THE EFFECT OF PERFORMANCE APPRAISAL SYSTEM (PAS) ON EMPLOYEE SATISFACTION WITH SPECIAL REFERENCE TO INDIAN CEMENT INDUSTRY

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ABSTRACT

The success of any organization will depend in the ability to measure accurately the performance of their human resources (employees) and use it persuasively to optimize them as human resources. Because the strength of any organization is its human resources and human resources are the greatest and remarkable assets of any organizations. The cement industry is undergoing huge changes in the past few years. Rapidly changing circumstances in the present business global scenario demands more powerful and strengthen strategic HR tools. So, it is important to have a proper and transparent performance appraisal system (PAS), in any organization which should aim at helping employees to understand: What is expected of them: know how they are performing; providing help/guidance where required and link rewards with performance. PAS is a vital HR activity that is of critical importance to an organization. If proper attention is given to the employees through recognition of their talents, development of their capabilities and effective utilization of their potential can received as fruitful results to an organization and can make them more dynamic and fast. The PAS is a vital tool to measure the performance standard set by any organization to its employee. The appropriateness and fairness of this system need to be judged in relation to its use for placement, promotion and transfer, career growth and development. This system has to be reviewed regularly and revised system be implemented PAS is the backbone of the HR policies and practices (HRM) in any organization. PAS have the capability to determine the employee satisfaction to motivation level and could be a powerful vehicle to transformed employee’s potential into performance. The effectiveness of PAS is thus strongly related to the effectiveness of an organization. Hence, PAS is nothing but a process of systematically evaluating performance and providing feedback upon which objectives/performance adjustments can be made, where employees get informed well in advance about the factors/criteria on which performance will be evaluated; where there is minimum chances of bias by the supervisor/superior. Fairness and clarity of PAS should be essential which results in satisfaction, improvement in performance, motivation and positive perception towards performance bonuses. In the present study an attempt has been made to study the effects of PAS on employee satisfaction in two working units of Maihar cement industry covering almost all the departments at Satna district. A sample of 150 employees working in two units of Maihar cement at Satna district was carried out by the researcher for the study. For the purpose of this study multi-stage probability sampling was adopted. The data was collected through close ended questionnaire of using five point scales. The results show that there is a positive relationship between the independent and dependent variables. And the employees are satisfied with the PAS prevailing in the industry.
INTRODUCTION

The cement sector notably plays a critical role in the economic growth and is a vital part of its economy, providing employment to more than a million people directly or indirectly of the country and its journey towards conclusive growth. The cement industry is the backbone of Indian infrastructural projects. The cement industry of India is the second largest producer in the world and the construction sector alone constitutes 7 percent of the country’s GDP.

There is always a large possibility of expansion of cement industries. Some of the recent major government initiatives such as development of 100 smart cities are expected to provide a major boost to the cement sector. So, the human resources would be the cornerstone for the sustainable growth of the companies through satisfying employees goals and objectives. Therefore, PAS is a vital HRM mechanism which should be designed and utilized effectively for the all round development and growth of employees in the organizations; also to evaluate whether employees at various levels to perform their assigned jobs as per norms/criteria. PAS should be carried out with a view to increasing the consistency, fairness and accuracy of employee appraisal. The information generated from the PAS not only help the management but also for the employees what the management has to be implemented certain administrative and development decisions regarding selection, placement, promotion, rewards, training and termination. The PAS also provides management with information that helps in identifying employees potentials giving suitable direction to administrative decisions.

PAS reflects an employee’s actual job performance levels, but in order to get a true picture, the rating must be accurate. Accuracy is the primary goal of any appraisal system. Employment decisions that are based on inaccurate ratings are not valid and would be difficult to justifying if legally challenged. Moreover, employees tend to lose their trust in the system when rating do not accurately reflect their performance levels, and this cause morale and turnover problems, it also obstructs on their opportunity for advancement.

Performance appraisal improves/or enhances employee’s productivity and efficiency as well as motivation and performance. Performance appraisal can be used as an aid in making decision pertaining to promotion, demotion, retention, transfer and pay. It is also employed as a developmental guide for training needs assessment and employee feedback. Employee commitment and productivity can be improved with performance appraisal system (Brown & Benson, 2003).

