

**YANGON UNIVERSITY OF ECONOMICS**  
**DEPARTMENT OF MANAGEMENT STUDIES**  
**MBA PROGRAMME**

**THE EFFECT OF PERFORMANCE APPRAISAL  
SYSTEM ON EMPLOYEE MOTIVATION IN YANGON  
ACADEMY INTERNATIONAL SCHOOL**

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**EMBA II - 47**

**EMBA 16<sup>th</sup> BATCH**

**DECEMBER, 2019**

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**ACADEMIC YEAR (2017-2019)**

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**A thesis submitted to the Board of Examiners in partial fulfillment of the  
requirements for the degree of Master of Business Administration (MBA)**

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## **ACCEPTANCE**

This is to certify that the thesis prepared by Chit Hnin Pwint entitled “The Effect of Performance Appraisal System on Employee Motivation in Yangon Academy International School” has been accepted by the Examination Board for awarding Master of Business Administration (MBA) degree.

### **Board of Examiners**

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**Dr. Tin Win**

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**(Examiner)**

**December, 2019**

## **ABSTRACT**

This paper aims to study the effect of performance appraisal system on employee satisfaction and to analyze employee satisfaction on their motivation in Yangon Academy International School. Primary data is collected from the sample of 110 respondents with structured questionnaires. The results of the study indicates that performance appraisal standards & measurement procedures and providing the feedback system influence on employee satisfaction. Regarding effect of employee satisfaction on employee motivation, employee satisfaction is significant and positive effect on motivation of employees. It is recommended that school management should facilitate performance appraisal standards and measurement procedures and providing the feedback system and suggested school should facilitate more accuracy and fairness performance assessment system in order to improve employee satisfaction and employee motivation for the continuous success of the school.

# CHAPTER 1

## INTRODUCTION

Performance appraisal is one of the most important factors of organization. The situation of performance appraisal appears a primary situation of controversy in management circles. Although the authentic for the usage of overall performance appraisals was to evaluate employee performance, the purposes for which they are used has accelerated (Farr & Levy, 2007). There are two key elements which played an important role in multiplied the variety of purposes for which these systems are used for. Firstly, a change in management theoretical frameworks and practices which emphasized that in order for businesses to get the most out of their employees they wished to work alongside their employees (Katzell & Austin, 1992).

This philosophy lead to some researchers (McGregor, 1957) advocating the need for managers to change how they used overall performance appraisals from being a tool to monitor and manage employees to one which lets in the business enterprise to help the employee meet the wants of both the business and the employee. The second key aspect which accelerated the functions for which businesses use performance appraisal was once the improvement of overall performance management. Performance management uses many Human Resource practices to help hyperlink organizational goals to individual worker performance. Some of the extra generally regarded ones are: pay for performance, profession development, and training and development, all of which are designed ultimately to motivate and develop employees.

The performance appraisal is the method of assessing employee overall performance by way of comparing current overall performance level for the reason of improving their performance as needed by using the organization. And also, job satisfaction, motivations, overall performance management, appraisal and rewards could be considered as the integral topics in human assets to discover out and a whole understanding of exclusive processes, methods, theories and necessities in this phase of organizations.

Irrespective of what the organization's intentions are when conducting performance appraisal, it produces an outcome that can either be high quality or terrible to each the management and the employees. Managing worker overall performance is a quintessential phase of the work that all managers and officials operate in any

organization. It is as important as managing financial resources and program results due to the fact worker overall performance or the lack thereof, has a profound effect on both the economic and application aspects of any employer (Kurt, 2004).

Again, uses for performance appraisal have protected equal employment opportunity considerations, promotion, transfer and profits increases. Primarily, overall performance appraisal has been viewed a typical system for controlling an organization. It has also been known as an audit characteristic of a company concerning the performance of individuals, groups and entire divisions. ( Dessler, Human Resource Management, 2013).

Today's noticeably aggressive competitive business environment is putting the right people in the right position which is very integral phase for success organization. If company handled to personnel now not fair performance appraisal, personnel were not satisfied, their motivation degree were going down and can't continue the talented employees. Human capital is very important for the organizational improvement and solely having the right human capital can make the matters appear and can produce a sustainable competitive advantage.

Performance appraisal is key equipment that can be used to transform employee's talent, satisfaction, and motivation into the strategic organization advantage and offers a hyperlink between the employer and the person, through a manner the decide the types of particular contribution. The performance appraisal is behavior to assist companies to reward and promote advantageous performers and identify ineffective performers who require the improvement program. Performance appraising characteristic is one of the most vital purposeful areas that the human managers have to deal with. Therefore, this learn about is doing about the effective performance appraisal in Yangon Academy International School.

## **1.1 Rationale of the Study**

Performance appraisal is a critical section of the human resource department's contribution to an organization. An effective and fairness appraisal can also not only eliminate behavior and work-quality problems, it can get employees satisfaction and motivation an employee to make contributions more. Organizations potential to have motivated employees should determine the success or failure of that company

(Bergmann & Scarpello, 2001).

The factors of recognition for performing well, possibilities of promotion, professional growth, compensation and incentive schemes, are perceived as motivating factors by using many employees. In Yangon Academy International School, the performance appraisal system is no longer as expected since very important procedures which effect the final effects are always not noted in previous finding. The lack of all-important factors of the performance appraisal system is bound to affect the consistency of raters in their ranking and this can affect the validity of the performance appraisal data. The end result of the overall performance appraisal system is also vital as it can be used as the basis for training, pay and different benefits.

This study focuses on effective performance appraisal in Yangon Academy International School and it can create the employee' satisfaction and motivation. When organizations do determine worker reactions to overall performance appraisal systems, employee dissatisfaction with the system is normally reported. A vary of motives for employee dissatisfaction with performance appraisal systems (e.g., too time consuming and perceived as biased and unfair), the key factor is that personnel are dissatisfied with the system that is designed to encourage and advance them that employee dissatisfaction with performance appraisal is a warning to groups that performance appraisals are failing to attain the cause for which they were intended.

Therefore, it is very important for organizations to determine how personnel react to these systems in order to achieve an understanding of what the impact of these reactions might be on the organization. The employer is created effective overall performance appraisal method direct link between worker stratification, motivation, and organizational desires and makes the employees' contribution to the enterprise explicit.

Performance appraisal is the systematic and periodic system that accesses an individual employee' job overall performance and employees depend on appraisals for that those matters as increase in pay, promotion or other worker rewards such as incentives, bonuses, dismissal and punishment. From the aspect of the organization, it is vital to be aware of whether or not the overall performance of employees fulfills the centered result and organizational goals. The success of a corporation depends on proficient personnel and employees are precious asset of the organization. Employees'



understanding is positively associated with overall performance in a range of areas including customer satisfaction, profitability and productiveness and turnover.

## **1.2 Objectives of the Study**

The main objectives of the study are as following.

1. To examine the effect of performance appraisal system on employee satisfaction of Yangon Academy International School.
2. To analyze the effect of employee satisfaction on employee motivation of Yangon Academy International School.

## **1.3 Scope and Method of the Study**

This study mainly focuses on performance appraisal system which leads to employee satisfaction and employee motivation in Yangon Academy International School. Total sample of 110 respondents out of 123 faculties and staffs take part in the study. The total 89% of respondents 110 staffs include Managers, Assistant Managers, Executives Staffs, Non-Executives Staffs and General Workers. The rest 11% of 13 members are the main appraisers and decision makers who are the Principals and Management Department Members. This study uses analytical research method with primary data. Primary data collected with structured questionnaires designed with five-point Likert scale from selected respondents. Secondary data are taken from relevant texts, document analysis, which includes international research papers, journals, articles and website to get a better understanding of the research findings.

## **1.4 Organization of the Study**

This study is divided into three parts: theoretical part, empirical part and conclusion. It is divided into five chapters. Chapter one introduces about the study, describes rationale and objectives of the study, and then followed by scope and method of the study, and organization of the study. Chapter two is about the theoretical background of the study and comprises with definition of key terms and conceptual framework of the study. Chapter three explores the profile of Yangon

Academy International School, organization structure of Yangon Academy International School and performance appraisal system of Yangon Academy International School. Employees' satisfaction on performance appraisal system and employee satisfaction on employee motivation of Yangon Academy International School is analyzed in chapter four. The last chapter, Chapter five is conclusion chapter which is included findings of the study, recommendations and needs for further research.

## **CHAPTER 2**

### **THEORITICAL BACKGROUND**

This chapter describes theoretical background of the all the applied variables in this study. It starts with the definition of leadership, followed by detail discussion on leadership style, employee job satisfaction and employee commitment. Moreover, the relationship between the variables of leadership styles, employee job satisfaction and commitment are discoursed. And then, the conceptual framework of the study is designated and presented at the end of the chapter.

#### **2.1 Performance Appraisal System**

Performance appraisal system is an essential drive that appears for superior, more accurate, more cost-effective approaches for of evaluating job performance and employee motivation. Performance appraisal system is a powerful approach aimed at developing the overall performance of the employee in the business enterprise ( Vasset, Marnburg and Furunes,2011). Performance appraisal is often considered one of the most necessary human resource management functions ( Selvarajan and Cloninger 2008), and an efficient performance appraisal and management system is an indispensable phase of organization's human resource management effectives ( Guest 1997 cited in Selvarajan and Cloninger,2011).

