

The Effect of Employees' Performance Appraisal Procedure on their Intrinsic Motivation

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Abstract

Rapid change and developments as well as increasing communications and dramatic developments in knowledge management, have made the existence of effective organizational performance evaluation system for the organizations inevitable. Various models have been provided by the management experts for the performance evaluation so that organizations use them according to their type of organization, mission, structure and manpower. One function of performance appraisal systems is to arouse motivation in the employees, which is addressed in this study.

The present study is a descriptive-survey study. The objective of this study is to investigate the influence of employees' performance evaluation process on their intrinsic motivation. Statistical population of this study is 80 employees of transportation organization in the Esfahan province. Research data has been collected via standard questionnaire, and SPSS software applied for the analysis. The results indicate that the process of evaluating employees' performance affected on their intrinsic motivation (P -Value <0.05) and the effectiveness is positive, equals to 0.414

Keywords: performance appraisal, intrinsic motivation, performance Improvement

Introduction

Dramatic changes in the knowledge management area have converted the nature of performance evaluation system to an inevitable issue, so that the lack of appraisal system in organization considers as one of the symptoms of the organizational diseases.

Today, the performance evaluation is known as a strategic approach for integration of human resources activities together with policies of business and the organizations use advanced and complex methods for assessing the performance of their employees (Behri&Patron³, 2008).

However, researches show that many organizations are not satisfied with their employees' performance evaluation plans. They suggest that performance evaluation systems have not been successful in creating motivation and improvement of employees' performance (Fletcher, 2001). Given the importance of performance evaluation, it is essential that organizations take action for more effectiveness of it. Periodical evaluation in a system and its components can increase its effectiveness. Such assessments are essential because, on the one hand, they specify the extent to which the related purposes of the appraisal and development have been realized and on the other hand, based on these assessments we can rectify the current performance assessment practices (Dolan & Schuler, 1997).

Regarding the significance of the issue, this study is trying to examine the employees' performance evaluation process from the viewpoints of transportation bureau employees and determine the effect of employees' performance appraisal procedures on their intrinsic motivation in this organization.

Literature

Performance Appraisal

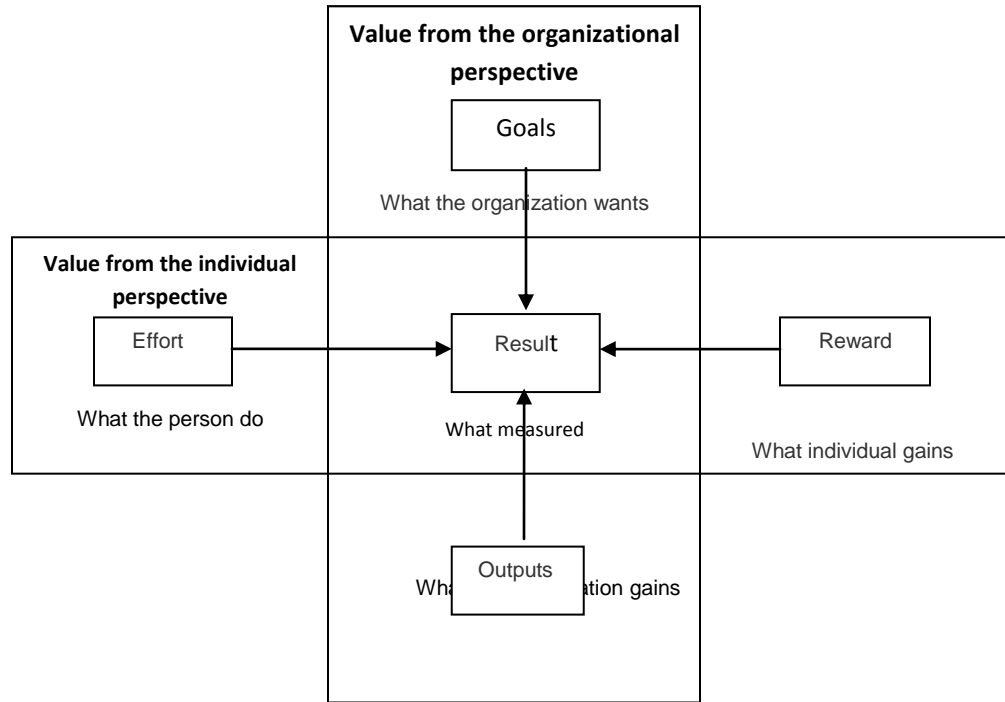
Performance appraisal is the measurement of work and its results by using the scale and index that we can measure the desired quantity and quality with precision and free of personal judgments and vague criteria of evaluation. Measurement of an activity is done by activity and comparison of its results with a criterion that we can evaluate the desired quantity and quality precisely. Performance is the way through which employees perform their duties and the evaluation is judging the performance of employees (Scott, 2009).

