

Perception and its Impact on Satisfaction on Performance Appraisal in Real Estate Industry in South India

R. Sridhar¹ and N. Elangovan²

¹Research Scholar, Department of Management Studies, Christ University, Karnataka, India & Vice President, Human Resources, Shriram Properties, Bangalore, Karnataka, India

²Director, National Institute of Fashion Technology, Kannur, Kerala, India

E-Mail: jandjdas@gmail.com, elaengovan@gmail.com

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Abstract - Traditionally, real estate industry is managed by small time entrepreneurs and considered as unorganized industry. However, in the last few decades, the real estate industry has become organized sector with many corporate houses started doing business and offering employment to millions. Like any other organized industry, Real estate industry too started practicing performance appraisal to reward their employees and to align their goal with the organization. The nature of the business allows the organizations in Real Estate industry to have diversified work groups. Thus, organization's role on implementing better performance appraisal system becomes inevitable. This study aims at identifying the perception of the real estate employees on performance appraisal system, organizational role in educating the employee on performance appraisal system and their impact on the satisfaction of the employee on the performance appraisal system practiced in Real Estate companies

Keywords: Perception, Performance Appraisal, Real Estate

I. INTRODUCTION

There are unlimited number of research has been done in the study of performance appraisal. Although there are studies available on perception on performance appraisal, there are limited study has been done in perception on performance appraisal and its impact on satisfaction on performance appraisal in the real estate industry. Real Estate industry is traditionally an unorganized industry in India.

In recent times, lot of corporate houses has entered Real Estate business. From local market to national level, these corporate houses started establishing the real estate business. Result of this, this industry has become the one of the largest job providing industry.

The purpose of this qualitative study is to investigate the awareness on performance appraisal process in Real Estate industry in South India, the relationship between the perception on the performance appraisal and the satisfaction of the employee on performance appraisal.

This study does not measure whether the performance appraisal is conducted accurately or not. This study does not consider the various biases identified by the various researcher in the study of performance appraisal.

A. Need for the Study

Employees opinion on the fairness of performance appraisal is key parameter in measuring the various outcome of organizational growth, its commitment to the career development of the employee. These parameters are directly connected to satisfaction of the employee on performance appraisal. Justification is recommended. Implementation of Performance Appraisal systems remains one of the greatest challenges of effective HRM (Taylor *et al.*, 1995). Employee expects the better Performance Appraisal System so that it gives the valuable feedback about the performance of the employee. Every individual is eager to know the progress he or she made in the work during the appraised period. Every employee is eager to know whether he or she is aligned with the progress of the organization. Perceptions of Performance Appraisal system can lead to satisfaction with Performance Appraisal system (Cawley *et al.*, 1998; Jawahar, 2007; Thurston and McNall, 2010).

B. Objectives of the Study

To explore the relationship between the perception on performance appraisal and its impact on satisfaction on performance appraisal in Real Estate Industry in South India.

C. Scope of this Study

The study is confined to employees working in a Real Estate companies in South India. This study does not include construction or blue collar workers. This study includes employees working in corporate Real Estate companies. For the purpose of this study, two large Real Estate companies are considered.

D. Hypothesis

H₁: There is no significant impact of Perception on Performance Appraisal on Satisfaction on Performance Appraisal in Real Estate in South India.

H₂: There is no significant difference between employee experience (in years) and the perception on performance appraisal in Real Estate in South India.

II. LITERATURE REVIEW

A. Perception on Performance Appraisal

An employee may have the opinion on performance appraisal based on his perception and outcome of the appraisal process. When employees perceive the process to be fair, they are more likely to conclude that they are valued by the organization, which may then increase the likelihood of employees engaging in behaviors that are beneficial to the organization (De Cremer *et al.*, 2010). Subordinates have been shown to react more positively towards an appraisal system if they are involved in the appraisal’s construction (Thurston & McNall, 2010); Subordinates’ evaluations of the appeals process associated with an appraisal affected their job satisfaction (Shrivastava & Purang, 2011; Thurston & McNall, 2010). Reactions to appraisal and the appraisal process are believed to significantly influence the effectiveness and the overall viability of appraisal systems (Jawahar, 2007).

