RELATIONSHIP BETWEEN PERFORMANCE APPRAISAL AND EMPLOYEE ENGAGEMENT AMONG ADMINISTRATIVE STAFF

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ABSTRACT

The purpose of this study is to determine the relationship between performance appraisal and employee engagement among administrative staff. For this study, the researcher conducts a study in the context of Universiti Utara Malaysia (UUM), one of the public universities located in northern area in Malaysia. Besides, this study also determines the level of engagement among employees in UUM and does performance appraisal system influence employee engagement. A total 400 questionnaires were distributed to the administrative staff in UUM; Three hundred and six (306) usable questionnaires were returned. The data were analysed using Pearson Correlation analysis. The result indicated that the performance appraisal has significant relationship with employee engagement. On the other hand, the result shows the level of engagement among employees in UUM is high. This study shows the positive relationship between these two variables; whereas, when employee’s perception of performance appraisal (pertaining to tool; appraiser; growth and development) is high, the employee engagement among employee also high. This study also shows it is important for organization to ensure that performance appraisal conducted efficiently since it is one of the important areas in human resource management; which also may contribute towards high employee engagement among staff in organization.
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CHAPTER ONE: INTRODUCTION

1.1 Introduction

Over the past several years, there have been intensive discussions about the role of human resource management (HRM) as a key asset in today’s organization (Theriou & Chatzoglou, 2014). HRM also has grown in its range to the point where it has become an industry rather than just a simple occupation (Davoudi & Fartash, 2012).

Mensah and Seidu (2012) stated that in today’s competitive business world, it is understood that organization can only compete with their rivals by innovating. An organization can be innovative by managing its human resource well. Effective implementation of human resource activities will help organizations achieve their mission and vision and be successful in their business.

In today’s competitive and dynamic environment, various organization are facing greater challenges in attracting and retaining talented employees, which are critical in determining an organization’s performance and sustainable competitive advantage.

According to Benardin (2010), HRM consist of five (5) major activities which are; organizational design, staffing, performance management and appraisal, employee training, organizational development, rewards systems, benefits and compliance. He also highlighted that the domain of performance management includes assessment of individual, unit or other aggregated level of performance to
measure and improve work performance; which also focus on performance appraisal.

In sync with the emerging trends, the study focuses on the two (2) important HRM practices; which are employee engagement and performance appraisal.

It is equally important for an organization to prepare an avenue that allows employees to show their potential and be engaged with their work and organization. These issues are not only faced by the business and corporate sector, but also the higher education, particularly universities. It cannot be denied that human resource would be the important tool for universities to produce high quality service in their effort to produce competent graduates and positioning of the university locally and internationally.

1.2 Background of the Study

According to Barney (1991), business strategy of an organization that base on resource based-view (RBV), increasingly sees HRM as the key resources to leverage competitive advantage. In order to achieve this, organizations are encouraged to pursue strategic HRM to leverage their human capital, where employee engagement fits comfortably within this perspective.

The best HRM practices will increase organization commitment, motivate and generally affect employee’s willingness to create, share or explore inimitable resources that may lead to sustainable competitive advantage (Theriou & Chatzoglou, 2013); where many scholars highlights that employees have been identified as the source of competitive advantage (Cook & Crossman, 2004).
Bernadin (2010) highlight about the HRM; as the activity that concerns the personnel policies and managerial practices and system that influence in workforce.

The major five (5) activities of HRM are; (i) Organization design – involves the arrangement of work task based on the interaction of people, technology, and the task to be performed in the context of mission, goals and strategic plan of the organization; (ii) Staffing – activities of recruitment, employee orientation, selection, promotion and termination; (iii) Performance Management and Appraisal – assessment of individual, unit or other aggregate level of performance to measure, and improve work performance; (iv) Employee Training and Development – concern with establishing, fostering and maintaining employee skills based on organizational and employee needs; (v) Rewards Systems, Benefits & Compliance – related to any type of rewards or benefits that available to employees, and also regarding the law that related to employment such as labor law, health issues, unemployment policies, compliance and procedures that design to maintain good working relationships between employer and employee.

As stated above, performance appraisal – which one of the critical area in HRM and the significant of performance appraisal in HRM has been documented by numerous author (Pettijohn, Parker, Pettijohn & Kent, 2001).

As the interest on performance appraisal has grown in many management perspective, so it is important in shaping employee perception of justice also become more important. The outcomes and processes which are perceived as unfair, will affected the employee’s contribution and engagement towards organization (Rowland & Hall, 2013).
Employee engagement is one of the areas that is attractive to be studied by researcher all over the world. This is proved when a number of authors have demonstrated engagement to be an important variable of interest to organizations. (Avery, McKay & Wilson, 2007).

Employees are one of the most important assets of an organization as they contribute to its growth and success (Danish & Usman, 2010). Increasing engagement, commitment and motivation of employees may influence organization performance (Davoudi & Fartash, 2012). Thus, having a group of engaged employee would be beneficial to the organization.

In addition, because engagement and high commitment among employees become a central focus towards performance improvement, it is important for management of organization for continually to sustain the human resource elements which have a critical role in underpinning and driving organizational success; and the focus human resource element will be highlighted here is performance appraisal (Rowland & Hall, 2013).

Employees who are engaged with their organization have a sense of responsibility and always deliver beyond expectations (Anand, 2011). Excellent level of performance as the key success for employee who engaged, it will enable the organization to create competitive advantage through quality service - which is provided by the employee.
1.2 Problem Statement

According to previous scholar (Obisi, 2011; Anand, 2011; Anitha, 2013), HRM which consist of a few dimension (such as organization design, staffing, performance management and appraisal, employee training and development and rewards system, benefits and compliance) play an important role in order to ensure the organization able to achieve competitive advantage through company most valuable asset – which is employee. The employee is one of the factors that cannot be duplicated or imitated; and considered the most valuable asset if managed and engaged properly (Anitha, 2013). Many scholars put an attention towards the importance of focusing on the employee and this should not be neglected by management. One of the areas that got the attention from many scholars all around the world is employee engagement.

Employee engagement very important for organization and it could be seen based on the example that has been highlighted by Guest (2014) – which stated in 2008, a UK government minister set up the Macleod Review to explore the potential of employee engagement to improve UK productivity and competitiveness. The review which published on 2009 was strongly supported the important of employee engagement. It also endorsed by the current UK Prime Minister at that time. The sizeable group of leading industrialist and a Task Force was set up to promote an “engagement movement” under the banner of “Engage for Success” (Guest, 2014).

Based on the justification above, it could be said that the employee engagement is one of the important aspects that should not be neglected by the
organization. Furthermore, based on the academic and practitioner literatures on employee engagement for a few years, there are different streams or categories of research on engagement that will be highlighted later.

As the time goes by, there are empirical studies conducted on employee engagement, resulting in a few disparate definitions for the construct (Saks, 2008; Shuck, 2011). According to Robinson (2006), by creating an organization environment where positive emotions such as involvement and encouraged pride will lead to organization performance will be better and lower employee turnover and better health can significant of build an employee engagement. Then, the high employee engagement will help organization to retain their company asset, which is employee; and also will lead to better organization performance.

A study conducted by Gruman and Saks (2011) found that employee engagement positively influence an individual performance as well as organization performance. Ulrich (2007) determine that it is important to acknowledge that performance of organization does not only depend on the competence or skill of employees, but also depend on how employees respond emotionally to their work and organization.

The employee who is engaged also aware on his/her responsibilities in the business goal and motivates the other employees alongside, for the success of organization goals (Anitha, 2013). Organization cannot grow if individuals that work in the organizations are not deliberately encouraged and supported through genuine performance appraisal (Obisi 2011).
UUM, is one of local public universities located in North Malaysia. Just like the other universities in this country, UUM faces challenges and obstacles in order to be the top five local public Universiti in Malaysia – UUM is currently in 8th place locally and 191-200th place in Asia ranking according to QS University Ranking (Asia). One of the challenges is to attracted and produces a quality output (students and excellent education services) which need to be aligned with the UUM tagline, “The Eminent Management University”.