Importance Of Performance Appraisal

Hornqren et al (2002) state the evaluation of performance from the perspective of organization and individual is significant. From the organization perspective, the "goal" is something that organization wants and the "result" is what that should be done; while from the individual view, " effort " is what that person does and " result " is the consequence of his effort and what he expects to get in return for his effort is "reward".

Thus, from the organization and individual point of view, the connection of loop value is the "result or performance" that has been described in Figure 1:

Fig. 1 Relationship between organizational goals and employees' goals (Hornqren et al ,2002)



Performance Evaluation Purposes

In the Farmer's study (2004) of 147 public and private organizations in UK, the listed items in the following table are presented as purposes of the performance evaluation.

Farmer's view
<ul style="list-style-type: none"> • Possibility of operations Management & control of effectiveness and efficiency • Development of scientific management in the organization • Representation of the earned value • Facilitating the communication and effective management of stakeholders • Align the operations or strategy • Continuous quality improvement • Support for public accountability • Ensure compliance with professional Standards

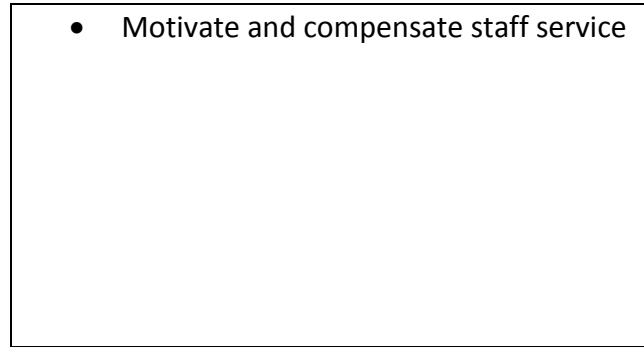


Figure 2. Performance evaluation purposes (Farmer, 2004)

Generally, the performance evaluation purposes can be summarized in the following three cases:

- Reinforcement the sense of planning, accountability, participation and transparency of practices
- Identification of strengths and weaknesses in the performance
- Evolution; excellence and continuous improvement in performance in total, the ultimate goal of performance appraisal is to increase the efficiency and effectiveness of the organization (Abbaspour, 1995). Missing in reference list

Intrinsic Motivations

intrinsic motivation is that the employees do the work by themselves or in other words, gain satisfaction and utility from doing that. (Deci et al, 1989). The systematic practice of giving feedback to employees will have a great impact on the intrinsic motivation of employees (Wang & Guthrie, 2004).

Hypothesis

Performance appraisal process of the employees of the Transportation Department in Esfahan province has effective impact on their intrinsic motivation?

Method

In order to study the effect of performance appraisal process on the intrinsic motivation, a questionnaire designed and distributed among 100 employees of Transportation Department and Terminals in Esfahan province. 15 questionnaires were not returned, and so the sample size of 80 was used for data analysis by SPSS and Excel software.

