



## EMPLOYEE PERCEPTION TOWARDS PERFORMANCE APPRAISAL IN NEPALESE SERVICE SECTOR

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### Abstract

In today's day and age, performance appraisal has become a necessary part of human resource management and employee motivation. It's pretty considered that performance appraisal facilitates in determining the owes of employees and may be utilized towards their development. This study examines the perception of employees in various service sectors in Kathmandu Valley. This study determines the link between goal alignment, proper appraisal method, effective performance and fostering communication, taken as an experimental variable, with satisfaction/ positive perception of employees towards performance appraisal, as dependent variable. Population of the study is the employees of the service sector organizations operating within Kathmandu valley and 220 sample were selected. Data were collected using Likert scale questionnaire. Analysis was drawn using frequency, percentage, and mean, cross tabulation, correlation and regression. Descriptive analysis during a primary sample of 203 respondents shows that the bulk of respondents have a robust positive perception over performance appraisal. Results of Correlation and regression analysis highlighted that there's a positive and high impacting relationship between goal alignment, proper appraisal method, effective performance and fostering communication and satisfaction of employees towards performance appraisal.

**Keywords:** Performance Appraisal, Goal Alignment, Appraisal tools and systems, Effective Employee Performance

## **Introduction**

Performance Appraisal is the systematic evaluation of the individual with relevance to their performance on the duty and their potential for development. Employee motivation and employ commitment is essential for the attainment of goal of the organizations. Fair performance appraisal may leverage the satisfaction and performance of the employees. Thus, Performance Appraisal Activity (PAP) has become an essential activity for strategic human resource management policy (Sanjeev and Singh, 2014). Organizations that hunt for gaining a competitive advantage must be able to manage the behavior and performance of their employees. Management and human resource managers must be equipped to handle the changes in developing the employees' competencies and skills in response to changing customers' needs and competition level. Valid and accurate system of performance appraisal system helps to rate employees accurately and easily that help to manage employees easily (Armstrong, 2003; Bohlander and Snell, 2004). Unfortunately, the number of organizations is using a good Performance Appraisal Program is restricted (Hennessey and Bernadin, 2003), while performance appraisal has been an enormous concern when making a decision the reward or punishment for workers in line with their performances and most of the organizations still use this as a tool to live employees' performance. But in the context of Nepal, in some organizations, like CTEVT, non-permanent employees are never asked to top off performance appraisal forms as Supervisors' hands are tied by the By-Laws. Therefore, those non-permanent employees' confidence about the scheme slowly diminishes as they are not handled equally. Additionally, the success of classless permanent workers is never measured on the contrary; they are promoted after certain routine periods instead. The promotion decision is independent of the work attitudes, contributions, and commitments (Bhurte & Adhikari, 2016). Defensiveness resulting from criticism during appraisal interviews produced inferior performance, while praise had little effect (Meyer, Kay, French Jr, 1965). The performance appraisal method is construed as a feature of three interacting systems: the organizational context, the informatics framework of the evaluator, and therefore the appraisee's behavioral framework. It's argued that aspects of every system constrain the power of the appraisal process to provide an accurate, unbiased, and reliable assessment of individual behavior and performance (Ilgen and Feldman, 1983). The number of job shifts in the Nepalese corporate market is increasing in recent years. Debate exists about the performance of an employee and therefore, the suitability of methods that a company adopts to appraise their performance (International Labour Organization, 2016). What remains unknown is the appropriate results on the link between goal alignment, appraisal method, communication development, and employee effectiveness with the satisfaction of employees towards appraisal methods. The purpose of this study is to investigate the performance appraisal method mostly adopted by the organizations together with the attitude of the staff, and their satisfaction level towards performance appraisal methods in various sectors. To meet this purpose, a quantitative research study with survey method has been adopted on the staff working in various corporate sectors operating in Kathmandu valley.

