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**THESIS WORK**

**Performance appraisal of employees of Chevron company contractors in the sphere  
of HR activity**

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## **ABSTRACT**

One of the most crucial instruments is performance appraisal to evaluate the employee performance. It has a long history as it has been studied and implemented during the last century. There are several synonyms to the term “Performance Appraisal” such as performance review, performance evaluation, etc. The Kazakhstani oil and gas business serves as the study's background. The economy of the country has been growing due to producing and exporting natural resources, mainly oil and gas. Given the importance of the oil and gas industry for the economy of Kazakhstan, it is highly urgent that the organizational performance of companies in the oil and gas sector are effective. The purpose of this study is to look into the elements that determine employee satisfaction with the performance appraisal system, as well as the impact of satisfaction on employee performance effectiveness. This study is expected to have contributions in several aspects, particularly contribution in theoretical, methodological and practical aspects.

The study's research methodology is a survey design. As performance appraisal is conducted to improve work efficiency, the survey design is used to collect data for examining how the employee happiness with performance reviews affects employee performance. The survey is cross-sectional, that is the data will be collected at one point in time. The form of data collection will be an Internet survey as it will be convenient to administer the survey online. The target population in the study is employees of contractors of Chevron Company. The sample size will include 100 employees randomly chosen from the contractors of Chevron Company, both male and female within the age range of 18 years and above.

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## **ABBREVIATIONS:**

1. ICLS      International Conference of Labour Statisticians
2. SK        ‘Senimdi Kurylys’ LLP
3. CCC      Consolidated contractors company
4. ICSE     The International Classification of Status in Employment
5. OECD    The Organisation for Economic Co-operation and Development is an intergovernmental economic organization with 35 member countries, founded in 1960 to stimulate economic progress and world trade.
6. IRS      Internal Revenue Service
7. BARS    Behaviorally anchored rating scale

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## **CHAPTER 1: INTRODUCTION**

This research proposal presents the background and context of the study, the problem statement, research goals and questions, significance and contributions. Then, literature review on performance appraisal is presented and methodology of the study is discussed.

### **1.1 Background to the Study**

Practitioners and scholars in human resources management has been developing programs and tools to assess and manage employee performance. The aim of these programs and tools is to provide help to employees to achieve their goals as well as to facilitate effective functioning of the organization (DeNisi & Smith, 2014). One of the most crucial instruments is performance appraisal to evaluate the employee performance (Tsai & Wang, 2013). It has a long history as it has been studied and implemented during the last century. There are several synonyms to the term “Performance Appraisal” such as performance review, performance evaluation, etc. As human resources are critical to the organization, it is important to study performance appraisal in order to use resources efficiently (Gupta & Kumar, 2012; Bratton & Gold, 2003).

Although evaluating employee performance is the primary objective of a performance appraisal, it is frequently utilized for a variety of other objectives as well. (Farr & Levy, 2007). The growth in the number of applications for which these systems are utilized can be attributed to two important factors. Firstly, beginning in the 1950s, a shift in management theoretical frameworks and practices emphasized that in order for organizations to get the best out of their personnel, managers needed to collaborate with them. (Katzell & Austin, 1992). Some researchers (McGregor, 1957; H. H. Meyer, Kay, & French, 1965) were inspired by this concept and practitioners (McGregor, 1957; H. H. Meyer, Kay, & French, 1965) urged managers to stop using performance reviews as a way to monitor and discipline staff members and start using them as a way to help staff members meet the needs of both the business and the individual.

Because of the management changes, management philosophy and due to the significant demands placed on performance appraisal by performance management, organizations may necessitate a performance evaluation to meet one of the four primary goals listed below. (Fletcher, 1997; Murphy & Cleveland, 1991):

**Administrative:** to assist employers in evaluating and monitoring employee performance, as well as determining pay, salary, and incentives. It can also be utilized to aid in the decision-making process when it refers to workforce planning, such as layoffs or downsizing.

**Organisational strategy:** organizations can use performance evaluation systems to convey and implement their organizational strategies across the board inside the organisation.

**Training and development:** Managers can use performance assessments to assess what training and development individuals may require in order to achieve current or future personal and organizational objectives.

Organisational feedback: Performance reviews help managers and organizations get feedback from workers to identify the organization's current or future strengths and problems.

## **1.2 Context of the study**

The research's background is oil and gas industry of Kazakhstan. The economy of the country has been growing due to producing and exporting natural resources, mainly oil and gas. Kazakhstan is among the countries with large crude oil reserves in the world and is the leading oil producer in Central Asia. Kazakhstan is also among the top countries in exporting oil and gas. Kazakhstan is the world's 9th largest crude oil exporter and 12th largest natural gas exporter in 2018. According to the Country Report of the International Energy Agency:

Kazakhstan has 271 oil fields and 61 gas condensate fields. More than 90% of oil reserves are concentrated in 15 major fields, and the five largest fields have 70% of the country's proven and probable (2P) oil and gas condensate reserves (Tengiz, Kashagan, Korolevskoye, Karachaganak and Zhanazhol). Approximately 98 percent of Kazakhstan's natural gas reserves are concentrated in a few large areas in the west, with 85 percent concentrated in a few huge fields (Tengiz, Kashagan, Karachaganak, Zhanazhol and Imashevskoye). (p. 9)

Chevron is a major international company that has been working with the government of Kazakhstan to extract oil and gas resources since 1993. The firm aided the country in becoming one of the top oil and gas producers and exporters in the world. The company has contributed significantly to the economy of Kazakhstan, with annual economic output of \$11.7 billion a year generated in total during 2010-2019. Moreover,

the company has been facilitating economic opportunities and promoting entrepreneurship by spending directly to local businesses. This, in turn, creates opportunities for additional economic activity across the company’s extended supply chain, bringing an extra \$14 billion income for local businesses. Chevron has been creating numerous jobs in the region, not only those that are employed directly by the company, but also by spending locally, it supports 58,000 jobs a year. If to look at it from the country’s economy as a whole, 29 jobs are supported by every job created by the company (Chevron, 2021).