Hodgetts (2002) categorizes a four- step technique of the performance appraisal system. Performance appraisal systems comprises of established performance standards, a method of determining individual performance, comparison against standards and an evaluation of performance based on the comparison. The first step of establishing performance standards outlines the employee's job responsibilities. The job standards are established contra the worker performance. The second step involves pegging the worker performance such as traits approach, behavioral approach, ranking methods, alternation ranking, and results methods, productivity measures, 360 degrees evaluation and Management by Objectives (MBO). Thirdly, there is comparison against standards set for the job. Fourth, an evaluation of overall performance is built measured on the comparison

Selvarajan and Clninger (2008) suggest that some organizations are dissatisfied with their performance appraisal system. This implies that the performance appraisal system is not an appropriate mechanism for addressing employee motivation. But performance appraisal is

contemplated to be fundamental to create a specific effect work environment and develop the quality of service. Selvarajan and Cloninger (2011) argue that there are a variety of issues related with the performance appraisal process and these add needy design, lack of attention to the organizational culture, and unwillingness to confront problems of problems of poor performance, as nicely as time pressure.

### **2.1.1 Performance Appraisal Standards & Measurement Procedures**

Performance appraisal is a strategic instrument to attain the mission and objectives of the organization. How the organization designs to stay competitive, obtain competitive benefit and continually grow and increase influences the objectives of performance appraisal. Human resources are the means of completing organizational goals and objectives without strategic relation, performance appraisal will not be effective for the organization.

The first stage in the process of performance appraisal is the setting up of the requirements which will be used to as the base to examine the certain performance of the employees. This step requires setting the standards to appraise the performance of the employees as accomplishment or unsuccessful and the ranges of their contribution to the organizational goals and objectives. The criteria set should be clear, without problems understandable and in measurable terms. In case the performance of the employee cannot be measured, splendid responsibility should be taken to specify the standards.

Communicating the standards to employee - formerly set, it is the important of the management to communicate the standards to all the employees of the organization. The employees ought to be knowledgeable requirements and the requirements need to be in reality explained to them. This will support them to apprehend their roles and to recognize what precisely is anticipated from them. Individuals should now not be expected to start the job until they recognize what is anticipated of them. The requirements should also be communicated to the appraisers or the evaluators and if required, the requirements can additionally be modified at this stage itself in accordance to the relevant remarks from the employees or the evaluators.

#### **a) Rating Scale Method**

The rating scale approach contributes a well-system overall performance appraisal. Each employee characteristic is estimated against a scale with points that range from "poor" to "excellent" performance (Afriyie, 2009). The ratings are established on the capability of the employee to perform as a team player, communication skills and technical competence

(Khan, 2013). The scale is necessary for the appraiser's job (Okey, and Sitati, 2010). Rating scale system can be used effortlessly and this leads to the large utilize of the strategy (Barringer, Jones and Neubaum,2005).

The assessor is appointed with a guideline of pre-scaled explanation of behavior, which is then used to evaluate the personnel being rated (Monga, 1983). The scale values of the behavior features are unknown to the assessor, who has to review as many items as she or he believes express the employee being assessed. A concluding rating is bought with the aid of averaging the scale values of the objects that have been marked.

#### **b) Checklist Method**

Covered by this method, checklist of "statement of Traits" of employee in the form of YES or No based totally questions is prepared. Here, the rater only does the reporting or checking and Human Resource department does the proper evaluation (Okeyo *et al.*, 2010). The rater involvement has to flash relevant answers appropriate to the appraisers. When the check-list is completed, it is sent to Human Resource department for further processing. Various questions in the check list may also have either equal weight or more weight may be additionally to these questions which are extra necessary (Afriyie, 2009).

#### **c) Force Choice Method**

The force choice method is a sequence of statements organized in the blocks of two or grater are given are rater suggests which statement is true or false. The rater is compelled to make a choice. HR department does authentic assessment. The advantage of this technique is that it has no personal biases due to the fact of compelled choice but the disadvantage is incorrectly framed statements (Denby, 2010). One of the issues faced in large organizations is relative evaluation inclinations of raters. Some are too lenient and others too severe.

#### **e) MOB (Management by Objective)**

The use of management objectives was first widely advocated in the 1950s by the noted management theorist Peter Drucker. MBO (Management by Objectives) methods of performance appraisal are results-oriented. That is, seek to measure employee performance by examining the extent to which predetermined work objectives have been met (Newman, Thanacoody and Hui, 2012). Usually the objectives are established jointly by the supervisor and subordinate. Once an objective is agreed, the employee is usually expected to self-audit: that is, to identify the skills

needed to achieve the objectives. Typically, they do not rely on others to locate and specify their strengths and weakness. They are expected to monitor their own development and progress (Porter,2008).

#### **f) Assessment Center Methods**

An assessment center refers a central location where the managers form a team to participate in job evaluation exercises invigilated by trained assessors. It is more focused on observation of behaviors across a series of select exercise or work samples (Porter, 2008). Assesses are requested to participate in in-basket exercise, work groups, computer simulations, role playing and other similar activities which require same attributes for successful performance in actual job ( Qureshi *et al.*,2007). Well conduct assessment center can achieve better forecasts of future performance and progress than other methods of appraisals. Also reliability, content validity and predictive ability are said to be high in Assessment Centers ( Scott, Clotheir and Spriegel, 2007). The tests also make sure that the wrong people are not hired or promoted. Finally, it clearly defines the criteria for selection and promotion

#### **g) 360 Degree Appraisal**

It is a technique in which performance data/feedback/rating is collected from all sections of people interacts in the course of his job like immediate supervisors, team members, customers peers, subordinates and self with different weight age to each group of raters (Ohabunwa, 2009). This technique has been found to be extremely useful and effective. It is especially useful to measure inter-personal skills, customer satisfaction and team building siklls (Qureshi *et al.*, 2007). One of the biggest advantages of this system is that assesses cannot afford to neglect any constituency and has to show all-round performance. However, on the negative side, receiving feedback from multiple sources can be intimidating, threatening, and expensive and time consuming (Shaw *et al.* , 2008) .

#### **h) Psychological Appraisals**

These appraisals are more directed to assess employee's potential for future performance rather than the past one. It is done in the form of in-depth interviews, psychological tests, and discussion with supervisors and review of other evaluations. It is more focused on employees emotional, intellectual, and motivational and other personal characteristics affecting his performance ( Ohabunwa, 2009). This approach is slow and costly and may be used for bright young members who may have considerable potential. However, quality of these appraisals largely depends upon the skills of psychologists who perform the evaluation (Shaw et al., 2008).

## **2.1.2 Performance Assessment**

The most difficult part of the Performance appraisal process is measuring the actual performance of the employees that is the work done by the employees during the specified period of time. It is a continuous process which involves monitoring the performance throughout the year. This stage requires the careful selection of the appropriate techniques of measurement, taking care that personal bias does not affect the outcome of the process and providing assistance rather than interfering in an employee's work.

The actual performance is compared with the desired or the standard performance. The comparison tells the deviations in the performance of the employees from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It includes recalling, evaluating and analysis of data related to the employees' performance.

There are a number of different options concerning who should evaluate the individual employee, and the decision needs to be based on a series of factors. Traditionally, it has been the sole responsibility of managers or supervisors to assess performance (Afriyie, 2009). However, other organizational members (such as clients, co-workers and subordinates) can be valuable source of information as they are likely to have exposure to different aspects of an employee's performance (Afriyie,2009). Collecting information from multiple sources can increase the accuracy of performance evaluation (can reduce bias) and increase employee's perceptions of fairness ( Vasset, Marnburg and Furunes,2011).

### **a) Manager/Supervisor**

Managers or supervisor play a central position in the performance appraisal process and should constantly be protected as one of the foremost appraisers. In essence, managers and supervisors have two positions in performance appraisal assessment "Judge" assessing performance "Coach" supporting optimistic feedback and identifying areas for improvement. Behaving both roles simultaneously can be stubborn. Employees may be hesitated to admit areas for development if performance appraisal evaluation is linked with favored outcomes such as salary increment, promotion or opportunities to work in desired areas. One solution is to separate choose and educate roles by conducting separate performance appraisal meetings.

The supervisors are acknowledged to evaluate the performance of employees. The supervisors evaluate employees on their performance however there are a quantity of

issues. Sometimes the managers or supervisors are not there to get time to evaluate the employees. Many times supervisors additionally be in a unique building or even a exceptional city than the individuals they supervise ( Vasset, Marnburg and Furunes, 2011). Virtual teams, Internet-linked offices, telecommuting, and other elements cause supervisors to not be in constant touch with their employees, unlike the scenario 20 or 30 years ago. There are other issues as well such as personality conflicts or they can also just not relate well to some of their employees. This may cause a personal bias for, or against, positive employees that can also invalidate the appraisal process if it's tremendous enough ( Selvarajan and Cloninger, 2011).

In today's work environment, with the amount of information necessary to do the complex tasks that organizations must accomplish in order to compete, nobody can know every job which includes the supervisors (Ohabunwa,2009). There are simply too many records for any one individual to learn. So, jobs have been divided down into smaller and smaller areas, and the supervisor may not understand each of those jobs in great detail (Shaw *et al.*, 2008). So, there are certainly issues that can manifest in the case of a supervisor being accountable for a subordinate employee's assessment process. To overcome the supervisor issues, multiple evaluators can be used to make performance assessment more correct (Qureshi *et al.*,2007). For example, using other evaluators can help overcome personal bias and provide information that supervisors do not always know about.

#### **b) Peers**

Peers or co-workers can be concerned in the performance appraisal of person employees. Peer evaluation is precious where the supervisors are absent or has infrequent contact with the employees (Ali, Mahdi and Malihe, 2012). Also, all employees have a couple of co-workers who they interact with on an accepted basis, peer evaluations may be valuable. Peers or co-workers also often know the job of the individual employee better than the supervisor does and they are more directly affected by the employee's actions, either positive or negative (Jayawarna *et al.*, 2007). In addition, peers can assess the ability of the individual to collaborate with others successfully in a group or team setting. This may be very difficult for supervisor to see unless they are intimately involved with the groups.

