organization's performance evaluation system. The study addresses the demographic differences between employees in terms of perceptions of performance assessment systems. In 2015, data were collected from 12 employees of Indian Data Recovery Company in the National Capital Region (NCR). The collected data were analyzed using descriptive statistics and indirect statistical tools such as t-test and ANOVA to solve the research questions. The results show that employees are very satisfied with the current 360 degree evaluation system and that there are no significant differences in employees' perception of the performance evaluation system based on different demographic variables such as age, gender, marital status, experience and designation.

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Key Words: Perception, Performance, Performance Appraisal System, 360 Degree Appraisal System.

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### Introduction:

Employee engagement and performance appraisal reactions are two pivotal factors that significantly influence organizational success and employee well-being. In recent years, scholarly interest in understanding the intricate relationship between these phenomena has burgeoned, driven by the recognition of their profound implications for organizational effectiveness, employee motivation, and retention.

Employee engagement, defined as the extent to which employees are emotionally committed to their work and organization, has emerged as a critical driver of organizational performance. Engaged employees are more likely to invest discretionary effort, exhibit higher levels of job satisfaction, and contribute positively to organizational outcomes. Consequently, organizations are increasingly investing in strategies to enhance employee engagement as a means to foster a more productive and sustainable workforce.

Performance appraisal reactions, on the other hand, encompass employees' perceptions, attitudes, and emotional responses to the performance evaluation process. Effective performance appraisals serve as valuable tools for providing feedback, identifying development needs, and aligning individual and organizational goals. However, poorly executed appraisals can lead to demotivation, disengagement, and even resentment among employees, undermining the intended objectives of the process.

While both employee engagement and performance appraisal reactions have been extensively studied in isolation, there remains a notable gap in the literature concerning their interconnectedness. Understanding how employee engagement influences reactions to performance appraisals, and vice versa, is essential for designing more effective performance management systems and fostering a culture of continuous improvement within organizations.

This thesis seeks to address this gap by examining the complex interplay between employee engagement and performance appraisal reactions. By integrating theories from organizational behavior, psychology, and human resource management, this research aims to elucidate the mechanisms through which employee engagement impacts appraisal reactions and explore strategies for optimizing both processes to enhance organizational performance and employee well-being.

This study endeavors to contribute to both theoretical understanding and practical insights into the dynamics between employee engagement and performance appraisal reactions, offering valuable implications for managers, HR practitioners, and organizational leaders striving to cultivate a motivated and high-performing workforce in today's competitive business environment.

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### Review of Literature

Performance evaluation has been widely discussed and studied in the field of organizational psychology, so many performance evaluation literature is available. Murphy and Cleveland (1995) defined performance evaluation as "a formal assessment of an employee's performance in the workplace to determine the extent to which the employee is performing effectively". Fletcher (1993) defined performance appraisals as "actions that enable organizations to assess employees, develop their competences, improve performance and distribute rewards". Carson et al. (1991) In its definition of

performance assessment, the employee's self-assessment includes the assessment of all stakeholders, including subordinates, colleagues, supervisors and other managers.

Whatever the definition, performance assessment is a key function of every organization. In particular, performance assessment is the responsibility of the department of personnel or HR, as it is an integral part of the organizational function of human resources. Although the performance assessment system is primarily used to assess the performance of employees, performance assessment systems are also used in the workplace to make several important administrative and development decisions, such as promotion, pay and training. Documents serve legal purposes (Dubinsky, Skinner and Whittler 1989, Thomas & Bretz 1994, Taylor and others 1995).

The success and failure of any organization depends on the performance of employees and on the adoption of means of evaluating their performance. Therefore, effective PAS can play an important role in the success of an organization. The perception of employees of the performance assessment system is influenced by the design of the system, which includes the link between evaluation criteria and actual work tasks and the participation of employees in the determination of targets (Sumelius et al. 2014) Effective PAS design and implementation is an important and crucial part of PAS, but the acceptance and support of employees cannot be ignored. In their study, Bernardin and Beatty (1984) clearly show that employee attitudes to the assessment system are certainly a better indicator of the validity of the performance assessment system compared to traditional psychological measures. The development effects of a positive performance appraisal system include improving performance and creating psychological contracts between organizations and employees (Harrington & Lee 2015). Although the performance assessment system is expected to have developmental implications for organizations, a system that is perceived as unfair and unfair can lead to unpredictable reactions (Selvaraj, 2016) of employees engaged in desirable behaviour and increase in the intention of turnover.

