

Performance appraisal politics and employee turnover intention

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Abstract

This study examines the effect of performance appraisal politics on employee turnover intention. Past research shows that there is evidence that ratings of performance appraisal had often been manipulated for political purposes and motives. This research focuses on two elements or political motives influencing employee turnover intention: motivational and punishment motive. The study used survey research to gather 60 questionnaires from a private company. The findings show that there is a positive relationship between the independent variables (motivational motive and punishment motive) with dependent variable (employee turnover intention). Results of multiple regression analysis show that punishment motive have more effects towards employee turnover intention compared to motivational motive. The implications and recommendations of the study also were also discussed.

Keywords: motivational motive, performance appraisal, punishment motive, turnover intention

Introduction

Performance appraisal is a process designed to evaluate, manage and eventually improve employees' performance. It should allow the employer and its employee to openly discuss expectations of the organization and the employees' achievements especially for future development of the employee. It becomes part of a more strategic approach to put together human resource activities and business policies. It is important to assess employees and develop their competencies, enhance performance and distribute rewards (Fletcher, 2001). However, Fletcher (1997) had mentioned that many organizations were dissatisfied with their appraisal schemes. As Ferris and Kacmar (1992) had suggest, perceptions of an individual's about politics in their workplace negatively influence their jobs, their feelings toward their colleagues, productivity, intention of leaving and others negative effects. Therefore this study attempts to examine the effects of perceptions of performance appraisal politics on employee turnover intention.

Accuracy in employee performance appraisal is a major concern of most organizations that desire to improve their performance management system. There are few would deny that political behaviors have an important influence on performance appraisal processes and outcomes (Murphy & Cleveland, 1991). When employees are likely to view workplace politics as objectionable, they will engage in withdrawal from the organization such as intention to quit. Thus employees who viewed the workplace as political in nature were more inclined than other employees to develop intentions of exit and negligent behaviors (Vigoda,

2003). According to Rusli Ahmad (2007), performance appraisal involves the use of various types of political influences and power and that the relationship between employee and manager or superordinates and subordinates or rater's and ratee's will build an internal political relationship.

Past research had shown that there is evidence that perceived politics is significantly related to turnover intention (Kacmar, Bozeman, Carlson & Anthony, 1999). When employees feel unfairly treated, they are likely to react by initially changing their job attitudes, followed in a longer term by responses that are more retaliatory such as quitting (Vigoda, 2000). In the study of organizational politics, job attitudes, and work outcomes of local government employees, the findings supported the hypothesis that perceptions of organizational politics will be positively related to employee's intentions of exit and neglect (Vigoda, 2000).

As June (2004) found in an empirical study, when employees perceived performance ratings to be manipulated because of rater's personal bias and intent to punish subordinates they expressed reduced job satisfaction, which led to greater intention to quit. Her research showed that performance ratings that are manipulated by punishment motive will lead to lower job satisfaction and increase turnover intention. However, when ratings are influenced by motivation motive such as reward or other recognitions, it will lead to higher job satisfaction and decrease turnover intention.

Research objectives and hypotheses

The objectives of this study are (a) to determine the differences between the employee turnover intentions based on selected respondent characteristics aspect (gender, age, length of services, education level and job position; (b) to determine the relationship between motivational motive and employee turnover intention; (c) to determine the relationship between punishment motive and employee turnover intention; and (d) to determine the relationship between multiple independent variables (motivational motive and punishment motive) with employee turnover intention as the dependent variable. This study is conducted to test the following hypotheses.

- H₁: There is a difference between the employee turnover intentions based on selected demographic variables (gender, age, length of services, education level and job position).
- H₂: There is a relationship between motivational motive and employee turnover intention.
- H₃: There is a relationship between punishment motive and employee turnover intention.
- H₄: There is a relationship between multiple independent variables (motivational motive and punishment motive) with employee turnover intention as the dependent variable.