National Higher Education Strategic Plan beyond 2020 launched by the government will have significant impact in increasing demands for the transformation of higher education systems in order Malaysia to be a leading international education hub (Ahmad, Farley & Naidoo, 2012).

Due to reasons above, it could be said that the participation from academics and administrative staff is an important effort for universities as higher education learning institution to provide a quality services to its client. A university does not only depend on academic staff, but also on the administrative staff who plays an important role in their own way to contribute to university success; by providing quality services and efficient management.

Based on the random survey conducted by researcher for this study; it is found that, three (3) respondents out of five (5) stated that KPI for staff is getting higher by year and expectation from university towards the quality service provided by its staff is also getting higher. Rather than academic staff, the administrative staff also not being neglected and also impacted on this issue.

Administrative staffs are the employees who are legally employed by university to perform administrative work for university. This group of employees
also are not being isolated by the university management in terms of full aspect of HRM; one of the aspects is in the context of performance appraisal.

There is one case happened in UUM on 2010, there is a case where one of academic staff sued the university management due to his dissatisfaction towards the performance appraisal system which ‘neglected’ him and affected his career development.

Besides, according UUM Registrar Department, there are 34 cases related to misconduct from January 2010 until 31 January 2015. This misconduct cases is the major cases – which lead to legal action taken to the particular employees.

Based on example above, it is important for this organization to determine the root cause of the problem – and also overcome the problem. According to Anand (2011), employee who does not engaged with the organization has a tendency to create problem not performing their job well - which may lead to other major problem such as major or minor misconduct, poor in terms of discipline and not performing up to the standard required by management.

By using the UUM cases, the present study will emphasize on the aspect which is directly related to employee engagement, since it was a good tool to help every organization to strive to gain competitive advantage over the others (Anitha, 2013). Then, the researcher decides to conduct a study in UUM context based on the above justification.

Based on the linkages between employee engagement and performance appraisal as highlighted from previous scholar such as Anand (2011) and Anitha (2013), it show that it is important to test whether the employee perception towards
performance appraisal will effect employee engagement. It is supported by the findings from Gupta and Kumar (2013) who found that the perception of performance appraisal will lead to enhanced engagement among employees.

It also important for UUM to overcome any obstacle or challenges – especially matters that related to employee engagement that might jeopardise the potential of university to become the eminent management university. Employee engagement is one of the important elements that might help university to encourage employees to perform and contribute more; then help university to achieve its goals, mission and vision.

1.4 Research Questions

This research was conducted to find the relationship between independent variable, employee perception of performance appraisal with the dependent variable. The findings of this research will provide the answer for these following questions which are:

i) What is the level of engagement among employees in UUM?

ii) Does performance appraisal system influence employee engagement?

1.5 Research Objectives

The general objective of this study is to extend the knowledge on relationship between employees’ perception of performance appraisal and employee engagement among administrative staff in UUM.
Referring to the above research questions, the specific objectives of this research are listed as follows.

(i) To identify the level of employee engagement perceived by the employee in UUM.

(ii) To determine the relationship between performance appraisal system and employee engagement.

1.6 Research Scope

This study examines the relationship of employee perception of performance appraisal and work engagement among academic staff in UUM. This organization is chosen for several reasons.

Literature reviews regarding the study on higher education sector address numerous concerns of the challenges encountered by the management of universities in many parts of the world. Phase 2 of National Higher Education Action Plan (2011 – 2015) implemented in Malaysia also will lead to some changes which directly affected the employees of higher education sector in Malaysia; not exception in UUM.

UUM is one of the public universities in Malaysia; which carried the responsible to serve for management education. It is important therefore to know whether UUM have effectively conducted the performance appraisal to their staff.

Employee engagement is one of the aspects that will be focused in this study. Most of UUM’s staff work for a long term since this organization is statutory body and closed department. The employee work with the organization starting from
beginning of their service until they achieve retirement age. The UUM employee who transfers to another public education department was in a small percentage.

According to Wellins, Berthal and Phelps (2005), the engagement leads to creation of an engaged workforce and environment, and once it engaged, it will lead to positive behaviour and attitudes.

Based on the National Higher Education Action Plan implemented in all local public and private universities in Malaysia, UUM as one of the public education institution in Malaysia which is also affected on the implementation of the plan – (for example in terms of administrative and enhancement of the quality of work). UUM needs to ensure its employees are ready and competent enough to deal with the changes without being left behind in the aspect of good human resource practices implemented in the organization. Besides, employees with high engagement are instrumental to ensure an organization able to maintain its competitive advantage (Lockwood, 2007).

Henceforth, without neglected the important role of administrative staff in the university, therefore the researcher is conducting this research to determine the employee perception of performance appraisal and work engagement from the view of administrative staff. UUM, just like the other public universities would need to engage administrative staff (together with academic staff) to achieve the organization objectives and to realize the national goals of becoming an excellent higher education hub.

UUM is chosen as the place to conduct this study since it comprises of large group of employees, which are total of 3,371 employees in the campus – based
on UUM Registrar record updated 21st June 2015 and based on the employee number, the researcher has enough samples for this study. This research will focus on administrative staff, which is largest group of employees in this organization. Besides, based on the example of cases happen in UUM, the researcher has interest to conduct a study to determine the relationship between performance appraisal and employee engagement in UUM administrative staff context.

1.7 **Significance of the Study**

This study attempts to contribute the knowledge of HRM aspect; the relationship between employees’ perception towards performance appraisal and employee engagement in UUM. Thus, it will contribute the information for the organization to improve UUM human resources management practice especially in the effort to make a continuous improvement in appraising its employees and gain higher engagement in their work.

Based on the observation, there are still lacks of research conducted on employee perception of performance appraisal related to employee engagement which focusing on administrative staff in education sector in Malaysia; hence this study would add value to the existing literatures.

Meanwhile, the employee engagement is another important aspect that UUM needs to look for since a good employee engagement will lead to positive impact for organization. This study may help UUM to determine the level of employee engagement perceived by administrative staff in this organization.
Furthermore, the employee also will get some information pertaining to reason why performance appraisal conducted. Therefore, the employee will get familiar what are the objectives of performance appraiser that need to achieve. By increasing understanding on purposes of performance appraisal among employees may contributes to effectiveness of performance appraisal itself.

1.8 Definition of Key Terms

**Employee Engagement** is define in general as the level of commitment and involvement an employee has towards their organization and its value (Anitha, 2013). Anand (2011) stated that employee engagement is the measure on how involved and committed the workers are towards the organization and values. The other definition of employee engagement is “the harnessing of organization members” selves to their work role by which they employ and express themselves physically, cognitive and emotionally during work performance (Kahn, 1990).

**Job Engagement Scale (JES)** is based on Kahn’s (1990) which is a scale purport to measure employee engagement and consist of components of physical, cognitive and affective.

**Performance Appraisal** defined as the system which has number and content, and associated with the business objectives and the development of skills and competencies of employees. At the same time, it also includes planning, training and development, succession planning, setting and monitoring objectives and
competences as well (Newaz, 2012). It helps in evaluating the behaviour of the employees in the workplace (Anand, 2011).

**Appraiser** defined as individual who responsible for evaluating an individual job performance.

**Appraisee** defined as individual who are being evaluated on his/her job performance.

### 1.9 Organization of the Study

This study is structured into five chapters. Chapter one presents the introduction, that consist of study’s significance, problem statement, purpose of the study, research questions, assumptions, delimitations, limitations, and definitions.

The literature review in Chapter Two addresses: (a) performance appraisal purposes (b) employee engagement definitions, (c) level of engagement, (d) effect of employee engagement, , (e) research frame work and hypothesis.

Chapter 3 explains the research methodology applied. It includes a description of the participants, the instrumentation used, data collection method, and data analysis procedures. Chapter 4 contains the findings and their discussion, conclusion and recommendation for futures research follows in Chapter 5.
CHAPTER II: LITERATURE REVIEW

2.0 Introduction

This chapter highlighted on literature reviews of the key variables in this study. This chapter will be divided into four main categories. It begins with the development and definition of employee engagement. The next part highlighted about the concept and predominant models to explain the employee engagement. It continues to expend the explanation about the independent variable and the relationship with employee engagement. The next part covers the summary of hypothesis and conceptual framework of the present study.