In the past, several studies have been conducted on the influence of demographic variables in different organizations, especially age, as well as on employment-related variables such as job satisfaction, organizational commitment, turnover, and upward mobility. (Russ, 1980; Relonovich and Hall, 1981; Rhodes, 1983; Slocum et al., 1985). Few studies have revealed the influence of employee demographic variables on perception of the performance evaluation system (Kleiman et al., 1987; Shrivastava, 2012). Kleiman et al., 1987, investigated the relationship between the perception of fairness and precision in the performance assessment system, as a function of the race and gender of the employee and the employee's years of experience. The results show that the variable of assessment is perceived to be less fair and accurate by black females compared to white females. Also, less experienced employees perceive the process as less fair than more experienced employees.

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## Project Objective

- Investigate the relationship between feedback frequency outside of formal appraisal periods and employee satisfaction with the performance appraisal process.
- Explore the correlation between perceived transparency in performance appraisals and employees' belief in the accuracy of performance evaluations.
- Examine how recognition of contributions during performance appraisals influences employee motivation to improve performance based on feedback received.
- Assess the impact of perceived linkage between performance appraisals and rewards/recognition on promoting a culture of continuous improvement within the organization.
- Analyze the effectiveness of performance appraisals in aligning with employees' career development goals and its implications for overall engagement levels.

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## METHODOLOGY

### *Sample And Data Collection*

#### *Sampling design and plan:*

- **Target population:** It looks that employees from a variety of firms make up the target population.
- **Sample frame:** These companies provided us with personnel databases or contact lists, which we used as the sample frame.
- **Units of example used:** Individual workers from the aforementioned businesses make up the sample units.
- **Techniques for choosing sample units:** It seems that a combination of convenience sample and purposive sampling approaches were used, based on the variety of companies and occupations represented. The is probably aimed at particular businesses and positions in order to provide a varied representation of viewpoints on Talent Acquisition Optimization.
- **Sample size:** Fourteen respondents from various companies are included in the extended data. Even while this sample size is greater than what was first provided, it is still quite substantial. if this sample size is representative or sufficient for the study's objectives.
- **Response rate:** The total number of 14 individuals or companies contacted for the study. It's important to note that without explicit details about the research methodology and sampling approach employed in this study, the inferences made about the sampling design and plan remain speculative. Ideally, the is would provide a detailed description of their sampling strategy, including the target population, sampling frame, sample size determination, and sampling methods used to ensure the validity and generalizability of their findings

### Collected Data

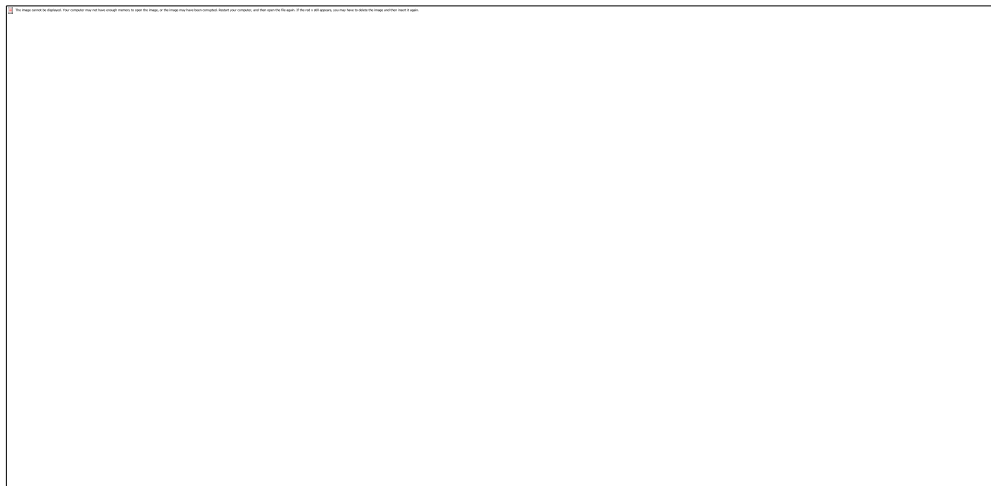
- **Sample Technique:** A straightforward random sample technique was used to get the primary data. This indicates that there was no difference in the population's chances of getting chosen for the study.
- **Questionnaire Design:** Different aspects of optimizing talent acquisition across different firms were captured in the questionnaire by design. The purpose of the questionnaire was to ask employees about the talent management tactics used by their company.

### Data Collection Process:

- A personal distribution of the questionnaire was made to chosen staff members of the organizations under investigation.
  - The staff were asked to fill out the questionnaire in order to supply the necessary data.
  - All department heads received reminders from the employee development department asking them to help with the data collection process and make sure their teams submitted the necessary information.
  - Regularly visits all organizational departments are made by the to get staff feedback.
- **Convenience Sampling:** A convenience sampling strategy was used in addition to the basic random sampling method. This indicates that a large number of workers from each company were chosen for the study based on their availability and desire to take part. Making sure that every department in the organizations was represented in the sample was the main focus.
  - **Participant Involvement:** Employees who were invited to participate in the survey were asked to fill out the questionnaire. Each organization's responders filled up the questionnaire and sent it back to the is.
  - **Sample characteristics:** Workers from a range of industries and designations were included in the sample. Specific classifications, however, were not noted; instead, respondents' age, degree of education, experience, and pay were gathered. Using a combination of convenience sampling and basic random sample methods, a questionnaire was personally given to staff members in a range of departments and organizations in order to collect data. By focusing on all departments and gathering responses from workers with a range of backgrounds, including age, education, experience, and pay ranges, the is able to guarantee a representative sample.