There are actually problems that can come up in peer assessments that can cause the procedure to turn out to be less objective (Ohabunwa, 2009). In fact, research proof relating the validity of peer reviews is really unclear. Personality conflicts and biases can affect how individual employees measure their peers ( Vasset, Marnburg and Furunes



,2011). Individuals inside a group or team may just have drastically different personality sorts and these differences can motivate friction inside the work group that may spill over when it comes time to assess those with whom they are in conflict. This indicates to personal biases which can affect the working relationships and employee motivation that may sight up in peer assessment (Shaw *et al.*, 2008)

Typically, subordinates can assess their seniors in the organization. Subordinate reviews can give good insight into the managerial practices and attainable missteps of people who manage different personnel in the organization. As a result, subordinate evaluations may give valuable messages that one would be unable of find out using any other means (Khan,2013). The issues with this kind of an assessment is the attainable for bias especially from the subordinates who have been disciplined with the aid of the supervisor. The subordinates might try to get back at their supervisor for giving them duties and responsibilities that they did not want to do, or for disciplining them for failure in their jobs (Afriyie, 2009).

There may additionally be personality conflict as some subordinates absolutely can also be biased against their supervisor or manager. This consequences to bad contrast by using the subordinated (Khan,2013). On the other cease of the scale, the subordinates might also inflate the competencies of the manager, at least partly because of a lack of grasp of all the tasks and obligations required of the manager. In fact, it is common to discover the employees ranking their supervisor higher than the manger's self-ratings. In all of these trouble areas, there are practicable problem that ought to be guarded. If there are outlines that supply either very high or very low marks for the supervisor, the outliers have to be thrown out of the calculation when finding out overall marks for the supervisor (Kumbhar,2011).

Another giant issue in the case of subordinate contrast is confidentiality. Subordinate reviews need to be private in nature, or it is not likely that is subordinate will furnish a sincere assessment of their supervisor. If the comparison is no longer confidential, the supervisor can and may take retribution on subordinates who grant unflattering reviews ( Jayawarna, Wilson and Macpherson,2007). So, if the evaluation is now not anonymous, many of the subordinates will likely inflate the capabilities of the supervisor, which minimizes the fee of the assessment system itself, so, even though subordinate evaluations have the possible for biases and other problems, it is vital to grant treasured data about the supervisor's competencies (Lowe and Vodanovich, 2005).

### **c) Self-Assessment**

Self-assessment is also a beneficial in the performance appraisal process. Virtually all employees do a self-assessment whether they are honestly formally requested to do so

as section of the assessment or no longer which is required with MBO (Inchniowski and Shaw, 2009). Even when no longer requested to do a self-assessment, personnel will nevertheless stroll into the overview dialogue with some informal self-assessment that they compare to the supervisor's rating. Most of the research evidence suggests that employees both underestimate or precisely estimate their job performance over time. An extensive portion of the proof seems to exhibit those individuals with decrease levels of expertise and capabilities inside their field tend to inflate their self-assessment of their abilities (Holzer, 2007). Conversely, as persons turn out to be greater educated and extra skilled, the skills in their jobs (Lowe and Vodanovich, 2005).

Most of the proof shows that personnel overestimate their potential to do their job but this indicates that the overall performance appraisers nevertheless have size concern ( Holzer,2007). The measure may also have validity interests, if self-evaluations are skewed as it is frequent with this type of appraisal. Customers may be asked to assess individuals within the organization. Customers can include people outside the organization, including customer for products and services and suppliers to the firm.

Customer evaluation process is important when employees interact routinely with internal or external customers (Inchniowski and Shaw,2009). It is extensive to know how customers sense about their relations with the employees because obviously external customers are the ones who eventually pay the bills. If external customers are upset about their interactions with the employees, they have the ability to go elsewhere with their business (Jayawarna *et al.*,2007). Even internal customers can create significant problems within the firm due to conflict between departments or divisions. Therefore, the customers are asked to evaluate the individual employees with whom they come into contract (Lowe and Vodanovich, 2005).

### **2.1.3 Providing the Feedback**

The result of the appraisal is communicated and discussed with the employees on one-to-one basis. The focus of this discussion is on communication and listening. The results, the problems and the possible solutions are discussed with the aim of problem solving and reaching consensus. The feedback should be given with a positive attitude as this can have an effect on the employees' future performance. The purpose of the meeting should be to solve the problems faced and motivate the employees to perform better.

The last step of the process is to take decisions which can be taken either to improve the performance of the employees, take the required corrective actions, or the related HR

decisions like rewards, promotions, demotions, transfers etc.

## **2.2 Employee Satisfaction**

Fisher et.al (1997), performance appraisal system should be used as an employee development tool to identify areas for skill and ability deficiency to improve focus for training and development, because the tenancy of applicable skills and abilities are major factors in enhancing individual performance. Save and Syme (1996), found that satisfaction with issues such as appropriate evaluation systems, rather than with pay or job security correlated best with increased organization commitment.

The aim of performance appraisal is to improve individual performance. Other benefits are improving motivation and morale, clarifying expectations and reduction of ambiguity in performance, determining rewards, identifying training and developmental capabilities, improving communication, selecting employees for promotion, managing careers, counseling, discipline, planning remedial action and setting goals and targets. Performance appraisal gives employees job satisfaction and effectiveness.

There are a number of features that have been found to be important in predicting employee satisfaction with the appraisal process, such as providing training to teach people how to use the system and developing an appeal process if employees wish to dispute performance rating decision (Levy & Williams 1998), there is one key feature which is important in predicting employee satisfaction, information. The concept of providing employees with information is not new, with an early guide to managers advocating the need organizations to communicate the reason for implementing the performance appraisal as a way in which to increase employees' trust and therefore buy-in into the system (Hepner, 1930).

Although Hepner's management drive does not indicate evidence to guide such claims, later research have observed that informing employees as to the motive of the performance appraisal, what the performance appraisal requires of the employee, communicating the policies and procedures which relate to the system, and informing employees how the system will be monitored to ensure that it is being carried out in accordance with organization policy, are all important predictors of employee satisfaction with the appraisal (Giles & Mossholder *et al.*, 1990).

Satisfaction on the performance appraisal depends on the appraiser's perception on the performance appraisal and the accuracy with which an appraiser rates the employee's performance. The performance appraisal pursues to improve performance from individuals, groups, teams and the whole company. Ideally, an efficient performance appraisal process should provide enough information to managers for them

to know what to do to ensure the desired performance on behalf of employees (Armstrong & Baron, 2004, in Khan, 2013). Employees are usually appraised by their immediate supervisor. The quality of relationships between these employees and their supervisors can help to reinforce the perception they have of the performance appraisal system given that the appraisal by the appraiser (supervisor).

The appraiser's presence throughout all of the appraisal process steps makes him a key player in the process. Appraiser must maintain a close relationship with their employees to foster a positive image and to improve employee satisfaction. Employees are often dissatisfied and reject the result of their appraisal (Elicker et al, 2006). The trust in the appraiser moderates the relationship between the perception of performance appraisal and employee satisfaction.

Although a number of outcomes are possible from the appraisal system (e.g. action plans, training, and ratings) (Williams, 2001), the research has predominantly focused in the association between performance rating and performance appraisal satisfaction. Studies have found that there is a positive correlation between an employee's rating and their attitude towards the performance appraisal process (Dipboye *et al.*, 1981). Jawahar (2006) emphasizes that an employee's rating is frequently accustomed to compose choices which are of essential to an employee, such as salary increment or promotions, and recommends that the reason a positive correlation between employee rating and performance appraisal satisfaction exists is because of how valuable a good rating is to an employee.

Herzberg's two-factor theory identifies between: Motivators that provide positive satisfaction, springing up from intrinsic situations of the job itself, such as recognition, accomplishment, or individual growth, and Hygiene factors (e.g. designation, job security, wages, fringe benefits, job situation, good pay, compensated insurance, vacations) that do not give positive satisfaction or lead to higher motivation, though dissatisfaction results from their absence. The term "hygiene" is exercised in the experience that these are preservation elements. These are extrinsic to the work the subject, and consist of attitude such as organization policies, supervisory practices, or wages/sal

### **2.3 Employee Motivation**

According to Rue and Byars, (2005), performance appraisal is a process is described as a way of determining and communicating how the employees do their jobs and coming up with a design for developing the technique of carrying out work responsibilities. Performance appraisal is essential as it gives updates on the performance of the employees; it identifies training needs and come up with plan for employee development (Livy, 2007).

Performance appraisal system is usually recognized as a essential factor for upgrading employee motivation (Selvarajan and Cloninger, 2011).

Elvarajan and Cloninger (2008) suggest that some organizations are dissatisfied with their performance appraisal processes. This implies that some organizations are dissatisfied with their performance appraisal is not an appropriate mechanism for addressing employee motivation.. Selvarajan and Cloninger (2011) argue that there are a number of matters related with the performance appraisal process and these encompass poor design, loss of attention to the organizational culture, and unenthusiastic to encounter issues of poor performance, as well as time pressure.