In April 1993, Chevron and the government of Kazakhstan founded a joint venture Tengizchevroil (TCO) to extract oil in the Tengiz field. Since 1993, Chevron has been investing in major projects of TCO and currently TCO is a top oil and gas producing company. The annual production of oil has increased almost fifteen times. In 2020, the company produced 26.5 million tons which is about 35% of the production of crude oil and gas condensate in the country. Moreover, TCO has been significantly contributing to national economy, as a major taxpayer and customer of domestic goods and services. The company has been successful in increasing the share of locals among employees up to 84% (TCO Report, 2019-2020).

	2017	2018	2019
Crude Oil, thousand ton	28 753	28 800	30 155
Dry gas, million m <sup>3</sup>	7 447	7 532	7 941
Sulfur, thousand ton	2 489	2 467	2 585

Source: Annual report of JSC NC KazMunayGas for 2019, 46.

One of the strategic objectives of TCO is investing in local human resources, developing highly qualified employees in order to get excellent outcomes. At the end of 2020, the share of full-time local employees in the company was 92%, and the share of local managers was 85% of the total number of management personnel.

The company provides social protection of employees by regulating labor and industrial relations in the team, creating an effective system of common remuneration, providing opportunities in order to help employees grow and the disclosure of their potential through training and development programs, as well as various internships, planning a personnel reserve, an expanded package of social programs, benefits and initiatives to maintain a corporate culture, commitment to employees' values and company strategy (TCO Report, 2019-2020).

Besides being one the leading countries in producing and exporting energy resources, Kazakhstan is aspiring to become one of the top 30 competitive countries by 2050. The country is undertaking reforms in all sectors to transform itself into a diversified market economy to respond to global challenges. Kazakhstan has made significant progress in achieving its goals. From 2000 to 2014, its GDP grew 2.8 times, the size of pensions increased four times, “while the proportion of the population living on incomes below the subsistence minimum fell from 31.8% to 2.5%”(OECD, 2017, p. 22). However, there are still many challenges, such as weak business environment, labor market and foreign investment that need to be addressed to keep up with the rapidly changing global economy (OECD, 2017).

### **1.3 Statement of the Problem**

Given Kazakhstan's economy's reliance on the oil and gas industry, it is highly urgent that the organizational performance of companies in the oil and gas sector are effective. There are several reasons for studying the private companies operating in the oil and gas sector.

Firstly, there has not been much research on the value of performance reviews in private businesses. There is also very few evidence that performance appraisal is well administered in the private sector. For successful functioning of the companies in the oil and gas sector, their human resources should be committed to work efficiently and effectively. Therefore, companies should conduct performance appraisal of their employees to motivate, train, retrain or replace them. Moreover, it is poorly understood how tools and procedures for performance appraisals affect how well employees perform on the job and how well organizations perform.

Companies that adopt a certain performance appraisal system have difficulties in implementing, adopting and linking with other systems of human resource management. Shayo (2013) argues that “In order for performance appraisal to be a useful management tool in the long run, organizations and researchers must invest resources in training managers in performance appraisal techniques, creating system evaluations that take into account reliability, validity, and managerial goals, and designing systems to meet specific organizational conditions and expectations.” (p. 3). Moreover, studying performance appraisal methods and tools will facilitate creating a successful system of performance appraisal (Shayo, 2013).

**Aims of the Study:** This study's goal is to examine the factors that affect employees' satisfaction with the performance evaluation system, as well as the impact of satisfaction on employee performance effectiveness. The research objectives are following:

- To identify performance appraisal tools and methods applied in the private companies within the oil and gas sector;
- To examine the extent to which employees in the companies are satisfied with the performance appraisal tools and methods;
- To determine the extent to which satisfaction with the performance appraisal approaches and methods affect employee performance;

- To suggest practical recommendations for a better performance appraisal management.

**Research Questions:** The following research questions serve as a guide for the study:

- 1) To what extent are employees satisfied with the performance appraisal system in the companies within the oil and gas industry of Kazakhstan?
- 2) To what extent does employee satisfaction with the performance appraisal system influence employee performance in the companies within the oil and gas industry of Kazakhstan?

#### **1.4 Significance and contributions of the study**

This study is expected to have contributions in several aspects, particularly contribution in theoretical, methodological and practical aspects. Firstly, the study is based on the on a conceptual framework that examines factors influencing employee performance satisfaction and effect of the level of satisfaction on the company's employees' job performance. This research is the first study that theoretically and empirically examines the conceptual framework of performance appraisal in Kazakhstan. Secondly, this research aims to gather empirical evidence from a cultural context that has not been explored before, considering that most studies are carried out in wealthy nations. Only a few research have been undertaken in poor nations such as Central Asia and particularly Kazakhstan. In the case that future academics are interested in examining performance evaluation and performance management in general, this study will serve as a guide. Last but not least, in the practical aspect, this study's findings will be helpful to the company's management to comprehend the procedure of conducting performance appraisal. The results of this study will also be important to the managers in making decisions in terms of applying performance appraisal tools and methods to enhance the overall organizational performance.

## **CHAPTER 2: LITERATURE REVIEW**

### **2.1 Performance appraisal as concept**

The process of routinely assessing an employee's productivity at work and overall value to the company is called performance review. An annual review, sometimes referred to as a performance review or evaluation or an employee appraisal, evaluates a worker's skills, successes, and development (or lack thereof).

Companies use performance reviews to give staff members a wide range of feedback on their work and to support decisions regarding salary increases, incentives, and termination. Although they can be carried out whenever, they are usually done once, twice, or three times a year.

Companies use performance appraisal to determine which employees have contributed most to the company's growth, to gauge progress, and to reward high-achieving staff.

Performance evaluation is a regular review of an employee's job performance and contribution to the company. There are many different kinds of performance reviews, but the top-down review—during which a manager assesses a direct report—is the most common.