2.1 Employee Engagement: Introduction and Background of the Concept

Employee engagement is the measure how involved and committed the workers are towards their organization (Anand, 2011). There are many scholars have derive the definition of employee engagement.

Anitha (2013) stated that employee engagement is defined in general as the level of commitment and involvement an employee has towards their organization and its value.

Khan (1990) describe that role engagement has two critical components, attention and absorption in a role. Attention means being engrossed in a role and refers to the intensity of one's focus on a role (Goffman, 1961; Kahn, 1990). Employee engagement is one of the key determinants fostering high levels of employee performance, as is constantly shown in a number of previous study (Mone & London, 2010). The study by Ulrich (2007), examined there are three important characteristics of competency of the employee engagement are; cognitive of the
employee, involvement and contribution of the employee which may contribute to the excellence of the organization. In his research also determine it is important to acknowledge that performance of organization does not only depend on the competence or skill of employees, but also depend on how employees respond emotionally to their work and organization.

There are two (2) dominant models of engagement; the first perspectives introduced by Kahn (1990) and the second perspectives is from Maslach and Leither (1997).

2.1.1 **Engagement Model 1: Kahn (1990)**

Kahn (1990) was the first to introduce the concept of personal engagement in academic research. He also conceptualized personal engagement as “the harnessing of organization members to their work roles; in engagement, people employ and express themselves **physically, cognitively and emotionally** during role performance”.

Kahn (1990) also stated that there are three (3) conditions which influence individual personal engagement and disengagement; they are the meaningful (i.e.: individual feels that their involvement in certain role are worthwhile and valuable), safety (i.e.: secure and predictable situations reduce individuals’ fear of adverse impact that might affect their self-image, status or career) and psychological availability (i.e.: individuals’ performance in work role may affected by the level of physical resources and emotional resources, self-confidence, and experiences in non-work activities). Specifically, Kahn proposed that individuals who enter a state of
engagement, noted by the employment of their preferred selves cognitively, affectively and physically, when they find meaningfulness, safety and availability in their work roles.

Wildermuth (2008) in his research stated that Kahn’s work focused on the general (and not personal) engagement conditions; also define engagement as an intense connection between the self and the work role where people fully express themselves physically, cognitively and emotionally at work (Kahn, 1990).

Kahn (1990) also stated that employees are emotionally and cognitively engaged when they know what is expected of them, have what they need to do their work, have opportunities to feel an impact and fulfilment in their work, perceive that they are part of something significant with co-workers whom they trust, and have chances to improve and develop.

2.1.2 Engagement Model 2: Maslach and Leither (1997)

The second perspective introduced by Maslach and Leither (1997), who suggested that engagement was the direct opposite of burnout and comprised of energy, involvement and efficacy; where the burnout component were exhaustion, cynicism and lack of efficacy).

Maslach Burnout Inventory (MBI; Maslach et al., 1997) have been introduced to be used in order to assess both engagement and burnout; which each falling on an opposite end of the scale. Thus, low scores on the dimensions of the MBI should correspond with high levels of engagement.
2.1.3  Measures of Employee Engagement

According to Macey and Schneider (2008), measuring engagement is difficult as it involves assessing complex feelings and emotion. But it is important to have a measure with good construct validity evidence for advancing the field theoretically and practically (Drake, 2012). Over the last few decades researchers have conceptualized Khan’s ideas regarding employee engagement. They have mainly used two scales, namely the Job Engagement Scale (JES), Utrecht Work Engagement Scale (UWES), Meanwhile, the other scales also develop to measure engagement are Maslach Burnout InventoryGeneral Survey (MBI-GS), and the Job Demand- Resources (JD-R) model.

Drake (2012) in his study prioritized and highlighted these two scales in measure level of engagement; which are JES and UWES since they represent the two dominant theories of engagement in the field.

2.1.4  Antecedents and Consequences of Employee Engagement

According to Saks (2006), the antecedents of employee engagement were job characteristics, perceived organizational and support by the supervisor, reward and benefits and recognition, procedural and distributive justice.

In addition, the consequences of employee engagement were job satisfaction, organization commitment, and organizational citizenship behaviour (Anitha, 2013)

Anand (2011) stated that engaged employees have a sense of responsibility and they able to work towards the required organization goals. Besides, engaged
employee provide the best result for organization, always deliver beyond expectations, motivated and also improve their skills as they progress. Through “customer service that exceeds expectation” as the key success for employee who engaged, it will enable the organization to create competitive advantage through quality service.

The study conducted by Attridge (2009) examined the level of employee engagement can range from high to low depending on the individual employee. This variability in work engagement is related to key aspects of company performance and is influenced by many aspects of organizational structure and functioning. Although engagement is expressed by individual workers through their work performance, their work behaviour is often a reflection of the kind of organizational environment where they are working.

Gallup (2010) provides a detailed profile of an engaged worker. An actively engaged worker is demonstrating; consistently high levels of performance, natural innovation and a drive for efficiency, intentional building of supportive efficiency, clear understanding about the desired outcomes for their roles, emotional commitment to what they do, high energy enthusiasm, and Commitment to their organization, work group and job.

According to Cataldo (2011), in his study describe a disengaged workers were described by these following characters; those who do their jobs as an exchange of time for a pay check, they arrive and leave on time, those who like to take their breaks, those who never volunteer for additional work or projects, do their job with little else in between beyond the minimal effort, and those who show little
passion or less creativity for their jobs and go through the motions. Disengaged workers may have been actively engaged workers at one time. Somewhere along the way, though, they became disengaged because of a lack of career growth or promotion, a perception of salary inequity, job dislike, or distrust in their direct manager and senior management.

Employee engagement and employee satisfaction are not the same, while satisfaction is an important component of engagement (Fox, 2010). According to the Fernandez (2005), satisfied employees are not fully committed to their employers. They can switch to a better-paying job or a better benefits package. Engaged employees, on the other hand, are dedicated and loyal to the employer. For example, engaged employees would respond affirmatively to one key question on employee engagement surveys, "It would take a lot to get me leave this organization" (Atchison, 2010).

Kahn (1990) also found in his study that supportive and trusting interpersonal relationship as well as supportive team will promote employee engagement.

However, there are problem in the context of engagement research. Gupta & Kumar (2013) stated that the concept of employee engagement has been criticized for having substantial overlap with other similar constructs such as job involvement, motivation and commitment. However, few researchers (Saks, 2006; Hallberg and Schaufeli, 2006; Bhatnagar, 2007) argue that engagement is conceptually different from commitment, involvement and motivation.
2.2 **Performance Appraisal (PA)**

Performance Appraisal is a very important tool in any workplace and help to evaluate behaviour of the employees at workplace (Anand, 2011).

According to Bohlander and Snell (2004), performance appraisal used for a rather narrow purpose, to evaluate who is doing a good job or not. Performance Appraisal can serve many purposes that benefit both organization and the employees whose performance appraised.

Furthermore, Erdogan (2002) stated that performance appraisal is the formal process of observing and evaluating an employee performance. Lansbury (1998) also define performance appraisal as process identifying, evaluating and developing the work performance of employees in the organization. Performance appraisal also defines as means of evaluating employees work performance over a given period of time (Nzuve, 2007).

Performance Appraisal is considered as one of the most important activities of HRM in both public and private sector (Bekele, Shigutu & Tensay, 2014). Bailey (2014) stated that performance appraisal has multiple objectives; career development for the individual, fair allocation of group rewards/incentives for performance, Alignment of the individual with the objectives of the group. Analoui and Fell (2002) in their study stated that 63% of their respondent anticipating an overall positive effect on the implication of performance appraisal and job performance.

Moriones, Sanches and Morentin (2011) claims that there are three dimensions that should be taken into account when analyzing performance appraisal at the establishment level: the type of measures used to rate performance, the person
who carries out the appraisal, and the frequency with which the appraisal is conducted.

