

EXPLORING THE RELATIONSHIP BETWEEN PERCEIVED USES OF APPRAISALS AND PERFORMANCE APPRAISAL SATISFACTION IN THE INDIAN IT SECTOR: AN EMPIRICAL STUDY

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ABSTRACT

Performance Appraisals are an important human resource function, integrating both administrative decision making and development of employee performance. How appraisals are used, in terms of development or evaluation, may largely impact satisfaction with the appraisal system being practiced in the organization which in turn impacts how the individual feels towards his/her organization. It is thus imperative that organizations engage in performance management practices such that the results/outcomes generated from these practices are used for the mutual benefit of the individual employee and the organization. This paper attempts to explore how IT professional in India perceive the way the organizations' use the results of appraisals and how that impacts the attitudes they hold towards the appraisal system as a whole. Data has been collected from 100 IT professional working across 4 cities in India and further correlation and multiple regression analysis of the same has indicated that the perceived uses of appraisals has a significant positive relations to perceived satisfaction with the performance appraisal practices in an organization.

Key Words: appraisal satisfaction, employee development, Indian IT Industry, IT professionals, performance appraisal uses

1. INTRODUCTION

Performance Appraisal (PA), as an integral component of the human resource function, has attracted a lot of interest from practitioners and researchers alike. Continuous effort and research has been devoted to enhancing appraisal methods, strategies and skills. Over the years, researchers and practitioners have debated over the usefulness of formal appraisal systems. Supporters of performance review and management systems have argued that performance review programs are the logical and preferable means to appraise, to develop and to effectively utilize, employees' knowledge and capabilities (Drucker 1954, Herzberg et al. 1959, Cascio 1999 and Wilson 2001). Ilgen and Feldman (1983) contend that organizations cannot function effectively without some means of distinguishing between good and poor performance. On the other hand, a less supportive perspective of the merits of performance management has been advanced by some leading social scientists. For instance, Deming (1982) has suggested that performance management and review "nourishes short-term performance, annihilating long-term planning, building fear, demolishing teamwork and

nourishing rivalry and politics". Despite the debates, the function still is practiced and has matured to a more comprehensive performance management system which integrates the goal setting, development, evaluation and rewards functions into one continuous Endeavour.

Appraisals, or rather the information generated as a result of the performance appraisal process, finds linkage with training and development, compensation and organizational development functions. It is believed that satisfaction with appraisal systems manifest into positive employee attitudes toward the job and the workplace. Researchers are constantly striving to investigate causal relationships between performance appraisal practices and desirable employee outcomes such as job satisfaction, organizational commitment and enhanced productivity. (Kuvaas, 2006; Pettijohn, et al., 2000, 2001; Fakharyan et al, 2012). Therefore it may be assumed that the perceived uses and utility of the system in practice may have an impact on the employees' attitudes towards the appraisal system and the organization as a whole.

2. LITERATURE REVIEW

2.1 Uses of performance appraisals

Performance appraisals provide a vehicle for managing and developing human resources by virtue of linkages to sub functions such as training, compensation, internal mobility decisions and so on. Broadly, performance appraisals have been cited to be of developmental and administrative (decision-making & evaluative) uses (Dorfman, Stephan and Loveland 1986). Needless to say, both these aspects of are of integral importance to the individual and the organization. The developmental aspect of PA involves enriching attitudes, experiences, and skills which improve the effectiveness of employees. Activities for the same would include such as identifying an individual's strengths and weaknesses, setting goals, and identification of training needs. The evaluative aspect, on the other hand, would include determining the level of efficiency of the individual against a pre decided standard and the efficiency of his peers within the organizational context. Performance evaluation is used to appraise the quality of working being done, as outlined in the job description, and provides feedback to the employee either verbally, in writing, or both (Towne, 2006). Evaluation is linked to decisions in the context of salary administration, promotion or termination decisions, and identification and/or recognition of good or bad performance. Development and evaluation may appear interdependent (i.e., how can one develop an employee without some sort of evaluation), thus rendering separation difficult or impractical. (Boswell and Boudreau, 2002)