Annual reviews, performance assessments, and employee appraisals are other names for performance reviews. If they believe the format of the assessment does not reflect the culture of their organization, employees may not be happy with the evaluation process.

Businesses must continually ensure optimal performance from their employees in today's increasingly competitive world in order to effectively compete in the marketplace. Employee performance appraisal, which was traditionally utilized to achieve this purpose, was more concerned with alerting staff to their performance flaws.

Although this served the aim in part, it was deemed insufficient to boost employee performance to the desired degree. Performance management has helped to solve this problem to some extent.

When Walter Dill Scot, the US army's chief of staff, created the man-to-man grading system to assess military personnel during World War I, employee appraisal methodologies were first used. During the 1920s and 1930s, for hourly workers, manufacturing units implemented rational wage structures. The policy of offering merit-based grade wage increases was accepted under this system.

According to a formal definition, "Performance appraisal is the process of assessing an employee's performance and qualifications in relation to the demands of the position for which he or she is employed, with the goal of administration, including placement, promotion selection, financial compensation, and other actions requiring different treatment for different group members as opposed to actions having an equal impact on all members."

## **2.2 Performance appraisal in HRM**

A crucial component of the performance management system is individual employee performance in reaching company goals. Performance appraisal is a vital tool for evaluating and improving performance of employees in an organizational management of human resources. Although there are plenty research studies on

performance appraisal systems and methods, there is still lack of research on how to apply in practice performance appraisal methods (Redman and Wilkinson, 2009).

Performance appraisal is related to performance management, however, they are different concepts (DeNisi & Murphy, 2017). "Employees are assessed by a judge (often a supervisor) who evaluates the employee's work against a set of criteria, assigns a score, and then notifies the employee with his or her formal grade," according to the definition of performance assessment. (DeNisi & Murphy, 2017, p. 1 ). The process of performance appraisal includes three steps: setting performance objectives, measuring the performance, and providing performance feedback (Stone et al., 2020). This rating is a basis for making decisions regarding the employee performance. Performance appraisal is usually conducted once a quarter or a year to identify strengths and weaknesses of employees. Individual performance of employees are evaluated based on the basic performance standards and "goals are made, measurements are taken, and evaluations are done at various phases." (Zempiliadou, 2011, p. 5). Achieving tangible and measurable goals enhances employee's willingness to aspire to higher performance (Zempiliadou, 2011).

"A broad variety of activities, regulations, processes, and interventions intended at supporting people in enhancing their performance," according to the definition of performance management. (DeNisi & Murphy, 2017, p. 1). A shared vision, performance targets, a formal review procedure, and the link between performance evaluation and employee development and rewards are all important parts of performance management (Stone et al., 2020). Performance appraisals, training, goal setting, feedback, and reward systems are all part of performance management (DeNisi & Murphy, 2017), whereas performance assessment consists of coordination, control and consistency (Bassioni et al, 2004). "Another definition of performance evaluation is "establishing new targets and expectations for the future; employee actual job performance; employee actual job

performance evaluation; feedback to the employee on the performance assessment and how to improve it in the future." (Kondrasuk, 2012, p. 117).

Performance appraisal has been widely used in private companies of the developed countries. According to surveys, the use of performance appraisal in the US went up to 94% by the mid of 80's, primarily in the medium sized and large companies (Redman and Wilkinson, 2009). In the UK performance appraisal is widespread in the industrial, financial and public sectors. Other countries began practicing performance appraisal as result of large US companies moving to other countries (Zempiliadou, 2011). It's worth noting that performance evaluations aren't limited to the middle layer of organizational hierarchies. "39 percent of performance appraisal is applied to every employee," according to an IRS survey, "and its implementation showed a 75 percent increase after five years." (Redman and Wilkinson, 2009). Thus, performance appraisal has been crucial in human resources management as it direct affects employees' salary increases, training, promotions and career development.

In the literature on performance management, there are two approaches in studying performance, particularly, a macro-strategic approach (organizational performance) and a micro-analytical approach (individual performance) (Delaney and Huselid, 1996; March and Sutton, 1997; Selden and Sowa, 2004). The macro-strategic approach examines how individual and team performance management is connected to organizational strategy and functions at the organizational level, whereas the micro-analytical approach studies how performance is related to behaviors and attitudes of employees (Othman, 2014).

### **2.3 Purpose and effectiveness of a performance appraisal system**

A performance appraisal system has three major purposes, which are administrative, developmental and research purposes. One of the purposes is to identify what the employee is/is not accomplishing and facilitate the improvement of employee performance. In this case, the evaluator's role is to provide a guidance or a counseling. Another purpose is to "make administrative decisions on pay raises, such as whether and how much to give, What training is required or useful to improve employee performance, as well as other applications such as test validation requirements" (Kondrasuk, 2012, p. 118). In this case, the function of the evaluator is to act as a judge. However, when the evaluator uses performance appraisal for both purposes at the same time, it can cause conflicts between the evaluator and the evaluatee (Kondrasuk, 2012). Iqbal et al. (2015) argue that the goals of performance evaluation have been restricted to such functions as evaluation, judgment, accountability, personnel and development functions. According to them, "widened the scope of EPA towards more HR activities, such as feedback and goal direction," in reference to performance evaluation, to cover more HR services." (p. 527). "According to them, an uneven distribution of PA goals could lead to unfairness. For instance, administrative PA is more likely to result in procedural and distributive injustice than developmental PA." (Iqbal et al. 2015, p. 527).

One of the key themes in the literature on performance appraisal is the effectiveness of the system. Numerous empirical studies suggest that effectiveness of performance appraisals results in higher productivity and quality of employees, job satisfaction and commitment (Daley, 1993; Pettijohn, et al., 1999; Stone, 2008). Pettijohn, et al. (1999), investigating the connection between performance evaluations and individual performance, found that "properly conducted performance appraisals can have positive impacts on performance" (p. 39). Daley (1993, p.169) examining general practices of performance appraisal and application of explicit performance standards, suggested "The

productivity incentives that these systems provide are closely related to the performance monitoring and assessment systems that have been introduced as a means of implementing pay-for-performance programs," according to the report." (p. 169).