B. Satisfaction on Performance Appraisal

Bretz, Milkovich and Read (1992) indicate that the most important performance appraisal issue faced by organizations is the perceived fairness of the performance review and the performance appraisal system. Their findings suggested that most employees perceive their performance appraisal system as neither accurate nor fair.

Skarlicki and Folger (1997) suggest that the appraisal process can become a source of extreme dissatisfaction when employees believe the system is biased, political, or irrelevant. Perceptions of fairness arise from consideration of the outcomes received (outcome fairness); the procedures used to determine those outcomes (procedural fairness); and the way in which the decision-making procedures were implemented and explained (interpersonal fairness) (Smither, 1998). Landy and Farr (1980) generalized that a fair evaluation is one that contains certain procedural elements regardless of the outcomes of the evaluations themselves.

The literature reviews provided literature evidences for the impact of perception on performance appraisal on Satisfaction performance appraisal. While large number of study has been done on perception on performance appraisal and satisfaction on job, there are very relatively very few study has been done on the relationship between perception on performance appraisal and satisfaction on performance appraisal especially in Real Estate Industry in South Indian context.

III. METHODOLOGY

The study follows descriptive research design. The population for the study is employees working in Real Estate companies but limited to non-construction workers. Participants included men and women working in Real

Estate companies in South India. Participants who were currently working but not undergone performance appraisal were excluded. To access this population, HR managers in different companies were contacted over phone and email. The sampling frame for this study was one month and the total number of eligible Responses was 386. The survey was distributed through WhatsApp messages, Posting in LinkedIn professional social media and Zoho, online survey platform.

A questionnaire consisting of measures of Perception on Performance Appraisal and Satisfaction on Performance Appraisal was developed. The measure was based on the mean score of the associated questionnaire items. A response of “1” on a Likert-type scale, indicated the lowest degree of perception on Performance Appraisal and “5” indicated the highest degree of Perception on Performance Appraisal. The questionnaire items measuring the Perception on Performance Appraisal were adapted from the research of Panggabean, M. S. (2001). The overall mean of the 6 items measuring perception on performance appraisal is 4.19 with variance of 0.6 and Cronbach’s alpha was 0.708.

The dependent variable in this survey is satisfaction on performance appraisal system. The measure was based on the mean score of the associated questionnaire items. A response of “1” on a Likert-type scale, indicated the lowest degree of satisfaction and “5” indicated the highest degree of satisfaction. Several of the questionnaire items measuring the satisfaction performance appraisal were adapted from the research of Murphy, K. R (1986), Walsh, M. B (2003) and Aly, N. A. E. F. M., & El-Shanawany, S. M. (2016). The overall mean of the 7 items measuring Satisfaction on performance appraisal is 3.8 with variance of 0.632 and Cronbach’s alpha was 0.876.

IV. FINDINGS AND DISCUSSIONS

TABLE I DISTRIBUTION OF POPULATION BASED ON EDUCATION QUALIFICATION, NUMBER OF TIMES UNDERGONE PERFORMANCE APPRAISAL

Classification	Category	Number of Individuals	Populations Site
Number of times employee undergone Performance Appraisal	One time	47	386
	Two Times	87	
	Three Times	127	
	Four Times	72	
	Five Times	53	
Education	Diploma	5	386
	PUC	5	
	Degree	110	
	Post Graduate	190	
	Professional Degree	71	
	Other Degrees	5	

Simple linear Regression analysis was applied to test the model and t-test was applied to test the hypothesis.

The responses collected through the survey was analysed using statistical toll SPSS. The results have confirmed a significant relationship between perception on performance appraisal and satisfaction on performance appraisal and both alternative hypothesis were accepted.

Table I Distribution of population based on Education qualification, Number of times undergone Performance Appraisal.