Literature review

Most studies in performance appraisal emphasize the characteristics of performance appraisal and on the rater's or appraisers. Previous research tends to focus more on the reliability and validity of the instrument rather than studying the view of the employees or rates. However, studies that focus on the effect or impact of performance appraisal politic on turnover intentions are lacking.

There is evidence from research on organizational politics that job satisfaction can play a mediating role in the relationship between perceptions of organizational politics and turnover intention (Kacmar, Bozeman, Carlson & Anthony, 1999; June, 2003; Vigoda, 2000). This shows that perceptions of performance appraisal politics have direct effects on turnover intention. Ferris, Russ and Fandt (1989) suggested that at least three potential responses to politics perceptions would be to withdraw from the organization, remain a member of the organization and involved in the politics. As Ferris and Kacmar (1992) had suggest, perceptions of an individual's about politics in their workplace negatively influence their jobs, their feelings toward their colleagues, productivity, intention of leaving and others negative effects. It was also found that perceived politics is significantly related to turnover intention (Kacmar et. al, 1999). Political influences can become important feature of appraisal process and can have an effect on employee trust, motivation and development (Longenecker, 1989). It had been stated that the political motives, which is motivational and punishment motives that make the rater's determine employee performance ratings in performance appraisal politics.

Design of the study

This study employs the quantitative research methodologies to examine the relationship between performance appraisal politics and turnover intention. The research also focuses on the differences between the employee turnover intentions based on demographic characteristic. According to Sarantakos (1993), the most important qualities of quantitative research are the requirement that the finding it produces reflects the attributes of the population. Quantitative research concerns with the explanation and exploratory of why such phenomena occur in the research rather than just describing the phenomena which occur (Bell & Bryman, 2003).

The questionnaire consists of closed questions where the respondents choose their responses in the questions. Questionnaire was used in this study because not only it was less expensive, but it is also stable, consistent and could help to avoid bias or errors caused by the attitudes of the interviewer (Sarantakos, 1993). This can increase the accuracy of the findings. The disadvantage of questionnaires is that partial response is unavoidable due to lack of supervision (Sarantakos, 1993).

Population and sample

In this study, the population was employees in a private company in Sibuluan, Sarawak. The company had become a major supplier of building products, marine and industrial engineering products, wood engineering equipment and supplies, air conditioning and ventilation systems, electrical and office automation products and information technology. It had also successfully diversified into civil engineering and construction, property development, shipping, transportation and forwarding, insurance and manufacturing. With employee strength of 250 and annual revenues in excess of RM 240 million, the company represents a host of products that are worldwide leaders in their respective fields, supported by trained and specialized personnel. The sample of respondents were selected using stratified random sampling. The minimum sample size for the research was derived from the formula by Luck, Taylor and Robin (1987).

Validity and reliability of the instrument

The questionnaire of political motives in performance appraisal (June, 2004) was the source from which the items for the questionnaire were adapted from. On the other hand, the predictor of turnover intention had been adapted from the questionnaire that had been used in the previous study (Bozeman & Perwere, 2001; Vigoda, 2000). In this study, pilot test had been conducted to ensure that the questionnaire and instrument used was effective and reliable. The validity of the questionnaires and instrument is based on the results of the pilot test by running factor analysis. The total average Alpha value produced a value more than 0.4, indicating that the instrument is reliable. Below was the goodness of data for pilot study which prove the reliability and validity of the questionnaire items.

Table 1: Goodness of data

Measure	Items	Factor Loading	KMO	Bartlett's Test of Sphericity	Eigen Value	Variance Explained	Cronbach Alpha
Motivational Motive	8	0.466 to 0.872	0.734	X ² = 141.352, P=.000	4.171	52.143	0.766
Punishment Motive	9	0.510 to 0.905	0.783	X ² = 182.001, P=.000	5.153	57.254	0.897
Employee Turnover Intention	8	-0.890 to -0.716	0.816	X ² = 401.375, P=.000	5.886	73.571	0.948

Respondents Demographic Characteristics

The characteristics of the respondents are tabulated in the following table.