## Literature Review

### Theoretical Review

The focus of this research is to grasp the employees' perception over the appraisal systems. This study also provides an insight into a number of the popular Performance Appraisal Systems in Nepal. A number appraisal systems of which are as listed below:

#### ***Management by The objectives (MBO)***

Management by the objectives jointly of the key appraisal methods is defined as a result-based evaluative program (Choon and Embi, 2012). In greater detail, the goals of the performance appraisal system from an MBO perspective are mutually defined by a variety of key stakeholders who include the subordinates, supervisors, and employees also. The key aspect of MBO as identified by (Huang, 2011) is that it stresses the importance and value of employee involvement. Concerning effectiveness, the MBO approach has been found to produce significant benefits to both the organization, and also employees (Armstrong, (2009). Notably, the MBO approach promotes objectivity, allows for two-way feedback also as encourages performance improvement of employees through motivation. A similar vein, (Drucker, 2013) underscores that the MBO approach when correctly implemented helps in establishing a performance appraisal system that's supported efficiency and fairness. One of the most shortcomings of this approach pertains to the very fact that it does not allow monitors to determine how employees accommodate every eventuality over the given work period. This can be attributed to the main target of outcomes (Bipp, and Kleingeld, 2011). During this case, the style within which worker under appraisal arrives at the outcomes might not necessarily represent the foremost efficient use of resources. Additionally, (Bipp, and Kleingeld, 2011) argue that the MBO approach gives little consideration for comparative evaluation as no benchmark is provided supported the changing workplace environment during the work period.

#### ***360-Degree Appraisal***

The 360-degree performance appraisal is one of the appraisal systems that have within the recent years gained significant popularity in both small and large-sized firms (Deb, 2009). By description, the 360-degree appraisal system involves an appraisal system that encompasses the views of various groups of reviewers who socialize with the organization's employees. Such reviewers include the employee's superiors (managers and supervisors), co-workers/peers and customers. The method also includes the employee's opinion about him/herself and hence its recognition as a multi-source, multi-rater and full-circle appraisal system (Grund, and Przemek, 2012). Moreover, the 360-degree performance appraisal system is taken into account jointly that helps in overcoming disadvantages like prejudice, subjectivity and halo errors, which characterize traditional evaluation systems (Hsu, Baht, Adolfs, Tranel, and Camarer, 2005). Sahoo, and Mishra, (2012) adds that systems of 360-degree appraisal is perceived by employees as more accurate and more reflective of their performance. They're thus considered as quite effective in providing comprehensive information that may be accustomed to determining the employee's training needs. Despite the effectiveness of 360-degree appraisal systems, Espinilla, Andres, Martinez, and Martinez, (2013) notes that employment of one sort of an expression domain like numerical or linguistic in 360 degree

systems limits the power to collect the richness of knowledge that reviewers provide. Additionally, the right interpretation of ultimate results is difficult as quantitative assessment does not always represent qualitative information accurately (Hsu, Baht, Adolfs, Tranel, and Camarer, 2005).

### ***Graphical Rating Scales***

Graphical rating scales constitute the foremost used method during performance appraisal in most organizations (Woods, 2012). A graphic ratings scale during this context entails a performance appraisal rating checklist. Using the checklist, the manager simply rates workers on a continuum which will range from poor to excellent betting on the aspect being evaluated. Woods, (2012) attributes recognition of graphical rating scales to the power to use such scales for a range of jobs. Such scales also are considered as requiring minimal cost, training effort and time. Despite their easy use, various studies highlight a variety of limitations owing to the graphical rating scales. First, the standardized nature of the scales overlooks the aspects of trait relevance (Armstrong, (2009). Armstrong, (2009) during this case notes that some traits are more relevant in some jobs compared to others and hence specific workplace context should be taken under consideration. Additionally, rating scales may suffer from systemic advantage within which case relevant indicators of performance could also be excluded and hence the shortcoming to realize results that reflect the employees' full value (Woods, 2012).

### ***Employee Self-Assessment forms***

The employee assesses himself/herself within the provided forms and it's finally compared with the manager's completed assessment results. It's followed by discussions and if there are differences, the manager speaks to worker about it also (Weber, 2015). Including employee self-assessments as a part of your performance management process gives employees a full of life role to play. Instead of simply being the "recipient" of feedback from their manager, the worker is given a voice and may inform or shape their performance appraisal and ratings. This active participation helps them to be more engaged with both their performance and also the review process overall (lee, 2018).

