EVALUATION OF EMPLOYEE PERFORMANCE IN INFORMATION TECHNOLOGY COMPANIES - A STUDY WITH REFERENCE TO CHENNAI CITY

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Abstract
This researcher empirically evaluates the performance of employees in IT companies. It identifies factors such as motivation, career development, compensation, recognition and growth which influence employee's performance. The researcher intended to calculate the influence of independent variable on performance of employees especially designation and total number of years are considered as independent variable.

Key Words: Performance Appraisal System, Designation and Experience.
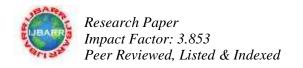
Introduction

Performance appraisal (PA) is a part of the performance management process in which an employee's contribution to the organization, during a specific period is assessed. Performance management is a systematic process for improving individual, team and organization performance. Strategic performance management focuses on what needs to be done to help the organization achieve its business goals. The objective of performance appraisal is to increase the efficiency of enterprise by attempting to mobilize the best possible efforts from individuals employed in it. Performance appraisal can be used for numerous purposes including reward, discipline, coaching, counseling, negotiating improvements in performance, improving the work environment, raising morale, clarifying expectations and duties, improving upward and downward communications, reinforcing management control, helping validate selection decisions, providing information to support HR activities, identifying development opportunities, improving perceptions of organizational goals and selecting people for promotions and redundancy. (Taylor, 1998, p 185).

Performance appraisal is necessary to measure the performance of the employees and the organization to check the progress towards the desired goals and aims. Performance appraisal helps to rate the performance of the employees and evaluate their contribution towards the organizational goals. (Daphne Fernandes and Vijay Pithadia2012). The performance appraisal systems in Information Technology (IT) companies are completely based on the management policies, performance of employees on assigned work, interpersonal relationship among the employees and their adaptability towards work environment. Based on all these aspects a 360° appraisal system is applied on every employee to numerically express their performance scores. The self appraisal, appraisal around the employee and their average scores are considered as the main methodology adopted in every IT companies. Success of any organization largely depends on its employee capabilities than with technology and capital, it is the human resource that helps an organization to face the challenges brought by globalization, hence the employees must be encouraged and motivated.

The Indian IT industry is a knowledge economy and to survive in the technologically advanced business environment, organizations are struggling to train and develop their talent as quickly, efficiently and effectively as possible. Many jobs in organizations are becoming less structured and more knowledge driven the need to develop depth to the knowledge and skills are raised. There are various factors which influence employee performance namely motivation, career development, compensation, recognition and growth. Motivation is one of the major factors contributing to developing the overall morale of the IT work force; which always results in increased employee performance. Motivation enables the IT companies to satisfy individual employees and as a result the employees voluntarily co-operate with the management and colleagues to work towards achieving the organizational goals. Performance appraisal helps the employee to identify their hidden potentials and develop their career. Compensations play a vital role in increasing the job efficiency of employees. Deserving employees should be identified and given suitable opportunities by analyzing the data generated by the performance appraisal process.

Review of Literatures

Rob H. Kamery (2004) in his research pointed out that employees have higher levels of motivation when they perceive that management cares about their welfare. Ojokuku (2013) set out to examine the impact of motivation on employee performance where as Francis O. Boachie-Mensah (2012) in his study focused on employees' perceptions of performance appraisal biases or errors, and examined the implications for developing and implementing an effective appraisal system. Martins Adebayo (2015) emphasized that employee's motivation, leadership role, training programme and effective feedback information management have significant influence in improvement of employee performance. Amy Tung et.al (2011) stated

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that current study only provides empirical evidence in relation to the association between four organizational factors such as top management support, training, employee participation and link of performance to rewards and the effectiveness of Performance Management System.