Performance appraisal is the strength of performance management which in turn affects the organizational performance. It helps to identify and overcome the problems faced by the employees on his/her work (Mackey and Johson, 2003). Ingraham & Jacobson (2001) reported that more that 90 percent of bigger organizations use PAS and more than 75 percent are scheduled annually.

Employee satisfaction is considered a key to organizational success. Khan (2007) defines employee satisfaction with job as how well ones personal expectations at work are in line with outcomes. Malik, Bibi and Rahim (2010) state that people enjoy working and strive to work in those organizations that provide positive work environment where they feel they are making difference and where most people in the organization are proficient and pulling together to move the organization forward. The organizations in this regard are struggling hard to keep their valued employee satisfied.

Malik, Saleem & Ahmad (2007) explained employee satisfaction with work as the degree to which an employee likes his or her job. In simple words, it can be said as the likeness ness to the job that motivates the employees to be present at their work places and carry out tasks to accomplish goals. Whereas employee performance appraisal system can be understood as alternate words used for this concept may be employee appraisal, performance review, career development discussion etc. PAS is a combination of all the factors like proposed strategies involving performance appraisal, reward and recognition system are suggested and analyzed in order to improve performance (Marchant, 1999).
Anthony, perrewe and Kac/mar (1996, pp.374-5) state that a PAS must be well defined, corporately supported and monitored. It must also be widely communicated and focused towards achieving corporate objectives. A PAS must be integrated as a part of a performance management system aligned toward achieving corporate goals (Schneier, shaw & Beattie, 1991, p.298, Marchant, 1999).

Coens and Jenkins (2000) suggest that performance appraisal is a mandated process in which, for a specified period of time, all or a group of an employees work behaviors or traits are individually rated judged or described by a rater and the results are kept by the organization. Hence, performance appraisal represents a formalized process of employee monitoring and is intended be a management tool to improve the performance and productivity of employees (Brown & Heywood, 2005). The study examines the clarity and fairness of PAS in the prevailing cement industry and its effect on employee satisfaction.

**Concept of Performance Appraisal System**

What does the term performance actually mean? Employees are performing well when they are productive. Productivity implies both concern for effectiveness and efficiency, effectiveness refers to goal accomplishment. However it does not speak of the costs incurred in reaching the goal. That is where efficiency comes in. Efficiency evaluates the ratio of inputs consumed to outputs achieved. The greater output for a given input, the greater the efficiency. It is not desirable to have objective measures of productivity such as hard data on effectiveness, number of units produced or percent of crimes solved etc. and hard data on efficiency (average cost per unit or ratio of sales volume to number of calls made etc).

In addition to productivity as measured in terms of effectiveness and efficiency, performance also includes personal data such as measures of accidents, turnover, absences, and tardiness. That is a good employee is one who not only performs well in terms of productivity but also minimizes problems for the organization by being to work on time, by not missing days, and by minimizing the number of work-related accidents. (Ignou, MS-2, PP. 17-18)

What Is Appraisal?

Appraisal is judgement of the characteristics, traits and performance of others. On the basis of these judgments we assess the worth on value of others and identify what is good or bad. In industry, performance appraisal is a systematic evaluation of employees by supervisors. Employees also wish to know their position in the organization, Appraisals are essential for making many administrative decisions; selection, training, promotion, teamster, wage and salary administration etc. Besides they aid in personal research (Ignou, MS-2, pp 17-18).

Thus, performance appraisal system (PAS) is a systematic and objective way of judging the relative worth of ability of an employee in performing his task. PAS helps to identify those who are performing there assigned tasks well and those who are not and the reasons for such performance.

**Terminology / Nomenclature Used**

Employee appraisal techniques are said to have been used for the first time during the first world war, when, at the instance of Walter Dill Scott, the U.S. Army adopted the “Man-to-man” rating system for evaluating military personnel. During the 1920-30 period, relational wage structures for hourly paid workers were adopted in industrial units. Under this system, the policy of giving grade wage increments on the basis of merit was accepted. These early employee plans were called merit rating programmes, which continued to be so called up to the mid-fifties. The later phrase, personnel appraisal places emphasis on the development of the individual as and widely used to evaluate technical, professional and managerial personnel.