### **Empirical review**

Bekele (2014) researched on "The Impact of Employees Interpretation of Performance Assessment on their Job Outcomes in the Auditor General's Office of ANRS," in the form of work efficiency, emotional engagement, and goal transfer. A total of 134 questionnaires have been distributed to the sampled employee (202), of which 119 returned, 9 are uncompleted. And 110 returned questionnaires (i.e. 82 percent of the response rate) are analyzed using the social science statistical kit (SPSS version 16). Descriptive statistics were conducted in the study, correlation study, and basic regression analysis. The study's descriptive result indicates that there was a low degree of understanding against the current performance assessment procedure in the ANRS office of auditor general staff. Employees of the Auditor General's ANRS offices have a high level of job efficiency, low level of affective organizational engagement and moderate level of intention for turnover. The outcome of the correlation study also suggests the interpretation of performance evaluation activity by employees had a positive and significant relationship with job success and affective organizational commitment;

negative and significant relationship with the purpose of turnover of employees. Whereas the finding of simple regression analysis suggests the understanding of performance evaluation procedure by employees had a positive and significant effect on job performance and affective organizational engagement, whereas the purpose of turnover of employees was negatively and significantly affected. It is also recommended that the company adopt performance appraisal activities in the best way possible; there is a need to build a strong feedback system, to file properly and accurately, address evaluation results, devise ways to communicate evaluation results, review due consideration, participatory evaluation rating system and have to design procedure to make aware of every employee about the appeal process.

Biswakarma (2017) emphasized the interpretation of performance evaluation by one independent variable employee and four dependent variables: job efficiency, affective involvement, employee engagement and turnover plan. The industries in Kathmandu Valley comprises banks, hotels, airlines, hospitals, IT companies, and consulting firms. In this analysis 100 samples were collected using sampling technique for convenience. Questionnaires were administered personally. Only 98 relevant responses were obtained via online questionnaires and personal visits from among the 100 questionnaires distributed. The rate of response was 98 per cent. The analysis is focused on the various analyzes and statistical tests. The quantitative data were analyzed and interpreted using SPSS software and Microsoft Excel. At the first point of the data analysis process the first order exploratory element was employed. Descriptive statistics were used depending on the respondent sample to measure mean and standard deviation. Study of correlation and regression study, was used to check hypotheses. The study thus concluded on the basis of research that there is a substantial (positive) relationship of performance assessment with job performance, affective motivation and employee engagement, and a (negative) relationship between performance assessment and turnover plan.

The study conducted by Bhurtel and Adhikari (2016) explores the perceptions of supervisors on performance appraisal regarding employee development adopting a qualitative design. In line with its research objective, data obtained from semi-structured interviews conducted with 14 supervisors from the proposed 10 models technical schools, and thus, the pinnacle office of the Council for Technical Education and education (CTEVT), Nepal was analyzed. The study brought forth that supervisors perceived the current performance appraisal system less effective because it absolutely was used merely for getting employee-promotion. The appraisal of permanent but classed and temporary and part-time employees by the supervisors were not possible. They were thus unable to debate the results with the concerned employees, and jointly set goals for his or her further development. Femi (2013) concluded that there is a significant relationship between performance appraisal and worker's performance, promotion exercise, employee's commitment to the goals and objectives of the organization. A whole of 150 research samples were drawn from the target population using the stratified sampling. However, 120 questionnaire were returned upon which the data analysis was based representing 85 percent response rate. The chi-Square method was used for testing the hypothesis. The findings show that there is a major relationship between performance appraisal and worker's performance, promotion exercise, and employees' commitment to the goals and