Out of 386 respondents majority were (65.2%) were appraised more than 3 times and majority of the respondents (96.11%) were completed degree and above.

TABLE II PERCEPTION OF RATING ON DIFFERENT DIMENSIONS

Dimension	Strongly Disagree		Strongly Disagree		Neutral		Strongly Agree		Strongly Agree	
	No.	%	No.	%	No.	%	No.	%	No.	%
Satisfied with rating	45	12%	93	24%	132	34%	74	19%	42	11%
Accurate rating	40	10%	102	26%	132	34%	75	19%	37	10%
Satisfied with Process	56	15%	126	33%	80	21%	83	22%	41	11%
Satisfied with feedback	46	12%	101	26%	87	23%	120	31%	32	8%
Feedback covered the actual work	56	15%	87	23%	108	28%	103	27%	32	8%
Unbiased rating	71	18%	55	14%	109	28%	83	22%	68	18%
Expectations met	45	12%	103	27%	135	35%	60	16%	43	11%

The Table II reveals that 36% of the employees are not satisfied with the rating they have received and 34% of the employees are neither satisfied nor unhappy. This is validated by a parameter on accurate rating. 36% of the employees feel that they are not rated properly and 34% of the employees are not able to derive on a opinion about accurate rating. While 47% of the employees are not happy with the process and 21% of the employees are not able to validate the process. The trend is similar for a parameter on satisfaction on the feedback. 38% are not satisfied with the feed back and 23% are not able comment. Over all, 73% of the employees feel that their expectations were not met by the appraisal process.

regression model. We are predicting the scores on Satisfaction from the scores on a Perception. The result obtained confirms the positive relationship between perception on performance appraisal and employee's satisfaction on performance appraisal.

Table IV explains a goodness of fit test explains how well the independent variable Perception of Performance Appraisal fits significantly with the dependent variable Satisfaction on performance appraisal. The table IV explains about the goodness of the model fit and significance value is $p < .01$ it is evident the model is fitted well. Hence the alternative hypothesis is accepted that there is a significant impact of Perception on Satisfaction in performance appraisal process in Real Estate companies.

TABLE III SIMPLE LINEAR REGRESSION OF THE PREDICTOR OR RESPONSE VARIABLE

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.678 ^a	.460	.451	.69911

a. Predictors: (Constant), PerOnPA

TABLE V SIGNIFICANCE OF THE PREDICTOR OVER RESPONSE VARIABLE

Coefficients ^a						
Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	Per OnPA	.160	.052	.120	3.086	.002

a. Dependent Variable: SatOnPA

TABLE IV GOODNESS OF FIT OF THE MODEL

ANOVA ^a						
Model		Sum of Squares	Df	Mean Square	F	Sig.
1	Regression	157.756	6	26.293	53.795	.000 ^b
	Residual	185.239	379	.489		
	Total	342.995	385			

a. Dependent Variable: SatOnPA
b. Predictors: (Constant), PerOnPA

Table V says The independent variable Perception Performance Appraisal shows significant relationship with the dependent variable Satisfaction on Performance Appraisal ($p < .05$).

Table III Simple linear regression shows that overall 46% of the variation in the dependent variable is explained by the

The data presented in this study reveals that the employees do not have clarity on performance appraisal and they are not satisfied with the Performance Appraisal process in their organization. The employees participated in the survey

clearly agreed that every one must be trained in performance management techniques. Also, the participants have agreed that performance appraisal should be the integral part of the relationship between the employee and the line manager. It is clearly revealed that employees feel the current performance appraisal process is merely an administrative process.

V. CONCLUSION

Research findings have supported that South Indian Real Estate Corporate companies have performance appraisal system which require better evaluation and feedback methods and create awareness among the employees about the process. Real Estate companies should conduct the training programs or awareness session to conduct the performance appraisal system effectively. Employees will be more knowledgeable if proper introduction on performance appraisal process is given to them. Such an awareness will increase the positive perception on performance appraisal and help employees to either strongly agree with the process and feedback mechanism or strongly disagree the process and feedback mechanism.

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