Cleveland et al. (1989) presented a classification of the reasons for conducting appraisals in organizations:(1) Between-person uses including salary administration, promotion, retention/termination, recognition of individual performance, layoffs and identification of poor performers; (2) Within-person uses including identification of individual training needs , performance feedback, determining transfers and assignments and identifying individual strengths and weaknesses and (3) Systems maintenance uses including use of appraisal for workforce planning, determining organizational training needs, evaluating goal achievement ,assisting in goal identification, evaluating personnel system, reinforcing authority structure and identifying organizational development needs. However, it was pointed out that the systems maintenance usage was infrequent as compared to the other two categories.

Baruch (1996) justifies the uses of performance appraisal systems for two main purposes: Firstly, they serve a variety of management functions such as decision-making about promotions, training needs, salaries, etc. and then to enhance developmental processes of employees or as an evaluation instrument Grubb (2007) feels that performance appraisals are important: (1) to promote organizational efficiency and effectiveness; (2) to enhance individual employee performance and

satisfaction; (3) to simplify administrative processing; and (4) to ensure management retains control of employee behaviors and attitudes.

It has been suggested that the developmental and administrative purposes of PA are often conflicting (Cleveland, Murphy, and Williams, 1989; Meyer, Kay, and French, 1965; Ostroff, 1993) in purpose. This conflict may prevent the appraisal process from attaining its full usefulness to the organization, perhaps even contributing negatively to individual behavior and organizational performance. It has also been found that employees prefer appraisal ratings to be used for certain purposes rather than others (Jordan and Nasis, 1992). Research suggests that although developmental PA use strongly correlates with evaluative PA use, the uses are emphasized differently across organizations and differentially relate to organizational characteristics (Cleveland, Murphy, & Williams, 1989). PA is often used for both development and evaluation within organizations, and some past research has examined the effects of combining these two uses (Prince and Lawler, 1986; Murphy and Cleveland, 1995; Addison & Belfield, 2008). One important concern is that while performance appraisals for purposes of decision-making and employee development are certainly related, these two objectives are rarely supported equally well by a single system. When a performance management system is used for decision-making, the appraisal information is used as a basis for pay increases, promotions, transfers, assignments, reductions in force or other administrative HR actions. When a performance appraisal system is used for development, the appraisal information is used to guide the training, job experiences, mentoring and other developmental activities that employees will engage in to develop their capabilities can be difficult to achieve in practice. In addition, research has shown that the purpose of the rating (decision-making versus development) affects the ratings that are observed. Ratings used for decision-making tend to be lenient, with most employees receiving ratings on the high end of the scale. Ratings for developmental purposes tend to be more variable, reflecting both employee strengths and development needs. (Pulakos, 2004).

More recently, researchers have attempted to expand the dimensions of performance appraisal usage as well as explore the possibility of other related uses of appraisal (Iqbal, 2012). Related dimensions include communication and organizational maintenance as sub-categories within the set of administrative purposes (Aguinis, 2009), strategic purposes (Noe, Hollenbeck, Gerhart and Wright, 2003), and Youngcourt, Leiva and Jones (2007) added role definition to the categories of administrative and developmental PA that Dorfman et al. (1986) created.

2.2 Linking Satisfaction with Appraisals to Uses of Appraisal Systems

With multiple linkages to the various aspects of an individual's work and growth in the organization, the PA function does have a far reaching impact of how an individual views his work and organizational experiences. Jawahar (2006) reported that satisfaction with appraisal feedback was positively related to job satisfaction and organizational commitment and negatively related to turnover intentions. If employees feel that the system provides developmental support and enables correct evaluation of performance, it can be assumed that they will accept the system and harbor a general feeling of satisfaction towards it. It is not enough simply design a PA system using the best of practices as decided by theory or practice, the system has to be acknowledged as useful by those who are practicing it and rendered as delivering what it has been designed to deliver (evaluation and development of the employee in the least).