objectives of the organization. This study recommends to appraise the work of employees continuously rather than at the time of promotion or at a point of time and regular discussions was to be held related to expected and achieved works. Rater's training related to rating techniques must be continuous. Maaniemi (2013) studied the worker and supervisor perceptions and experiences of injustice regarding the performance appraisal process as a component of the salary system in government sector organizations. Her results indicated that sources, from where procedural, and interactional justice rules arise, are both formal and informal, which their interrelations created experiences of injustice. She suggested, that appraisal is not only affected by the formal rules but it is affected by the salary system and its use by the individuals and more concentration is required on context and system. Abdulkadir (2012) conducts a relating performance appraisal and commitment in 24 Mega Banks in Nigeria. A whole of 57 questionnaires were distributed to the sampled 19 banks. The study finding indicates that there is a significant positive relationship between performance appraisal system and organizational commitment with a coefficient of correlation of 0.57. The study conducted by Fakharyan *et al.*, (2012) on the effect of performance appraisal satisfaction on employees' outcomes employing on the moderating role of motivation within the workplace of Tehran, Iran. During this study out of 404 total populations 77 samples were selected using an accidental sampling technique. The finding of the study indicates that there is a relationship between performance appraisal satisfaction and work performance of employees. There's also a positive and meaningful relation between perception of performance evaluation and affective organizational commitment. Thus, performance appraisal and job quit has significant negative relationship. However, the statistical result shows that satisfaction on performance appraisal affects in work performance but not significantly ( $\beta = .08$ ) impact on work performance,  $\beta = .73$  and  $\beta = -.66$  impact on affective organizational commitment and exchange intentions respectively. The study was undertaken by Saeed & Shahbaz (2011) considering Pakistani samples relating appraisal perception and organizational performance. Within the study, a whole of 150 questioners were distributed of which 137 completed responses (representing 91.33% of response rate) were used for data analysis. The finding of the study indicates that employees' perception of the effectiveness of performance appraisal is high with  $\text{mean} = 4.02$  and  $\text{SD} = .515$  and thus, the extent of labor performance and affective organizational commitment is additionally high with a mean of 4.12 & 4.36 and variance of 0.846 & 0.791 respectively. Whereas, the turnover intention is low with  $\text{mean} = 3.15$  and  $\text{SD} = 1.205$ . This finding indicates the sampled employees are satisfied with the current performance appraisal system; successively, work performance and affective organizational commitment is increased, whereas, the turnover intention is minimized.

## Methodology

The research design adopted during this study consists of descriptive and correlational research designs to look at the connection between dependent and independent variables. The descriptive design has been accustomed to determine the proportion of respondents in various fields and levels and their insights towards various appraisal methods. The study follows primary data collected from questionnaires. The questionnaires were administered through the delivery and collection method from Google Forms furthermore as personal handouts wherever applicable. Purposive and Convenient sampling has been used among employees of assorted service sectors. There has been a total of 27 physical handouts and 193 online forms were forwarded, which constituted the total of 220. Out of those, 203 responses were collected which is 92.27 percent response. Cross tabulation was accustomed to evaluate the various performance appraisal methods applied in sampled sectors. Also, multivariate analysis has been done between the independent variables namely goal alignment, appraisal method, and development of communication and employee effectiveness with the satisfaction of employees towards appraisal methods. Out of the sample, 32.5 percent belonged to Banking and Financial Institutions, 17.2 percent were of the hospitality sector, 6.4 percent were involved in Health and Medical Sector, 30% belonged in Commodity Business and also others were 13.8 percent. As a result, this study would be more precise if generalized to Banking Sector and business and won't provide as reliable information for the remainder.

**Table-1** Respondents Profile for the Study

Age Group	Frequency	Percent
18 – 22	29	14.3
23 – 27	93	45.8
28 – 33	46	22.7
34 – 37	29	14.3
38 and above	6	3
<b>Total</b>	<b>203</b>	<b>100</b>

  

Gender of the respondent	Frequency	Percent
Female	94	46.3
Male	109	53.7
<b>Total</b>	<b>203</b>	<b>100</b>

  

Experience in the Field	Frequency	Percent
Less than 1 year	79	38.9
2 - 4 years	89	43.8
5 - 7 years	31	15.3
More than 7 years	4	2
<b>Total</b>	<b>203</b>	<b>100</b>