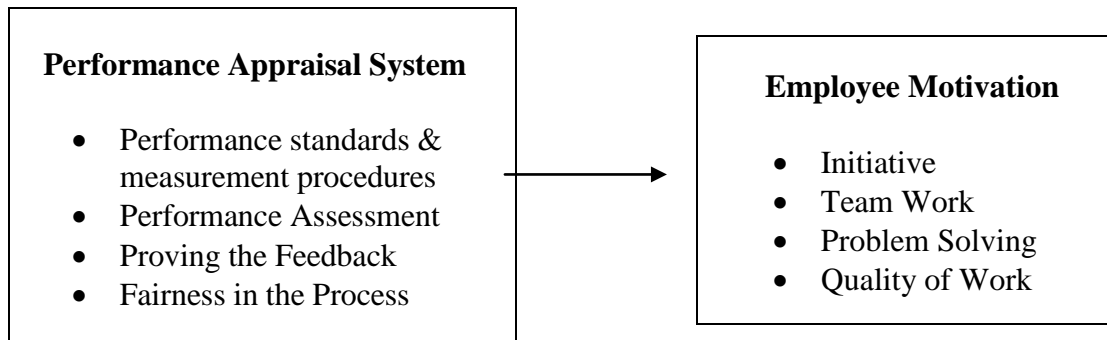
In contrast to intrinsically motivated individuals, people who perceive themselves as extrinsically motivated are driven to work because they have a strong drive to be recognized and rewarded for their efforts ( Amabile, *et al.*,1994), with recent research highlighting that praise and tangible rewards are more important to some people as they can be a mechanism with which to maintain or increase the image a person has of themselves ( Jawahar,2006). ). Using the trait theory approach an intrinsically motivated individual as someone who is driven by challenge and enjoyment, whereas extrinsic motivation characterizes individuals as being driven by external reward and recognition ( Amabile, *et al.*, 1994).

The performance appraisal system is designed to set goals and provide recognition (feedback, rating, and rewards) based on employees' progress towards those goals (Williams, 2001), and found that extrinsically motivated individuals have a whole more suitable for this process than intrinsically motivated individuals , due to the differences in desiring to be recognized for individuals efforts (Demerouti, *et al.*, 2012). Performance appraisal can have a serious effect on levels of employee motivation and satisfaction for better as well as for poor. Performance appraisal contributes employees with recognition for their work efforts. The power of social recognition as an incentive has been figured. In fact, there is proof that human beings will even desire negative recognition in desire to no recognition at all.

## **2.4 Review on Previous Study**

Margaret Ngegwa examined the ability of Gray Dessler's Performance Appraisal to provide a conceptual explanation of performance appraisal and employee motivation. The conceptual framework (Figure 2.1) of the study is formed based on Margaret Ngegwa (2014)'s " The Effect of Performance Appraisal on Employee Motivation – A Study in National Housing Corporation in Nairobi".

**Figure (2.1) Conceptual Framework by Margaret Ngegwa**



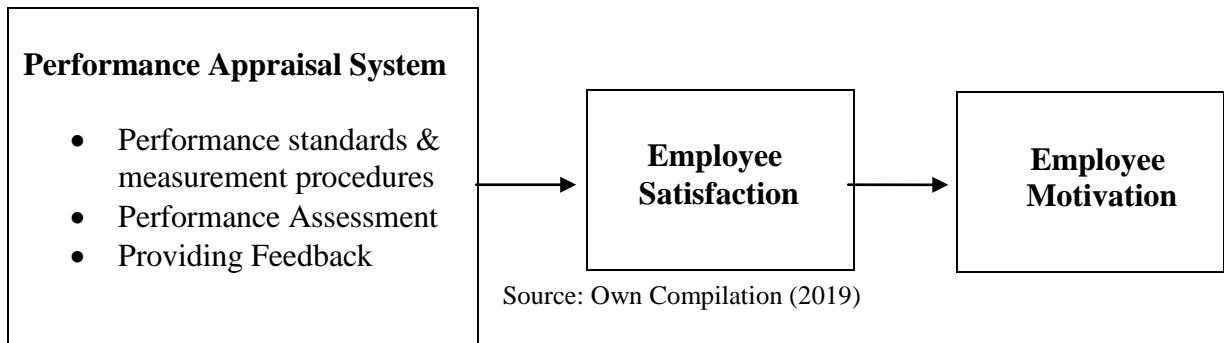
Source: Own Compilation (2019)

There are 50 respondents from a target population of 221 employees. The results of the study established that performance appraisal standards & measurement procedures is essential for employee motivation at National Housing Corporation. Performance feedback received by the employees of National Housing Corporation significantly motivates employees and consequently boosted overall productivity of the organization.

## **2.5 Conceptual Framework of the Study**

The conceptual framework (Figure 2.2) of the study is formed based on Margaret Ngegwa (2014)'s " The Effect of Performance Appraisal on Employee Motivation – A Study in National Housing Corporation in Nairobi". The model is constructed to study how the performance appraisal system of the Yangon Academy International School is effecting on their employee' satisfaction and resulting to the degree of their employee motivation to school.

**Figure (2.2) Conceptual Framework of the Study**



The performance appraisal system of performance standards & measurement procedures, performance assessment and providing the feedback styles are chosen as independent variables of the study and examined the influences of each performance style on employee satisfaction and motivation. The model specifies the role of employee satisfaction as a mediator that performance appraisal style effects on employee motivation.

# **CHAPTER 3**

## **PERFORMANCE APPRAISAL SYSTEM OF YANGON ACADEMY INTERNATIONAL SCHOOL**

This chapter describes the performance appraisal system of Yangon Academy International School. It is comprised with a brief introduction to Private Education in Yangon, profile of Yangon Academy International School, research design and profile of the respondents. And then followed by the assessment of the acquired data from the participants for evaluating the significant performance appraisal system of Yangon Academy International School.

### **3.1 Private Education Industry in Yangon**

During the post-independence period from 1948 to 1962, private and state education was eliminated during the socialist era between 1962 and 1988. The Private Tuition Law of 1964 allows placing up of private schools to instant single subjects per semester. Permission is no longer to set up private schools to teach the entire curriculum. Private schools, which emerged since the 1990s, have developed as business and are not necessarily regulated by the Ministry of Education. The Ministry of Education in fact foresees all Myanmar teenagers to be registered in state schools. Private provision is accepted only over and above state education, with the expectation of international schools. Policy as to what can or cannot be taught in private schools implies to have been advanced in the past few years as such plan has developed. In fact, such policies implied to revolution absolutely arbitrarily and barring a great deal warning.

Today, private schools have startle at pre-elementary, elementary, secondary and higher-education stages to gratify to the famous demands of the market. Some of them provide a border curriculum, some target on only a few subjects. Officially, private schools are no longer allowed to conduct as a complementary to the state system. When private schools have been first allowed in Myanmar in August 2012, for the first time in half a century, Myanmar's public education system regarded to be letting down its pupils not only in quality but also in quantity.

The decision to allow private schools back into Myanmar, for the first time since private schools were nationalized in 1965 was therefore an important shake-up to address inadequate educational opportunities stifling the country's children. While international schools, teaching foreign curriculum, had been operating for some time, private schools, on



the other hand, offered an alternative, teaching the required core Myanmar curriculum but also attempting supplementary target on English, as well as more variegation in teaching supplemented subject such as music or sport, plus smaller class capacity.

Alternately overlook by the Ministry of Education, it's registered as a company with the Directorate of Investment and Company Administration. Although Myanmar formerly has a private School Registration Law, it only practices to those that teach the national curriculum. There are now dozens of different international schools that are conducting left out regulation or oversight. The purpose is that under Myanmar's current education laws only schools that teach the Myanmar curriculum can be permitted with the ministry. Regulating international schools wasn't such a problem when there was once simply a extremity operating. But in recent years, the international sector has interested growing numbers of pupils from Myanmar's middle class, and the number of schools has mushroomed to meet this demand.

According to ISC investigation, the number of international schools doubled between 2012 and 2017, from 25 international schools to 50 international school. A total of 18,373 pupils are enrolled, up around 175 percent from 2012. In 2015 the Ministry of Education began working on a Private Education Law to finally put a regulatory framework for all private schools, including international schools.

### **3.1.1 Profile of Yangon Academy International School**

Yangon Academy (YA) has developed appreciably from its early foundation in 2004 when it opened, providing at that time pre-school kids from ages two to five. The shareholders identify the increasing need for elementary schools which may want to grant sustain huge quality education to families in the Yangon neighborhood. Subsequently, the school raises a grade level a year, till now, where Yangon Academy can accept students from Pre-Nursery through High School in Grade 12.

Yangon Academy offers one of the best values, American-based, educational programs in Myanmar. Yangon Academy maintains and extends high quality and extensive academic and co-curricular programs, while keeping tuition rates reasonable. Teachers are experienced and well trained. And, of course, students are hard-working, polite, and respectful to each other, to all adults, and to valued Myanmar cultural ideals.

Yangon Academy International School is a separately-held, Pre-Nursery through Grade Twelve international school placed in Yangon's Bahan Township. The School, established in 2004, is built on two campuses – the elementary school campus for Pre-

Nursery through Grade 5 pupils, and the nearby secondary school campus for Grade 6 through Grade 12 pupils. Exploiting an American curriculum with English as the main language of teaching, Yangon Academy seeks to educate the whole children with the goal of developing excellent students today so that they come to be ethical, global leaders tomorrow.

The School further distinguishes itself via imparting a sustainable; high-quality education to the children of Myanmar as well as to children of the city's spreading expatriate association. Moreover, Yangon Academy is a school that comprises Myanmar's many traditions and diverse cultures while providing a rigorous 21st Century, globally-minded, American-based curriculum of study.

This powerful tactic to learning is best reversed in the configuration of its faculty and staff. All grade-levels are teach by both experienced, certificated international teachers, mainly from the U.S. and Canada, and by well-trained Myanmar faculty and teaching assistants. Cooperating together as a team of committed educators, our faculty offers each Yangon Academy student with an impressive level of personal care and academic challenge. In return, our motivated and respectful students impress the faculty every day; and, collectively, the faculty and students of Yangon Academy continually pursue to build a energetic community of learners and leaders.

Vision: Yangon Academy empowers students to capacity their full potential.