Table 2: Demographic characteristics of respondents

Demographic Components	Frequency	
Gender	Male	30
	Female	30
Age	25 and below	0
	26-35	24
	36-45	18
	46 and above	18
Job Position	Managerial	12
	Administrative	18
	Technical	13
	Supporting Staff	17
Highest Education Level	Master	0
	Bachelor Degree	18
	Diploma	18
	STPM	0
	SPM	24

Demographic Components		Frequency
Length of Service	Below 1 year	0
	1-5 years	24
	6-10 years	24
	11-15 years	12
	16-20	0
	Above 20 years	0

Findings

The findings of the study are divided according to the objectives set. The first objective is to determine the differences between the employee turnover intentions based on gender, age, length of services, education level and job position. In order to determine the differences ingender, independent sample t-test was used.

Table 3: T-Test results

	Levene's Test for Equality of Variances		t-test for Equality of Means		
	F	Sig.	t	df	Sig. (2-tailed)
Equal variances assumed	0.073	0.789	-1.809	58	0.76
Equal variances not assumed			-1.809	57.617	0.76

The T-Test reported a significant a volue of $p= 0.789$ ($p>0.05$), H_{a3} was rejected. The independent group t-test showed that, $t = -1.809$ and the results of two-tailed significance supported this hypothesis, $p=0.76$ and $p>0.05$. The results show that there was no difference between the employee turnover intentions based on the respondent's gender. Therefore the H_{a1} was rejected and there was no difference in the employee turnover intention based on gender.

One way Anova was used to determine the differences between the employee turnover intentions based on age, length of services, education level and job position. The results for ANOVA are as shown in Table 4.

Table 4: ANOVA - Age and employee turnover intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	2.803	2	1.401	1.478	.237
Within Groups	54.056	57	.948		
Total	56.858	59			

Table 4 shows the ANOVA results ($F=1.478$, $p=0.237$), indicated that the p value was larger than 0.05 level of significance ($p<0.05$). There was no difference in employee turnover intention based on job position. Therefore the H_{a2} was rejected and there was no difference in the employee turnover intention based on their age.

The results of One way ANOVA for length of service and employee turnover intention are shown below.

Table 5: ANOVA - length of service and employee turnover intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.095	2	.048	.048	.953
Within Groups	56.763	57	.996		
Total	56.858	59			

The ANOVA results in Table 5 ($F=0.048$, $p=0.953$), indicated that the p value was larger than 0.05 level of significance ($p<0.05$). The results indicated that there was no difference in employee turnover intention based on their length of services. Therefore the H_{a3} was rejected and there was no difference in the employee turnover intention based on length of services.

The difference between employee turnover and educational level is shown in Table 6. The table shows the ANOVA results ($F=4.348$, $p=0.017$), indicated that the p value was smaller than 0.05 level of significance ($p<0.05$). Thus, the results show that there was a difference in employee turnover intention based on their education level. Therefore the H_{a4} was accepted and there was a difference in the employee turnover intention based on education level.

Table 6: ANOVA - education level and employee turnover intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	7.527	2	3.763	4.348	.017
Within Groups	49.332	57	.865		
Total	56.858	59			

The difference between the employee turnover intentions based on job position is shown in Table 7. ANOVA results ($F=3.717$, $p=0.016$), indicated that the p value was smaller than 0.05 level of significance ($p<0.05$). There was a difference in employee turnover intention based on job position. Therefore the H_{a4} was accepted and there was a difference in the employee turnover intention based on job position.