Majority of the respondents, i. e., 45.8 % in the study belong to the age bracket of 23 -27 and hence this study gives a more accurate reflection of this age bracket and is more considerate towards a new workforce joining various companies similarly as workforce who are working for a comparatively shorter amount of your time. Only 3% of respondents belonging to the age bracket of 38 and above signifies that this study might not be viable to generalize for skilled workforce who are working for quite 6 years. This can even be secured by the info that the very best number of respondents, i. e., 43.8 percent are working for two to 4 years followed by those who have experience of but one year. This further strengthens the concept that this study is more considerate towards young employees and provides more reliable information regarding their views. In terms of gender, this study consists of 46.3 percent of female respondents whereas 53.7 percent of male respondents which is pretty more therefore the study covers the perception of both the genders.

### Analysis and Results

Position of use of appraisal methods on the idea of sector Among the 203 respondents of varied sectors, 74.4% indicated that regular performance appraisal has been conducted in their organization, and therefore the remaining considered that appraisal is completed with non-specific periods. Performance appraisal has become pretty mainstream altogether sectors in the Nepalese context, and most organizations are using it to research employees and convey the most effective out of them.

**Table2** Cross Tabulation between various Affiliated Fields and Methods of Performance Appraisal

	360-degree appraisal	Balances Scorecard	PA forms	Observation basis	Others	Total
Banking and Financial	61.50%	6.20%	13.80%	12.30%	6.2%	100%
Hospitality	11.40%	0.00%	48.60%	37.10%	2.9%	100%
Health and Medical	7.70%	0.00%	46.20%	38.50%	7.7%	100%
Business	11.50%	4.90%	45.90%	27.90%	9.8%	100%
Others	17.90%	7.10%	7.10%	42.90%	25%	100%
Total	28.60%	4.40%	30.50%	27.10%	9.40%	100.00%

All sectors considered Personal Assessment (PA) for performance appraisal and evaluation where 30.50% of the staff being evaluated with the tool. This is often in line with this scenario of the state where PA forms are taken into account a straightforward and simpler method for normal performance appraisals (Bhurtel & Adhikari, 2016). This is followed by 360 Degree appraisals which may well be considered a far better assessment tool that supplies a far better reflection of employees' all-round strengths and weaknesses. This has been stood in second-highest position i.e. 61.5% banking and Financial Institutions are using it. Bank and FIs are faster to adopt new and possibly better concepts for better operations of the organizations while others are proof against change and still on PA forms. The tool with the lowest use in Balance Scorecard which could be due to lower awareness regarding the rating and utilization of it.



**Table 3.** Position of all variables

	Alignment of goals	Right method of appraisal	Development of communication	Effectiveness of employees	Satisfaction with performance appraisals	Performance Appraisal a "deadly disease".	Looking back and filling forms
Mean	3	4	4	4	4	2	2
Std. Deviation	0.76162	0.95448	0.91584	0.97541	0.90283	0.91082	1.08147

In the study, Satisfaction with performance appraisal contains a mean of 4, which shows agreement towards per se. Also, other positive aspects regarding performance appraisal like the correct method, a communication building, and employee effectiveness have mean of 4, i. e., agreement. Only goal alignment had a mean neutral response. to check any negative propensity towards appraisal practices, two questions were added. Both the negative perspective questions had a mean response of two, showing disagreement towards negative aspects of performance appraisal, representing that there's almost none negative perception of performance appraisal methods. All in all, the employees/ respondents have a positive perception towards performance appraisal practices and employees believe they bring about positive changes in themselves moreover because of the organization. But, the quality deviation of the above-mentioned variables is all above 0.7 which might mean that their certain limited employees who had a totally different response. This shows that there can be the possibility of negativity increasing regarding performance appraisal. Such factors must be identified and a better understanding of it must be created to extend positive perception on performance appraisal.