### 2.2.1 Theory related to Performance Appraisal Study

Greenberg (1986) was one of the first to apply organizational justice theory to performance evaluation. His basic research question focused on what makes a performance appraisal appear to be fair. He investigated if it was what one receives (rating or other outcome) or how it is decided that makes an appraisal seem fair. Greenberg's (1986) work supported earlier research by Landy, Barnes, and Murphy (1978) which showed that employees were more likely to accept an appraisal system and believe that their performance was rated fairly under certain conditions.

The other theory that may relate to performance appraisal is Equity Theory (Duggan, 2014). The equity theory, developed by John Stacey Adams on 1960, says that satisfaction is based on a person's perception of fairness. Applying this theory when conducting a company's performance appraisals involves balancing the assessment of an employee's contribution to his job with the compensation and other rewards associated with his success. In general, highly-paid and rewarded employees tend to be the most motivated to continue performing well on the job.

### 2.2.2 Performance Appraisal: Tools

Bohlander and Snell (2004) stated that in reality performance appraisal is one of the most versatile tools available for managers. (Wiese & Buckley, 1998) have stated that even though the process is unsatisfactory for most people in industry,
performance appraisal serve a number of valuable organizational purposes. Based on the culture, it believes that people should be reward for outstanding performance.

According to study conducted by Kahn (1990), tools in performance appraisal consist of process time of performance appraisal conducted, the criteria and input that will be count during the appraisal process, and the format of evaluation (instruments) that have been used will affected the perception of employees towards performance appraisal system.

Anand (2011) in his study stated that in order to ensure that process of performance appraisal effectively implemented, one of the important aspect is the selection of right appraisal tool; and the other aspects are the organizations should set clear defined standards, mutual understanding, and constant review and feedback.

2.2.3 **Performance Appraisal: Appraiser**

Tuylens and Devos (2012) in their study highlighted that the relationship between leaders (Appraiser) and employee (appraise) is an important factor in performance appraisal. They also demonstrate that appraiser who is perceived as charismatic in the performance appraisal process might contribute to perceived procedural justice and perceived feedback utility.

Kearney (1978) stated that there also common appraiser errors that happens during the evaluation process, such as halo effect (evaluation based on general impression and then similarly with specific characteristic), leniency and severity (judging people consistently at the extremes of several dimension), central tendency
(evaluation within a narrow range at the centre of a dimension) and recency (the inclination to be influenced by a person’s most recent behaviour).

Anand (2011) stated that performance appraisal is continua process and it responsibility is totally on supervisor/superior as the appraiser. The appraiser need to ensure that work is done and keep on check how the task assigned is performed and try to find out the weak points and overcome the challenging situation. During this process, sometimes an organization faces certain limitation like halo effect, error on comparison, personal bias, leniency and incompetence of appraiser.

There are some arguments on the appraiser role in performance appraisal process. Some managers are unwilling to make accurate evaluations of subordinates because they do not want them to be hurt (Kearney, 1978). Meanwhile, Smither (1998) stated that a good appraisal system is of great sensitivity of issues of justice or fairness. Appraiser, who has more experiences, can perform their job better than appraiser who has less experience; and experience seems to be a very important criterion to become a good appraiser (Ahmad & Ali, 2004)

2.2.4  Performance Appraisal Purposes: Employee Growth and Development

Today, performance appraisal expected to serve a number of purposes simultaneously. Unfortunately, the tools presently available are incapable of serving the countless different purposes or organization’s stakeholders. Therefore, Murphy and Cleveland (1995) stated that historically, performance appraisal has been used for administrative purposed, such as promotion, employee retention, discharge, and salary decisions – means that the result of performance appraisal will affect the
decision making towards appraise in terms of promotion/career development and increment/ salary, and also affected the decision of employees to retain and loyal to the company.

Performance appraisal includes both the quantitative and qualitative aspects of job performance; and it evaluate a person systematically including his job performance and potential for growth (Gupta & Kumar, 2013)

2.2.5 **Performance Appraisal: Benefits and Implication**

According to Abd. Aziz (2003) the formal performance appraisals in organization had been used in helping administrative decision especially related to pay determination and promotions, and to make development objective such as coaching subordinates and determining their training needs.

Wiese and Buckey (1998) in their journal stated that performance appraisal used to identify a feasible set of quality worker or candidates, instead of the best person in an organization. The authors also said that PA goals need to become more comprehensive, which it goals should beneficial to both individual and organization. As an organization evolve toward large organization with professional management, a more formal performance appraisal serve as an asset in administrative decision-making. Regardless of the system in place, decisions made regarding who receives raises and promotions and who terminated.

Edmonstone (1996) has proposed some potential reasons for undertaking performance appraisal; and one of the reasons of undertaking performance appraisal is identification of the individual training and development needs.
Orpen (1985) said that role of appraisal is improving performance and performance appraisal has long been recognized as an important personnel function with the potential to improve employee motivation and their performance, also to provide management with the control needed to achieve organization objectives.

Formal appraisals have been found to be a potentially effective device for employee development, performance planning and goal setting, providing performance feedback and coaching, counselling, planning, and lastly linking performance to compensation and promotion decisions (Longernecker, 1997).

From the findings of research conducted by Ahmad (1999), the respondents of the study have clarified the objectives or goals of performance appraisal at their organization and one of it is for promotion and planning.

Latham and Wexley (1994) also illustrate the primary purposes of performance appraisal. The primary purposes of performance appraisal are the basic of decisions made regarding an employee’s promotion, demotion, transfer, salary increase and termination. Analoui and Fell (2002) in their study stated that 63% of their respondent anticipating an overall positive effect on the implication of performance appraisal and job performance.

Bathi and Qureshi (2007) also claim the finding of their study found that there is a positive relationship of job satisfaction with employee participation, employee commitment and employee productivity. This finding also add to the advantages of job satisfaction of employee by adding at the same time it has a positive effect on three (3) factors like productivity, commitment and participation in work activities.
Karimi, Malik and Hussin (2011) also conclude that the satisfied employees are the assets of any organization where the job satisfaction may help employees to remain at Organization work hard with interest, to be affiliated with the organization and have maximum productivity.

2.3 Relationship of Performance Appraisal on Employee Engagement

Pertaining to perception of performance appraisal and employee engagement, only few scholars conducted the study purposely on strategically related perception of performance appraisal on employee engagement.

Gupta and Kumar (2013) conducted a study to test the relationship between performance appraisal justice and employee engagement in Indian Professional context and the finding shows that there is significant positive relationship between performance appraisal dimension (Distributive, Procedural, Interpersonal and Informational Justice).

The study on employee engagement and performance appraisal conducted by Anand (2011) on two important HR practices of performance appraisal and employee engagement in ITC Maurya, India. The findings of the study stated that the respondent is highly satisfied with both performance appraisal and employee engagement in the organization, including with the working environment at ITC Maurya.

Based on the literature above, it could be seen that it there are still lack of literature review and study in terms of perception of performance appraisal on employee engagement. This present research is expected to provide the literature
and also enhance the understanding on employee perception of performance appraisal and employee engagement.

In order for employees to employ and express themselves physically, emotionally and cognitively during role performances (i.e. displaying engagement), PAs must be perceived as fair by the employees (Latham, Almost, Mann, and Moore, 2005).

2.4 Gap in Literature Review on Relationship of Performance Appraisal and Employee Engagement.

There are still has gap in literature in terms of relationship of performance appraisal and employee engagement.

It is supported by Gupta and Kumar (2013) which also stated that little is known about the potential impact of performance appraisal justice on employee engagement; and it present a significant research gap in justice, performance appraisal and engagement literature.

In the section of Appendix One, the researcher has detail out the research from previous scholar which related to performance appraisal and employee engagement. Based on the analysis, it shows that there still lack of literature which focusing both aspects, specifically on relationship of performance appraisal and employee engagement from the perspective of administrative staff in higher learning education. Then, this research expected to contribute some input for this particular area.
CHAPTER III: RESEARCH METHODOLOGY

This chapter presents the methodology that was used to collect and analyse the data required to describe the participants and answer the research question. The discussion include the research framework, hypothesis development, research design, operational definition, instrumentation, measurement of variable, data collection procedure, sampling of study and also data analysis according to the objectives and hypothesis of study.