Mission: Yangon Academy is a powerful international school that offers a challenging K-12, American-based education, which provides our students for greatness in university and life. Our association inspires students to passion learning and to subscribe positively within a diverse and continually-changing world. Yangon Academy International School have three major team in the organization structure, there are Management, Academic and Supporting.

### **3.1.2 Purpose of Performance Appraisal in Yangon Academy International School**

The major reason of performance appraisal is to inspire employee development and to make stronger the departments' effectively and effectiveness in alongside with progress of the organization. The performance appraisal occurs at the end of probationary period and once per year thereafter. Performance appraisal is executed to measure the work behavior and end results of employees in their job and to make certain whether the personnel are in the right place and right position. In addition, it is done to understand the personality of the staffs and to make non-stop enchantment and to supply rewards and incentives to the

tremendous employees. Performance appraisal is to justify work requirement and potential of manpower. Moreover, it is carried out for the training & development of employees. After the fine overall performance appraisal, employees' motivation level is upward push up and enhances the employees' performance appraisal outcome.

Appraisal in this school is both an expansion and supportive process devised to secure that faculty and staff are able to continually develop their professional practice. Appraisal will set objectives and provide staff have the skills they need to carry out their role effectively with reference to the appropriate standards (e.g Teaching standards). Objective for each teacher and member of support staff will set before or as soon as partible after, the start of each appraisal period. The objective set for each member and member of support staff will, if achieved, contribute to the school's plans for improving the school's educational provision and performance and improving the education of pupils at the school. For support staff, objectives may also relate to the effective deployment and use of resources, administration and organization.

### **3.1.3 Performance Appraisal Period of Yangon Academy International School**

Performance appraisal of the Yangon Academy International School is typically done once a year May. The performance appraisal period is two weeks and the overall performance appraisal report have to send lower back to human resource department of the company. Performance is accomplished for the probation, confirmation, promotion, increment, training & development, compensation and review, positioning and switch among the same group. The organization donate that overall performance appraisal be specific, measurable, achievable, realistic, timing and agreed by using the administration to get the nice result of performance appraisal.

All expert and supporting staff who hold career appointments shall serve a probationary duration throughout which time their work overall performance and everyday suitability shall be evaluated in writing. The duration is performed following sixth month of continue carrier besides ruin the service. At any time for the duration of the period and an employee may also be released in accord with gorgeous personnel program or contract policy. Under appropriate circumstance, the length may be extended at the discretion of the staff personal unit.

### **3.2 Performance Appraisal System of Yangon Academy International School**

Performance management is an ongoing process of communication between a manager/ supervisor and an employee that happens throughout the year, in guide of undertaking the strategic objectives of the organization.

Performance appraisal process of Yangon Academy International School is aim set to align with higher stage goals. Performance goals and objectives are what an employee can seem to, and what a supervisor can seem to in order to understand the desires consequence of each function of the job. Employees and managers are meeting to clarify predicted outcomes and set goals that coordinate the employee's job to department and campus objectives. The behavioral expectations and standards discussed with each other.

Performance appraisal is the periodic evaluation and feedback of how persons and group gain their objective and results. Performance appraisal is a non-stop process, involving ongoing feedback. Even through performance is appraised one a year; it has to be managed every day, all year long. Supervising is a key phase of the performance appraisal process. It entails providing assistance as crucial and doing away with barriers as an alternative than interfering.

Before the process of performance appraisal, every department head has responsibility to outline job description and ways to reach the target. The business enterprise let the employees know the benefit and rewards they are achieved when they fulfill their responsibility. During the process of performance appraisal, employees are explained their main duties and responsibilities and how they are rated by means of overall performance appraisal. Employees need to recognize the way to do their job without problems and the problem that may additionally arise whilst doing their job, after the overall performance appraisal, the appraiser makes fair and unbiased end result of performance rating and let the personnel understand their result and discuss with them thereafter.

The employees' performance evaluation performed to all employees every year consisting of discussions between the supervisor and the workforce member and a written report of the appraisal. Discussion is occurred more often if needed, such as when new targets are developed, or if the workforce member requires an extra structured approach in order to inspire extended performance.

Reviewing the overall performance of employees, this stage entails documenting performance via observing, recalling, evaluating, written communication, judgment and evaluation of data. This is like putting together and appraisal record. After the appraisal feedback session is desirable. This session entails verbal communication, listening, hassle solving, negotiating, compromising, battle decision and achieving consensus. Finally, after

getting all the result, check the foundation of appraisal and feedback results, more than a few decision can be make about giving rewards ( e.g promotion, incentive, etc.) and punishments (e.g demotion, dismissal , etc.).

The result of appraisal device also used for career development. The last stage of performance appraisal is “development performance”, or professional development, by means of offering possibilities for similarly study. Such opportunities can additionally act incentive and rewards to employees.

#### **a) Establishing Performance Standards**

The first stride in the process of performance appraisal is the putting up of the standards which are practiced to as the base to measure the actual performance of the faculty and staff. This step requires setting the criteria to judge the performance of the faculty and staff as successful or unsuccessful and the degrees of their contribution to the organizational goals and objectives. The standards are set to be clear, easily understandable and in measurable terms. In case the performance of the faculty and staff cannot be measured, great care should be taken to describe the standards.

In Yangon Academy International School set the performance standard one year. Normally all faculty and staff have their individual Job Description, it must be modernized and adjust with current department and position, then superiors are set the key end result vicinity for faculty and staff to align with greater level goals. As an additional to do the measurement standard for employee’s behavioral competencies. Therefore, every employee is appraised using performance evaluation standard.

#### **b) Communicating the Standards**

In Yangon Academy International School, after set the performance standard for the employees, it is the responsibility of the management to communicate the standards to all the employees of the organization. The standards have to clearly explain to the employees. This is assisting them to recognize their roles and to be aware what precisely is anticipated from them. The standards also be communicated to the appraisers if needed, the standards can also be modified at this step itself in accordance to the compatible feedback from the employees or the evaluators.

#### **c) Measuring the Actual Performance**

In Yangon Academy International School, the Performance appraisal is measuring the actual performance of the employees that is the work done by the employees during the specified period of time. It is a continuous process which consists monitoring the performance all over the year. This step wants to careful decision of the appropriate

techniques of measurement, taking care that personal bias does no longer have an effect on the outcome of the process and imparting assistance rather than interfering in faculty and staff' work.

#### **d) Comparing Actual Performance with Desired Performance or Performance Standard**

In Yangon Academy International School, the faculty and staff's actual performance is compared with the favored or the standard performance. The comparison mentions the deviations in the performance of the faculty and staff from the standards set. The result can show the actual performance being more than the desired performance or, the actual performance being less than the desired performance depicting a negative deviation in the organizational performance. It consists recalling, evaluating and analysis of data related to the faculty and staff' performance.

#### **e) Discussing Results (Feedback)**

Faculty and staff performance result of the appraisal is communicated and discussed with the faculty and staff one-to-one basis, in the Yangon Academy International School. The focus of this discussion is on communication and listing. The outcome result, the problems and the possible options are discussed with the aim of problem solving and accomplishing consensus. The feedback results to provide with a positive attitude as this can receive an effect on the faculty and staff 'future performance.

Department Managers are effectively feedback to employees about individual employees' performance appraisal results. It is helpful to correct mistakes done by the employees and help them to motivate for better performance. The Principals and Departmental Managers need to handle very carefully performance feedback task as it may also lead to emotional explosion if it is not handing well.

Faculty and staff will receive constructive feedback on their overall performance throughout the year and as soon as accessible after observation has taken place or other evidence has reach to clear. Feedback will point specific areas of strength as well as any areas that require attention. Where there are interests about any aspects of the faculty and staff' performance they will get appropriate support as part of the appraisal process.

### **3.3 Demographic Profile of the Respondents**

In order to analyze the employee's satisfaction and motivation based on the performance appraisal system, demographic characteristics, such as age, gender, education level, experience and position are collected.

There are total 123 employees of which 33 staffs are working in the Academic Faculty Department as a Homeroom Teacher. There are 38 local teachers and Yangon Academy International School has 42 employees are working at supporting Department such as Finance, IT, Admin, HR and Management Department has total 10 members. The frequency and percentage of the profile of the respondents are presented based on findings which are shown in Table (3.4).

As shown in Table 3.2, 43 of male respondents which is (39.0%) of total respondent are participated in this survey and the rest of 67 respondents (60.9%) are female. This gender different is because of there are more females' teachers rather than number of males in Academic Department.

Majority of the respondents in this study are between 31 and 40 years old and which is about 34.6% of the total respondents. And then follow by 21 to 30 years old respondents which are about 32.7% of total responds.

Most of the respondent which is 51% of total respondents is bachelor degree holders and 32% of respondent has master degrees. There are only 4 participants, 3.6% of total respondents, have the education level of Primary. And then follow by the group of respondents 16.3% have the education level of Intermediate in this survey.

Majority of the respondents in this survey are worked with their current company for 1 to 3 years continuously which is 32.7 % (38 respondents) of the total respondents. This might be due to the research design of this study which focus on faculty and teachers who are working in Yangon Academy International School yearly contract based. And then follow by the group of respondents who have been working 3 to 5 years with their current company which is 32.7% of the total respondents to survey.