According to Stone (2008), the extent to which evaluation of performance is properly conducted influences the effectiveness of the feedback and motivation of employees to achieve higher goals. Besides effectiveness of performance appraisal, the manager plays a key role, as he or she has to follow certain guidelines to ensure protection of employees' feelings and personality. In other words, "The manager's understanding of each employee's specific job performance, his support and involvement with the employee during the discussion, and his comprehensive preparation prior to the interview all contribute to the effectiveness of the performance assessment process." (Zempiliadou, 2011, p. 5).

#### **2.4 Perception of performance appraisal in an organization**

The effectiveness of the human resource system is related to how the employees perceive the performance appraisal methods and whether it affects them positively or negatively. If employees are happy with the performance review comments, they will also be happy at work and dedicated to the company. (Jawahar, 2006). Pickler (2012) found that the quality of evaluator-evaluated relationship, participation in performance appraisal, and favorability of evaluation positively influence appraisal reactions. He also concluded, "...even after controlling for rating favorability and appraisal involvement, the quality of the rater-ratee connection is an important predictor of appraisal reactions".(Pichler, 2012). According Dhiman and Maheshwari (2013), employee's perception of performance appraisal constitutes of three aspects. They are the following: The first is the manipulation of ratings by appraisers to achieve their own self-serving objectives, such as upholding their own reputation, maintaining positive relationships,

building in-groups, and reducing the hazards of appraisee dependency. The second dimension consists of the actions taken by other appraisees to move others upward in order to receive better evaluations and incentives. The third element is what happens as a result of the appraisal, such as wage and promotion decisions that may be biased if performance is ignored. (p. 1202).

These actions negatively influence employees with good performance and culture of performance in an organization (Dhiman & Maheshwari, 2013). Du Plessis and Van Niekerk (2017) discovered that performance evaluation is an emotional and uncomfortable procedure that fosters attitudes of self-defense. Managers are not always able or ready for conducting performance appraisals due to many uncertainties. They concluded, “The organizational context may put an individual manager in a position to manipulate employee ratings, negatively impacting the manager's mood. (Du Plessis & Van Niekerk, 2017).

Perception of employees of performance ratings are reflected by the level of satisfaction with performance appraisals (Giles and Mossholder, 1990). There are several studies that explored key conceptual issues regarding employee satisfaction with performance appraisals (Decramer et al, 2013; Fletcher, 2001; Kuvaas, 2006). Studies suggest that positive appraisal satisfaction is crucial for behavior and future development of employees, otherwise appraisal will not be effective (Cardy and Dobbins, 1994; Murphy and Cleveland, 1995). Although satisfaction with performance appraisal is the most studied subject (Giles and Massholder, 1990; Keeping and Levy, 2000), the subject is still urgent and relevant for researching.

Several studies suggest that performance appraisal is crucial for managing human resources effectively and productivity of the organization (Analoui, 1999; Bird, 1998). Den Hartog, et al. (2004) found that the organizational context is important to understand and transform individual performance. Difference in socio-demographic characteristics,

life experiences, knowledge, values, motivational levels, attitudes and behavioral patterns of individuals have influence on organizational effectiveness. As a result, management must identify characteristics that influence employee performance so that they may "recognize how a person's attitudes, beliefs, and actions can help an organization achieve its goals." (Othman, 2014, p. 19).

## **2.5 Challenges of performance appraisal**

The process of performance appraisal presents a number of difficulties while being a widely used instrument for performance evaluation. One of the main challenges in performance appraisal is potential errors in judgment of supervisors who conduct appraisal. The halo effect, the first impression error, the similar-to-me effect, comparison or contrast effects, and the central tendency error are examples of this type of error. (Lin & Kellough, 2018). The halo effect is "a circumstance in which a person's performance on one trait influences how they are judged on other traits."(Roine, 2018, pp. 21-22). "Central tendency refers to a supervisor grading all employees on a scale of average rather than leniency or strictness, which refers to a supervisor consistently giving all employees high or negative ratings." (Roine, 2018, p. 22).

Besides these types of errors, there are also negative or positive biases according such factors as age, gender, ethnicity, race, disability status, etc. (Baxter, 2012; Dessler, 2010; Foot & Hook, 2011; Lewis, 1997; Rubin & Edwards, 2018). To avoid such judgment errors, supervisors should be adequately trained and the performance appraisal system should be designed appropriately (Lin & Kellough, 2018). Supervisors should rate employees objectively, focusing on the job aspects, not on the character of employees. Moreover, supervisors should not used the appraisal discussion "as a disciplinary procedure, because this should be an opportunity to motivate rather than discipline personnel." (Roine, 2018, p. 22).

Another challenge in performance appraisal is related to “difficulties with the assessment system's structure, as well as its operation” (Lin & Kellough, 2018, p. 3). There are a variety of issues that could arise, including faulty performance standards or measures, documentation requirements, a track record of exaggerated performance ratings, an enforced performance rating distribution or quota, a lack of understanding regarding an employee's performance, time, authority, training on evaluating employee performance, and higher-level management support. (Lin & Kellough, 2018).

Other challenges are related to salary and clarity, when the appraisal scale is “too ambiguous and too open for interpretation” (Roine, 2018, p. 22). The purpose of performance appraisal should be clearly defined and the appraisal system should be designed properly in the organization to avoid unclear and ambiguous situations. Moreover, appraisal discussions should be conducted in a different time from the discussions of salary (Roine, 2018).

## **2.6 Types and methods of performance appraisal**

Performance evaluation systems can take many different forms. Some examples include ranking, grading, visual scales, critical incidents, behaviorally anchored rating scales (BARS), behavior observation scales, essay descriptions, management by objectives (MBO), balanced scorecards, and workplace surveillance. (Stone et al., 2020).