The two factors between the dependent and independent variable were investigated to identify the relationship between the employees perception of performance appraisal and employee engagement.

The dependent variable in this study is employee engagement which comprises the elements of emotion, physical and cognitive.

Meanwhile, the independent variable is employee’s perception of performance appraisal which is measure the three elements of performance appraisal which include general perception on the system (tools), appraiser and growth and development.
3.1 Research Framework

The research framework was illustrated in this following table:

Figure 3.1
*Theoretical Framework*

3.2 Hypothesis Development

According to Sekaran (2003), the hypothesis refers to an educated conjecture about the logically developed relationship between two or more variables, expresses in form of testable statements. The hypotheses for this study are as follows;

**Hypothesis of the study:**

H$_1$ : There is a relationship between employee’ perception of performance appraisals and employee engagement.
3.3 **Research Design**

This study was a survey in the form of a cross-sectional study in which data was collected once across the population through sampling. According to Christensen (1985) (as cited in Bekele, Shigutu and Tensay, 2014), quantitative survey is the most appropriate method to use if the purpose of an investigation is to describe the degree of relationship which exists between the variables.

Therefore, this research adopts the quantitative approach in conducting the study on the relationship between the employees perception of performance appraisal and employee engagement among administrative staff in Universiti Utara Malaysia.

3.3.1 **Population of Study**

According to Sekaran (2003) population refers to the entire group of people, events or things that the researcher desires to investigate. In UUM, there are three (3) categories of employees which are as follow:

<table>
<thead>
<tr>
<th>No.</th>
<th>Staff Category</th>
<th>No. of Employee</th>
</tr>
</thead>
<tbody>
<tr>
<td>i.</td>
<td>Academic Staff</td>
<td>1,497</td>
</tr>
<tr>
<td>ii.</td>
<td>Administrative Staff (Managerial Category) Grade of Position : 41 - 54</td>
<td>303</td>
</tr>
<tr>
<td>iii.</td>
<td>Administrative Staff (Non – Executive Category) Grade of Position : 1- 38 *also known as Support Group employees</td>
<td>1,571</td>
</tr>
</tbody>
</table>

Table 3.2
*Categories of Employees in UUM updated 21st June 2015*

Source: UUM Registrar Department

Total 3,371
In this study, the researcher decides to conduct the study focusing on the third categories, which are the administrative staffs for non-executive category.

Therefore, the population of the study is all administrative staff of UUM in the non-executive categories – with the total number of population of 1,571 employees, which comprise the administrative employees for the position Grade 1 to Grade 38. In UUM context, this group is also known as support group employees.

3.3.2 Sampling Frame

Sampling frame for the research is all items consist in population. The sampling frame of this research is the 1,571 administrative staffs for non-executive category located in various departments in UUM.

3.3.3 Sample of Study

Sekaran (2003) stated that sampling size refers to the actual number of a sample to represent the population characteristic. The researcher decides to use Kriejcie and Morgan (1970) table in order to determine sampling frame.

Based on 1,571 units of population, and referring to the Kriejcie and Morgan (1970) table, the sample size of this study is 306 employees.

According to Roscoe (1971), one of the rules of thumb in determining sample size is the size of sample, which larger than 30 and less than 500 is appropriate for most research. Therefore, the sample size for this study that is appropriate and approved by Kriejcie and Morgan (1970) and Roscoe (1971).
Respondents for the present study were selected by using **Simple Random Sampling** method technique in order to get the generalizability of the finding. The 306 samples were selected randomly according to the list of employees provided by UUM Registrar Department.

### 3.4 Measurement of variables / Instrument

#### 3.4.1 Instrumentation

Three instruments were used in this study: Employee' Perceptions on Performance Appraisals, the Assessment Employee Engagement, and a short demographic survey. Each of these instruments is discussed separately.

#### 3.4.1.1 Employee’ Perceptions of Performance Appraisals.

The instrument used to determined employee' perceptions of Performance Appraisals is an instrument developed by Durecki-Evans (1996). This instrument designed to measure teacher's perceptions on the performance appraisals in their school district. The researcher developed this instrument from a comprehensive review of related literature on performance appraisals in education and business. Fifty (50) items were included in the survey; measure three (3) elements of the performance appraisals (tool, appraiser, and growth and development).
The items are rated using a 5-point Likert scale ranging from 1 for strongly disagree to 5 for strongly agree. A neutral point of 3 is provided to allow principals who neither disagreed nor agreed to respond to an item.

Durecki-Evans (1996) tested the instrument for internal consistency. The overall Cronbach alpha of 0.93 provided evidence of good internal consistency. Coefficients of the data also greater than .70, which is generally, are considered to reflect adequate internal consistency.

For this study, this instrument is adapted to be used in this study since it was in the same environment which is in the education system. Furthermore, this instrument has been tested and proved for its internal consistency and this questionnaire might be used as the instrument for this study.

The component of instrument has been details in the table 2.

3.4.1.2 Job Engagement Scale (JES)

For this study, the researcher adopt the instrument of the Job Engagement Scale (JES); which developed by Rich et al. (2010) based on Kahn’s (1990) definition of employee engagement definition: physically, cognitively and emotionally engagement.
This instrument used in order to assess employee engagement study among teachers in his dissertation at the University of Florida; with three-dimensional model of engagement including cognitive, physical, and emotional components.

This model is selected since this study would like to determine the relationship on employee perception towards the Performance Appraisal system and employee engagement in UUM, since it also in the same environment – which is in education sector; rather than the model purposed by Maslach and Leither (1997) which focus on engagement and burnout. Besides, the elements in the instrument were general item and it could be apply for administrative staff in UUM.

Overall total question for JES are eighteen (18) questions; each dimension (physical, cognitive, and emotional engagement) represented by six questions. Participants rated their levels of employee engagement based on a 5-point Likert scale (1 = Strongly Disagree to 5 = Strongly Agree).

Since JES is a new scale and no stability information is yet available, Rich (2006) reported, however, strong internal consistency indexes (alpha coefficients) for all three engagement factors, as reported in Table 3. This instrument
has been tested by Rich (2006) and been summarize the result of alpha coefficient as stated in table below:

### 3.4.1.3 Adaptation of Instruments

It has been detailed on the instrument that will be used in this study and both instrument, the detail of instruments for both instruments are as follow:

<table>
<thead>
<tr>
<th>Variables</th>
<th>Name of Scholars</th>
<th>Total Items</th>
<th>Selected Items used in this study</th>
<th>Alpha Value</th>
</tr>
</thead>
<tbody>
<tr>
<td>Performance Appraisal</td>
<td>Durecki-Evans (1996)</td>
<td>50</td>
<td>50</td>
<td>.93</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>Rich et al. (2010)</td>
<td>18</td>
<td>18</td>
<td>.93</td>
</tr>
</tbody>
</table>

*Based on Kahn’s (1990).

Since both instruments have been tested and already approve internal consistency, both instrument decided to be used in this study.

### 3.4.1.4 Demographic Questionnaire

The demographic questionnaire was used to obtain information regarding the personal and professional characteristics of the employee that were considered relevant for this study. The data that was collected using this instrument
included the age, gender, marital status, and educational level of the participant.

3.5 Data Collection

For this study, there are two (2) methods used in the data collection process. They are secondary data and primary data.

3.5.1 Secondary data

As Sekaran (2003) stated in this book, secondary data refer to data that have already been gathered by research, data published in statistical and other journal and information available from any published or unpublished source available either within or outside the organization, all of which might be useful to the researcher.

Secondary data collected for this research are by using books, internet articles, UUM website information and any UUM internal report that related to this study.

3.5.2 Primary data

As has been pointed out by Sekaran (2003), the definition of primary data is information obtained first-hand by the researcher on the variables of the interest for the specific purpose of the study. The primary data collected for the study is by using questionnaire distribution to the sample of study.
CHAPTER IV: FINDINGS

This chapter presents the results of the data analyses that were used to describe the sample and address the hypotheses developed for this study. The chapter is divided into three sections. The first section uses descriptive statistics to provide a profile of the participants, with a description of the scaled variables included in the second section. Inferential statistical analyses are used to address the research questions in the third section.