Performance appraisal or rating goes by various names such as performance evaluation, progress rating, merit rating, behavioural assessment, employee evaluation, personnel review, employee appraisal progress report, stuff assessment, service rating and fitness report.
Numerous researches have been done on performance evaluation and the researchers found different results from those researches. The main purpose is to provide a brief survey of the available literature related to the issues under study.

According to Mackey and Johnson (2003), where the performance appraisal improve, the work performance and employee satisfaction, it can also de-motive employees and leaves a bad impression on the good employees. Most of the employees do not approve of continuous performance appraisal and also consider it as a burden some activity (Anderson, 2002).

For achieving high performance goal of organization, performance appraisal is very important component of human resource management. The information gathered and performance appraisal provide basis for recruitment and selection, training and development of existing staff, and motivating and maintaining a quality human resource though correct and proper rewarding of their performance (Lillan Mathook & Sitati, 2011). Employees are likely to feel more satisfied with their performance appraisal results if they have the opportunity to talk, freely and discuss their performance. It is also more likely that such employees will be better able to meet future performance goals (Scott & Einstein, 2001).

According to Armstrong & Baron (2005), when employees work together effectively and communicate appropriately, the results are continuous and sustainable improvement. The advantages of employee satisfaction that organizations can enjoy has been illustrated by the researchers such as Malik, Zaheer, Khan & Ahmad (2010); Malik Ahmad, Saif and Safwan (2010); Al-Hussami (2008); Bhatti and Qureshi (2007). The researcher have examined the relationship of employee / job satisfaction with various variables and found that job satisfaction of an employee is related to many of the variable showing the advantages. In a study, while examining a relationship of different variables the authors founds that there is a negative relationship between employee job satisfaction and their turnover (Malik, zaheer, khan & Ahmad, 2010). The researchers while examining the relationship of organizational commitment, job satisfaction and productivity in a sample of 450 employees found that employee job satisfaction is a positive predictor of employee productivity (Malik, Ahmad, Saif & Safwan, 2010) Bhatti & Qureshi (2007) found out that there is a positive relationship of job satisfaction with employee participation, and employee productivity.

Campbell (1990) defined performance as a behaviour which consists of directly observable actions of a worker, and also mental actions or products such as answers or decisions, which result in organizational outcomes in the form of attainment of set goals. Bailey (1982) cited in Rothwell and Kazanas (2003) gave a classic definition of performance as the result of a pattern of actions carried out to satisfy an objective according to some standard. Pattanayak (2005), the performance of an employee is his resultant behaviour on a task which can be observed and evaluated. It refers to the contribution made by a individual in the accomplishment of organizational objectives. Performance is a multidimensional construct (Bates and Holton, 1995) and this leads to the conclusion that when evaluating and rewarding performance of individuals and teams, a number of factors have to be considered including both inputs (behaviour) and outputs (results) (Armstrong, 2012).

Significance and Purpose

Performance appraisal has been considered as a most significant and indispensable tool for an organization, for the information it provides is highly useful in making decisions regarding various personal aspects such as promotions and merit increases. Accurate information plays a vital role in the organization as a whole. They help pinpoint weak areas in the primary system. It is easier for managers to see which employees need training or counseling because jobs are grouped by categories (Burack, Elmer, H., & Robert D. Smith, p.342).

Formal performance appraisal plans are designed to meet three needs, one of the organization and the other two of the individual, namely:
• Provide systematic judgment to back up salary increases, demotions and terminations.

• Means of telling a subordinate how he is doing and suggesting needed changes in his behaviour, attitude and skills or the job knowledge.

• Used as a base for coaching and counseling the individual by the superior (Mc Gregor, pp. 89-94).

“Performance appraisal determines who shall receive merit increases, counsels employees on their improvement; determines training needs; determines promotability; identifies those who should be transferred. Moreover, it improves employee job performance; encourages employees to express their views or to seek clarification on job duties; broadens their outlook; capacity and potential (Roland Benjamin).”