The ranking refers to the evaluation of employee’s performance in comparison with other employees from “the best” to “the worst” performer. This method is only applied when the number of employees are limited. The grading refers to matching employee’s performance with certain levels such as unsatisfactory, marginal, acceptable, good and superior. The visual scales are one of the most often used performance appraisal tools, and they are used to evaluate an employee's performance based on a certain behavior or

feature. The critical incidents refers to illustration of whether employee performance is effective or not (Stone et al., 2020).

BARS (behaviorally anchored rating scales) are a hybrid of critical incidents and traditional rating scales. It is one of the most elaborative and systematic rating methods. The behavior observation scales refers to applying “important events to compile a list of expected behaviors needed to successfully perform a particular project” (Stone et al., 2020, p. 324). The essay description refers to “a written statement prepared by the rater summarizing an employee's qualities, flaws, past performance, and potential development” (Stone et al., 2020, p. 324).

The balanced scorecard refers to evaluating performance of the organization in four key areas which are financial, people, customer satisfaction and internal operations. "Setting explicit quantifiable goals with each employee and then frequently analyzing the progress accomplished" is what management by objectives (MBO) entails”. (Stone et al., 2020, p. 324). Seeking "performance feedback on employees from their coworkers, bosses, customers, and subordinates" is known as multisource assessments or 360-degree appraisals.” (Stone et al., 2020, p. 324). The feedback can be collected through surveys, observations, formal and structured interviews, and informal discussions. The variety of feedback “enables a fair assessment of employees' talents and weaknesses, as well as increased self-awareness in order to reach one's full potential” (Shayo, 2013, p. 17).

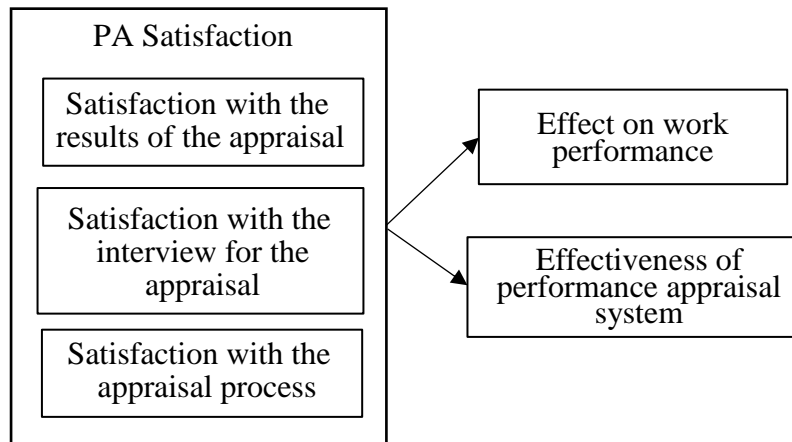
## **CHAPTER 3: METHODOLOGY**

### **3.1 Research Design**

This study's philosophical worldview is postpositivism, which states that "causes (probably) determine effects or outcomes." (Creswell, 2014, p. 36). In other words, the causes that affect outcomes have to be identified and assessed. This study is also reductionistic as ideas are reduced into "a small, distinct set of variables to examine, such as hypotheses and research questions" (Creswell, 2014, p. 36). This research adopts a quantitative approach for "examining the relationship between the variables As a result of measuring these variables with equipment, numerical data can subsequently be produced for statistical analysis." (Creswell, 2014, p. 32).

A survey, which "gives a quantitative or numeric description of trends, attitudes, or opinions of a group by surveying a sample of that population," is the research method used in this study. Based on sample results, the researcher extrapolates or draws inferences about the total population. (Creswell, 2014, p. 201). The survey design was preferred because of "the affordable design and the quick data collecting turnaround" (Creswell, 2014, p. 203). As performance appraisal is conducted to improve work efficiency, the survey design is used to collect data for examining how employee performance is influenced by how satisfied they are with their performance reviews. The survey is cross-sectional, that is the data will be collected at one point in time. The form of data collection will be an Internet survey as it will be convenient to administer the survey online.

Responses from employees to performance review systems have been investigated using three basic aspects, as shown in Figure 1. (Keeping & Levy, 2000).



### 3.2 Target Population

Employees of Chevron Company's contractors make up the study's target demographic. In this dissertation I will be considering “Senimdi Kurylys” LLP and “Consolidated Contractors Company”. The main reason is, those two companies has more than 18000 workers overall adding their own contractors and companies are being general contractors of Chevron. For this population, the sampling design is a single stage where "the researcher can directly sample people because they have access to names in the population. (or other items)" (Creswell, 2014, p. 204). When "everyone in the population has an equal chance of being chosen," a straightforward random selection will be utilized.” (Creswell, 2014, p. 204). Randomization gives an opportunity to generalize a representative sample to a population. The sample size will include 100 employees randomly chosen from the contractors of Chevron Company, both male and female, at least eighteen years old. The sample size is suitable because it ensures efficiency, validity and reliability. Permission to collect data will be obtained from the administration of the companies. The researcher will contact the administration of the companies to seek approval for conducting the research.

### **3.3 Data Collection Methods**

Data will be collected through the survey by administering questionnaires to respondents. This method of data collection is preferred as it is possible to reach an abundance of respondents, saving money and time in the process. Questionnaires will contain a set of close-ended, multiple choice questions in Kazakh and Russian languages. The questionnaires will be provided to a randomly selected group of employees, who takes part in the performance review procedure. The questions included in the questionnaire will be designed according to the research questions of the study, keeping it simple and relevant to the goal of the study.

Questionnaires are frequently used to obtain data. A questionnaire is thought to be a viable tool for obtaining relevant research data because it is based on a definite structure with objective and subjective response formats.

The main aim of the questionnaire is to collect data from respondents to obtain answers to the questions posed by the research. The questionnaires are useful tools for measuring intention, attitudes, or behavior and to “gather data on the respondent's self-reported observations, which may be distinctive and illuminating”(Rattray & Jones, 2005). The research questions will be devised to address all aspects of performance appraisal that are relevant to the study. The focus will be on critical thinking, subjectivity and perceptions of the appraisal process' efficacy.