Marco et.al (2005) analyzes empirically the relationship between pay and performance. The researcher has identified two variable namely compensation and motivation which influence employee performance. Nadeem Iqbal et. al (2013) in his research focuses on to find out the impact of performance appraisal on employee's performance and also analyses that motivation affects the relationship of performance appraisal and employee's performance. Kurtulu Kaymaz (2011) examined the relationship between performance feedback and its effect on employee motivation. Mohammed Chowdhury (2007) in is study examined the impact of motivation in enhancing the work performance. Farokh Pourbijan et.al (2014) carried out the research to evaluate the performance evaluation system and the influence of motivating - cultural factors on employees' performances.

From the above literatures it is very clear that motivation, development, compensation, recognition and growth has an impact on employee performance.

Gaps in the Literature
After accomplishing complete evaluation of empirical reviews regarding performance appraisal systems the researcher clearly identified two unaddressed issues regarding performance appraisal systems. The performance appraisal system is a complicated process with the involvement of rational approaches towards the employees. It is the policy of every management to periodically evaluate the employee performance to enhance the productivity and quality of work. Many studies argued the above mentioned aspects leading to perfect evaluation of employee performance. The first issue is to determine the organizational factors directly related to performance appraisal systems and the second issue is its subsequent impact on organizational effectiveness. These two unaddressed issues regarding performance appraisal systems are considered to venture the present research work.

Objectives of the Study
The following objectives are derived out of predominant gaps in the literatures
1. To study the factors responsible for employee performance in IT companies.
2. To measure the influence of organizational factors on employee performance.

Hypotheses
1. There is no significant difference among the factors of employee performance.
2. There is no significant influence of organizational factors on employee performance.

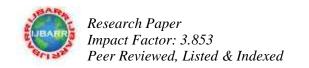**Research Methodology**
Research Design
Our research investigation is analytical. The respondents have been contacted through questionnaires and current performance appraisal systems of the company have been analyzed. The researcher adopted convenient sampling method to collect the responses from the top five IT companies in Chennai city.

Data Collection
Data is the fact of an event. Data is the base for every research work. The researcher considered top five IT companies in Chennai city. The ranking is done through the financial performance, business performance and number of employees the researcher circulated 60 questionnaire in all the five companies and able to obtain 257 responses. After scrutiny the researcher identified 16 responses are with flaws. Therefore those 16 numbers were eliminated and remaining 241 is considered for analysis. Hence the sample size of the research is 241.

Reliability
After collecting 241 flawless responses the researcher tabulated and coded the responses numerically. In order to justify the representation of samples for the population parameters the researcher used cronbach's alpha method to check the reliability. This method exhibits variances appropriately demanded by the sample for representation of population parameters, since the questionnaire consists of 12 statements in Likert's five point scale, all the 12 items are considered and subject to cronbach's alpha criterion. It is found that cronbach's alpha coefficient is 0.789 which is above the bench mark value of 0.75. This implies the questionnaire is highly reliable, well understood and responded well by the employee in IT companies. This proves the very high reliability of the research instruments.

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Validity
In order to validate the present research work the researcher used face validity, content validity, discriminant validity and nomological validity. In the face validity after framing the questionnaire through a deep literature survey the researcher interacted with the IT companies executives for its relevance. During the interaction it is found that 95% of the content is very much related to employee performance to prove face validity.

In the content validity issues, the researcher pretested the questionnaire using 20 responses from top level, middle level and operational level employees and sorted their responses on the contents in the questionnaire including organizational variables and performance evaluation method.

The discriminant validity and nomological validity are subsequently verified through both exploratory factor analysis and confirmative factor analysis. The kmo Bartlett values and model fit indices are highly significant to prove the validation of the research instruments.

Analysis and Discussions
In this section the researcher empirically evaluate the performance of employees in IT companies. Proper research instruments are derived from international review and respondent by employee performance in Likert's five point scale. The employees expressed their opinion for 12 variables. Therefore a parametric t-test is applied and the following results are obtained. In this test, the test value is considered as 3, which is used as hypothesised mean value.