4.1 Frequency Distributions

4.1.1 Personal Characteristics

The responses regarding the personal characteristics of the employee are presented in this section. The first question was concerned with the gender of the respondent. Frequency distributions were used to summarize their responses. Table presents the results of this analysis.

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>FEMALE</td>
<td>122</td>
<td>39.9</td>
<td>39.9</td>
</tr>
<tr>
<td>MALE</td>
<td>184</td>
<td>60.1</td>
<td>60.1</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The majority of employees reported their gender as male (n = 184, 60.1%), with 122 (39.9%) indicating their gender was female.
The second question was concerned with the marital status of the respondents. Frequency distributions were used to summarize their responses. Table 4.2 presents the results of this analysis.

<table>
<thead>
<tr>
<th>Status</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>SINGLE</td>
<td>36</td>
<td>11.8</td>
<td>11.8</td>
<td>11.8</td>
</tr>
<tr>
<td>MARRIED</td>
<td>270</td>
<td>88.2</td>
<td>88.2</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

Thirty six (36) of respondents which represent 11.8% had indicated their marital status as single and the other 270 respondents are married which represent 88.2%.

The third question is where the employees were asked to indicate their educational level. Their responses to this question were summarized using frequency distributions. The results of this analysis are presented in Table 9.

<table>
<thead>
<tr>
<th>Education Level</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>PMR</td>
<td>34</td>
<td>11.1</td>
<td>11.1</td>
<td>11.1</td>
</tr>
<tr>
<td>SPM</td>
<td>135</td>
<td>44.1</td>
<td>44.1</td>
<td>55.2</td>
</tr>
<tr>
<td>SIJIL / DIPLOMA</td>
<td>92</td>
<td>30.1</td>
<td>30.1</td>
<td>85.3</td>
</tr>
<tr>
<td>DEGREE</td>
<td>32</td>
<td>10.5</td>
<td>10.5</td>
<td>95.8</td>
</tr>
<tr>
<td>HIGHER THAN</td>
<td>13</td>
<td>4.2</td>
<td>4.2</td>
<td>100.0</td>
</tr>
<tr>
<td>DEGREE</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>36</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>
Thirty two employees (10.5%) had completed degrees. 135 (44.1%) employee had reported SPM level as a majority and 92 employees (30.1%) reporting Sijil/Diploma as his/her highest level of completed education. 34 (11.1%) employees had completed in PMR.

The fourth question was concerned with the age of the respondent. Frequency distributions were used to summarize their responses. Table 4.4 presents the results of this analysis.

Table 4.4
Age of the Respondents

<table>
<thead>
<tr>
<th>Age</th>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;25</td>
<td>46</td>
<td>15.0</td>
<td>15.0</td>
<td>15.0</td>
</tr>
<tr>
<td>26 - 30</td>
<td>55</td>
<td>18.0</td>
<td>18.0</td>
<td>33.0</td>
</tr>
<tr>
<td>31 - 35</td>
<td>49</td>
<td>16.0</td>
<td>16.0</td>
<td>49.0</td>
</tr>
<tr>
<td>36 - 40</td>
<td>31</td>
<td>10.1</td>
<td>10.1</td>
<td>59.2</td>
</tr>
<tr>
<td>41 - 45</td>
<td>49</td>
<td>16.0</td>
<td>16.0</td>
<td>75.2</td>
</tr>
<tr>
<td>46 - 50</td>
<td>40</td>
<td>13.1</td>
<td>13.1</td>
<td>88.2</td>
</tr>
<tr>
<td>51 - 55</td>
<td>36</td>
<td>11.8</td>
<td>11.8</td>
<td>100.0</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>100.0</td>
<td>100.0</td>
<td></td>
</tr>
</tbody>
</table>

The largest group of respondents (n=55, 18.0%) reported their ages as between 26 and 30 years, with the second largest group (n=49, 16.0%) between 31 to 35 years and between 41 to 45 years of age. Forty six (15.0%) employee were below 25 and 40 (13.1%) reporting their ages as between 46 to 50 years of age. Thirty-six to 40 years of age was indicated by 31 (10.1%)
of the employees. 36 (11.8%) employees indicated their ages were between 51 to 55 years.

The fifth question was concerned with the service time of the respondent. Frequency distributions were used to summarize their responses. Table presents the results of this analysis.

Table 4.5
Length of time the Respondents Work with UUM

<table>
<thead>
<tr>
<th>Frequency</th>
<th>Percent</th>
<th>Valid Percent</th>
<th>Cumulative Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 - 5</td>
<td>34</td>
<td>11.1</td>
<td>11.1</td>
</tr>
<tr>
<td>6 - 10</td>
<td>68</td>
<td>22.2</td>
<td>22.2</td>
</tr>
<tr>
<td>11 - 15</td>
<td>74</td>
<td>24.2</td>
<td>24.2</td>
</tr>
<tr>
<td>16 - 20</td>
<td>76</td>
<td>24.8</td>
<td>24.8</td>
</tr>
<tr>
<td>21 - 25</td>
<td>35</td>
<td>11.4</td>
<td>11.4</td>
</tr>
<tr>
<td>&gt;26</td>
<td>19</td>
<td>6.2</td>
<td>6.2</td>
</tr>
<tr>
<td>Total</td>
<td>306</td>
<td>100.0</td>
<td>100.0</td>
</tr>
</tbody>
</table>

The largest group of respondents (n=76, 24.8%) reported their service time over 16 to 20 years, with the second largest group (n=74, 24.2%) between 11 to 15 years. 68 (22.2%) employee were between 6 to 10 years, and 35 (11.4%) reporting their service time as between 21 and 25 years.

4.2 Description of Dependent Variables (Employee Engagement)

The Employee Engagement is divided into section sections: physical, emotional, and cognitive. Descriptive statistics were obtained for each of these sections. Table 4.6 presents the results of this analysis.
Research Question (i): What is the level of engagement among employee in UUM?

The descriptive statistics for Employee Engagement overall are as represent by Table 4.6 that can summarize the mean score employee engagement was 4.0312 (sd = .38505). The range of actual scores on this item was from 3.00 to 5.00.

Table 4.6
Descriptive Statistics of Dependent Variables (Employee Engagement)

<table>
<thead>
<tr>
<th>N</th>
<th>Range</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>EMPLOYEE_ENGAGEMENT</td>
<td>306</td>
<td>2.00</td>
<td>3.00</td>
<td>5.00</td>
<td>4.0312</td>
</tr>
</tbody>
</table>

Valid N (listwise)  306

According to the mean score which is 4.0312 (sd = .38505), it able to answer these research question. **It means the level of engagement among employee in UUM is high,** since it achieved a higher scores, which indicating more positive perceptions by employees.

The table 4.7 describe about the Descriptive Statistics of Dependent Variable, employee engagement. It will be detail out as stated below:

Table 4.7
Descriptive Statistics of Dependent Variables (Employee Engagement Component)

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Range</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>PHYSICAL</td>
<td>306</td>
<td>2.00</td>
<td>3.00</td>
<td>5.00</td>
<td>4.0959</td>
<td>.43990</td>
</tr>
<tr>
<td>EMOTIONAL</td>
<td>306</td>
<td>2.00</td>
<td>3.00</td>
<td>5.00</td>
<td>4.0343</td>
<td>.41795</td>
</tr>
<tr>
<td>COGNITIVE</td>
<td>306</td>
<td>2.17</td>
<td>2.83</td>
<td>5.00</td>
<td>3.9635</td>
<td>.48232</td>
</tr>
</tbody>
</table>

Valid N (listwise)  306
4.2.1 Physical

The subscale physical are measured employee engagement regarding physical element for employee. The mean score for the three items measuring goal setting was 4.0959 (sd = .43990). The range of actual scores on this sub-item was from 3.00 to 5.00. Possible scores on this sub-item could range from a low of 1 to a high of 5 with higher scores reflecting more effected to their physically.