Part A of the questionnaire will include questions about personal or age, gender, amount of education, work experience, and position are all examples of demographic data. Part B of the questionnaire will include questions about the effect of the organization's performance evaluation system on employee performance. Part C will

include questions on the organization's techniques and level of satisfaction with the performance appraisal system.

### **3.4 Data Reliability and Validity**

Reliability is ensured by using data collection instruments such as survey. Validity is ensured by measuring through the data collection instrument what is supposed to be measured. A pilot research will be done to identify questions that the respondents may find vague or unclear. According to Rattray and Jones (2005), internal consistency, repeatability, and stability are essential requirements for a questionnaire. Responses to questionnaires should be without emotional attachment and bias to obtain accurate data.

Organisational ethics will be maintained when administering the questionnaires. Privacy and anonymity will be ensured in order that the respondents will be comfortable during the survey. The choice to participate in the survey or not will be made clear to respondents. The beginning portion of the questionnaire will describe the purpose of the study and its terms.

A set of twenty five different questions were raised in the questionnaire. It took about 20 minutes to complete the survey. The questionnaire's design allows for both objective and subjective responses from respondents, which will be used as the study's main source of data. Questionnaire includes question about their age, gender, position in the company and working experience. All respondents will receive the identical set of questions, with the focus being placed on providing answers that support the study's goals. According to Rattray & Jones (2005), the questionnaire's design should take into account the scale and format of responses that will be used to gather the required data. All of the performance evaluation components that were pertinent to the study were included in the selection of the research questions. Subjectivity, critical thinking, and the respondent's

perspective of the evaluation activity as a whole were emphasized. With a fine tooth comb, the supervisor went over the questionnaire and made the required revisions.

## **CHAPTER 4: RESULTS AND FINDINGS**

### **4.1 Method**

Four hundred surveys were sent across the first company (SK), with 70 finished surveys that returned with a response rate of 17.5 percent, which is lower than the normal response rate of 30 percent for mail surveys. (Shaughnessy, Zechmeister, & Zechmeister, 2006).

In the second company (CCC), 70 surveys were sent throughout and total of 30 completed questionnaires were received, resulting in a 42.8 percent response rate, which is more better than it was in the first company.

Supervisors on the ground were instructed to send the link to their employees via Whatsapp. By clicking on a link at the bottom of the message, employees may access the survey, which directed them to an online survey created and managed by the website [www.workspace.google.com](http://www.workspace.google.com).

The survey was provided to employees for one month to complete. Surveys were submitted via the online system at the end of the month, however a few were deleted from the data set since only four items had been answered.

### **4.2 Respondents**

From the first organization, seventy surveys were returned. 95.7 percent of the 70 employees who responded to the poll were men, while 4.2 percent were women. The sample's unequal gender balance, according to statistics from Organization one's human resources division, resembled the organization's gender distribution.

The organizational level of all respondents was indicated. 11 (15.7%) had management responsibilities, whereas 59 (84.3%) had craft responsibilities. According to the organizational tenure, majority 46 respondents (65.7%) answered from zero to five years. Eighteen workers (25.7%) from six to ten years, five workers (7.1%) from eleven

to fifteen years and only one person has more than fifteen years of experience in the company.

The second organization returned thirty completed surveys (CCC). Males made up 83.3 percent of the responders, while females made up 16.7%. In order to determine if the gender distribution in the current sample is indicative of the organization as a whole, the organization did not offer statistics. Six respondents held management roles and the remaining 24 held craft roles. The mean organizational tenure was zero to five years to 21 respondents (70%). Seven workers (23.3%) from six to ten years and two workers (6.7%) from eleven to fifteen years of experience in the company.

The demographic details of the respondents for organizations one and two are shown in Table 1.

**Table 1. Respondent demographics**

	Organization one Number (%)	Organization two Number (%)
Gender		
Male	67 (95.7)	25 (83.3)
Female	3 (4.2)	5 (16.7)
Organizational Level		
Management	11 (15.7)	6 (20)
Craft	59 (84.3)	24 (80)

### 4.3 Measures

#### 4.3.1 Performance appraisal satisfaction

Cook and Crossman (2004) devised a 10-item scale to assess satisfaction with performance appraisals. Respondents are asked to score their level of satisfaction with a number of features of their performance appraisal system on a five-point Likert scale

ranging from strongly disagree to strongly agree. Cronbach's alpha for this metric is 0.84, which is a good result, according to Cook and Crossman.

For the current study, certain items were slightly changed to reflect vocabulary that is more appropriate for a broad organizational setting rather than a specific organizational environment. "I understand how my performance helps my organization accomplish its strategic goals," for example, was changed to " Through my performance evaluation review, I understand how my performance contributes to my organization's strategic goals."

#### **4.3.2 Work performance**

The work performance was evaluated using a five-item measure based on Kuvaas' work performance scale (2006). Respondents were asked to rate their work performance in relation to the effort the organization expects of them on a five-point scale (1 = "Strongly disagree" to 5 = "Strongly agree"). "I consistently deliver satisfactory results," for example and "I frequently execute things that are outside of my job description," both in terms of discretionary labor effort. This five-item measure had a good Cronbach's alpha ( $\alpha = 0.84$ ).

#### **4.3.3 Effectiveness of Performance Appraisal**

Job performance was examined using an eight-item questionnaire based on Kuvaas (2006), Cook, and Crossman's work performance measure (2004). On a Likert scale, respondents were asked to score the performance appraisal system's efficacy (1 = "Strongly disagree" to 5 = "Strongly agree"). For example, "There is no benefit from evaluating the effectiveness; it only creates inconvenience for employees at work to "performance appraisal brings positive results in my job"

## **4.4 Analysis**

### **4.4.1 Preliminary analysis**

IBM's SPSS Statistics v20 for Windows 10 was used to complete all data analysis. Because they may have an impact on data distribution and results, missing data and outliers were also studied (Pallant, 2011; Tabachnick & Fidell, 2007). One of those components in the performance appraisal satisfaction measures was revealed by missing data analysis.

