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A STUDY OF EMPLOYEE PERCEPTION OF PERFORMANCE APPRAISAL IN SOFTWARE DEVELOPMENT ORGANIZATIONS

MASTER OF BUSINESS ADMINISTRATION



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The Dissertation was submitted to the Department of Computer Science & Engineering of the University of Moratuwa in partial fulfillment of the requirement for the Degree of Master of Business Administration.

Department of Computer Science & Engineering

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ABSTRACT

Performance management of software professionals is very complex because they fall into the category of knowledge workers. Unlike performance appraisals of industrial workers, those of software professionals are more perceptual than factual due to the complexity of their work. The aim of this research is to examine the software professionals' perception about the performance appraisal systems used in software organizations and whether they help them to improve their work performance.

The methodology employed for this study is a quantitative approach and a cross sectional survey. The population for this study is software professionals working in software development organizations in Sri Lanka, who are estimated to be around 14,956 (ICTA 2007). Therefore, for the purpose of the study, the data were collected from 101 software professionals, which is the desired sample size (number of completed surveys), for accuracy level of 10% at the 95% confidence level. A questionnaire was used to obtain the data and it was carefully designed to measure the effectiveness of the performance appraisal.



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For the analysis of the collected data through the survey, SPSS version 13.0 was used and the data analysis techniques used to prove the hypotheses were descriptive statistics, bivariate correlation coefficient (Pearson's r), causal effect analysis using standardized regression coefficient and Baron and Kenny testing mediation with regression analysis.

The results agree with the previous research of performance appraisal. The sample of professionals used for this survey confirms that their supervisors use performance appraisal methods which contain the three elements: employee participation in the process, participatory goal setting and feedback that are collectively known as employee voice. For the employee-acceptance of the performance appraisal, she/he should perceive that the performance appraisal process is fair and unbiased. The results also confirm that the employee-acceptance is a key predictor for employee-satisfaction of performance appraisal. This would lead to several favourable outcomes such as work performance

improvement, improved productivity and high levels of motivation. Baron and Kenny testing for mediation proves that the relationship between employee voice and employee satisfaction, and work performance improvement and outcome is mediated by employee acceptance of performance appraisal.

Keywords: Performance appraisal, Performance management, Work performance, Knowledge works



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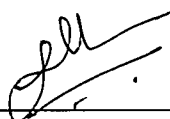
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Guhanathan P

DECLARATION

I certify that this thesis doesn't incorporate without acknowledgement any material previously submitted for a degree or diploma in any university to the best of my knowledge and belief it doesn't contain any material previously published, written or orally communicated by another person or myself except where due reference is made in the text. I also here by give consent for my dissertation, if accepted, to be made available for photocopying and for inter library loan, and for the title and summary made available to outside organization.



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To best of my knowledge above particulars are correct.

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UOM Verified Signature

Dr. Chandana Gamage

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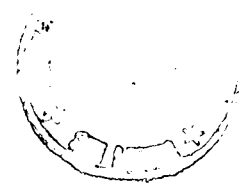
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LIST OF ABBREVIATIONS

DSTL:	Defense Science and Technology Laboratory
DV:	Dependent Variable
EDB:	Export Development Board
HR:	Human Resources
HRM:	Human Resources Management
ICTA	Information and Communication Technology Agency
IEEE:	Institute of Electronics and Electrical Engineering
IT:	Information Technology
IV:	Independent Variable
IVV:	Intervening Variable
PA:	Performance Appraisal
PAS:	Performance Appraisal System
PJ:	Procedural Justice
PGF:	Participation, Goal setting and Feedback
SEA:	Software Export Association
SHRM:	Society of Human Resources Management
SHRM:	Strategic Human Resources Management
SLASI:	Sri Lanka Association for Software Industry
SPSS:	A software package originally known as Statistical Package for the Social Sciences
UK:	United Kingdom
US:	United States of America
USA:	United States of America