4.2.2 Emotional

The subscale emotional is measured employee engagement regarding emotional element for employee. The mean score for the three items measuring goal setting was 4.0343 (sd = .41795). The range of actual scores on this subscale was from 3.00 to 5.00. Possible scores could range from 1 to 5 with higher scores reflecting greater effected to their emotional.

4.2.3 Cognitive

The subscale cognitive is measured employee engagement regarding cognitive element for employee. The mean score for the three items measuring goal setting was 3.9635 (sd = .48232). The range of actual scores on this subscale was from 3.00 to 5.00. Possible scores on this sub-item could range from a low of 1 to a high of 5. Higher scores indicated employee had greater effected to their cognitive.
4.3 Description of Independent Variables

Three sub-items were used to summarize the responses to the survey, Employee's Perceptions of Performance Appraisals. Mean scores were obtained for each of the sub-item by summing the numeric responses and dividing by the number of items on each sub-item.

Research Question (ii):

What is the level of employees’ perceptions towards performance appraisal system in UUM?

The possible scores on these sub-items range from 1 to 5, with higher scores indicating more positive perceptions regarding performance appraisals. The mean scores sub-items were summarized using descriptive statistics for presentation in table 4.8 below.

The overall total scores of the Employee’s Perception of Performance Appraisal are summarized using descriptive statistics as presented in table 15 above. The mean score for the three sub-items was 3.7463 (sd = .44554). The range of actual scores was from minimum 2.78 to maximum 4.70.

According to the mean score which is 3.7463 (sd = .44554), it able to answer these research question. It means the **level of employees perception of performance appraisal system implemented in UUM is high**, since it achieved a higher scores, which indicating more positive perceptions by employees.
Table 4.8
Descriptive Statistics of Independent Variables (Employees Perception of Performance Appraisal)

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Range</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>PERCEPTION</td>
<td>306</td>
<td>2.54</td>
<td>2.16</td>
<td>4.70</td>
<td>3.7728</td>
<td>.45003</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>306</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The table 4.9 describe about the Descriptive Statistics of Independent Variable, Employee Perception of Performance Appraisal It will be detail out as stated below:

Table 4.9
Descriptive Statistics of Independent Variables (Employees Perception of Performance Appraisal)

<table>
<thead>
<tr>
<th></th>
<th>N</th>
<th>Range</th>
<th>Minimum</th>
<th>Maximum</th>
<th>Mean</th>
<th>Std. Deviation</th>
</tr>
</thead>
<tbody>
<tr>
<td>TOOL</td>
<td>306</td>
<td>2.80</td>
<td>2.00</td>
<td>4.80</td>
<td>3.7987</td>
<td>.50518</td>
</tr>
<tr>
<td>APPRAISER</td>
<td>306</td>
<td>2.32</td>
<td>2.26</td>
<td>4.58</td>
<td>3.7140</td>
<td>.47411</td>
</tr>
<tr>
<td>GROW.DEVELOPMENT</td>
<td>306</td>
<td>2.86</td>
<td>1.95</td>
<td>4.81</td>
<td>3.8137</td>
<td>.46869</td>
</tr>
<tr>
<td>Valid N (listwise)</td>
<td>306</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

4.3.1 Tool.

Three subscales for tools are process time, assessment input, and instrument, were used to measure the appraisal tool. Eight items measured process time. Process time measured the employee’ perceptions that the appraisal process provided adequate time to set goals, provide feedback, and make recommendations for performance improvement. The mean score for this subscale was 3.7987 (sd = .50518), the actual range of scores on this subscale was from 2.00 to 4.80. The
possible scores on these sub-items could range from 1 to 5, with higher scores indicating more positive perceptions regarding performance appraisals tools.

4.3.2 Appraiser.

Five subscales, perceptions of appraiser, appraiser as improvement resource, belief system, unbiased response, and objectivity. Perceptions of the appraiser measured employee’s beliefs that appraiser possessed the necessary qualifications and temperament to provide fair and unbiased evaluations of their job performances. The mean score for the four items included on the subscale measuring perceptions of appraiser was 3.7140 (sd = .47411). Actual scores on this subscale ranged from 2.26 to 4.58. The possible scores on these sub-items could range from 1 to 5, with higher scores indicating more positive perceptions regarding appraiser of their performance appraisals.

4.3.3 Growth and development.

Four subscales, goal setting, personal development, remediation, and performance outcomes, were used to measure growth and development.

The subscale, goal setting, measured perceptions of principals regarding goal identification, for both the individual and organization, as part of the performance appraisal process. The mean score for the three items measuring goal setting was 3.8137 (sd = .46869). The range of actual scores on this subscale was from 1.95 to 4.81. Possible scores could range from a low of 1 to a high of 5. Higher scores indicated respondent had greater perception regarding grow and development effected by performance appraisal.
4.4 Reliability Test

The researcher conducted the reliability test for both independent and dependent variable. It shows a strong internal consistency since it achieved 0.96 for Employee Perception of Performance Appraisal and 0.93 for Employee Engagement. In general, coefficient alpha of 0.70 and above indicates the good reliability (Zikmund et al., 1997). The details of result shown in the table below:

i. Reliability test result for Independent Variable

(Employee Perception of Performance Appraisal)

Table 4.10
Summary of Reliability Results for the Independent Variables
(Employees Perception of Performance Appraisal)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Reliability Statistics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cronbach’s Alpha</td>
<td>No. of item</td>
</tr>
<tr>
<td>Employee Perception of Performance Appraisal</td>
<td>0.96</td>
<td>50</td>
</tr>
</tbody>
</table>

ii. Reliability test result for Dependent Variable

(Employee Engagement)

Table 4.11
Summary of Reliability Results for the Dependent Variables
(Employees Engagement)

<table>
<thead>
<tr>
<th>Variables</th>
<th>Reliability Statistics</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Cronbach’s Alpha</td>
<td>No. of item</td>
</tr>
<tr>
<td>Employee Engagement</td>
<td>0.93</td>
<td>18</td>
</tr>
</tbody>
</table>
4.5 Hypothesis Testing

One hypothesis was developed for this study. Inferential statistical procedure used to answer the hypotheses testing. All decisions on the statistical significance of the findings were made using an alpha level of 0.05.

Pearson Product Moment Correlation was used to determine the strength and direction of the relationship between sub-item measuring employees’ perceptions of performance appraisals and their level of employee engagement.

Hypothesis of the study:

H₁: There is a relationship between employee’ perception of performance appraisals and employee engagement.

Table 4.12
Correlation Table for Hypothesis Testing
(Employees Perceptions of Performance Appraisals and Employee Engagement)

<table>
<thead>
<tr>
<th>PERCEPTION</th>
<th>PERCEPTION</th>
<th>EMPLOYEE ENGAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Sum of Squares and Cross-products</td>
<td>61.770</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>.203</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>306</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.637**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
</tr>
<tr>
<td>EMPLOYEE ENGAGEMENT</td>
<td>Sum of Squares and Cross-products</td>
<td>33.652</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>.110</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>306</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
Referring to the table 4.12, the significant correlations that obtained were 0.637; indicate that there is significant relationship between employees’ perception of performance appraisal and employee engagement.

Besides, it also proved based on the significant level (2-tailed) for this study which is 0.00. Zikmund (1997) stated when the significant level (2-tailed) is less than or equal to 0.05, there is a statistically significant correlations between your two variables. Therefore, based on the justifications, it shows that employees perceptions of performance appraisals were **positive significantly** related to the employee engagement.

Meanwhile, the Pearson’s Correlation helps in ascertaining the relationship of the variables and the result shown in the table 4.13 as stated below.

The result of three (3) of sub-items measuring employees’ perceptions of performance appraisals show there were significantly related to employee engagement. The significant correlations 0.616 for the relationship between tool, growth and development response to 0.625 for assessment input and for appraiser response to 0.561.