Following a review of the surveys, it was discovered that several respondents had submitted comments on item 21, because they may have an impact on data distribution and results, missing data and outliers were also studied (Pallant, 2011; Tabachnick & Fidell, 2007). One of those components in the performance appraisal satisfaction measures was revealed by missing data analysis. In addition, outliers were found in three variables: PA satisfaction, PA effectiveness, and work performance, according to an assessment of the boxplots. When there is only a little percentage point difference between the mean and the 5 percent trimmed mean, as it was with all four variables, Pallant (2011) advises against removing the outliers.

For data analysis, an interpretive method was used. The information gathered was first analyzed using the following criteria:

- To make sense of the responses, the researcher reviewed over the transcripts and questionnaires obtained.
- Thoughts on the respondents' data were jotted down, and efforts were made to connect these thoughts to the research's objectives.
- The responses were used to create categories in order to subjectively classify and assess the data.

- Within the key categories, subcategories were determined, and correct linkages between data points were established to ensure their relevance in the research.

The data must be normal, linear, and homoscedastic in order to be used in multiple regression (Pallant, 2011; Tabachnick & Fidell, 2007). The Kolmogorov-Smirnov test, histograms, and scatterplots were used to assess all variables to see if the data supported these hypotheses. Table 2 demonstrates that five of the variables did not fulfill the criterion of normalcy, despite the fact that the data matched the prerequisites of linearity and homoscedasticity. In the last column of Table 2, it can be seen that changing the variables improved the normality of just two of the three variables (impact on performance and performance appraisal satisfaction).

Since interpreting the results entails evaluating the variables in their transformed state rather than their original state, which could result in data loss, Pallant (2011) and others (Tabachnick & Fidell, 2007) caution against applying transformations. Care should be used when interpreting the results because multiple regression is the sole option (Pallant, 2011) and some of the variables do not adhere to the assumption of normality.

**Table 2. Kolmogorov-Smirnov results**

<b>One-Sample Kolmogorov-Smirnov Test</b>				
		Perfomance_Appraisal_Satisf action	Effectiveness_ PA	Work_performa nce
N		100	100	100
Normal Parameters a,b	Mean	3,91	3,82	3,70
	Std. Deviation	0,842	0,914	1,159
Most Extreme Difference s	Absolute	0,373	0,358	0,332
	Positive	0,267	0,242	0,178
	Negative	-0,373	-0,358	-0,332
Test Statistic		0,373	0,358	0,332
Asymp. Sig. (2-tailed) <sup>c</sup>		0,000	0,000	0,000
	Sig.	0,000	0,000	0,000

Monte Carlo Sig. (2-tailed) <sup>d</sup>	99% Confidence Interval	Lower Bound	0,000	0,000	0,000
		Upper Bound	0,000	0,000	0,000
a. Test distribution is Normal.					
b. Calculated from data.					
c. Lilliefors Significance Correction.					
d. Lilliefors' method based on 10000 Monte Carlo samples with starting seed 2000000.					

Source: provided by author

**Table 3. Normality test**

Descriptive Statistics								
	N	Range	Mean	Std. Deviation	Skewness		Kurtosis	
	Statistic	Statistic	Statistic	Statistic	Statistic	Std. Error	Statistic	Std. Error
Performance_ Appraisal_ Satisfaction	100	4	3,91	0,842	-1,174	0,241	1,670	0,478
Effectiveness_ PA	100	4	3,82	0,914	-1,089	0,241	1,141	0,478
Work_ performance	100	4	3,70	1,159	-1,096	0,241	0,491	0,478
Valid N (listwise)	100							

Source: provided by author

#### 4.4.2 Bivariate correlations and between group differences

Due to the normality of all the variables, bivariate correlations were assessed using Spearman, and the correlation matrix was examined to determine whether multicollinearity was an issue.

### **4.4.3 Moderation**

To evaluate if moderation exists, the following approach was used, according to what Baron and Kenney advise (1986):

To help decrease the risk of multicollinearity, the independent and moderator variables were first centered.

Step 2: Multiply the center independent variable by the center moderator variable to obtain the interaction variable.

Step 3: Finally, the result variable was regressed on the predictor and moderator factors before performing a regression analysis. The study was then expanded to incorporate the new interaction term in order to determine its significance and, if so, if it moderated the data.

## **4.5 Hypothesis testing**

To see if multicollinearity was a problem, bivariate correlations (Table 4) were examined. It was not, according to the results. But the results of this study showed that job performance and happiness with performance reviews were not significantly associated, rejecting Hypothesis 1.

Regression analysis was used to see if performance evaluation pleasure was connected to affective performance (Hypothesis 1) and PA efficacy (Hypothesis 2). A significant, favourable connection between performance appraisal satisfaction and work performance was discovered even after adjusting for the other variables, confirming Hypothesis 1.

In either of these hypotheses, there was a substantial correlation between work performance and satisfaction with performance reviews (Table 4).

**Table 4. Bivariate correlation matrix**

Correlations					
			1	2	3
Spearman's rho	Effectiveness_PA	Correlation Coefficient	1,000	,820**	,674**
		Sig. (2-tailed)		0,000	0,000
		N	100	100	100
	Performance_Appraisal_Satisfaction	Correlation Coefficient	,820**	1,000	,711**
		Sig. (2-tailed)	0,000		0,000
		N	100	100	100
	Work_performance	Correlation Coefficient	,674**	,711**	1,000
		Sig. (2-tailed)	0,000	0,000	
		N	100	100	100
**. Correlation is significant at the 0.01 level (2-tailed).					

### Practical implications

The current study examined the link between job performance and satisfaction with performance reviews. The study's secondary goal was to look into the effectiveness of performance appraisal tools and procedures.