### **Relationship between dependent and independent variables**

The result of the correlation shows that there is a positive relationship between target alignment and performance assessment satisfaction, which is important at 1 per cent significance level. Likewise, it suggests that there is a positive relationship between the right performance evaluation process and performance appraisal satisfaction. Any improvement in the organization that would align the staff goals with the broader picture, i.e., the organizational goal is sure to bring greater enthusiasm to assessment processes as well as employees would believe that their work and activity has a good impact on themselves whilst at the same time achieving the organization. Right assessment approach will make the assessment more transparent to workers to understand what it is about making them more aware to sure of its value.

**Table 4.** Correlational Analysis of all Independent and Dependent variables

	Alignment of individual goals to organizational goals	Right method of appraisal	Development and fostering communication	Effective Performance of employees	Positive perception on performance appraisal
Alignment of individual goals to organizational goals	1				
Right method of appraisal	.485**	1			
Development and fostering communication	.376**	.500**	1		
Effective Performance of employees	.338**	.462**	.440**	1	
Positive perception on performance appraisal	.356**	.428**	.274**	.283**	1

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

The correlation result also indicates that there's a significant positive relationship between fostered communication within a corporation and the effectiveness of employee performance with perception on appraisal systems. This seems fairly understandable as if there's a noteworthy culture within a corporation and systems further as procedures within a corporation is communicated to the staff often and precisely, they're going to have a positive attitude towards assessments applied by the organization. Furthermore, if the employees' own performance is effective then they're more confident towards appraisal and don't take it as a chore but rather as a chance to showcase their achievement and competency creating positive perception towards such appraisal systems. All in all, the table shows that with better alignment of employee goals to organizational goals, the proper method of appraisal system, fostering good communication within the staff and an increase in the effectiveness of employees can increase the positive perception of employees towards performance appraisal.

### Assessment of degree of relationship between dependent and independent variables

From the regression study, the major effect of goal alignment on employees' positive interpretation of performance assessment at a significance level of 5 per cent was inferred. Similar case is continued with the appropriate evaluation approach which has a substantial effect on the positive interpretation of performance appraisal at a point of 1 percent significance.

**Table 5.** Regression Analysis between independent and dependent variable

Model	Constant	Alignment of goals	Right method of appraisal	Fostering communication	Effective Performance of employees	F - sig	R2
1	1.893 (0.000)	0.422 (0.000)				(0.000)	0.127
2	1.897 (0.000)		0.405 (0.000)			(0.002)	0.183
3	2.467 (0.000)			0.27 (0.000)		(0.009)	0.075
4	2.495 (0.000)				0.262 (0.000)	(0.003)	0.08
5	1.242 (0.000)	0.211 (0.016)	0.278 (0.000)	0.026 (0.727)	0.07 (0.31)	(0.000)	0.218

This is further confirmed by the determination coefficient which indicates that when viewed individually with all other constant variables, alignment of goals and right method of evaluation explains 12.7 percent and 18.3 percent, respectively, positive perception on performance evaluation. This supports the correlation findings that, if understanding of performance evaluation and its efficacy are to be enhanced, more emphasis should be put on aligning individual staff expectations with organizational objectives and creating an efficient and agreed appraisal technique.

Development of promoting contact and successful employee performance also has a positive impact on perception of performance evaluation and adjustment as such may have a minor effect on overall perception, but are not significant determinants of this and less attention can be given to them.

The overall regression analysis shows R-squared, the coefficient of determination, value of 21.8 percent. This indicates that the explaining power of goal alignment, proper appraisal method, development of communication and employee performance effectiveness together on satisfaction towards performance appraisal in organization is 21.8 percent and the remaining fraction is explained by other variables not included in the study.