Satisfaction with appraisals has been defined as how content employees are with the level of involvement they have in the performance appraisal process, quality of feedback given to them and the linkage to reward allocations. (Cascio, 1989). Researchers have attempted to identify characteristics of appraisal systems and processes that are related to employee satisfaction with the system and process. Landy et al. (1978, 1980) tested appraisal systems in general and found that

employee perceptions of the appraisal processes of fairness and accuracy were a function of the frequency of evaluation, identification of goals to eliminate weaknesses, and supervisor knowledge of the subordinate's duties and performance. Dipboye and Pontbriand (1981) found that employees were more satisfied and had greater acceptance of the performance appraisal when employee development and performance improvement were emphasized in it. Prince and Lawler (1986) found that the constructs "work planning and goal setting" and "discuss performance attributes" exerted a positive influence on employees' satisfaction with and perceived utility of the performance appraisal. In contrast, the construct "career development" showed little influence on performance appraisal satisfaction.

Investigating employees' attitudes towards various aspects of the performance appraisal system, Mount (1984) and Pooyan & Eberhardt (1990) found that open, two-way communication, mutual trust, opportunities for appraisees to participate in goal setting, the supervisor's knowledge of the employees' performance and being evaluated on job-related factors, are significantly related to ratees' satisfaction with performance appraisals. Russell and Goode (1988) found that satisfaction with the appraisal positively associated with satisfaction with the appraisal source: the supervisor. Boswell & Boudreau (2000) in their attempt to establish a relationship between employee's perception of performance appraisal and PA use (developmental or evaluative) found that perceived PA use for development is positively related to both PA satisfaction and satisfaction with the appraiser over and above the effects of justice, the PA rating, and demographic variables. However, perceived evaluative uses were not found to be significantly related to either attitudinal variable. A study conducted by Gosselin, Werner, and Halle (1997) found that, although employees did not indicate a preference for administrative (that is, evaluative) or developmental performance appraisal use, respondents ranked appraisals used for salary administration as a "favored" choice of appraisal use. It has also been proposed that evaluation is often perceived to be of a negative nature (Blau, 1964; Meyer, Kay, and French, 1965), whereas development is more likely to be viewed positively because of its futuristic and helpful focus (Milkovich and Boudreau, 1997). Towne (2006) investigated the relationship between the enacted use of the PA system and communication within organization found that when staff members perceived their supervisors were providing valid, timely appraisals they felt there was more teamwork, information flow, and involvement in the organization than those employees that did not feel their appraisals were valid. Secondly, as supervisors believed performance appraisals were linked to important outcomes, staff members' perceptions of appraisals rose.

Recent studies in the Indian context have focused on the different aspects of job satisfaction, and performance appraisals and management have figured an important aspect of the same. (Ghosh and Vijayaragavan, 2003; Shrivastava and Purang (2009) ; Monis and Sreedhara ,2010). Agarwal (2011) in her study on the different facets of performance appraisal and how managerial perceptions of the same impacts effectiveness of the appraisal system observed that that all the dimensions of performance appraisal 'system' as well as 'process' facets were positively related to the perceived effectiveness of PAS in the public sector organization. . The system facets consisted of three factors: system complexity, system openness and system commitment. The process facets consisted of three factors: multiple inputs, session planning and session feedback. Among performance appraisal 'system' facets, system complexity and system openness were strong predictors of perceived effectiveness of the performance appraisal system and the two dimensions of performance appraisal 'process' facets, namely, multiple inputs, and, session planning were positive predictors of the perceived effectiveness of the performance appraisal system.