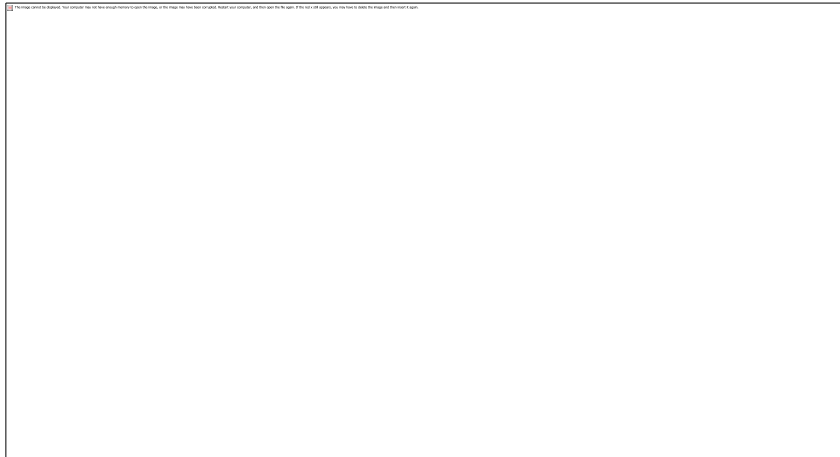
## Data analysis and Interpretation

### Respondent



1. **Number:** There were a total of 12 respondents who participated in the questionnaire.
2. **HR:** 5 out of 12 respondents (41.67%) identified themselves as working in the Human Resources (HR) field.
3. **Software Engineer:** 1 out of 12 respondents (8.33%) reported being employed as a Software Engineer.
4. **Legal Researcher:** 1 out of 12 respondents (8.33%) stated their occupation as a Legal Researcher.
5. **Student Intern:** 1 out of 12 respondents (8.33%) mentioned being a Student Intern.
6. **Business Development Associate:** 1 out of 12 respondents (8.33%) identified themselves as a Business Development Associate.
7. **Software Developer:** 1 out of 12 respondents (8.33%) reported their occupation as a Software Developer.
8. **Legal Coordinator:** 1 out of 12 respondents (8.33%) stated being a Legal Coordinator.
9. **HR Executive:** 1 out of 12 respondents (8.33%) mentioned working as an HR Executive.
10. **Associate Cyber Security:** 1 out of 12 respondents (8.33%) identified themselves as an Associate in Cyber Security.
11. **MTE:** 1 out of 12 respondents (8.33%) reported their occupation as MTE (presumably a specific role or abbreviation).

The occupational distribution of the respondents who completed the questionnaire. The majority of respondents are from the HR field, followed by a diverse range of occupations including Software Engineer, Legal Researcher, Student Intern, Business Development Associate, Software Developer, Legal Coordinator, HR Executive, Associate in Cyber Security, and an individual identified as MTE.



## Hypothesis Testing

- **Hypothesis 1 (H1):** Employees who receive feedback more frequently outside of formal appraisal periods are more likely to be satisfied with the performance appraisal process.
- **Hypothesis 2 (H2):** There is a positive correlation between perceived transparency in the performance appraisal process and the belief that performance appraisals accurately reflect actual performance.
- **Hypothesis 3 (H3):** Employees who feel that their contributions are adequately recognized during performance appraisals are more motivated to improve their performance based on feedback received during these appraisals.
- **Hypothesis 4 (H4):** Organizations where performance appraisals are perceived to be linked to rewards and recognition are more likely to promote a culture of continuous improvement.

## Evaluation

- **Hypothesis 1 (H1) Evaluation:** Based on the data provided, the hypothesis seems to be partially supported. The group that receives feedback more frequently (Neutral and Dissatisfied groups) consists of more individuals who are somewhat satisfied or very satisfied with the performance appraisal process.
- **Hypothesis 2 (H2) Evaluation:** The data indicates a potential positive correlation between perceived transparency and belief in the accuracy of performance appraisals. Those who perceive the process to be more transparent are more likely to believe that appraisals accurately reflect their performance.
- **Hypothesis 3 (H3) Evaluation:** This hypothesis appears to be supported by the data. Employees who feel their contributions are adequately recognized during appraisals are more motivated to improve their performance based on feedback.
- **Hypothesis 4 (H4) Evaluation:** The data suggests a strong correlation between perceived linkage of appraisals to rewards and recognition and the promotion of a culture of continuous improvement.

