

## International Journal of Interdisciplinary and Multidisciplinary Research (IJIMR)

ISSN 2456-4567

### A Study on the Performance Appraisal and Its Effect on Turnover Intension with Special Reference to it Sector

**Sophy Alexander**

Department of Masters of Business Administration

Assistant Professor, Marian International Institute of Management, Kuttikkanam, Kerala

#### **Abstract**

Performance appraisal plays a vital and important role in any given organization in the modern day. The purpose of this study is to explore the relationships between performance appraisal and its effect on turnover intension among the employee in IT industry. Employees turnover intention may be contingent upon an organizations human resource practices. The effectiveness of a performance appraisal practice that may substantially contribute to the employees turnover intention. Performance Appraisal satisfaction and employee outcomes, helps in exploring the perception of employee towards Performance Appraisal and this perception will have a heavy impact and influence on the employee outcomes, The primary data is collected from 50 participants. The questionnaire survey method is used to collect the primary data. Hypothesis testing is used to measure the applicability of performance appraisal. From the analysis, it is found that turnover intention reduces with good system of performance.

**Keywords :** 1.Performance appraisal , 2.Turnover intension, 3.Employee outcomes, 4.Perception.

#### **Introduction**

Now a day, turnover is a major problem in organizations. Due to employee turnover organizations face two different costs. First is direct cost which include recruitment, selection, placement, loss of time-worked and the second one is indirect cost which includes a reduction of organizational performance. Today, a significant number of employees are leaving their current organizations to work for another because changing jobs is no longer seen as something that is negative and could hinder the advancement of an employee's career

Performance Appraisal is the process that is used to evaluate the individuals, performance and potential of the employees of an organization. It is a process of evaluating and communicating to an employee how he or she is performing the job and establishing a plan for improvement. Apprising the performance of the employees is important in an organization because it gives feedback on performance to employees and identify employee training needs. More than this it helps in allocating employees promotion and it's a way of communication between employees and employers.

Turnover intention is a serious issue especially today in which employee leaves the organization or organization fired them. Turnover intention is the organization's employees plan to leave their jobs. Turnover intention can be either voluntary or involuntary. In voluntary turnover, employee leaves the organization willingly. It occurs when the employee have an alternative best opportunity. When an employee is completely satisfied with the job the level of turnover intension decreases. Thus job satisfaction arises only when performance appraisal is done properly by using the correct method.

### **Literature reviews**

Haile Kalayu(2020), observed that Retention of employees has been termed as one of the most significant challenges of the 21st century . Studies have differentiated between actual turnover and turnover intent, with more focus on turnover intent. Actual turnover is more difficult to predict because it involves the study of those individuals who have left their organizations. It is difficult to trace such individuals and to retrieve data from them. However, turnover intent is termed to be the most predictive sign of actual turnover in an organization

Paul Alpar(2020) Voluntary employee turnover creates considerable direct and indirect cost for a company. It can also harm customers. In the case of information technology (IT) outsourcing, the turnover often decreases the quality of delivered services because the newly assigned employees need to adjust to the new tasks and customer. Reports indicate that turnover of IT employees in offshore locations is very high. The research on this phenomenon is still limited and inconclusive, but there are indications that the standard model of employee turnover developed for Western industrialized countries does not apply equally for emerging economies, which are prime destinations for IT outsourcing. The results show that compensation and job alternatives play an important role, as in Western countries. However, relationships with superiors and peers also significantly affect employee turnover intention, which reflects cultural differences

Shalini Srivastava (2019), studies the relationship between employee engagement and turnover intentions of managers. It further attempts to study the moderating impact of resilience and organisation identification on employee engagement and turnover intentions relationship. A negative and significant association was found between employee engagement and turnover intentions. Resilience and organisation identification significantly moderated the employee engagement and turnover intentions relationship. It is high time for the management to realize the importance of the pillars of the organisations and give them the culture that keeps them more engaged and thereby, reducing the chance of turnover intentions.

Salem Alqarni(2018) Studied that the primary aim of the study was to determine the relationship between perceived PA effectiveness and employee turnover intention. In order to accomplish this, it was hypothesized that there is a relationship between perceived PA effectiveness and employee turnover intention. Correlation analysis showed that there was a significant negative correlation between the six components of the perceived effectiveness of Performance appraisal.

Muhammad Shahid Nawaz(2016)Identified that, it is more important for the organizations to overcome the issue of employee's turnover intention, organization must needs to introduce positive human resource practices and career management practices like career growth in form of promotion speed and remuneration growth to their employees, employees observe these practices as the gratitude of their struggles, therefore, employees will be less enthusiastic to quite the organization. Other than that, organization also must provide career development programs for accommodating employee's career needs and also provide career growth opportunities to satisfy their expectations.