Table 7: ANOVA - job position and employee turnover intention

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	9.443	3	3.148	3.717	.016
Within Groups	47.416	56	.847		
Total	56.858	59			

Relationship between motivational motive and employee turnover intention

The next objective is to determine the relationship between motivational motive and employee turnover intention. Pearson correlation coefficient test was used to determine the relationship. Table 8 shows the results of the relationships between independent variables (motivational motive) with dependent variables (employee turnover intention). According to Pagano (2000), evaluation of Pearson correlation coefficient should be two-tailed unless the research will retain H_0 when results the extreme in the direction opposite to the predicted direction. Table 8 shows that motivational motive had a weak correlation strength and significant relationship with employee turnover intention ($r= .352$, $p= .006$, $p < 0.01$). Thus, the alternative hypotheses had been accepted. There is a relationship between motivational motive and employee turnover intention.

Table 8: Pearson correlation result for motivational motive and employee turnover intention

		Motivational Motive (MM)	Employee Turnover Intention (ET)
Motivational Motive (MM)	Pearson Correlation	1	.352(**)
	Sig. (2-tailed)		.006
	N	60	60
Employee Turnover Intention (ET)	Pearson Correlation	.352(**)	1
	Sig. (2-tailed)	.006	
	N	60	60

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

Relationship between punishment motive and employee turnover intention

The next objective is to determine the relationship between punishment motive and employee turnover intention. The relationship was also determined by using Pearson correlation coefficient test.

Table 9: Pearson correlation result for punishment motive and employee turnover intention

		Punishment Motive (PM)	Employee Turnover Intention (ET)
Punishment Motive (PM)	Pearson Correlation	1	.438(**)
	Sig. (2-tailed)		.000
	N	60	60
Employee Turnover Intention (ET)	Pearson Correlation	.438(**)	1
	Sig. (2-tailed)	.000	
	N	60	60

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

As displayed in Table 9, punishment motive had a correlation with employee turnover intention. Punishment motive shows a weak correlation strength and significant relationship with employee turnover intention ($r = .438$, $p = .000$, $p < 0.01$). Therefore, the alternative hypothesis was accepted. Thus, there is a relationship between punishment motive and employee turnover intention.

The researchers then determine the relationship between multiple independent variables (motivational motive and punishment motive) with employee turnover intention as the dependent variable. To test and determine the relationship, multiple regression analysis was used. As shown in Table 10, the Multiple R for the relationship between the set of independent variables and the dependent variable is 0.470, which would be characterized as moderate (using the rule of thumb that a correlation less than or equal to 0.20 is very weak; greater than 0.20 and less than or equal to 0.40 is weak; greater than 0.40 and less than or equal to 0.60 is moderate; greater than 0.60 and less than or equal to 0.80 is strong; and greater than 0.80 is very strong). Both independent variables explain 22 percent of the variance (R^2) in employee turnover intention.

Table 10: Model summary for multiple regressions

Model	R	R Squared	Adjusted R Squared	Std. Error of the Estimate	F	Sig.
1	.470(a)	.221	.193	.88166	8.073	0.001

a Predictors: (Constant), Punishment Motive, Motivational Motive

b Dependent Variable: Employee Turnover Intention

Table 11 shows that the statistical test of the B coefficient ($t = 1.448$, $p = 0.010$) for motivational motive (MM). If the P-value for the coefficients is less than the conventional 0.05, then these coefficients can be called statistically significant, and the corresponding independent variables exert independent effects on the dependent variable. Based on the table, the motivational motive $P = 0.153$, which was more than 0.05 and not significant. For punishment motive, the B coefficient ($t = 2.663$, $p = 0.010$) where the P-value less than 0.05 and it was significant. In addition, the beta coefficients of punishment motive in the standardized coefficients column had a larger value than motivational motive, which identified the punishment motive as having the largest influence on the employee turnover intention.

Table 11: Coefficients for multiple regression (a)

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta	B	Std. Error
1	(Constant)	.348	1.344		.259	.797
	MM	.476	.329	.191	1.448	.153
	PM	.450	.169	.351	2.663	.010

a Dependent Variable: Employee Turnover Intention

The punishment motive exerts independent effects on the employee turnover intention. Thus, punishment motive has more effects on employee turnover intention compared to motivational

motive. Thus H₄ was accepted and there was a relationship between multiple independent variables (motivational motive and punishment motive) with employee turnover intention as the dependent variable.