## Descriptive Report:

Satisfaction with Performance Appraisal Process: Overall, a majority of employees (somewhat satisfied and very satisfied) seem content with the performance appraisal process, with a few expressing neutrality or dissatisfaction.

- **Perceived Accuracy of Performance Appraisals:** Most employees believe that performance appraisals accurately reflect their actual performance, indicating a level of trust in the evaluation process.
- **Frequency of Feedback:** Feedback outside of formal appraisal periods varies among employees, with a significant portion receiving feedback frequently, possibly contributing to their satisfaction with the process.
- **Transparency of the Process:** There's a mix of perceptions regarding the transparency of the performance appraisal process, with a notable number feeling it is somewhat transparent.
- **Recognition of Contributions:** Employees generally feel that their contributions are adequately recognized during performance appraisals, which positively impacts their motivation to improve.
- **Linkage to Rewards and Recognition:** A substantial portion of employees perceives a strong linkage between performance appraisals and rewards/recognition, which likely fosters a culture of continuous improvement.
- **Alignment with Career Development Goals:** Most employees feel that performance appraisals somewhat effectively align with their career development goals, indicating room for improvement in this aspect.

This descriptive report provides insights into employee perceptions regarding the performance appraisal process and its impact on motivation and organizational culture. Further analysis and actions can be taken based on these findings to enhance the effectiveness of performance management practices.

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### Limitations of the Research

1. **Limited Sample Size:** The study's sample size of 14 individuals may not fully represent the diversity of perspectives and experiences within organizations, potentially limiting the generalizability of findings.
2. **Sampling Methodology:** Reliance on convenience sampling may introduce selection bias, as participants were selected based on availability and willingness to participate, potentially skewing the results.
3. **Self-Reported Data:** The data collected through questionnaires relies on self-reported responses, which may be subject to social desirability bias or inaccuracies due to respondents' perceptions or interpretations.
4. **Lack of Specificity in Occupational Data:** The study lacks detailed information on participants' specific job roles or designations, which could impact the interpretation of findings and limit the ability to draw targeted conclusions.
5. **Potential Response Bias:** Participants' responses may be influenced by factors such as their level of engagement or satisfaction with the organization, potentially biasing the results towards more positive or negative perceptions.
6. **Limited Scope of Variables:** The study primarily focuses on employee perceptions of performance appraisal processes and engagement, potentially overlooking other relevant factors that could influence these relationships.
7. **Single Data Collection Method:** Relying solely on questionnaire surveys for data collection may limit the depth of insights obtained, as qualitative methods or additional data sources could provide richer contextual understanding.

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### Conclusion :

This study was conducted to examine employees' perceptions of the current Performance Assessment System (PAS) in the study organization. The results of the study show that the employees are very satisfied with the current 360-degree rating system. Furthermore, the results showed that there were no significant differences in employees' perception of PAS for various demographic variables (age, marital status, gender, experience and title). It was also observed that the organization under study is attributed to good working culture, effective leadership, effective feedback system, growth opportunities, learning system and effective reward system and employee-friendly policies. The organizational attributes listed are the main source of interest in the current research. However, this study can be expanded to a few more organizations to compare the perception of employees of the performance assessment system, as the present study was limited to one organization.

Firstly, the study highlighted the significance of frequent feedback outside of formal appraisal periods in enhancing employee satisfaction with the performance appraisal process. Organizations that prioritize regular communication and feedback mechanisms tend to cultivate a more positive appraisal experience, thereby contributing to higher levels of engagement among employees.

Moreover, the research identified a positive correlation between perceived transparency in the appraisal process and employees' belief in the accuracy of performance evaluations. Transparency not only instills trust in the evaluation process but also reinforces employees' confidence in the fairness and validity of appraisal outcomes.

Furthermore, the findings underscored the pivotal role of recognition and rewards in motivating employees to improve performance and fostering a culture of continuous improvement. When employees perceive that their contributions are adequately acknowledged and rewarded during performance appraisals, they are more likely to remain engaged and committed to organizational goals.

Additionally, the study revealed opportunities for organizations to align performance appraisal processes more effectively with employees' career development goals. By ensuring that performance evaluations serve as meaningful developmental opportunities, organizations can further enhance employee engagement and promote professional growth and advancement.

In essence, this research underscores the interconnectedness between employee engagement and performance appraisal reactions, emphasizing the need for organizations to adopt holistic talent management approaches that prioritize communication, transparency, recognition, and alignment with employees' career aspirations. By leveraging these insights, organizations can cultivate a culture of engagement, performance excellence, and sustained success in today's dynamic and competitive business landscape.

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