### **Objectives of the study**

- To know the various appraisal methods used by the company
- To study the effectiveness of performance appraisal
- To study the turnover intension of the employees

### Research methodology

To cater the need of the research I have used primary (self-constructed structured Questionnaire). Primary data is collected directly from the employees by means of holding discussions with them and through direct observations. Direct enquires to seniors officers were a reliable source of information. Secondary data were collected from brochures, magazines, manuals, and articles, annual reports of the company, website and other document of the company.

### Research design

The present study was conducted from a population of 50 employees. Data were gathered using direct questionnaire. Questionnaire consists of 17 statements. five point likert scale was used with the following response option:

**(1) strongly agree (2) agree (3) neutral (4) disagree (5) strongly disagree**

Mainly closed-ended questions are used in the questionnaire

### Tools and techniques of analysis

Structured questionnaire was prepared to interview the employees of the organization. For analyzing the collected data different statistical techniques are used with the statistical tool SPSS. Statistical instruments used here is correlation and percentage analysis.

### Sampling method

The sampling method used in the survey was Convenience Sampling method.

### Sample size

The sample size used in this survey was 100. A total of 120 questionnaires were distributed among labors out of which 50 responses came back.

### Hypothesis testing

After conducting a vast literature review the following hypothesis was developed for the purpose of this study completion.

Hypothesis:

Ho: The Higher the effectiveness of performance Appraisal the lower turnover intension.

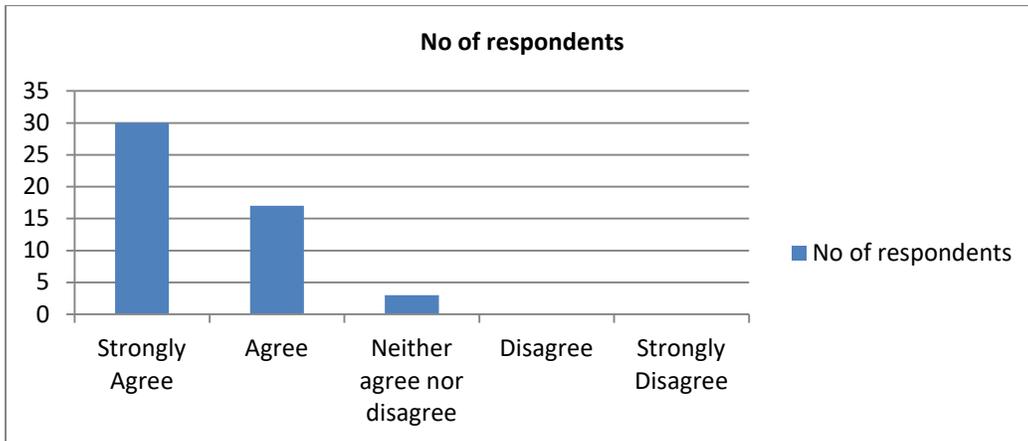
### Data analysis and interpretations

#### Satisfied with my current job

Table 1: Satisfied with my current job

Options	No of respondents	Percentage
Strongly Agree	30	60
Agree	17	34
Neither agree nor disagree	3	6
Disagree	0	0

Strongly Disagree	0	0
Total	50	100



**Chart 1** :Satisfied with my current job

**Interpretation :**

From the figure it can be interpreted that 60% of the respondent strongly agree that they are satisfied with the job, 34% of the respondents agree that they are satisfied, and only 6% of the respondents says that they neither agree nor disagree with the satisfaction of the job.

**1. Anova**

**Turnover intention**

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	496.788	14	35.485	2.829	.006
Within Groups	438.992	35	12.543		
Total	935.780	49			

**Inference:**

From the ANOVA test it can be interpreted that there is statistically Significant relationship between performance appraisal and turnover intention (F= 2.829, p= .006). The value show positive relationship between the variable, which says that turnover intention is a factor which depend on performance appraisal. It is evident that variations in performance Appraisal can lead to employees turnover intention.

**Correlations**

		PA	TI
Pa	Pearson Correlation	1	-.288*
	Sig. (2-tailed)		.043
	N	50	50

Ti	Pearson Correlation	-.288*	1
	Sig. (2-tailed)	.043	
	N	50	50

\*. Correlation is significant at the 0.05 level (2-tailed).

### Interpretation

From the correlation analysis, it can be inferred that the correlation between Performance appraisal And turnover intention is significant ( $r = -0.288$ ,  $p = 0.043$ ). Thus the hypothesis, there is negative Correlation, when there is increase in performance appraisal there is lower turnover intension. It is Evident that along with increase in effectiveness of performance appraisal there is a corresponding decrease turnover intention

### Findings

- 60% of the employees strongly agree that they are satisfied with the current job
- Effectiveness of performance appraisal used in IT industry was responsible for reducing turnover intention.
- The performance appraisal method used in is IT industry Management by objective and 360 degree appraisal, peer appraisal, rating method.
- 