Before the factor analysis, KMO test was applied to find out that the number of items is adequate for the prediction of each subscale and Bartlett's test used to determine whether the items have some significant relationship to provide a reasonable basis for factor analysis.

According to the report of Lyj, Brett and Morgan (2005), (missing in list) the KMO value should be more than 0.7, and Bartlett's test should be less than 0.05.

Table 1 shows the results of KMO and Bartlett's test for each subscale. According to this table all the values of KMO has been over the 0.7 in the three subscales and the values of significance level of Bartlett's test has been much less than 0.05 and been 0.000 so that both approve the number and meaningfulness of the sub measures.

Table 1: KMO and Bartlett's Test

Subscales	KMO	Sig(Bartlett test)
Performance Evaluation Process	0.839	0.000
Motivation	0.690	0.000

Now it has stated the related items to each subscale listed in the questionnaire and provided the results of the factor analysis of them. For the inner correlation of subscales and the Justifiability measurement of questions related to the study variables, Cronbach's alpha has been used as well.

The results has been presented in Table 2, according to this table, all the variables under consideration have alpha more than 0.7, so the questions have good reliability.

In Table 2, the results of the factor analysis of items in the subscales of performance appraisal process on the inner motivation have been presented. Given the table, structural validity (factor load more than 0.5) and the internal correlation (Cronbach's alpha over the 0.7) of items are confirmed.

Table 2: Results for the factor analysis of operating items of scheme

items	Factor load	Cronbach's alpha
The process of evaluating the performance	0.584	0.842
	0.667	
	0.636	
	0.718	
	0.595	
	0.580	
0.599		
Inner	0.812	0.769

Motivation	0.771	
	0.742	
	0.716	
	0.709	
	0.652	
	0.505	
	0.693	
	0.677	
	0.643	
	0.641	

To investigate the relationship between intrinsic motivation and performance appraisal process the regression analysis is done, so in the beginning the correlation values of them are computed two by two. Table 3 presents the results of it.

According to this table, the process of assessing has impact on the intrinsic motivation (P-Value < 0.05) correlation coefficient of these two variables is 0.440 , which is close to 0.5, and shows a strong and positive effect between these two variables.

Table 3: F-test to examine the relationship between intrinsic motivation and performance assessment process

	Correlation coefficient (ρ)	P-Value	Test statistic
Performance appraisal process on Inner motivation	0.440	0.000	10.188

After presenting the correlation coefficients, we addressed to the linear regression analysis between intrinsic motivation as the dependent variable and the performance evaluation process as the independent variable.

The linear regression has been performed and presented in the Table 4 to study the effect of performance evaluation process on the intrinsic motivation. According to this table, the performance appraisal process has an impact on the intrinsic motivation (P-Value < 0.05) and this impact is positive and equals to 0.414.

Table 4: Linear regression model to study the impact of performance evaluation process on the intrinsic motivation

dependent variable	independent variable	coefficients) (impact	T	P-Value
internal motivation	fixed	2.364	6.163	0.000
	performance evaluation process	0.414	4.323	0.000

Conclusion

As long as the organizations are struggling to survive, they should keep the principle of continuous improvement in the center stage. This principle cannot be achieved unless the context of achieving will be provided by the performance evaluation process improvement. An effective and suitable evaluation process in the organization should provide necessary feedback to the employees and take action for inner motivation of them. Obviously such organizations with motivated and energetic employees can respond better to the environmental changes and meet the needs of clients and consumers of services.

Here the performance evaluation process from the perspective of transportation department staff and terminals in Esfahan province studied and its impact on intrinsic motivation of employees has been determined. Results of this research indicate that the performance evaluation process of employees in this organization influences on the intrinsic motivation of these employees and it is positive and equals to 0.414. The noticeable fact in the evaluation process and intrinsic motivation is that we can reinforce the relationship between these two variables through various methods and use this for achieving better performances.

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