2.3 Knowledge Workers in the Indian IT Industry

India ,in the last decade, has seen a major growth of the IT and the BPO –ITES sector. The IT industry in India is a growing industry employing a large number of the total knowledge worker workforce in

various positions across India and the globe. The growth in the sector is being driven by steady increase in scale and depth of existing service lines; the addition of newer vertical-specific and emerging niche business services; continued expansion of service portfolios and higher value processes. Certain factors that add to IT being a desirable profession and techie firms being employee destinations of choice are the exposure to foreign assignment, non-linearity of entry level prerequisites(in terms of credentials) and plenty of opportunity to move ahead to greener pastures. Given the obviously technology centric nature of jobs and assignments, intellectual capital of the employees becomes a highly personal asset that lies with the individual themselves - an asset that they carry with them from assignment to assignment thus, organization to organization. Research suggests that occupational commitment often overshadows organizational commitment (Guzman et al, 2008). Productivity of knowledge workers has been found to be difficult to define in measurable/tangible terms but there can be no debate to the fact that individuals working in the IT sector need an environment conducive to learning and development while on the job. In the context of performance appraisals, supervisors need to be able clarify expectations and roles and engage in collaborative goal setting. Granting a sense of involvement and a sense of self direction to employees would instill a feeling of autonomy and involvement in the employee. Providing career development support, facilitating peer mentoring, providing recognition, reward, and acknowledgement, providing resources and motivation for formal training and networking with other professionals and engaging in continuous needs assessment are some of the human resource practices which are relevant for the IT profession (Glen 2003, Major et al 2007). Performance appraisals, if designed and executed accordingly can contribute to the productivity of knowledge workers in this industry.

3. OBJECTIVES OF THE STUDY

The study attempts to understand how Indian IT professionals feel that appraisals are being used in terms of development, evaluation and other appraisal uses and examine the relationship between perceived uses of appraisals and overall satisfaction with performance appraisal practices.

4. RESEARCH METHODOLOGY

4.1 Sample

The sample for the study consisted of managerial participants N=100). Using simple random sampling, data was collected from 100 IT sector employees (both male and female) with a minimum of 10 years' experience in the Indian IT sector working in supervisory roles (thus both rater and ratee) Employees working in Nasscom listed organizations were chosen for this survey.

4.2 Research Instrument

Data for the survey was collected through a structured questionnaire consisting two segments. This part was designed specifically for this survey based on purview of exiting literature. The questionnaire was distributed to most respondents in an on-line format so as to reach out to employees based in different cities in India. (Kolkata, Mumbai, Bangalore and Pune).

Part I of the questionnaire consisted 29 item (5 point Likert Scale) distributed over 6 sub scales each scale based on the different uses of appraisals based on previous literature. (Cleveland et al, 1989; Gosselin et al, 1997; Agarwal, 2011; Iqbal, 2012). This scale was used for measuring employee perception of the different uses of performance appraisal (PAU Scale). The reliability coefficient (Cronbach's alpha) for this complete segment was found to be .961

The different subscales in the PAU scale were as follows:

PAU 1: Learning and Development: This factor comprises the linkage of appraisal to organization initiated training and development, upgradation of skills, continuous learning and career growth.

PAU 2: Motivational Uses: Perceptions of linkage between appraisal and its use to motivate individuals for self-initiated improvement and advancement.

PAU 3: Decision Making Uses including decision on pay, performance bonus, promotions, transfers and terminations.

PAU 4: Administrative uses comprising routine record keeping function, inventorying skills and auditing compliance in terms of project requirements (both domestic and international projects)

PAU 5: Role Clarity and Communication through performance discussions, clarifications of individual and organizational expectation and improved superior-subordinate communication

PAU 6: Organizational Diagnostic: Identification of gaps in job description, job design and infrastructural support in the organization.

The reliability statistics for the different sub scales of the PAU scale are summarized in Table 1.

Table 1. Reliability Statistics for Sub Scales in PAU Scale

Subscale	Category	Cronbach Alpha
PAU1	Learning and Development	.952
PAU2	Motivation	.925
PAU3	Decisional Making	.880
PAU4	Administration / Record Keeping	.876
PAU5	Role Clarity and Communication	.827
PAU6	Organizational Diagnostics	.940

Part II of the questionnaire measured perceived employee satisfaction with the performance appraisal system (PAS). This segment consisted 7 items on Likert-type 5-point scales. The reliability coefficient (Cronbach's alpha) for this segment was found to be .940

4.3 Statistical Analysis

Data were statistically analyzed(correlations and multiple regressions) using SPSS (Version 16) for the purpose of testing the relationships between the employee perceptions of the performance appraisal uses and perception of overall satisfaction with the performance appraisal system in different IT firms in India.