### Conclusion

The trends in Human Resource Management practices throughout the world are changing dynamically. Nowadays, employers are more concerned about employee's retention and controlled employees' turnover than cost cut off. The need of employee's retention has encouraged the employers to pay attention towards employee's development through proper performance appraisal and keep them motivated. The core purpose of appraisal is to improve employee's performance resulting in enhanced organization's performance. Effective performance appraisal is considered as an act that involves growing the knowledge and motivation level of an employee in order to perform a specific job, thus reducing the turnover intension. It is more like an investment of the organization in Human Resource. Performance might be described as the attainment of particular job calculated on the bases of identified or set standards of accurateness, completeness, speed and cost. Under an employment agreement, performance is supposed to be the achievement of an assigned obligation in such a way that releases the performer from all accountabilities written in the contract. To recapitulate, only effective appraisal has a positive relationship with the turnover intension of employees on job. The results show that there is a positive correlation exists between dependent and independent variables. The relationship between employee performance and turnover intention is positive.

### Reference

1. Paul Alpar, Turnover intentions of employees of information technology outsourcing suppliers in Vietnam, International Journal of Human Resources Development and Management.
2. Mohamad Ariffin, Organisational Justice and Employees' Engagement Towards Turnover Intention. An Explanatory Study Among Hospital Employees, European Business & Management
3. Salem Alqarni, The Relationship between Perceived Performance Appraisal Effectiveness and Employee Turnover Intention, 2018
4. Muhammad Shahid Nawaz, The Effect of Fairness of Performance Appraisal and Career Growth on Turnover Intention, Journal of Commerce and Social Sciences, 2016, Vol. 10 (1), 27-44

5. Abdulkareem, R., Chauhan, A., & Maitama, K. (2015). Relationship between human resource management practices and employee's turnover intention among registered nurses in Nigerian public hospitals: The mediating role of organizational trust. UTM Press, 2, 95-98.
6. Aziz, J., Saif, N. R, Qureshi, M. I., Khan, M. S., & Khan, F. (2013). Perception of job Performance appraisals toward Turnover intention and Job Satisfaction. *Research Journal of Finance and Accounting*, 4(6), 260-267.
7. Brooks, C., Holtom, T., Mitchell, R., Lee, T.W., & Inderrieden, E.J. (2005). Shocks as causes of turnover: What they are and how organizations can manage them. *Human Resource Management*, 44(3), 337-352.
8. Cheng, Y., & Waldenberger, F. (2013). Does training affect individuals' turnover intention? Evidence from china. *Journal of Chinese Human Resources Management*, 4(1), 16-38.
9. Karavardar, G. (2014). Organizational career growth and turnover intention: an application in audit firms in Turkey. *International Business Research*, 7(9), 67-76
10. Mustapha, M., & Daud, N. (2013). Perceived performance appraisal effectiveness and turnover intention of knowledge workers: A conceptual model. *Interdisciplinary Journal of Contemporary Research in Business*, 5(7), 11-38.
11. Poon, J. M. (2004). Effects of performance appraisal politics on job satisfaction and turnover intention. *Personnel Review*, 33(3), 322-334.
12. Rubel, M. R. B., & Kee, D. M. H. (2015). Perceived fairness of performance appraisal, promotion opportunity and nurses' turnover intention: The role of organizational commitment. *Asian Social Science*, 11(9), 183-197
13. Ali Mohammad, Mosadeghrad (2013) "QWL: An antecedent to employee Turnover Intention", *International Journal of Health Policy and Management*, Volume 1, No.1
14. Bashir Ahmad, Muhammad Shahid, Zill-e-Huma, SajjadHaider, (2012) " Turnover Intention: An HRM Issue in Textile Sector", *Interdisciplinary Journal of Contemporary Research in Business*, Volume 3, No 12.
15. Boachie-Mensah, Francis O, Seidu, Peter Awini.(2012) 'Employees' Perception of Performance Appraisal System: A Case Study', *International Journal of Business and Management* 7.2 (2012): 73- 88
16. David A. DeCenzo, Stephens P. Robbins,(2001) "Human Resource Management"(7th Edition) John Wiley & Sons, Inc.
17. Deepa,E; Palaniswamy R, Kuppusamy S.(Mar 2014) 'Effect of Performance Appraisal System in Organizational Commitment, Job Satisfaction and Productivity', *Journal of Contemporary Management Research* 8.1 (Mar 2014)
18. Fletcher, Clive.(Nov 2001)' Performance appraisal and management: The developing research agenda ,*Journal of Occupational and Organizational Psychology* 74( Nov 2001) : 473-487
19. Firth, L., Mellor, D.J., Moore, K.A., Loquet, C. (2004),"How can managers reduce employee intention to quit", *Journal of Managerial Psychology*, 19(2), 170-187
20. Mount, Michael K.(Oct 1984)' Satisfaction with a performance appraisal system and appraisal discussion: Summary', *Journal of Occupational Behavior* (pre-1986) 5.4 (Oct 1984): 271 -429
21. DeNisi, A., & Pritchard, R. (2006). Performance appraisal, performance management and improving individual performance: A motivational framework. *Management and Organization Review*, 2(2), 253-277.