Performance appraisal (PA), serves many purposes for the worker (or employees), the manager, and the organization (Cleveland et al. 1998). For the worker PA serves as a means of reinforcement and career advancement through praises, pay raises, promotion and increased responsibility. For the manage, PA serves as a basis for making personnel decisions such as promotions, transfers, firing etc. It also serves as a means of assessing workers goal attainments and opportunity to provide feedback and interact with subordinates. For the organization, PA facilitates assessment of the productivity of individual workers and work units. If also serve as a means of validating personnel selection and placement method, means for recognizing and motivating workers, source of evaluating the effectiveness of organizational intervention such as training programmes, system changes etc (Riggio, 2003).

Evaluation Process

Stolz observes that “the process of performance appraisal follows a set pattern, viz., a man’s performance is periodically appraised by his superiors, Questions are raised – Is his potential the greatest as a manager or as a staff specialist? What are his strengths and weakness? When can he make his great contribution? What might be done to advance his development?

Today, globalization is bringing unprecedented changes in the Indian business scenario. Growing competition and HR policies of the company is exposing Indian business to the globally competitive. In the emerging situation, today many organizations are striving hard to modernize themselves. One of the most important hallmarks of a modern organization is to have a perfect performance appraisal system to meet the ever growing challenges.

Definitions

It is defined as “a process of evaluating an employee’s performance of a job in terms of its requirements.”

“PA is a systematic periodic and so far as humanly possible an impartial rating of an employee’s excellence pertaining to his present job and his potentialities for better job (Edwin flippo p. 269).”

“PA includes all formal procedures used to evaluate personalities and contributions and potentials of group members in working organizations (Daleyoder).”

Performance appraisal should become a strong basis for better relationship between employees and his boss, if it is to be used as instrument for employee development and it should become more objective if it is to provide an important input for salary administration and promotion.

OBJECTIVES OF THE STUDY

This research study aimed to assess the performance appraisal system and its effect on the employee’s satisfaction of Maihar cement industry. Specifically, the study attempted to determine the following:

1. To assessing the existing performance appraisal system in the organization.
2. To investigate the relationship between performance appraisal system and employees satisfaction.

3. To analyze the effect of performance appraisal system on employee satisfaction.

4. To find out the gaps in the implementation of the performance appraisal system of the organization.

5. To suggest measures to improve the appraisal system of the organization.

Hypothesis

To know the extent of accuracy and perfection of the performance appraisal to satisfaction of the employees in the organization. Based on literature review all variables included dependent and independent variables are identify. Based on these variables hypothesis of the study was developed.

H0: Performance appraisal of employees is not positively related to higher employee satisfaction.

H1: Performance appraisal of employee’s is positively related higher to employee satisfaction.

RESEARCH METHODOLOGY

This study covers both primary and secondary data. In this connection 150 employees from the two working units of Maihar cement industry were selected covering almost all the departments out of 300 employees. Primary data was collected by distributing structured questionnaire consists of closed ended questions using five point scale rating from 5 (Strong satisfied) to 1 (strongly dissatisfied). The secondary data have been collected through published sources such as textbooks, periodicals articles, journals, unpublished thesis, websites and thesis pertaining to the relevant matter of the subject under study has been surveyed.

Research Design

Population: The research was conducted in the geographic regions of Satna district and the researcher was conducted among cement industry at Maihar in Satna district of Madhya Pradesh.

Sampling Technique

The sample of 150 employees (non-managerial) who are below the management levels of the two working units (i.e. unit 1 & unit 2) of Maihar cement industry covering almost all the different departments in Satna district. Multi stage sampling productivity method was used.

Research Instrument and Data Collection Methods

The structured questionnaire has been designed and administrated to the respondents for collecting primary data by interview method and questionnaire method. The primary data has been directly obtained from the respondents and the secondary data indirectly from various sources. The data was collected by the opinion survey method.

Analysis Tools

The statistical tools were used in the study for the purpose of analysis was simple percentage, ANOVA analysis, correlation and multiple regressions.