The correlations result show all in the positive direction with employee engagement that who had higher on tool, appraiser and growth and development; which having higher scores on the employee engagement.
Table 4.13  
Correlation Table for Hypothesis Testing for Dimension of Dependent Variables

<table>
<thead>
<tr>
<th>TOOL</th>
<th>APPRAISER</th>
<th>GROW_DEVELOPMENT</th>
<th>EMPLOYEE_ENGAGEMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>1</td>
<td>.824**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Sum of Squares and Cross-products</td>
<td>77.839</td>
<td>60.159</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>.255</td>
<td>.197</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>306</td>
<td>306</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.824**</td>
<td>1</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Sum of Squares and Cross-products</td>
<td>60.159</td>
<td>68.557</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>.197</td>
<td>.225</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>306</td>
<td>306</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.823**</td>
<td>.823**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Sum of Squares and Cross-products</td>
<td>59.425</td>
<td>55.796</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>.195</td>
<td>.183</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>306</td>
<td>306</td>
</tr>
<tr>
<td></td>
<td>Pearson Correlation</td>
<td>.616**</td>
<td>.561**</td>
</tr>
<tr>
<td></td>
<td>Sig. (2-tailed)</td>
<td>.000</td>
<td>.000</td>
</tr>
<tr>
<td></td>
<td>Sum of Squares and Cross-products</td>
<td>36.568</td>
<td>31.262</td>
</tr>
<tr>
<td></td>
<td>Covariance</td>
<td>.120</td>
<td>.102</td>
</tr>
<tr>
<td></td>
<td>N</td>
<td>306</td>
<td>306</td>
</tr>
</tbody>
</table>

**. Correlation is significant at the 0.01 level (2-tailed).
Research Question (ii): Does employees’ perceptions of performance appraisal system influence employee engagement?

From the result, it shows that the tool, appraiser and growth and development, as would be expected, significantly, positive correlated to employee engagement. Therefore, the testing result proved that there is a significant relationship between performance appraisal and employee engagement. The correlations were in the positive direction with employee engagement.

So, the alternate hypothesis being accepted. It shows that there are relationships between employees perception of performance appraisal and employee engagement.

Therefore, this result able to answer the research question no. (ii); which there is relationship between employees’ perceptions of performance appraisal system influence employee engagement.
CHAPTER V: CONCLUSION

5.0 Introduction

This chapter begins with the discussion of the result obtained by statistical analysis in Chapter Four (4), followed by elaborating the theoretical and practical implication of the present study. Some recommendations for future research as well as the limitation of this study are provided as well. Lastly, this chapter will highlight the conclusion.

5.2 Discussion

The general objective of this study is to extend the knowledge on relationship between employee perception of performance appraisal and employee engagement among administrative staff in UUM. The details of discussion will be provided in the next section.

5.2.1 Level of engagement among Administrative Staff in UUM

The first research question aims to determine the level of engagement among employees in UUM. Based on the result derived from the study, it shows that the level of engagement among administrative staff in UUM is high.

5.2.2 Relationship of Performance Appraisal and Employee Engagement

The second question is whether performance appraisal system influence employee engagement. Correlation matrix indicated positive association between performance appraisal (i.e.: tool; appraiser; and growth and development) and employee engagement.
These three items of performance appraisal indicates the positive relationship with employee engagement. It shows that the result of the findings proved that there is significant relationship between performance appraisal and employee engagement. Therefore, from the present study, it shows that employee perception on performance appraisal will positively affect employee engagement among administrative staff.

5.3 Overview Discussion

To summarise, the relationship between performance appraisal and employee engagement cannot be denied based on the results of the present study.

Firstly, the result shows that the level of engagement among administrative staff in UUM is high. It is aligned with the finding with the result derived from the study conducted by Rich (2010) on Job Engagement Scale (JES) – which this instrument has been used in this study to determine the employee engagement is based on three elements – physical, cognitive and emotional.

Secondly, the relationship between performance appraisal and employee engagement also indicate the positive relationship, which also aligned with the findings of Gupta & Kumar (2013) study, which also indicate the significant positive of justice perception and engagement that has been established through their research finding.

5.4 Theoretical and Practical Implication

In relation to theoretical impact, the present study contributes additional knowledge to positive relationship study on performance appraisal and employee engagement among administrative staff in Malaysia public university. Specifically, the positive
relationship between performance appraisals as indicated in the study proves that when the employee perceived performance appraisal is conducted efficiently and in a good way, it will increase the employee engagement among the employee (Gupta & Kumar, 2013).

The current study also has some practical implication. Firstly, considering the importance of performance appraisal as the mechanism to help employees in terms of their career growth and development. Employee perceived that performance appraisal result will be used to enhance their career path in future. Secondly, the administrative employees were found to be more engaged in their work when they perceived they are evaluated fairly with bias or any rating error during the evaluation process has been conducted. It also may lead to other benefits of employee engagement such as increase the loyalty of employees, employees are highly motivated and able to perform and deliver more than expectation.

Next, the result of the study shows the positive relationship between performance appraisal and employee engagement.

5.5 Limitation and Direction for Future Research

There are several limitations that need to be acknowledging in this study. Firstly, some of the data cannot be revealing due to private and confidential matters. The data needed to prove that the certain area needs to be focus and determined the root problem, so the root cause could be determined.

A second limitation is whilst the researcher wanted to use personal interview pertaining the general perception about this topic, it is possible that some respondents may not wish to share their true response. Consequently, these
respondents may have provided more “popular” answer rather than true perceptions of the evaluation process.

Thirdly, time constrain in completing the research. The researcher only has a few months to complete this study in order to fulfil requirements by the school.

Future research might be used to evaluate the relationship between performance appraisal and employee engagement in other higher institution locally or internationally in future. This research might also determine the level of employee engagement among administrative staff in another industry/filed in future. While future research should be conducted regarding performance appraisal as one of dimension in HRM, the other dimensions also should be tested either there were existing relationship with employee engagement.

5.6 Suggestions and Recommendations

Engagement is concerned with generating motivation, commitment, and citizenship behaviour and enhances well-being as well as higher performance (Guest, 2014). Hence, it is important to understand the level of engagement reported by employees, and it also be necessary to measure whether the practices designed to enhance engagement among employees. For the present study, some of suggestions on engagement agenda that could be implemented as follow:

a. Organization need to train staff for engagement. The management need to ensure mission, vision and the important info related to the organization well disseminate to all level of employees. Organization’s values should always be promoted; so that everybody in the organization will carry and practise the same value. They also should be communicated as part of realistic job
previews for potential staff and reinforced socialization for new comers. Training which one of the human resource activities; and training which also indirectly emphasize in enhancing the engagement level among employees will definitely will contribute to the increasing of performance level and productivity.

b. Organization need to invest in human capital and employability. Training session provided able to enhance competency and display engaged behaviour. Another area to be focused is investing in human capital and skill enhancement. This effort may help employees to be more confident with the enhancement of skills and knowledge; and contribute back to organization.

c. Superior need to ensure that the management always provide strong organizational support. The employee engagement views support from the organizational culture and systems and supervisors as essential resources and there is extensive research to show the act of supportive leadership acts as an antecedent to engagement.

d. Besides using performance appraisal result for employee career growth and development, reward and promote managers using their ability to engage as a one of elements need to be considered during promotion. This is considering as one of the leadership criteria need to be emphasized before the particular employees being promoted to the new position. Employees who are occupied with the strong leadership skills able to promote engagement among subordinates and indirectly will help organization to sustain
5.7 Conclusion

In conclusion, based on the research findings, it could be concluded that there is a positive relationship between employee perception of performance appraisal and employee engagement for the case of UUM administrative staff. It means, if the staff have a positive and strong perception to performance appraisal system; the employee engagement level also will be positive and high. It is important for organization to achieve and maintain high level of employee engagement since it may help organization to improve performance and quality of service provided by the organization. Successful and fair performance appraisal system implemented by the organization as one of the important aspects in HRM also play an important role in ensure to enhance the employee engagement among staff. Both aspects, which are performance appraisal and employee engagement; prove to have an important role in the effort to help organizations achieve its mission, vision, objective and also gain competitive advantage through employees - the asset of organization.
REFERENCES


Avery, D.R., McKay, P.F. and Wilson, D.C. (2007). Engaging the aging workforce: The relationship between perceived age similarity, satisfaction with co-