**Table 3.1 Demographic Profile of the Respondents**

<b>Sr. No.</b>	<b>Particular</b>	<b>Respondents</b>	<b>Percentage</b>
	Total	110	100.0
1	Male	43	39.0
	Female	67	60.9
2	21 – 30 years	36	32.7
	31 – 40 years	38	34.6
	41 – 50 years	22	20.0
	> 50 years	14	12.7
3	Designation: General Worker	26	23.6
	Non-Executive/Assistant Teacher	23	20.9
	Executive/ Homeroom Teacher	50	45.5
	Head of Department and above	11	10.0
4	Education: Primary	4	3.60
	Intermediate	18	16.3
	Graduation	56	51.0
	Master and higher than Master Degree	32	29.1
5	Service: < 1 Year	12	10.9
	1 – 3 years	40	36.4
	3 – 5 years	36	32.7
	Over 5 years	22	20.0

Source: Survey Data 2019.

### 3.4 Reliability Test

The reliability test is very important before the analysis as it is conducted in order to ensure consistent measurement through different items in the questionnaire. A qualitative pilot survey is carried out to identify and eliminate possible problems in the questionnaires. According to Sekaran (2003) concluded that the reliability measurement advises stability and consistency of the mechanism. Consequently, this method indicates reliability through examining the internal consistency of the research questionnaires which are posed in Likert scale.



**Table (3.2) Reliability Test**

Variable	Cronbach's Alpha	Cronbach's Alpha Based on Standardized	Numbers of Items
Performance Standards & Measurement Procedures	.780	.776	6
Performance Assessment	.798	.799	6
Providing the Feedback	.818	.823	6
Employee Stratification	.812	.815	6
Employee Motivation	.845	.847	6

Source: Survey Data (2019)

Cronbach's alpha is very important and the range of Cronbach's alpha should become from 0.0 to 1.0 but for research purpose, some researcher suggested that the minimum standard for reliability should be 0.70 or higher. Table 3.2 presents the analysis result of Cronbach's alpha for each variable and all the Alpha values are greater than 0.70 whereas questionnaires have accomplished with consistency and stability.

### **3.5 Analysis on Performance Appraisal System of Yangon Academy International School**

Performance appraisal system is an essential drive that looks for better, more accurate, more cost-effective approaches for of evaluating job performance and employee motivation. Performance appraisal system is a important technique purposed at enhancing the performance of the employee in the business ( Vasset, Marnburg and Furunes,2011). In order to examine the performance appraisal system of Yangon Academy International School, the questionnaire with 5- point Likert scale are used and mean score are calculated based on survey result.

The performance appraisal system of Yangon Academy International School is measured by survey questionnaires which consist of 5 items per factors. The survey result based on 110 respondents is presented in the following tables.

**Table 3.3 Performance Appraisal Standards & Measurement Procedures**

No.	Performance Appraisal Standards & Measurement Procedures	Mean Score	Std. Deviation
1	Purpose of performance appraisal process	3.60	.679
2	Equal Policies and procedures to all employees	3.54	.699
3	Performance Goals are clearly defined	3.26	.536
4	Performance rating is based on how well doing	3.50	.554
5	The job responsibilities are clearly defined	3.90	.663
6	The time spent on performance appraisal is well	3.50	.660
<b>Overall Mean</b>		<b>3.55</b>	

Source: survey data (2019)

All the statements for performance appraisal standards & measurement procedures are rated greater than 3. Among the question related to need for achievement, employees responded the highest mean score for the job responsibilities are clearly defined. It shows that faculty and staffs are clearly known about their job responsibilities and job description. The second highest mean score presents that Yangon Academy International School performance appraisal policies and procedures are usually applied equally on every employee. Moreover, the result shows that employee's performance rating is based on how well they doing and employees feel that Yangon Academy International School time spent on performance appraisal is good enough. Overall mean scores for transformational leadership is 3.55 which is also greater than 3. Therefore, the above the mentioned facts can moderate influence on employee satisfaction on performance appraisal.

**Table 3.4 Performance Assessment**

<b>No.</b>	<b>Performance Assessment</b>	<b>Mean Score</b>	<b>Std. Deviation</b>
1	Appraisers treat fairly	3.49	.769
2	Specific and accurate feedback from assessor	3.48	.755
3	The regular performance appraisal meetings and	3.30	.745
4	Colleagues recognition	3.35	.771
5	The relationship with appraisers	3.49	.774
6	Interaction between management	3.11	.787
<b>Overall Mean</b>		<b>3.37</b>	

Source: survey data (2019)

All the statements for performance assessment are rated greater than 3. The highest mean score presents that the employees in Yangon Academy International School are having perception of their appraisers' treat them fairly during performance appraisal and Yangon Academy International School performance appraisal improves the relationship between employees and their principal and their managers. The employees in Yangon Academy International School receive specific and accurate feedback from their assessors. Overall mean scores for performance assessment is 3.37 which is also greater than 3. Therefore, the employees in Yangon Academy International School have perception of Yangon Academy International School' performance assessment moderate influence on employee satisfaction on performance appraisal.

**Table 3.5 Providing the Feedback**

<b>No.</b>	<b>Providing the Feedback</b>	<b>Mean Score</b>	<b>Std. Deviation</b>
1	The results of appraisal	3.76	.676
2	Accuracy of Appraisal outcomes	3.68	.634
3	The expected results	3.50	.632
4	Minimum errors are identified in the appraisal system	3.37	.522
5	Training delivered after appraisal	4.02	.748
6	Identify areas for development	3.66	.654
<b>Overall Mean</b>		<b>3.66</b>	

Source: survey data (2019)

Among the questions related to providing the feedback, most respondents present that the Yangon Academy International School's training delivered after appraisal will improve employees' performance. It is logical that second highest score is the results of performance appraisal are fair to all employees. Employees feel that Yangon Academy International School's performance appraisal outcomes are accurate and the performance appraisal system supports identify areas for employee development. According to the overall mean score, the above-mentioned facts can moderate influence on employee's satisfaction on performance appraisal.

**Table 3.6 The comparison of Yangon Academy International School' Performance Appraisal System**

No.	Performance	Overall Mean Score
1	Appraisal Standards & Procedures	3.55
2	Performance Assessment	3.37
3	Providing the feedback	3.66

Source: survey data (2019)

The comparison of Yangon Academy International School 'performance appraisal system, the providing the feedback system to employees of their performance result for the whole year seems to be the highest score of 3.66. Staffs are most satisfaction on the link between performance appraisal mark and salary incensement, bonus and training after performance appraisal. The performance appraisal standards and measurement procedures system of Yangon Academy International School scores also relatively high 3.55.

Assessment score is the lowest 3.37 factors of respondents on performance appraisal system; this could be due to employees low satisfied on treating different appraisers with different marking system, they are feeling unfair results upon different appraisers and communication to employees. The employee' perceptions of fairness are strongly related to performance appraisal satisfaction. The result indicates that there is a large variation on how the respondents score, value this performance appraisal factor. For some 'providing the feedback' is a very important satisfaction factor, for others they value it much less. Therefore, this performance appraisal factor can influence the employee satisfaction different from person to person.

## CHAPTER 4

### ANALYSIS ON EMPLOYEE SATISFICATION ON EMPLOYEE MOTIVATION

This chapter describes the regression analysis and findings of the study. It is included four main parts of discussions. The first part is discussion on employee satisfaction on performance appraisal of the respondents and employee motivation. The followings are discussions on the findings of relationship between performance appraisal system and employee satisfaction, and the relationship between employee satisfaction and employee motivation.

#### 4.1 Employee Satisfaction

Questionnaires for employee satisfaction are constructed according to sixth statements of question set. Statements for employee satisfaction covered equal opportunity, fringe benefit; opportunities for career growth, rewards/penalties, and results orientated and identify faculty and staff' strength and weakness of Yangon Academy International School. The results of employee satisfaction contributed are described in Table 4.1.

**Table (4.1) Employee Satisfaction**

No.	Employee Satisfaction	Mean Score	Std. Deviation
1	School is committed to equal opportunities	3.44	.599
2	Convinced with fringe benefits	4.28	.825
3	Opportunities for career growth	3.75	.783
4	Rewards/ Penalties are based on skills, competencies	3.92	.791
5	Results oriented are praised and rewards in the company	4.03	.710
6	School efforts to identify strengths and weakness	3.44	.628
<b>Overall Mean</b>		<b>3.81</b>	

Source: survey data (2019)

According to the Table 4.1, the overall mean of employee satisfaction is greater than 3. So that faculty and staff in Yangon Academy International School have positive attitudes on performance appraisal system in averagely. Faculty and staff have highest satisfied with

fringe benefits of Yangon Academy International School as indicated by a mean of 4.28. The result indicates that Yangon Academy International School provides housing allowance, visa allowance, health insurance allowance, transportation allowance, medical allowance and loan benefit to all faculty and staff and respondents satisfied School 'fringe benefits system. A mean of 3.44 was the lowest mean value indicate that faculty and staff are feeling that school should improve commitment to ensuring equal opportunities to all faculty and staff and they are feeling that school makes more efforts to identify their strengths and weakness.

#### 4. Employee Motivation

Motivation is described as energizing, directing and sustaining employee efforts. Effective managers or supervisors have the capacity to motivate those they work with to perform in a specific, goal-orientated way. Motivation is the inspiration that an individual has in a job or activity to attaining the realistic goal. There are multiple theories of how best to motivate employees, but all agree that a well-motivated work force means a more productive work force. Questionnaires for employee motivation are constructed according to 6 statements. Table 4.2 is the mean values for each statement which are calculated from 110 of respondents to survey.