DATA ANALYSIS AND RESULTS

Analysis and interpretation of data was based on the results of the survey questionnaire. Questionnaire filled up by the respondents were collected and the results were analyzed based on the five point scale, rating priorities from five to one. After the data collection, the data was tabulated and entered into SPSS software and then edited, coded and verified for validity. The reliability and validity was used. It was observed that the Cronbach Alpha value for performance appraisal system (PAS) was 0.805 and for employee satisfaction (ES) was 0.860 As all variables (independent and dependent) have Cronbach Alpha more than 0.800. Therefore, internal consistency of items to the concept is good and reliable for
The results of reliability analysis shown in table I revealed that there is a positive relationship between the independent and dependent variables.

**Table 1. Results of Reliability Analysis**

<table>
<thead>
<tr>
<th>Variable</th>
<th>Nature of variable</th>
<th>No of items</th>
<th>Cronbach’s Alpha</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance appraisal system (PAS)</td>
<td>Independent variables</td>
<td>5</td>
<td>0.805</td>
</tr>
<tr>
<td>Employee satisfaction (ES)</td>
<td>Dependent variables</td>
<td>8</td>
<td>0.860</td>
</tr>
</tbody>
</table>

The result of the study was analyzed on the basis of descriptive statistics, correlations, and multiple regression analysis. The purpose of applying descriptive statistics is to find frequency of the data, maximum and minimum range of data.

Regression analysis is a statistical technique used to investigate the relationship between a dependent variable one or more independent variables. It is used to check the strength of relationship among variables. In regression analysis, t-test is used to find the level of significance and R square test is used. R square test tells that how much dependent is affected by the independent variable. At the last, the present study employed the t-test to check the overall relationship of the independent variable with dependent variable.

The Pearson’s correlation helps in ascertaining the relationship of the variables and results shown in table 2 confirms that there is a positive relationship between performance appraisal system and their effect on employee satisfaction.

**Table 2. Results of Pearson correlations for dimensions of performance appraisal system (PAS) and Employee satisfaction (ES)**

<table>
<thead>
<tr>
<th>S. No.</th>
<th>Independent variables (dimensions of performance appraisal system)</th>
<th>Dependent variable (Employee satisfaction)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Fair performance appraisal system</td>
<td>0.536**</td>
</tr>
<tr>
<td>2.</td>
<td>Written &amp; formal performance appraisal system</td>
<td>0.348**</td>
</tr>
<tr>
<td>3.</td>
<td>Understanding of how my performance is evaluated</td>
<td>0.449**</td>
</tr>
<tr>
<td>4.</td>
<td>Receive feedback of performance appraisal results</td>
<td>0.237**</td>
</tr>
<tr>
<td>5.</td>
<td>PA is done by the supervisor</td>
<td>0.468**</td>
</tr>
</tbody>
</table>

**Note:** significant at the 0.01 level (2-tailed)

Table 2 demonstrates the correlation coefficients for dependent variable i.e. employee satisfaction and independent variables i.e., dimensions of performance appraisal system. Pearson correlation coefficients illustrates that there is a strong positive relationship between all the independent variables and employee satisfaction at 1% significance level.

In connection with hypothesis H1, regression analysis was conducted with employee satisfaction as the dependent variable and five dimensions of performance appraisal system as the independent variables. The adjusted R-square is 0.588 and the F-value is 26.945 that is significant at P=0.000, that reveals 58.8% of total variance in employee satisfaction is explained by five dimensions of performance appraisal system jointly (see table 3).

Regression results show that Fair performance appraisal system (t=5.768; P=0.000), receive feedback of performance appraisal results (t=3.662; p=0.000) and PA is done by the supervisor (t=4.216; p=0.016) emerged as the significant variables in explaining the variance in employee satisfaction (see table 3). Fair performance appraisal system had the strongest effect on employee satisfaction with a standardized beta of 0.776. Results of regression analysis support the hypothesis H1 that is performance appraisal of employees is positively related to higher employee satisfaction. Thus, null hypothesis H0 is rejected and its alternative hypothesis H1 is supported and accepted by the data from.
maihar cement industry at satna district. Table 3 shows the results regression analysis. Table 4 shows the correlation between the variables.