Table -1 Employees Perception on Performance Analysis System

Variables	Mean	Std. Deviation	Std. Error Mean	t-	Sig
	4.0913	.79536	.03900	27.986	.000
	3.9567	.76870	.03769	25.385	.000
	3.9327	.89458	.04386	21.265	.000
	3.7764	1.15144	.05645	13.754	.000
	3.9519	.91182	.04471	21.293	.000
	3.9471	.79583	.03902	24.273	.000
	3.5865	.91951	.04508	13.010	.000
	3.6034	.73395	.03599	16.767	.000
	3.6442	.66104	.03241	19.877	.000
	3.8486	1.04991	.05148	16.485	.000
	3.7644	.98533	.04831	15.823	.000
	3.6514	.91106	.04467	14.584	.000

Source: Computed data

From the above table, it is found that all the t-values are positive and statistically significant at 5% level. The mean value ranges from 3.60 to 4.09 with respective standard deviation and standard error mean. This implies the employees in IT companies strongly agree for indirect improvement of their performance, identification of hidden potentials, understanding the job responsibility and opportunity to express their career development. The employees moderately agree for the self review, superior's discussion, appropriate compensation, mutual trust and fair appraisal system or the consequences of performance appraisal systems. This leads to total average score for the performance appraisal system in IT companies. Therefore the researcher intended to calculate the influence of independent variable on performance of employees; especially designation and total number of years are considered as independent variable. Therefore the linear multiple regressions are performed using the independent and dependent variable and the results are presented below.

Table -2 Model Summary for the Influence of Designation and Experience

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.252[a]	.63	.59	.67206
a. Predictors: (Constant), Total years of experience , Designation				

Source: Computed data

From the above table it is found that designation and experience of employees create significant influence over the performance appraisal evaluation score. It creates 63% variance on the performance appraisal system in IT companies. The following table ensures the regression fit as shown in the table below.

Table-3 ANOVA for Relationship between Total Years of Experience and Designation

	Model	Sum of Squares	df	Mean Square	F	Sig.
1	Regression	12.624	2	6.312	13.975	.000[b]
	Residual	186.538	413	.452		
	Total	199.162	415			
a. Dependent Variable: performance						
b. Predictors: (Constant), Total years of experience , Designation						

Source: Computed data

From the above table it is found that F= 13.075, P= 0.000 are statistically significant at 5% level. It ensures there is a deep relationship between experience and designation on the performance appraisal system. The individual influence of designation and total experience of employees are clearly presented in the table below.

Table -4 Coefficient Table for Individual Influence

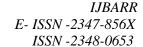|	Model	Unstandardized Coefficients		Standardized Coefficients	T	Sig.
		B	Std. Error	Beta		
1	(Constant)	3.315	.085		39.077	.000
	Designation	-.016	.061	-.218	-.2.255	.009
	Total years of experience	.243	.063	.264	3.839	.000
a. Dependent Variable: performance						

Source: Computed data

From the above table it is found that designation (t=2.255, P=0.09) and total years of experience (t=3.839, P=0.000) are statistically significant at 5% level. Therefore it is profoundly concluded that designation and total experience of employee make the employee differ in their perception towards performance appraisal system in IT companies.
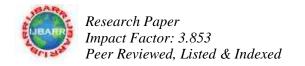
Findings and Conclusions
The evaluation of performance appraisal in IT companies is rational and transparent with respect to employee perception. The employees at top level, middle level and operational level have different types of perception towards the existing performance appraisal system. The highly experienced employees are not fully agreeable with the latest performance appraisal technique. A minimum percentage of employees in IT companies seek improvement in the system to reach the culmination of satisfaction.   The empirical analysis also concludes that performance appraisal in IT companies are perfectly justified and consented by the employees themselves. There is no perceptual difference among the employees in evaluating their performance in their organization. They concluded that the trust and openness strategy of management created a transparent existing   performance appraisal system in their respective organizations.

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