**Table (4.2) Employee Motivation**

No.	Employee Motivation	Mean Score	Std. Deviation
1	Work very hard to continually improve work performance	3.80	.844
2	Enjoying the completing of difficult jobs	4.37	.689
3	Enjoy challenges at work	3.85	.776
4	Tend to achieve realistic goals	3.83	.662
5	Interaction with supervisors and management also enhances motivation	3.89	.708
6	Want to know how to do work and its progress	3.55	.737
<b>Overall Mean</b>		<b>3.88</b>	

Source: survey data (2019)

There is a significant mean value for statement of employees feel more motivated when successfully completing difficult job with the mean value of 4.37. It can be concluded that the respondents have highest motivated on new challenges and completing difficult jobs

successfully. The result indicates that Yangon Academy International School is a one of education industry and faculty and staffs always need to find new ways and challenges to provide students to reach their full potential. Faculty and staff have motivated on interaction with supervisors and management .The overall mean value is 3.88 and it can be interpreted that respondents have positive attitudes on employee satisfaction and being motivated on the school.

#### **4.3 Effect of Performance Appraisal System on Employee Satisfaction**

To analysis the effect of performance appraisal system on employee motivation on Yangon Academy International School, linear regression model is applied in analyzing of 110 respondents who are working for Yangon Academy International School. Table 4.3 shows the relationship between performance appraisal system and employee satisfaction.

According to Table 4.3, the specified model could explain very well about the variation of the employee satisfaction of the respondents who are working for Yangon Academy International School since the value of  $R^2$  is about 32 percent. The model can explain 30.6 percent about the variance of the independent variable Performance Appraisal System and dependent variable Employee Satisfaction because Adjusted R square is 0.306. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid. Moreover, t-values in all factors are greater than 0 showing evidence against the null hypothesis that there is no significant difference.



**Table (4.3) Effect of Performance Appraisal System on Employee Satisfaction**

Variable	Unstandardized		Standardized	t	Sig.	VIF
	B	Std.	Beta			
(Constant)	1.152	.386		2.980	.004	
Appraisal standards & measurement procedures	.376***	1.29	.315	2.917	.004	1.836
Performance assessment	.047	.146	.037	.319	.750	2.108
Providing the feedback	.317***	.134	.284	2.364	.020	2.272
<b>R Square</b>	.325					
<b>Adjusted R Square</b>	.306					
<b>F Value</b>	17.005***					

Dependent Variable: Employee Satisfaction

Source: SPSS 23 Output Data

\*\*\* Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

The results indicate the both of performance appraisal standards & measurement procedures and provide the feedback has significant relation on employee satisfaction at 95% confidence level (Significance value both are  $< 0.05$ ). But performance assessment has not significant relationship on employee satisfaction which has significance value of .750.

Performance appraisal standards & measurement procedures variable has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relationship indicates that the increase in performance appraisal standards & measurement procedures lead to the effect on their employee satisfaction in Yangon Academy International School. The increase in performance appraisal standards & procedures behavior by 1 unit will also raise the effect on their employee satisfaction by .376 units

Faculty and staff in Yangon Academy International School have highest satisfaction on performance appraisal standards & measurement procedures in order to Yangon Academy International School has clear, smart and equal appraisal policies to all employees. Yangon Academy International School clearly define job responsibilities, job description and key performance indicator according to specific employee designation. The increase in performance appraisal standards & procedures behavior by 1 unit will also raise the effect on their employee satisfaction by .376 units.

Providing the feedback system also has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relationship indicates that the increase in providing the feedback behavior of performance appraisal system to the effect on employee satisfaction in Yangon Academy International School. The increase in provide the feedback behavior of performance appraisal system by 1 unit also raise the effect on their employees' satisfaction by .317 units.

Yangon Academy International' providing the feedback style gave with a positive attitude as this can have an effect on the employee satisfaction and their future performance. Principals and managers are effectively feedback to faculty and staff about individual performance appraisal results. It helpful to correct mistakes done by the employees and help them to satisfy for better performance.

The standard coefficient (Beta) of appraisal standards and measurement procedures has the largest value (.315) among three explanatory variables indicating that Yangon Academy International School' has the greatest contribution to the effect on employee satisfaction.

#### 4.4 Effect of Employee Satisfaction on Motivation

To determine the influence of mediating variable of employee satisfaction on employee motivation a regression analysis is conducted. Employee job satisfaction is a mediating factor which has been influenced by leadership style. Table 4.6 shows the effects of employee's satisfaction on their motivation.

**Table (4.4) Effect Employee Satisfaction on Employee Motivation**

Variable	Unstandardized		Standardized	t	Sig.	VIF
	B	Std.	Beta			
(Constant)	1.022	.277		3.694	.000	
Employee Satisfaction	.752***	.072	.709	10.439	.000	1
<b>R Square</b>	.502					
<b>Adjusted R Square</b>	.498					
<b>F Value</b>	108.983***					

Dependent Variable: Employee Satisfaction

Source: SPSS 23 Output Data

\*\*\* Significant at 1% level, \*\*Significant at 5% level, \*Significant at 10% level

According to Table 4.4, the specified model could explain very well about the variation of the employee motivation of the respondents who are working at Yangon Academy International School since the value of  $R^2$  is about 50 percent. The model can explain 49.8 percent about the variance of the independent variable (Employee satisfaction) and dependent variable (Employee motivation) because Adjusted R square is 0.498. The value of F test, the overall significance of the model, is highly significant at 1 percent level. This specified model can be said valid. Moreover, t-values in all factors are greater than 0 showing evidence against the null hypothesis that there is no significant difference.

Employee satisfaction has the expected positive sign and highly significant coefficient value at 1 percent level. The positive relationship indicates that the increase in employee satisfaction leads to the effect on their commitment in Yangon Academy International School. The increase in employee satisfaction level by 1 unit also raises the effect on their employee motivation by .752 units.

It can be concluded that the respondents have highest motivated on new challenges and completing difficult jobs successfully. The result indicates that Yangon Academy International School is a one of education industry and faculty and staffs always need to find new ways and challenges to provide students to reach their full potential. Faculty and staff have motivated on interaction with supervisors and management .

The standard coefficient (Beta) of employee satisfaction has the value of .709 which is indicating that the employee satisfaction has a great contribution to increase employee motivation level to the organization.

It can be concluded that the respondents have highest motivated on new challenges and completing difficult jobs successfully. The result indicates that Yangon Academy International School is a one of education industry and faculty and staff in Yangon Academy International School always need to find new ways and challenges to provide students to reach their full potential. Faculty and staff have motivated on interaction with supervisors and management

The overall evaluation reveals that models explain the variation in employee satisfaction of employees in Yangon Academy International School well because the estimation produced expected signs and significant coefficients. The increases of employee satisfaction have the positive effects on employee motivation. In summary, the results show that employee satisfaction has significant. According to the survey findings, satisfaction of employees in Yangon Academy International School could significantly raise the motivation level to the company.

## **CHAPTER 5**

### **CONCLUSION**

This chapter is organized with findings and discussions, suggestions and recommendations from this study paper. This chapter also includes the suggestions for the further study needs for Yangon Academy International School.

#### **5.1 Findings and Discussions**

This study was guided by the following specific objectives: to establish the extent to which performance appraisal system of Yangon Academy International School which affects employee satisfaction and employee motivation. A higher provides the performance appraisal standards and measurement procedures style in a higher employee satisfaction. The results also show that employee satisfaction on performance appraisal has highly significant value; which means a more positive factor of employee satisfaction, results in higher employee motivation.

The individual factor analysis included the demographic profile of respondent's analysis, frequency and characteristics of different types of influencing factors. In the demographic profiles of respondents, according to the survey data, most respondents are female and most of the respondents are between 31 and 40 years old. Majority of the respondents are bachelor degree holders and they are working in the job family of education field. Half of the respondent's group is teachers; the other half respondents' group is supporting staffs in Yangon Academy International School.

Performance appraisal system has helped improve employee satisfaction at work. The regular assessment of performance leads to employee satisfaction and motivation. The performance standards are evaluated fixed and pegged against an individual evaluation which is necessary for employee motivation. Performance appraisal rating can be considered as a technique that has a positive effect on employee satisfaction and employee motivation. The employees may be motivated if the appraisal process is based on accurate and current job descriptions. The performance appraisal identifies performance problems to improve employee satisfaction and motivation.

On the effect of performance appraisers on employee motivation created that the different appraisers can improve the accuracy of performance evaluation can reduce bias and increase employee's perceptions of fairness. Customers can perceive the employees when they perform a good job that evaluation process is important for employee's motivation. Subordinate, peers or co-workers' evaluations may deliver valuable message to increase on the employee's

motivation.

The performance appraisal outcomes of Yangon Academy International are the most motivation for their employees which are salary increments, rewards/ penalties, promotions, fringe benefits, training needs and career growth opportunities. Performance appraisal satisfaction was found significantly related to employee motivation. Performance appraisal rating can be considered as a technique that has a positive effect on employee satisfaction and motivation.

It is extremely important for companies and employees to consider the implications of performance appraisals, particularly within the realm of organizational culture, career development, and cross- cultural relations. In addition to objective performance evaluation and the extensive superiority of aspect explored within decision evaluations, an employee typically requires to be reviewed not only in accordance with their job description, but also their role within a larger situation.

## **5.2 Suggestions and Recommendation**

The study recommends that the performance appraisal system is a relevant point for employee motivation. Performance appraisal system supports improve employee job performance and motivation at work. There should be regular assessment of performance to improve their motivation. Performance appraisal system should be required for evaluating job performance and employee motivation. The performance standards should be fixed against an individual actual performance which is important for employee motivation. The appraisal process should be accurate and consider the current job descriptions to boost the employee productivity, stratification and motivation.

The study recommends that the appraiser should support employees understand what they need to perform to enhance their performance and motivation. Different raters are capable of evaluation everything that entails a job where the managers may not succeed. Customer's evaluation of the individuals working within the company can be essential in upgrading their performance and adding valuable information concerning employee motivation. Subordinate evaluations should be used to provide valuable information on enhancing the employee's motivation. Peers or co-workers are also in a better to evaluate the individual employee performance than the supervisor which can have a positive impact on work motivation.