**Table 3.** Results of regression analysis Regression model summary

<table>
<thead>
<tr>
<th>Model</th>
<th>R</th>
<th>R square</th>
<th>Adjusted R square</th>
<th>Std. error of the estimate</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>0.678*</td>
<td>0.592</td>
<td>0.588</td>
<td>0.08768</td>
</tr>
</tbody>
</table>

**ANOVA**

<table>
<thead>
<tr>
<th>Model</th>
<th>Sum of squares</th>
<th>df</th>
<th>Mean square</th>
<th>F</th>
<th>Sig</th>
</tr>
</thead>
<tbody>
<tr>
<td>Regression</td>
<td>0.137</td>
<td>5</td>
<td>0.086</td>
<td>26.945</td>
<td>0.000*</td>
</tr>
<tr>
<td>Residual</td>
<td>0.261</td>
<td>144</td>
<td>0.009</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>0.398</td>
<td>149</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** b. Dependent variable: Transformed ES

<table>
<thead>
<tr>
<th>Coefficients</th>
<th>Model</th>
<th>Unstandardized coefficients</th>
<th>Standardized coefficients</th>
<th>t</th>
<th>Sig.</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>B</td>
<td>Std. Error</td>
<td>Beta</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(Constant)</td>
<td>2.572</td>
<td>0.048</td>
<td>84.885</td>
<td>0.000</td>
<td></td>
</tr>
<tr>
<td>PAS – Fair performance appraisal System</td>
<td>0.069</td>
<td>0.007</td>
<td>0.776</td>
<td>5.768</td>
<td>0.000</td>
</tr>
<tr>
<td>PAS-Written &amp; formal performance appraisal</td>
<td>-0.047</td>
<td>0.002</td>
<td>0.227</td>
<td>2.462</td>
<td>0.003</td>
</tr>
<tr>
<td>PAS-Understanding of how my performance is evaluated</td>
<td>0.013</td>
<td>0.004</td>
<td>-0.197</td>
<td>2.668</td>
<td>0.028</td>
</tr>
<tr>
<td>PAS-Receive feedback of performance appraisal results</td>
<td>0.017</td>
<td>0.006</td>
<td>0.376</td>
<td>3.662</td>
<td>0.006</td>
</tr>
<tr>
<td>PAS-PA is done by the supervisor</td>
<td>0.011</td>
<td>0.0096</td>
<td>0.264</td>
<td>4.216</td>
<td>0.016</td>
</tr>
</tbody>
</table>

**Note:** a Dependent variable : Transformed ES

**Table 4.** Correlation between the variables

<table>
<thead>
<tr>
<th>PAS-fair performance appraisal System</th>
<th>PAS-fair performance appraisal</th>
<th>PAS-written &amp; formal performance appraisal</th>
<th>PAS-understanding of how my performance is evaluated</th>
<th>PAS-receive feedback of performance appraisal results</th>
<th>PAS-PA is done by the supervisor</th>
<th>Transformed ES</th>
</tr>
</thead>
<tbody>
<tr>
<td>pearson correlation sig. (2-tailed) N</td>
<td>1.000</td>
<td>0.428**</td>
<td>0.592**</td>
<td>0.372**</td>
<td>0.187**</td>
<td>0.571**</td>
</tr>
<tr>
<td></td>
<td>0</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td></td>
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<td>150</td>
<td>150</td>
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</tr>
</tbody>
</table>
### Table 4. Correlation between the variables (Contd….)