## **Discussion and conclusion**

Every organization differs from one another with relevance perception of performance appraisal fairness. Drawing from the above findings, the banking sector is the only sector using 360-degree appraisal at its priority which suggests that there's an urgent need to redesign the appraisal system in hospitality, health, and medical, business sectors. Competency of the worker was considered the foremost important factor for performance which could indicate that our Society is additionally moving towards an individualistic approach towards work and achievements. The study also shows that there's a major positive relationship between the alignment of goals, the right method of performance appraisal, good communication and effective performance of employees with employee's positive perception of a performance appraisal method. Personal assessment forms and observation basis are too old methods for the rating of employees. It's time to form changes in the design of appraisal format like the introduction of 360-degree feedback, or online appraisal may be given a concept. More importantly, implementation of appraisal should be improved. Training to the raters is essential for making appraisal fair so that employees themselves understand the importance of setting specific goals, concrete feedbacks and fair ratings. Performance appraisal should be better used as a need-assessment tool that will identify the developmental needs of employees and should channelize organizations' and employees' energy toward achieving them. Also, it's recommended that organizations should employ a scientific approach to routinely collect employee reaction data after appraisal, and that they may usher in more fairness by training its raters to reduce appraisal-related politics. Moreover, post-appraisal counseling sessions are also introduced to scale back appraisal-related anxieties of the staff. In Biswakarma's article of 2017. It's been implied that appraisals have a positive impact on performance, and this study finds that the reciprocal of that's also true just in case of the service sector. This clearly shows that in service sector of Nepal, performance and perception on performance appraisal go hand in hand and complement one another during regular operations of any organization because of motivation, and a positive intuition created by a correct matching of the 2. The identical result has been inferred by Femi in 2003 at Nigeria which was primarily conducted during a bank. This has been possible due to the similarity of the workforce and dealing schematics between Nepal and Nigeria. Also, this has been possible due to similar supervisory practices between Nepal and Nigeria (Timsina & Pradhan, 2016). This study also shows commonality with Saeed & Shahbaz's study on employees' perceptions of the effectiveness of performance appraisal in Pakistan (2011). Both studies show a mean satisfaction of 4 with performance appraisals indicating agreement of positivity towards performance appraisal. This could be rooted back to both being South Asian nations, and share similar practices that are adopted from either India or within the past from the UK. It has also been acknowledged also in literature on the subject, that a fundamental problem with performance appraisal may be a conflict between the assessment, and therefore, the motivational functions of the appraisal process. To extend the satisfaction with and therefore, the commitment to performance appraisal, it seems, supported the findings of this study, that the most effective tool for improving the performance appraisal would be with clear standards and indicators. The performance appraisal material could encompass a brief, "to do" variety of list about the problems, that ought to be covered within

the discussions. The list could act as a “cheat sheet”, and so ensure, that everyone vital issue is discussed a minimum of once a year. Employees could prepare themselves for the discussion by reflecting on their past achievements, and their plans, and goals, by filling out something much leaner than the present form. This study also verifies to the expectancy theories of motivation in the present and least developed countries like Nepal’s setting. Expectancy theories accepts the expectation of the employees from their work. This study also confirmed that the employees have their own expectations or goals and organizations have their own goals. Thus, goal alignment is essential for the satisfaction of employees on performance appraisal system.

### **Future Research Implications**

Based on the findings of our study, we came to the conclusion that the performance appraisal system might vary quite drastically looking at whether the features are examined from the content or the method perspective. In keeping with the findings, performance appraisal as a process failed to in and of itself create a powerful organizational climate. Instead, the worker perceptions and positive attitudes toward interaction among peers were important driving forces within the creation of a strong organizational climate. Employee Perception towards Performance Appraisal in the service sector may be a fascinating topic, which needs further research from various angles and approaches. This study encompasses a lot of limitations. There is time and other resource constraints, and it releases numerous ideas for further research. For instance, it'd be very interesting to work out whether the results of the same research design, but with a way, larger target group, may vary from what we've got found during this study. The larger target group could cover e.g. all levels of staff or all executive groups of the organization. Also extending the research question to hide all appraisal processes, on the premise of our study we've got suggested, or other specific appraisal processes, would be a stimulating study problem. For instance, the interviews in dire straits this research did suggest that some results concerning i.e. fairness may well be quite different, had the main focus been on the salary systems. This could be a very important research subject additionally. Finally, this research variables only cover approx. 21 percent of perception over performance appraisals. It means there are a number of variables left to include that the researcher can consider more other factors to live more concretely on performance appraisal. More determinants like organizational culture, personal expectations, etc. may well be identified and their impact will be studied to know more about how employees feel about performance appraisal as an entire.

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