Since little is known about the psychometric features of measures that reflect performance appraisal satisfaction, the factor structure of the performance evaluation satisfaction measure was explored even though it was not the main focus of the study. (Keeping & Levy, 2000). In this study, managerial commitment to the appraisal process, procedural fairness, raising people's awareness of how their contributions are critical to the organization's goals, timely and relevant feedback, and discussions with managers about their professional and personal development all had an impact on

employee satisfaction. Given that past studies have demonstrated that each of these criteria is a potent predictor of performance appraisal satisfaction, these results were not unexpected.(e.g., Giles & Mossholder, 1990; Mount, 1983, 1984; Pooyan & Eberhardt, 1989).

According to Cleveland, et al. (1989; IPM, 1992; P. Taylor & O'Driscoll, 1993), many organizations use performance appraisals to encourage employees to perform better. It has been suggested that monitoring employees' responses to appraisal systems can help determine whether these systems are successful in accomplishing this goal. (Cleveland, et al., 1989; IPM, 1992; P. Taylor & O'Driscoll, 1993). The finding that there is a connection between appraisal satisfaction and work performance was unexpected, even though earlier studies had found that performance appraisal satisfaction is a better predictor of motivation to perform than actual work performance (Dorfman et al., 1986; Inderrieden, et al., 1988; Roberts & Reed, 1996) (Kuvaas, 2006, 2007).

Despite not being significantly associated to work performance, performance appraisal satisfaction was discovered to be negatively correlated with employees' intention to leave and positively correlated with affective commitment. Other studies have discovered that when workers are happy with their performance appraisal system because they feel it gives them support, is procedurally fair, and enables managers to see their value, it can explain why workers feel emotionally connected to their company and why they are motivated to work hard (Brown, et al., 2010; Hutchison & Garstka, 1996; Kuvaas, 2006; Thurston & McNall, 2010). (Brown, et al., 2010). Dobbins et al., 1993; Kuvaas, 2006; Poon, 2004; Brown et al., 2010;

## **Conclusion**

The purpose of this study was to see why satisfaction with performance appraisals is important. The findings show that while establishing and executing a system that employees like has huge impact on employee performance, it can help organizations by influencing employee motivation. The current study's findings demonstrate that designing a performance appraisal that employees are satisfied with can help to generate a loyal and committed workforce as firms continue to embrace performance appraisal systems.

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## Appendix

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## Appendix A: Survey

Performance Appraisal Satisfaction PART B	No	Yes			
Have you participated in performance appraisal before?	1	2			
Does your organization conduct performance appraisal to assess employees?	1	2			
Did you get feedback from the appraisal exercise?	1	2			
The appraisal exercise helped me to improve on my job performance?	1	2			
Performance appraisal has brought improvement to your department?	1	2			
There is no benefit to performance appraisal; it only makes employees uncomfortable in their jobs?	1	2			
Do you think the methods employed in appraising the performance of employees in your organization should be improved?	1	2			
Performance Appraisal Satisfaction continued PART C	Strongly disagree	Disagree	Undecided	Agree	Strongly agree
I have a good understanding of the appraisal criteria	1	2	3	4	5
The appraisal criteria (general) in which I am evaluated is fair	1	2	3	4	5
The current performance appraisal system in my organization is related to my development	1	2	3	4	5
The present appraisal system contributes to my overall organizational effectiveness.	1	2	3	4	5
The current format of rating scales used (using percentages in each criteria) in the appraisal form is not an effective measure of employee performance	1	2	3	4	5
The performance criteria used in the appraisal form does not actually measure my real performance	1	2	3	4	5
Less time is spent on the appraisal process. It is treated as a mere ritual by supervisors and subordinates	1	2	3	4	5
My current appraisal is done just for the sake of getting bonuses	1	2	3	4	5
My current performance appraisal system is very effective	1	2	3	4	5
In general, I received the appraisal outcome that I deserved	1	2	3	4	5
The productivity of the workforce in this organization has been improving as a result of the performance management system	1	2	3	4	5
Overall, I am fully satisfied with criteria used in the current appraisal system	1	2	3	4	5

**Part A: Personal Information**

Please circle the correct answer

1. Age (in Years)

- a) Between 20 - 25
- b) Between 26 and 35
- c) Between 36 and 45
- d) Above 55

2. Gender

- a) Male
- b) Female

3. Level of education

- a) Primary education
- b) Secondary education
- c) College
- d) University

4. How long have you been working in the company?

- a) 0 -5 Years
- b) 6-10 Years
- c) 11-15 Years
- d) More than 15 years

5. Your position

- a)

## Appendix B: Item Loadings for Performance Appraisal Satisfaction Measure

Item wording	Factor Loading
Have you participated in performance appraisal before?	0,686
Does your organization conduct performance appraisal to assess employees?	0,585
Did you get feedback from the appraisal exercise?	0,637
The appraisal exercise helped me to improve on my job performance?	0,794
Performance appraisal has brought improvement to your department?	0,796
There is no benefit to performance appraisal; it only makes employees uncomfortable in their jobs?	0,815
Do you think the methods employed in appraising the performance of employees in your organization should be improved?	0,815
I have a good understanding of the appraisal criteria	0,633
The appraisal criteria (general) in which I am evaluated is fair	0,651
The current performance appraisal system in my organization is related to my development	0,783
The present appraisal system contributes to my overall organizational effectiveness.	0,831
The current format of rating scales used (using percentages in each criteria) in the appraisal form is not an effective measure of employee performance	0,767
The performance criteria used in the appraisal form does not actually measure my real performance	0,818
Less time is spent on the appraisal process. It is treated as a mere ritual by supervisors and subordinates	0,615
My current appraisal is done just for the sake of getting bonuses	0,654
My current performance appraisal system is very effective	0,834
In general, I received the appraisal outcome that I deserved	0,846
The productivity of the workforce in this organization has been improving as a result of the performance management system	0,750
Overall, I am fully satisfied with criteria used in the current appraisal system	0,749