<table>
<thead>
<tr>
<th></th>
<th>PAS-fair performance appraisal</th>
<th>PAS-written &amp; formal performance appraisal</th>
<th>PAS-understanding of how my performance is evaluated</th>
<th>PAS-receive feedback of performance appraisal results</th>
<th>PAS-PA is done by the supervisor</th>
<th>Transformed ES</th>
</tr>
</thead>
<tbody>
<tr>
<td>PAS-written &amp; formal performance appraisal</td>
<td><strong>0.472</strong></td>
<td>1.000</td>
<td>0.368**</td>
<td>0.481**</td>
<td>0.377**</td>
<td>0.441**</td>
</tr>
<tr>
<td>Pearson correlation sig. (2-tailed)</td>
<td>0.000</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>PAS-understanding of how my performance is evaluated</td>
<td><strong>0.665</strong></td>
<td>0.486**</td>
<td>1.000</td>
<td>0.497**</td>
<td>0.648**</td>
<td>0.497**</td>
</tr>
<tr>
<td>Pearson correlation sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>PAS-receive feedback of performance appraisal results</td>
<td><strong>0.715</strong></td>
<td>0.567**</td>
<td>0.487**</td>
<td>1.000**</td>
<td>0.656**</td>
<td>0.456**</td>
</tr>
<tr>
<td>Pearson correlation sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
</tr>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
<td>150</td>
</tr>
<tr>
<td>PAS-PA is done by the supervisor</td>
<td><strong>0.557</strong></td>
<td>0.362**</td>
<td>0.645**</td>
<td>0.456**</td>
<td>1.000</td>
<td>0.477**</td>
</tr>
<tr>
<td>Pearson correlation sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>.000</td>
<td>0.000</td>
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<tr>
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<td>150</td>
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<td>150</td>
</tr>
<tr>
<td>Transformed ES</td>
<td><strong>0.562</strong></td>
<td>0.358**</td>
<td>0.278**</td>
<td>0.484**</td>
<td>0.489**</td>
<td>1.000</td>
</tr>
<tr>
<td>Pearson correlation sig. (2-tailed)</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>0.000</td>
<td>150</td>
</tr>
<tr>
<td>N</td>
<td>150</td>
<td>150</td>
<td>150</td>
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</tr>
</tbody>
</table>

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

### FINDINGS AND CONCLUSION

This study found that the results of regression analysis confirm that there exists a positive and significant relationship among dependent and independent variable. The value of adjusted R-square is 0.588 represents that independent variable is responsible for 58.8% change in the dependent variable. The value of F statistic 26.945 confirms the model fitness for the said relationship. Fair performance appraisal had the strongest effect on employee satisfaction with a standardized beta of 0.776. This result supports the previous research findings such as Lillan, Mathooko & Sitati, (2011); Scott & Einstein, (2001); Mackey & Johnson (2003) Khan (2007); and Boice & Klenier (1997) and differ with the research study of Bricker (1992) which stated that the employees were dissatisfied with the performance appraisal system adopted by their organizations. Many researchers confirmed that the motivated/satisfied employees are the key to better individual or organizational performance (Schneider Hanges, Smith & Salvaggio, 2003; Ostroff; 1992; Schneider et al., 2003).
SUGGESTIONS

- Development appraisal should be linked with promotion as well as career planning, counseling coaching and motivational enhancements of the employees.
- 360 degree appraisal method should be adopted so that both superior and the subordinate take interest in the appraisal process.
- The employees must be informed well in advance before the employees starts performing about the performance expected out of their jobs and about the factors/criteria on which their performance will be evaluated so that he/she can know/understand how he/she is supposed to perform in his/her job.
- For the purpose of development of the employees, appraisal should be done more frequently than annually, followed by feedback on their performance on job, so that corrective measures can be taken. The appraisal and feedback must be followed by training and counseling, if needed.
- The employees who have excellent performance should be used as mentor for other employees who would motivate others to perform better.
- The appraisal system should cover all the level of employees in the organization with fairness and clarity.
- The awareness sessions for the employees should be made more interactive and the views and opinion of the employees regarding appraisal should be given due consideration.

LIMITATION AND FUTURE RESEARCH OF THE STUDY

- The study is only limited to the Maihar cement industry at Satna district because it collects data only for employees of two working units of the Maihar cement industry. So, the results of this study may not be valid for other cement industry in Satna district.
- The study is based upon the data provided by the respondents only so, the results of the research although valid the employee considered for the study and for the type of an organization, the result may not be fully valid for the country overall.

The outcome of the study may help the organization to differentiate the satisfying from dissatisfying one’s and to take effective and efficient steps to implementing performance appraisal system to increase the employee satisfaction/motivation, morale and productivity. Although performance, appraisal system should be developed and maintained with transparency for all the level of employees. Therefore it is suggested for further research and improvement for all the private and public sectors organization to clarify that these organizations operating in Satna district are following the fair and clear (i.e. transparent) system, of PAS.

REFERENCES