Performance appraisals were mainly took out annually for evaluating the degree of ability of a person and were implemented on a top down basis in which the supervisors had a leading role to perform in evaluating the performance of an employee without promoting

active involvement of the employee. Performance appraisals were generally expressed because it was backward viewing applying largely on the employee's inabilities and weakness over a period of a year instead of looking forward by identifying the development requires of the employees and improving them. Traditionally, the performance appraisals were established in a bureaucratic manner and suffered from unnecessary delays in determinations and exploitation. Performance appraisals were mostly narrowly targeted and behaved in isolation without carrying any link with the overall organizational vision or goals. The side effects of the performance appraisal system, it generated skepticism amongst the managers and the employees on any new initiative of the Human Resource.

In the present scenario, the organizations have shifted their focus from performance appraisal to performance management as a result of internationalization of human resources and globalization of business. The functions of Human Resource Management have become far more complicated as today the major focus of strategic Human Resource Management has practices is on the management of talent by implementing such development plans which improve the competencies of the employees.

The performance management method focuses more on monitored behaviors and particular results based on the previously established smart objectives. By adopting techniques like Management by Objectives, smart objectives are established in terms of either facts and figures and in the entire process the supervisor plays the role of a coach or a facilitator. The objectives are mutually determined at the beginning of the performance period and provide as a standard of performance for evaluation. In this method, the employees can offer a feedback on their contributions by filling up a self-appraisal form.

Performance management is a much larger phrase in resemblance with performance appraisal as it deals with a series of activities which performance appraisals not ever deal with. This system is a strategic and an integrated approached which aims at building successful organizations by developing high performance teams and individuals and improving the performance of people. This process starts when a job is defined. Performance management priorities on front end planning instead of looking backward unlike performance appraisals and the target is on ongoing dialogue in place of appraisal documents and ratings. Thus, performance management may be noticed as a continuous process.

### **5.3 Limitation and Needs for Further Research**

This study only emphasized on the performance appraisal system of Yangon Academy International School and not included other aspects of human resources management practices to measure the employees' satisfaction. In fact, there may be other factors that motivate the employees other than performance appraisal. In further studies, it would be more useful to find out the other aspects of human resource management practice such as recruitment and selection practices, training and development practices, compensation and benefits and employee safety and health to measure the employee's satisfaction and motivation of Yangon Academy International School. It should also study the effectiveness of using human resource information system.

## Questionnaire

Dear Participant,

Dated: Sep 2019

I'm Chit Hnin Pwint, a student of Yangon University of Economic, Department of Management Studies. I am conducting this survey as one of the fulfillments for completing my study of Master of Business Administration (EMBA).

My study is exploring **“The Effect of Performance Appraisal System on Employee Motivation In Yangon Academy International School.”** It is going to examine on Yangon Academy International School' performance appraisal system and how it can create the employees' satisfaction and motivation.

Your response to this survey is really meaningful to me for successfully done of my study. It is completely voluntary, and all your responses are anonymous. It will take an average of 15-20 minutes to fill it out.

Let me kindly request you to answer all the questions in your best honest and objective as possible as in order to contribute for higher degree of reliability and accuracy of findings of the study.

Heartfelt appreciation in advance for your time and kind support.

Sincerely,

Chit Hnin Pwint

Roll No-47

EMBA – 16<sup>th</sup> Batch



## Section-A Demographic

1. Gender?

Male                       Female                       The Others

2. Age group?

20-30 Years               31-40 Years               41-50 Years               Over 51  
Years

3. Level of your designations would be?

General Worker

Non-Executive / Assistant Teacher

Executive / Homeroom Teacher / Special Subject Teacher

Head of Department and above

4. Your highest educational level?

Primary

Intermediate

Graduation

Master and higher than Master Degree

Others

5. Duration you worked with your current company?

< 1 Year               1-3 Years               3 -5 Years               Over 5 Years

## **Regarding Performance Appraisal**

1. Have you ever been appraised within the organization (If yes, answer all questions below)?

Yes                       No ( Please

2. How frequently your performance is appraised?

Monthly             Quarterly             Semi annually     Yearly

## Section-B Performance Appraisal System

This section of questionnaire is to describe *the Performance Appraisal System of Yangon Academy International School that you are working with currently*. Please judge the degree to which you agree with following statements to your company performance appraisal system and circle to appropriate rating scale for all questions in the section. Use the following scale to select the number.

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

No.	<i>Performance Appraisal Standard &amp; Measurement Procedure</i>	Scale				
1	I clearly understand the purpose of performance appraisal process	1	2	3	4	5
2	Policies and procedures are usually applied equally to all employees	1	2	3	4	5
3	Performance Goals are clearly defined in the appraisal process	1	2	3	4	5
4	My performance rating is based on how well am doing	1	2	3	4	5
5	I feel that the job responsibilities are clearly defined	1	2	3	4	5
6	Company is committed to ensuring equal opportunities to all employees.	1	2	3	4	5
7	I feel that the time spent on performance appraisal is well worthwhile	1	2	3	4	5

No.	<i>Performance Assessment</i>	Scale				
1	Appraisers treat you fairly during performance appraisal process	1	2	3	4	5
2	I receive specific and accurate feedback from my assessor on my past performance	1	2	3	4	5
3	The regular performance appraisal meetings I have with my assessor includes a discussion about the things my assessor could do to help me in performing better	1	2	3	4	5
4	My work colleagues recognize me when I do a good job	1	2	3	4	5
5	It improves the relationship with my principal/manager	1	2	3	4	5

6	Interaction between you and management enhances appraisal effectiveness	1	2	3	4	5
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No.	<i>Providing the feedback</i>	Scale				
1	The results of appraisal are fair	1	2	3	4	5
2	Appraisal outcomes are accurate	1	2	3	4	5
3	I take greater understanding of the results expected of me	1	2	3	4	5
4	Minimum errors are identified in the appraisal system	1	2	3	4	5
5	You think that training delivered after appraisal will improve your performance	1	2	3	4	5
6	The performance appraisal system helps identify areas for development	1	2	3	4	5

### Section-C Employee satisfaction

Please judge the degree to which you agree with following statements which are regarding with your opinion to Y AIS Performance Appraisal Process and circle to appropriate rating scale for all questions in the section. Use the following scale to select the number.

1 = Strongly Disagree

2 = Disagree

3 = Neutral

4 = Agree

5 = Strongly Agree

No.	<i>Employee Satisfaction</i>	Scale				
1	School is committed to ensuring equal opportunities to all employees.	1	2	3	4	5
2	I convince with fringe benefits.	1	2	3	4	5
3	Yangon Academy has opportunities for career growth	1	2	3	4	5
4	Rewards/ Penalties are based on skills, competencies and performances	1	2	3	4	5
5	Employee who hardworking and results oriented are praised and rewards in the School	1	2	3	4	5
6	The School makes efforts to identify my strengths and weakness	1	2	3	4	5

**Section-D Employee Motivation**

No.	<i>Employee Motivation</i>	Scale				
1	I work very hard to continually improve my work performance	1	2	3	4	5
2	I enjoy the successful completing a difficult job.	1	2	3	4	5
3	I enjoy difficult challenges. At work, I like to take on the hard jobs.	1	2	3	4	5
4	I typically set realistic goals. I tend to achieve my goals	1	2	3	4	5
5	Interaction with supervisors and management also enhances your motivation	1	2	3	4	5
6	When I am working, I like to know how I am doing; how the work progressing	1	2	3	4	5

**End of Questionnaires**

**“I do appreciate your kind support”**

## APPENDIX II

### Model 1: Regression Analysis of Effect of Performance Appraisal on Satisfaction

#### Model Summary<sup>b</sup>

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
1	.570 <sup>a</sup>	.325	.306	.43541	1.497

- a. Predictors: (Constant), Appraisal Standards & Measurement Procedures, Performance Assessment , Provide the Feedback-Fair
- b. Dependent Variable: Employee Satisfaction

#### ANOVA<sup>a</sup>

Model	Sum of Squares	df	Mean Square	F	Sig.
1 Regression	9.672	3	3.224	17.005	.000 <sup>b</sup>
Residual	20.096	106	.190		
Total	29.768	109			

- a. Dependent Variable: Employee Satisfaction
- b. Predictors: (Constant), Appraisal Standards & Measurement Procedures, Performance Assessment , Provide the Feedback-Fair

#### Coefficients<sup>a</sup>

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
1 (Constant)	1.152	.386		2.980	.004		
Standards& Proce	.376	.129	.315	2.917	.004	.545	1.836
Assessment	.047	.146	.037	.319	.750	.474	2.108
Feedback-Fair	.317	.134	.284	2.364	.020	.440	2.272

- a. Dependent Variable: Employee Satisfaction

**Model 2: Regression Analysis of Effect of Employee Satisfaction on Employee Motivation**

**Model Summary<sup>b</sup>**

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate	Durbin Watson
2	.709 <sup>a</sup>	.502	.498	.39282	1.357

- a. Predictors: (Constant), Job Satisfaction  
 b. Dependent Variable: Commitment

**ANOVA<sup>a</sup>**

Model	Sum of Squares	df	Mean Square	F	Sig.
2 Regression	16.817	1	16.867	108.983	.000 <sup>b</sup>
Residual	16.665	108	.154		
Total	33.483	109			

- a. Dependent Variable: Motivation  
 b. Predictors: (Constant), Employee Satisfaction

**Coefficients<sup>a</sup>**

Model	Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
	B	Std. Error	Beta			Tolerance	VIF
2 (Constant)	1.022	.277		3.694	.000		
Employee Satisfaction	.752	.072	.709	10.439	.000	1.000	1.000

- b. Dependent Variable: Motivation

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