Discussion

The results show that the demographic variables are relevant with turnover intentions (William & Hazer, 1986). Findings from the Pearson correlation show that performance appraisal politic elements which are motivational motive and punishment motive have a positive relationship with employee turnover intention. The results obtained is in line with June (2004), which stated that when ratings are influenced by motivation motive such as rewarding or other recognition, it will lead to higher job satisfaction and decrease turnover intention. The employees have the tendency and intention to quit from their job if their performance were rated based on some ulterior motives. The results from the multiple regressions show that the independent variables, motivational motive and punishment motive have a moderate correlation. This means that the findings from the multiple regression analysis also supported the Pearson correlation results. Furthermore, the findings of the multiple regression also showed that the independent variable, punishment motive exerts independent effects on the dependent variable employee turnover intention. Therefore, punishment motive have more effects on the employee turnover intention if being compared to motivational motive.

It was found that relationship between performance appraisal politic (motivational motive and punishment motive) and employee turnover intention does exist. When employees perceived that their performance appraisal was influenced by motivational motive, they feel supported by the raters and lead to low turnover intention. Conversely, when they perceive their performance appraisal was influenced by punishment motive, it may lead to increase turnover intention. The findings and results of this study were supported by previous research. According to Fried and Tieg (1995), the raters or the managers may be motivated to manipulate the performance ratings of the employees as a means to fulfill their own personal goals and also as to provide accommodation for their own contextual demands. As June (2004) found in her study, when employees perceived performance ratings to be manipulated because of rater's personal bias and intent to punish subordinates they expressed reduced job satisfaction, which led to greater intention to quit.

Champoux (2006), mention that the Reinforcement theory had the assumptions that people involve in behavior which had a positive outcomes and avoid the behavior that fails to produce positive outcomes. The theory stated that behavior is motivated by its reinforcer (for example, motivational motive- rewards, and benefits). In this study, most of the respondents agree that the ratings that they have received encouraged them to be more motivated in their job. Thus, the rater's act as a reinforcer to influenced the employee's behavior by manipulating the ratings in order to increase the employee's motivation. The Reinforcement theory had also suggested that an individual will learn that the incidence of certain behaviors will result in reward and punishment. One of the approaches in the theory to affect and controlling an individual's behavior is through punishment which can be used to apply a negative event to decrease the frequency of unwanted behavior (Champoux, 2006). About one-half of the respondents slightly disagree that their raters do not give ratings to gain some special favor from the employees in this study.

On the other hand, more than one-third of the respondents feel that low ratings are used as a way to punish them. Thus, the raters do deflate the ratings of the employee performance as a

punishment motive which will encourage employees to increase their performance and productivity. As Ferris and Kacmar (1992) had suggested, perceptions of an individual about politics in their workplace negatively influence their jobs, their feelings toward their colleagues, productivity, intention of leaving and others negative effects. Vigoda (2003) stated that employees who viewed the workplace as political in nature were more likely than other employees to develop intentions of exit and negligent behaviors. Therefore, the elements of performance appraisal politics: motivational and punishment motives of the raters can influenced the employee's turnover intention.

Conclusion

The study has few implications towards the theory, the methodology, professionals, practitioners and the policy makers. The results obtained from this study show that there is a relationship between performance appraisal politics and employee turnover intention. The findings also show that performance appraisal politics elements do affect employee turnover intention where punishment motive was the best predictor which could have effects on employee turnover intention. This study helps the human resource managers to decide the most appropriate way to conduct a good appraisal practices that administered based on justice principles. Managers can also identify potential factors which may affect the level of job satisfaction among employees and subsequently influence their intention to quit.

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