5. FINDINGS AND ANALYSIS

5.1 Correlation Analysis:

For each of the 6 PAU sub scales described above, the descriptive statistics were determined following correlation analysis between each of the factors and Job satisfaction scores as collected in segment 2 of the research study. The mean scale scores for all 7 scales (6 PAU and the PAS scale) were used in the analysis. The results are shown in Table 2.

Table 2 Descriptive Statistics

		Mean	Std. Deviation	N
PAU1	Learning and Development	3.633	1.0599	100
PAU2	Motivation	3.192	1.0706	100
PAU3	Decision Making	3.018	1.0399	100
PAU4	Administration / Record Keeping	3.086	1.0278	100
PAU5	Role Clarity and Communication	3.227	1.0937	100
PAU6	Organizational Diagnostics	3.730	1.0455	100
PAS	Performance Appraisal Satisfaction	3.259	.8029	100

Table 3 Correlation Coefficients between Performance Appraisal Uses and PAS

		PAU1	PAU2	PAU3	PAU4	PAU5	PAU6	PAS
Learning and Development (PAU1)	Pearson Correlation	1	.706**	.628**	.377**	.566**	.605**	.815**
	Sig. (2-tailed)		.000	.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100
Motivation (PAU2)	Pearson Correlation	.706**	1	.718**	.504**	.527**	.365**	.810**
	Sig. (2-tailed)	.000		.000	.000	.000	.000	.000
	N	100	100	100	100	100	100	100
Decisional Making (PAU3)	Pearson Correlation	.628**	.718**	1	.673**	.712**	.472**	.858**
	Sig. (2-tailed)	.000	.000		.000	.000	.000	.000
	N	100	100	100	100	100	100	100
Administration / Record Keeping (PAU4)	Pearson Correlation	.377**	.504**	.673**	1	.482**	.324**	.674**
	Sig. (2-tailed)	.000	.000	.000		.000	.001	.000
	N	100	100	100	100	100	100	100
Role Clarity and Communication (PAU5)	Pearson Correlation	.566**	.527**	.712**	.482**	1	.559**	.799**
	Sig. (2-tailed)	.000	.000	.000	.000		.000	.000
	N	100	100	100	100	100	100	100
Organizational Diagnostics Uses (PAU6)	Pearson Correlation	.605**	.365**	.472**	.324**	.559**	1	.702**
	Sig. (2-tailed)	.000	.000	.000	.001	.000		.000
	N	100	100	100	100	100	100	100
PAS	Pearson Correlation	.815**	.810**	.858**	.674**	.799**	.702**	1
	Sig. (2-tailed)	.000	.000	.000	.000	.000	.000	
	N	100	100	100	100	100	100	100

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

Table 3 summarizes the correlations between the PAU categories and overall PA satisfaction (PAS). With all the inter correlations between usage categories below 0.8, multicollinearity (Bryman & Cramer, 1999).can be ruled out.

The correlation for mean scale scores shown in Table 3 indicates that usage of performance appraisals have a significant positive correlation with overall satisfaction with performance appraisal satisfaction. It can be said that of all the uses of appraisals Learning and Development ($r = 0.815$, $p < 0.01$); Motivation ($r=.810$, $p< 0.01$); Decision making ($r=.858$, $p<0.01$); Role Clarity and Communication ($r=.799$, $p<0.01$) and Organizational Diagnostics ($r=0.702$, $p<0.01$) have been found to have a strong positive correlation with overall PAS. Administration and Record Keeping ($r=.674$, $p<0.01$) has been found to have a moderate positive correlation with overall PA satisfaction.

5.2 Regression Analysis:

With the reliability and correlations established, the mean values of each PAU category were used to provide estimates for each construct in the multiple linear regression analysis. Both stepwise and regular regression analysis (the 'Enter' Method) was conducted and the results yielded were similar. The test results of the regular multiple regression analysis with perceived PAS as the dependent variable is summarized in Tables 4, 5 and 6.

Table 4 Model Summary

Model	R	R Square	Adjusted Square	R Std. Error of the Estimate
1	.985 ^a	.970	.968	.1441

a. Predictors: (Constant), F6, F4, F2, F5, F1, F3

The multiple R value of 0.985 indicates a significant positive relationship between the variables and the adjusted R squared (0.968) suggests that the Expatriate Experiences factors account for 96.8 % percent of the variance in Expatriate Satisfaction ($F= 496.986$; $p < 0.000$).Tables 4 and table 5 summarize these findings.

Table 5 ANOVA^b

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	61.896	6	10.316	496.986	.000 ^a
	Residual	1.930	93	.021		
	Total	63.826	99			

a. Predictors: (Constant), PAU6, PAU4, PAU2, PAU5, PAU1, PAU3

b. Dependent Variable: PAS

The VIF coefficients are within 1.856-3.840 range (Refer Table 6) which does not exceed the acceptable threshold of ten, minimizing concerns about multicollinearity. (Hair et al., 1998)

Table 6 Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.	Collinearity Statistics	
		B	Std. Error	Beta(β)			Tolerance	VIF
1	(Constant)	.097	.064		1.525	.131		
	Learning and Development	.148	.023	.195	6.412	.000	.351	2.845
	Motivation	.204	.023	.272	8.994	.000	.356	2.812
	Decision making	.118	.027	.153	4.324	.000	.260	3.840
	Administration / Record Keeping	.140	.019	.179	7.282	.000	.536	1.864
	Role Clarity and Communication	.162	.020	.221	7.996	.000	.427	2.343
	Organizational Diagnostic Uses	.178	.019	.231	9.408	.000	.539	1.856

a. Dependent Variable: PAS

The standardized beta (β) estimates (refer Table 6) were significantly greater than zero for all the categories of uses in the PAU Scale: Learning and Development ($\beta = 0.195$, $p < 0.05$), Motivation ($\beta = 0.272$, $p < 0.05$), Decision Making ($\beta = 0.153$, $p < 0.05$), Administration / Record Keeping($\beta = 0.179$, $p < 0.05$), Role Clarity and Communication($\beta = 0.221$, $p < 0.05$), Organizational Diagnostic Uses($\beta = 0.231$, $p < 0.05$). The statistical results demonstrate support for the fact that perceptions of all the uses of performance appraisals have a significant positive relationship with performance appraisal satisfaction.

6. CONCLUSION

This paper attempts to understand how performance appraisal usage impact satisfaction with the performance appraisal process among Indian IT professionals. From previous literature, the uses of appraisals have been grouped into 6 categories and it has been found that all these six uses of appraisals have a significant positive impact on overall performance appraisal satisfaction - Learning and Development ($\beta = 0.195$, $p < 0.05$), Motivation ($\beta = 0.272$, $p < 0.05$), Decision Making ($\beta = 0.153$, $p < 0.05$), Administration / Record Keeping($\beta = 0.179$, $p < 0.05$), Role Clarity and Communication($\beta = 0.221$, $p < 0.05$), Organizational Diagnostic Uses($\beta = 0.231$, $p < 0.05$).

Akin to previous research, developmental activities such as determining individual training needs and identifying individual strengths and weaknesses appear to increase appraisal and appraiser satisfaction ($\beta = 0.195$, $p < 0.05$) . For professions which emphasize on intellectual capital and are dealing mostly with intangibles, an effective performance appraisal system is a necessity. A classic example of such a profession can be found in IT sector. The Indian IT sector has experienced an export led growth spurt over the last decade. Professionals in this sector work in varied roles such as developers, analysts, system architects and managers - roles which are predominantly knowledge intensive. Globalization and the multinationalization of organizations have given rise to transfer of not only knowledge and skills, but also multiple management practices across national borders. The variable personnel demands and extensive training and development needs of knowledge workers highlights the need for attention to be paid to unique scientific practices for managing gold-collar workers in knowledge-intensive firms. Measures of knowledge acquisition, knowledge sharing,

knowledge reuse, and knowledge development need to be incorporated into the performance management system for such professionals. (Evans, 2003) IT professionals experience numerous sources of stress that are universal across occupations and work environments. Research shows that, similar to other professions, stress in IT results from intensive work demands, complex relationships with others, career concerns, systems maintenance, role ambiguity, and tedious administrative tasks (Lim & Teo, 1999), as well as fear of obsolescence, team and client interactions, role overload, work culture issues, technical constraints, and competing work and family demands (Rajeswari & Anantharaman, 2003, Major, Davis, Germane et al.2007.) .In this backdrop it is increasingly important that the human resource professionals realize that the performance appraisal function needs to focus on the changing times and provide a platform for healthy competitive and scope for motivation and employee development. This justifies the association of the perceived uses of PA in motivating ($\beta = 0.272$, $p < 0.05$), and learning and development ($\beta = 0.195$, $p < 0.05$) with PA satisfaction.

It might be noted that in this study not only the developmental but also the evaluative uses of appraisals have been found to have a significant relationship with PA satisfaction. Both the uses of Decision Making ($\beta = 0.153$, $p < 0.05$) and Administration / Record Keeping ($\beta = 0.179$, $p < 0.05$) have been found to have a positive impact on performance appraisal satisfaction unlike previous studies such as Milkovich & Boudreau (1997) or Boswell & Boudreau (1997) who proposed that due to the sometimes negative nature of evaluations, the perceived use for evaluation may negatively associate with employee attitudes such as PA satisfaction. A reason for this could be that in the case of knowledge intensive professions functioning in optimal hierarchies such as IT firms, a tangible connection between performance and rewards and recognition is considered important as a part of mobility and growth in the organization. The knowledge intensive nature of work and the immense volume of software exports to client organizations globally imply that evaluation of the job performance is important to gauge compliance with technical specifications conforming to global standards. Evaluation of performance also would aid in creating skill inventory which in turn would enable the organization to map individual and organizational competencies.

In the context of appraising knowledge workers, attitudes – and not just behaviors –that are pivotal for ongoing knowledge creation and dissemination also need to be an integral part of performance appraisal criteria (Liebowitz and Beckman, 1998). Guzman et al. (2008, 2009) state that the occupational culture of IT professionals is characterized by a high value of technical knowledge; extreme and unusual demands pertaining to long hours and a need for constant self re-education; It has also been found that IT professionals are able to function best when they understand the mission, vision, and values of their organization; clearly understand their role in the organization; recognize technology's part in fulfilling the organization's goals; and feel that the values of the organization are consistently upheld by leaders (Glen, 2003). These arguments lend support to the results of the present study wherein IT professionals associate satisfaction with PA with using PA for role clarity and communication ($\beta = 0.221$, $p < 0.05$) and organizational diagnostics ($\beta = 0.231$, $p < 0.05$) as they may feel that the appraisal discussion would help in identifying organizational issues as well as individual concerns.

7. SCOPE FOR FURTHER RESEARCH

The expanded dimensions of the uses of appraisals (PAU) examined in this paper have each been found to have a significant influence on appraisal satisfaction. For IT organizations looking to evaluating the effectiveness of their performance appraisal systems , these dimensions may be used as a reference point because of their proved impact on overall appraisal satisfaction , which would in turn impact an individual's work efforts and hence, productivity. This paper is based on data collected from a relatively small sample of IT professionals working in India. Such research can be extended to

other dimensions of the appraisal process – the system characteristics, measurement methods and so on so as to gauge how these variables impact satisfaction with performance appraisals not only in IT but other industries as well.

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